

The Bahamas National Trade Policy

Draft for consultation

07 February 2022

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¹ The present draft of The Bahamas National Trade Policy has benefited from the inputs and views of selected stakeholders. It has been prepared as a basis for broader consultations with Bahamian interested parties prior to its finalisation.

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Abbreviations

BAHFSA	Bahamas Agricultural Health and Food Safety Authority
BAIC	Bahamas Agricultural and Industrial Corporation
BBSQ	Bahamas Bureau of Standards and Quality
BDB	Bahamas Development Bank
BIA	Bahamas Investment Authority
BSD	Bahamas Dollar
CBA	Cost-Benefit Assessment
EPA	Economic Partnership Agreement
ERC	Economic Recovery Committee
EU	European Union
FDA	Food and Drug Authority
FDI	Foreign Direct Investment
FOB	Free On Board
FTA	Free Trade Agreement
FTZ	Free Trade Zone
GATT	General Agreement on Tariffs and Trade
GBPA	Grand Bahama Ports Authority
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIs	Geographical Indications
GPA	Government Procurement Agreement
HS	Harmonised System
IPPC	International Plant Protection Convention
IPR	Intellectual Property Rights
ISO	International Standards Organisation
ITC	International Trade Centre
MFN	Most-Favoured Nation
MSC	Marine Stewardship Council
MSMEs	Micro, Small and Medium-sized Enterprises
MVD	Maximum Variable Duty
NDP	National Development Plan
NEC	National Economic Council
OECD	Organisation for Economic Cooperation and Development
OIE	World Organisation for Animal Health
PPD	Public-Private Dialogue
SBDC	Small Business Development Centre
SPS	Sanitary and Phyto-Sanitary
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
USDA	United States Department of Agriculture
VAT	Value Added Tax
WTO	World Trade Organisation

1 Introduction

Trade plays an extremely important role for The Bahamas' economic performance. As a small country, The Bahamas is highly dependent on imports, including of many essential goods. To finance these imports, the country must generate foreign currency inflows, including through exports of goods and services. In recent years – at least until before the covid-19 pandemic – trade in goods and services was equivalent to almost 80% of the national gross domestic product (GDP).

At the same time, The Bahamas is highly vulnerable to natural disasters and external economic shocks and developments. Hurricanes have become more frequent and forceful, with Dorian in 2019 so far being the strongest and most damaging hurricane to have affected the country, also affecting the country's trade performance through the destruction of business premises and economic infrastructure. The global crisis of multilateralism, increasing protectionist policies and the corresponding slow-down of globalisation has led to an increasingly difficult external economic development for Bahamian exports.

Most recently, the country has been affected severely by the covid-19 pandemic. Leaving aside the suffering inflicted by the disease itself, it also has further exposed the economic vulnerability of the country, which is dependent on imports for most what it consumes, and largely finances these imports through the exports of two services, tourism and financial services, of which the former is one of the globally most affected sectors by the pandemic. In response, foreign currency receipts have slumped, thousands of jobs in the tourism and related sectors have been lost or jeopardized, and government revenues – also depending to a large extent on tourism and border taxes – have been significantly affected, further limiting the Government's capacity to take measures to ameliorate the impact of the covid-19 crisis in the short term, and implement a post-pandemic economic strategy that will enable The Bahamas to remain successful in the "new normal".

Trade has an important role to play in the new normal. But for this to happen, The Bahamas needs a coherent National Trade Policy which aligns with the broader development strategy, and to avoid a piecemeal approach of uncoordinated and sometimes conflicting measures affecting the countries exports and imports of goods and services. Such a trade policy has so far been lacking in the country, which may at least in part explain the long-term declining trend that trade has played for The Bahamas (up to the mid-1990s, trade in goods and services was equivalent to more than 100% of GDP, compared to the less than 80% in recent years).

The importance of trade – and the corresponding government actions to develop trade – was also recognized in the National Development Plan (NDP) "Vision 2040" as well as subsequent economic strategies (such as the 2020 report of the Economic Recovery Committee, ERC). These strategies provide some strategic guidance for the National Trade Policy. For example, they highlight the importance of reducing the trade deficit and trade costs as well as the need for economic diversification, specifically through diversification of exports.

The National Trade Policy presented in this document provides, based on a thorough background analysis of The Bahamas' trade performance and its underlying challenges, a coherent set of short and longer-term policy actions that is also aligned with the country's broader development strategies, notably the NDP.

The following sections first provide a summary of diagnostic undertaken, identifying four key issues to be addressed by the Policy: limited exports of goods, a high level of imports, a low level of diversification of goods and services exports, and limited productive capacity and competitiveness overall (section 2). An overview of how the Policy intends to work, and how it contributes to the wider national economic and social development goals is presented in section 3. Sections 4 to 7 then describe the planned actions for addressing each of the identified four main issues related to The Bahamas' trade performance (sections 4 to 7). The implementation arrangements for the National Trade Policy are described in section 8. To further facilitate the implementation and monitoring of implementation progress, a results framework for the Policy is provided in Annex A, and an Implementation Plan in Annex B.

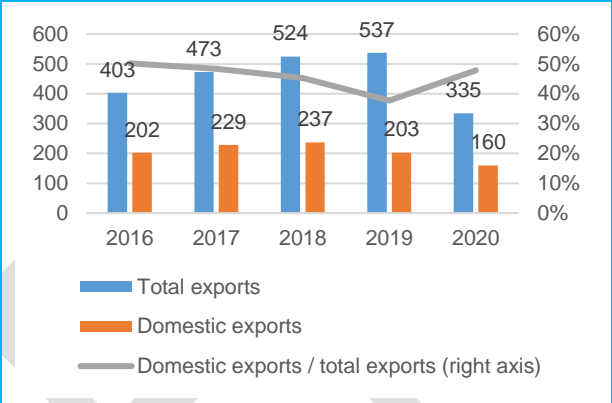
2 Situational Analysis and Challenges to be Addressed

The trade performance of The Bahamas shows a number of weaknesses, which can be grouped into four main issues:

2.1 Issue 1: Domestic goods exports are extremely limited

Overall exports of The Bahamas performed well until the outbreak of the covid-19 pandemic. They increased steadily from about BSD 400 million in 2016 to BSD 537 million in 2019 (equivalent to an average annual increase of 10.1%), but then dropped by 37.7% in the covid-19 year of 2020, to BSD 335 million (Figure 1). However, more than half of The Bahamas’ exports are re-exports of products that were previously imported. Also, the share of genuine “domestic exports”, i.e. exports of goods produced in The Bahamas decreased from 50% in 2016 to 38% in 2019. The recovery to 48% in 2020 is not necessarily an indication of increased competitiveness but rather of the issues faced by the logistics industry and tourism sector in the pandemic year.²

Figure 1: Goods exports of The Bahamas, 2016-2020 (BSD million)



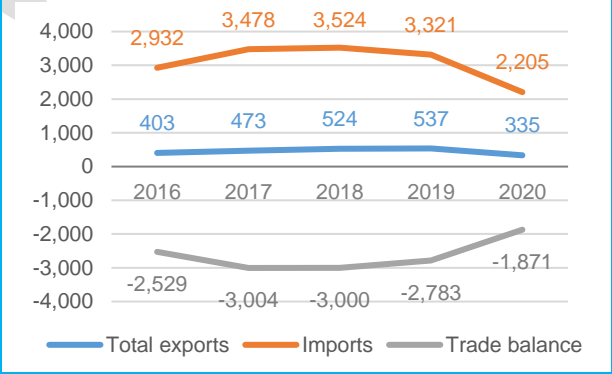
Source: Calculations based on Department of Statistics/ Central Bank

On a more positive note, it should be considered that the export statistics do not capture all actual exports, as they tend to exclude sales made to tourists while they are in the country; these are registered as domestic sales although in fact they constitute (indirect) exports. For example, about 75% to 80% of rum sales are estimated to be to tourists, but statistics show hardly any rum exports.

2.2 Issue 2: Imports are high, as is the goods trade deficit

Bahamian imports increased from BSD 2.9 billion in 2016 to BSD 3.3 billion in 2019 (4.2% per year on average), before dropping sharply, by 33.6%, to BSD 2.2 billion in 2020 (Figure 2). With imports being significantly higher than exports, the goods trade deficit of The Bahamas is both persistent and significant – at BSD 2.5 billion or more in any year from 2016 to 2020, and close to BSD 1.9 billion in 2020. In relative terms, the trade deficit amounted to more than 70% of The Bahamas’ total trade in each year. This also did not change in the covid-19 period. In 2020, the goods trade deficit was 74% of total trade, compared to 72% in 2019. This is because the magnitude of the decrease in exports and imports as a result of covid-19 was similar. In other words, Bahamian goods exports could not benefit, in relative terms, from the pandemic.

Figure 2: The Bahamas’ trade in goods, 2016-2020 (BSD million)



Source: Calculations based on Department of Statistics data.

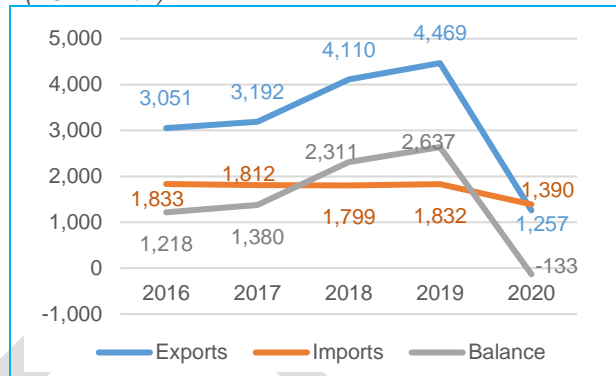
Calculating the goods trade balance on the basis of domestic exports only (and not total exports including re-exports) accordingly reveals an even higher trade deficit, amounting to slightly more than 80% of total trade.

² Also note that according to data of the Department of Statistics, domestic exports in 2020 declined to BSD 117 million, equivalent to 35% of total exports.

The high reliance on imports and low goods exports mean that the goods trade deficit is large. Also, considering the size and structure of imports and comparing them with The Bahamas' economic structure and production possibilities, it is clear that a goods trade deficit will be unavoidable, including in the long term. For example, even if (the already low) 2020 imports were halved and 2020 exports doubled, the goods trade deficit would still amount to BSD 433 million.

In the pre-covid-19 period, The Bahamas' large services trade surplus was roughly sufficient, and increasingly so, to counterbalance the goods trade deficit. The strong performance of services, in particular the tourism sector, helped The Bahamas to achieve a combined goods and services trade surplus for the first time in 2019, at BSD 311 million. However, the covid-19 pandemic caused a collapse in services exports in 2020, to BSD 1.3 billion (from BSD 4.5 billion a year earlier), less than the services imports of BSD 1.4 billion in that year (Figure 3). The impact of the pandemic was thus a dual goods and services trade deficit with a combined value of BSD 1.7 billion, higher than any deficit in recent years, and exposing the fragility of the country's current trade model, which is based on a very narrow export base. This is discussed next.

Figure 3: The Bahamas' trade in services, 2016-2020 (BSD million)



Source: Calculations based on Central Bank data.

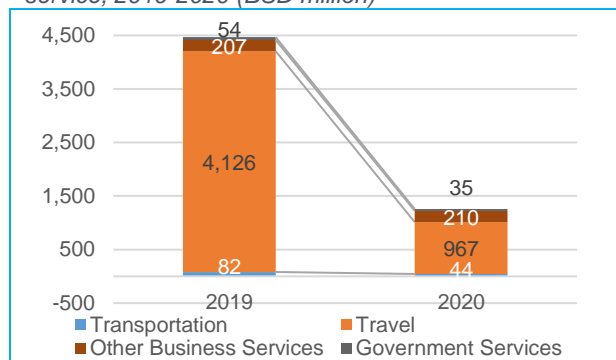
2.3 Issue 3: The Bahamas's goods and services exports are extremely concentrated

The portfolio of goods and services exported by The Bahamas is not diversified. Among goods, in 2019, the top four export products (at tariff line level) accounted for 90% of total domestic exports: spiny lobster tails (BSD 72.6 million; 35.8%), polystyrene (BSD 67.9 million; 33.5%), organic chemical compounds containing a pyrimidine ring (BSD 32.3 million; 15.9%), and sea salt (BSD 10.0 million; 4.9%). Provisional data for 2020 indicate that the pandemic has led to an even stronger export concentration than before. In addition, one of the dominant exports, polystyrene beads, has shown a long-term decline in export value, from a maximum of BSD 182 million in 2013 to BSD 69 million in 2019, and BSD 55 million in 2020 – in large part in response to increasing environmental concerns in many markets over the use of plastics packaging and corresponding bans.

Concentration is also high in terms of export markets – The Bahamas' goods trade is concentrated on very few partners: first and foremost the USA (88% of total exports, 74% of domestic exports), followed by the EU (6%/16%). The UK, Canada and Caribbean countries play limited roles, and other countries insignificant ones.

Among services, the vast majority of exports is tourism and travel services. Up to 2019, travel services accounted for about 90% of the country's total services exports – in 2019, BSD 4.1 billion out of BSD 4.5 billion (Figure 4). In 2020, the impact of covid-19 changed the pattern: travel services exports contracted by 67%, from BSD 4.1 billion to less than BSD 1 billion, and transport services export by 51%.³ Conversely, exports of business services remained stable, and as a result, the share of business services in total services exports increased to 16.7%, whereas that of travel

Figure 4: The Bahamas' services exports by type of service, 2019-2020 (BSD million)



Source: Calculations based on Central Bank data.

³ Data for the first quarter 2021 show no recovery yet: travel services exports stood at BSD 327 million (compared to BSD 834 in the first quarter of 2020).

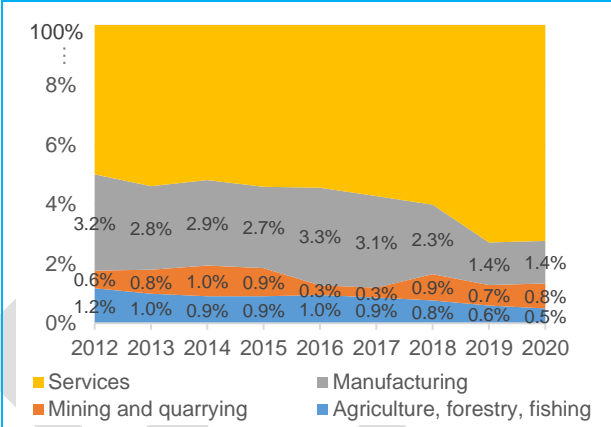
services decreased to 77.0%. Thus, although covid-19 has exposed the vulnerability of the current export model, it has also shown the virtues of a diversified services export portfolio.

2.4 Issue 4: Productive capacity is limited

A key factor for the limited trade competitiveness as described under the first three issues is that the productive capacity of the country’s businesses (and the national economy overall) is limited.

While some sectors, such as tourism or some marine products are competitive globally, and some others have export potential, most are extremely fragile. This is evident when looking at the sectoral composition of economic activity (measured by the shares in GDP) are observed. Agriculture/ forestry/ fishing, mining, and manufacturing combined accounted for 5% of GDP in 2012, which has since declined to less than 3%; accordingly, the share of services increased from 95% to 97% (Figure 5). Both agriculture (from 1.2% in 2012 to 0.5% in 2020) and manufacturing (from 3.2% to 1.4% over the same period) showed a weak performance.

Figure 5: Share of main economic sectors in nominal GDP at basic prices, 2012-2020



Source: Calculations based on Central Bank data.

Some factors for the domination of services in the economy are impossible to change. For example, the country has few natural resources (which are already being used for exportation, as the examples of aragonite, sea salt and sands show), and because of the small size and dispersion across numerous islands economies of scale cannot be reaped and the potential for agriculture and industry is limited.

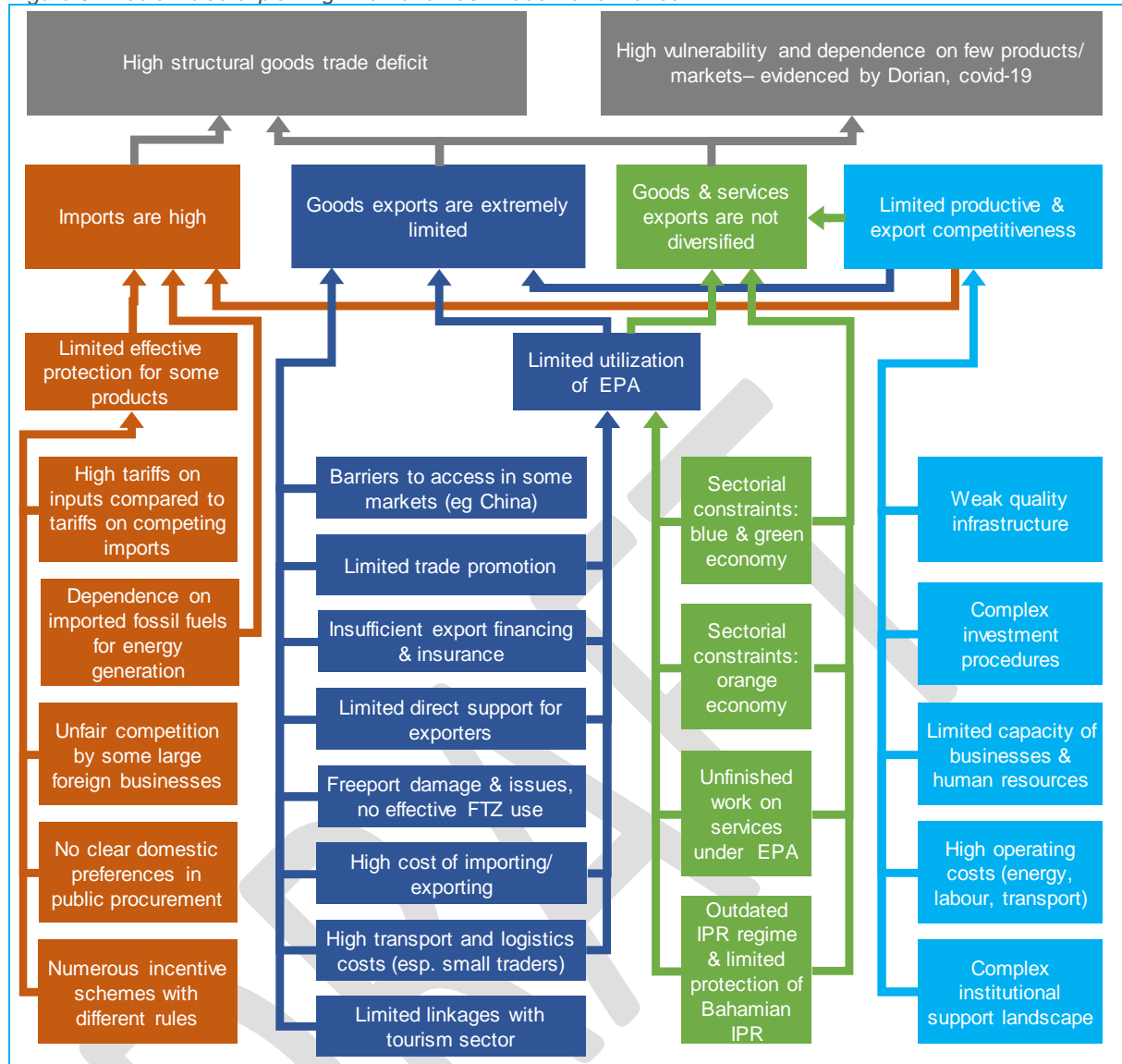
But other factors can be addressed at least to a certain extent, such as production costs and efficiencies or organisation and managerial capacity of businesses.

2.5 Factors explaining the trade performance

Although the issues identified above are the ones to be addressed in the National Trade Policy, they cannot be addressed directly. However, the underlying more specific and actionable problems contributing to the key issues can be tackled. These factors affecting The Bahamas’ trade performance were identified in a diagnostic study and are shown in Figure 6 in the form of a “problem tree”. This groups the issues into four main categories corresponding to the four issues, i.e. those affecting primarily the volume of goods exports (dark blue cells), those contributing to the high export concentration (green cells), those leading to high imports (red cells), and those explaining the limited competitiveness and productive capacity more generally, which in turn explains the high level of imports as well as low and undiversified exports (light blue cells).

These challenges are the ones that the National Trade Policy plans to address in order to help recover from the effects of the pandemic and enhance the country’s trade performance in the years to come in an inclusive and sustainable manner. The following sections first provide an overview of how the Policy intends to work, and how it contributes to the wider national economic and social development goals (section 3), and then describe the planned actions for addressing each of the identified four main issues affecting The Bahamas’ trade performance (sections 4 to 7).

Figure 6: Problem tree explaining The Bahamas' Trade Performance



3 National Trade Policy Rationale and Objectives

3.1 Rationale and Justification for the National Trade Policy

Vision 2040, the National Development Plan (NDP), formulates a broad vision for The Bahamas, covering the four pillars governance, human capital, environment and infrastructure, and economy, and formulating 16 goals across the four pillars. The NDP also provides an explicit framework for a trade policy: Strategy 13.6, “Strengthen trade policy to create advantages for Bahamian entrepreneurs, exporters and consumers” is one of the nine strategies formulated to achieve Goal 13, “The Bahamas will have a competitive business environment for economic success that supports business development, innovation, wealth creation, entrepreneurship and job growth.”

In addition, building on the NDP, the Summary Report of the Economic Recovery Committee (ERC) – which was convened by the Government in April 2020 with the task of identifying strategic recommendations for addressing the economic impact of covid-19 – provides a comprehensive set of measures to be taken in order to overcome the economic crisis caused by the pandemic. The ERC Report explicitly calls for the development and adoption of a National Trade Policy. It recommends to:

“Develop and adopt a comprehensive Trade Policy which examines the specific circumstances of the country’s trade and development problems, while at the same time identifying (and prioritizing) high-impact opportunities. A key element of this framework should include a work-scope to complete WTO accession in an effort to further support the Government’s policy objectives.

Such a framework should take into consideration the comparative trade advantages of the country with a view to developing a long-term strategy to leverage such advantages, while also removing structural impediments to international trade.”

Although the NDP and the ERC Report provide some guidance for the country’s trade policy, they lack the required details to operationalise a full-fledged and coherent policy. The present National Trade Policy fills this gap.

3.2 Vision

The vision of the National Trade Policy is:

To achieve a diversified, resilient, sustainable and inclusive trade performance of The Bahamas

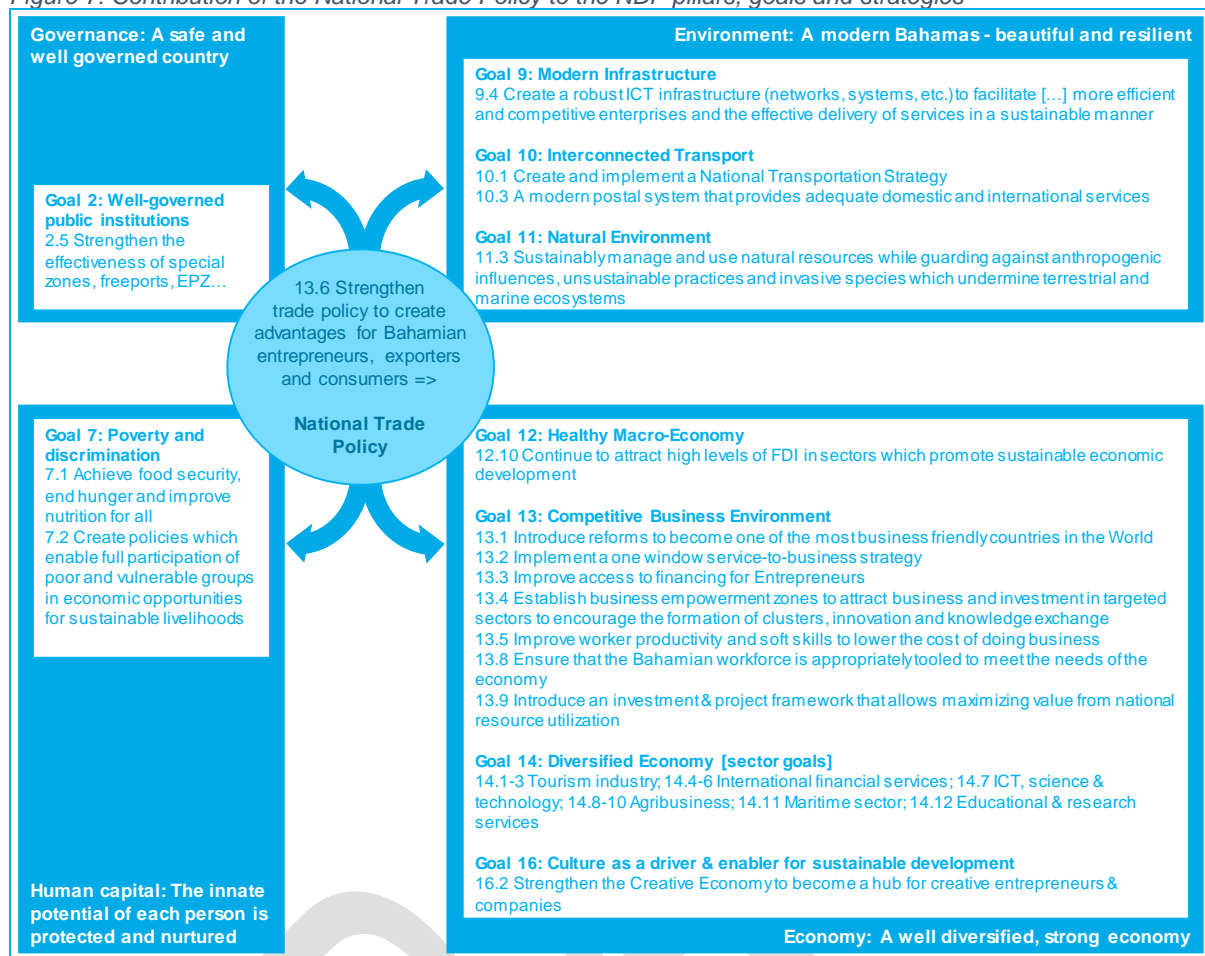
This vision provides a comprehensive response to the identified challenges, as summarised above. It is also fully in line with the visions formulated in the NDP. In fact, the National Trade Policy and its measures contribute to several strategies and goals of all four NDP pillars, as is illustrated in Figure 7 below.

3.3 Objectives and Policy Themes

The National Trade Policy provides a response to the identified problems affecting The Bahamas’ trade performance, with the ultimate aim of contributing to the Policy’s vision as outlined above. In line with this, the two **strategic objectives** of the National Trade Policy are to address the trade deficit as well as to reduce the vulnerability that stems from the high export concentration.

To achieve these two strategic objectives, National Trade Policy aims at four **outcomes**, which correspond to the four main challenges identified that The Bahamas faces in terms of its trade performance both in the short and long term, and which are addressed through the Policy’s four main themes. The first two themes – managing imports and expanding exports – address the need to rebalance the combined goods and services trade balance in the short term and thus also provide a response to the economic shock caused by the covid-19 on Bahamian trade. The third and fourth theme – diversifying exports and strengthening domestic competitiveness – address more long-term challenges respectively the root causes of the current weak trade performance. The themes are:

Figure 7: Contribution of the National Trade Policy to the NDP pillars, goals and strategies



- Theme 1: Reducing imports.** Given the high value of imports, which have not been reduced by the pandemic as much as exports, the rebalancing of the external balance must take into consideration possibilities for reducing the import bill. Maintaining domestic production is also called for from a security perspective (food security, essential supplies). This is covered by the group of actions combined under this first theme.

Action areas to expand domestic production of goods for the Bahamian market include a review of the tariff structure with a view to enhancing the level of effective protection granted to domestic producers, measures to reduce the imports of mineral fuels, as well as a number of support measures for the domestic industry: domestic preferences in public procurement, a review and streamlining of existing incentive schemes (the various incentive acts) in terms of access and conditions, and the adoption and implementation of a competition law to protect small domestic businesses against abuse of dominance by large firms, e.g. in the tourism sector.
- Theme 2: Expanding exports.** This theme comprises action areas to expand exports in a relatively short period, focusing first on those products and services that are already exported.

The main focus of these actions is to remove market access barriers abroad, expand export promotion, and provide targeted support for making exporting easier and cheaper, e.g. through export financing and insurance schemes, reviewing customs fees and export charges, and fostering e-commerce. The revitalisation and expansion of free trade zones (FTZs) would also be covered under this theme. Finally, building linkages between the tourism and other sectors is also covered here, because such linkages will develop “indirect” exports. To some extent, this is already being done with respect to linking local fruit production to large hotels but will be expanded to enhance the local content of products and services offered by large tourism operators. Lat but not least, for the development of such indirect exports to be successful, a swift recovery of the tourism sector itself is needed and will also be addressed under this theme.

3. **Theme 3: Diversifying exports.** Ultimately, export diversification is necessary to enhance the country's resilience to external shocks. Although there are limits to the level of diversification that can be achieved by a small economy such as The Bahamas, this theme comprises measures aimed at developing new services and goods for exports. The focus will be on products and sectors that are based on locally available raw materials (also in the figurative sense), such as further marine products, selected agricultural products such as cascarilla, or the creative industries (including services).

Under the National Trade Policy, specific constraints for exports of these products and corresponding support measures will be identified and taken. Examples are support in developing sector-specific infrastructure, such as the distillation for cascarilla (already ongoing) or the protection of intellectual property rights for domestic artists and creators, but also horizontal measures to reduce risks for exporters, for example through export financing and guarantee schemes. An ongoing scouting for other potential exports will also be undertaken. Measures to better utilise the existing EPAs for exporting new products – notably professional and creative services – for example through the conclusion of mutual recognition agreements are also covered under this theme, as are actions to enhance the protection of IPRs held by Bahamians.

4. **Theme 4: Strengthening Domestic Competitiveness.** The limited competitiveness of domestic businesses, particularly in agriculture and manufacturing (with some exceptions) is a key bottleneck for better trade performance. It is the result of structural problems – in particular the small size of the economy leading to absence of economies of scale and the necessity to import many inputs; high internal transport costs further accentuating the “smallness” issue; high production costs (energy and labour) – which can only be addressed over the long term.

Also, these problems mostly cannot be addressed by the National Trade Policy alone – but are nevertheless essential for the success of the National Trade Policy. At the same time, the National Trade Policy can contribute to the measures that the Government needs to take to develop competitiveness of the domestic industry. Upgrading the quality infrastructure is the main contribution of the National Trade Policy under this theme.

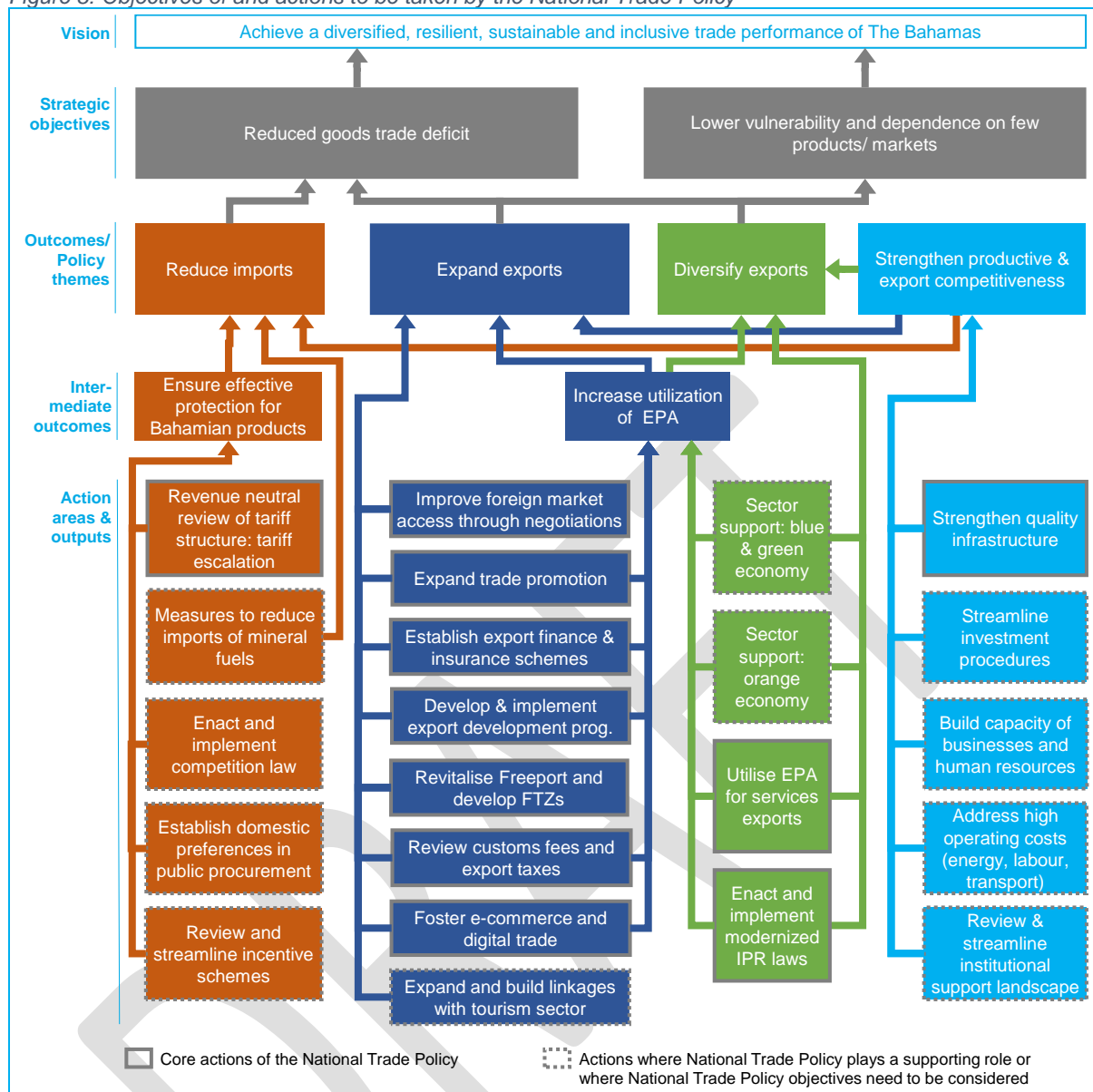
Figure 8 provides an overview of the National Trade Policy's result chain, indicating how the Policy's action areas under the four themes, which correspond to the actionable root problems identified in the diagnostic, lead to the achievement of intermediate outcomes and outcomes, and ultimately the strategic objectives and the vision for the Policy. The structure of action areas and objectives in Figure 8 mirrors the issues and problems as presented in Figure 6 above. Annex A provides a further refined results framework which also defines progress indicators, baselines and targets.

As already indicated, some of the issues to be addressed clearly go beyond the scope of trade policy measures. Therefore, as Figure 8 illustrates, the Policy distinguishes between “core actions” to be taken under the primary responsibility of the National Trade Policy, and those where the National Trade Policy plays a supporting role, respectively where actions to be taken in other policy areas would need to consider trade policy objectives.⁴

On the other hand, a number of measures that are typically covered by trade policies are not priorities for the National Trade Policy, respectively would be contingent upon accession to the World Trade Organisation (WTO). For example, a resource-consuming trade defence regime will not be needed if bound tariffs under the WTO accession package are high enough to counter potential “unfair” import competition, or if WTO accession is postponed. Also, no major challenges currently exist in relation to trade facilitation, where much progress has already been made. These considerations are further addressed in sections 4 to 7.

⁴ Note that this is not a classification in a scientific sense but is rather based on a pragmatic consideration of implementation aspects. The same applies to the proposed definition of themes and the allocation of actions to the themes.

Figure 8: Objectives of and actions to be taken by the National Trade Policy



3.4 Guiding Principles

The implementation of the National Trade Policy will be guided by a number of principles that will apply to all measures taken; these are addressed throughout this Policy but specifically under the implementation arrangements (section 8). The principles are:

- Transparency and public-private dialogue on trade matters:** Ultimately, most trade is conducted by businesses, not the Government, and affects the lives of the Bahamian people. Therefore, it is of utmost importance that the National Trade Policy and any of the measures taken in its context are transparent, and are consulted with the non-state actors potentially affected by them prior to a final decision being taken on them. Through public-private dialogue stakeholders will be invited in the process of formulating specific measures. Final measures taken will be explained and justified, and the effects of key measures taken will be reviewed after an initial implementation period to determine the need for any potential adjustments. More details are provided in section 8.2.
- Inclusivity and gender equality:** Ensuring that the benefits of trade are shared across all population groups, including disadvantaged ones and those at risk – women, youth, the elderly,

disabled persons, migrants, etc. – is an important element of a sustainable and inclusive trade policy and ultimately also contributes to broad support for the trade policy.

Enhancing gender equity and social inclusivity through the National Trade Policy is a cross-cutting task affecting all action areas. It has to be acknowledged, however, that The Bahamas is still at an early stage of addressing these issues across policies, and as such the first area of action will be to improve the evidence base for the formulation of more concrete measures, including by collecting disaggregated trade and economic data and its effects on different population groups. Support for sectors where women and other disadvantaged groups are known to be particularly active will also be prioritised. More details are provided in Box 1.

Box 1: Gender-responsiveness of trade in The Bahamas

The linkage between women and trade has gained particular prominence in recent years. The necessity of formulating gender-responsive trade policies was e.g. pointed out in the WTO Joint Declaration on Trade and Women's Economic Empowerment adopted in Buenos Aires 2017.

Although not a WTO member, The Bahamas is committed to promoting gender equity across its policies. National priorities are aligned with the 1995 Beijing Declaration and Platform for Action, including in the area of women and the economy. The Department of Gender and Family Affairs serves to coordinate, advocate and inform policy for and on behalf of women and girls, and men and boys, ensuring a comprehensive and inclusive government approach. A ten-year strategic plan has guided gender responsiveness in economic decisions and other areas.

At the same time, no explicit link between trade policy measures and the implications for women (or other disadvantaged groups) has been established. In fact, disaggregated data availability is limited. According to UN Women: "As of December 2020, only 18.8% of indicators needed to monitor the SDGs from a gender perspective were available. [...] Closing these gender data gaps is essential for achieving gender-related SDG commitments in the Bahamas." Gaps exist in a number of key areas, including key labour market indicators, as well as data related to Bahamian women's participation in international trade. Data related to the economic role of other vulnerable groups are even more scant.

From the limited information that is available, some inferences can be drawn. For example, the share of women employed in the community, social and personal services (45% in 2015), is considerably higher than the corresponding share of men employed in that sector (29%).⁵ Vice versa, women are underrepresented in all other economic sectors apart from financing, real estate and other business services (9%, compared to 5% of men) – which includes most sectors involved in trade. As such, women's direct involvement in trade is, with the exception of the tourism and creative industries, more limited than that of men.

Defining specific measures under the National Trade Policy aimed enhancing gender equity are difficult to formulate in the absence of a sound information base. A first area of action would therefore be better collection of sex-disaggregated data on trade to provide the evidence base for policy formulation. Nevertheless, sectoral support measures should in particular take into consideration those sectors where women are particularly active; this would include services sectors (including tourism), as well as the creative industries. These are included in the identified actions as presented in the following sections.

- **Environmental sustainability:** The Bahamas is a country being extremely affected by climate change – the increase in hurricane activity has already caused much damage in recent years, and rising sea levels threaten the very survival of the country, considering that 80% of The Bahamas is 3ft or less above the sea level. Although the country's share in global greenhouse gas (GHG) emissions is negligible (at 0.01%), changing the current energy mix that is largely based on imported mineral fuels, is a win-win action in terms of both GHG emissions and the trade balance. Other environmental impact areas have a more direct link with the country's trade. For example, sustainable exports of marine products require the avoidance of overfishing and ensure sustainable resource use. In addition, in recent years tariff reductions have been implemented for environmental goods such as alternatives to plastic packaging and household goods.

In the implementation of the National Trade Policy, the Government will attach heightened importance to environmental considerations. This will involve continued actions to e.g. regulate and monitor trade in marine products, adjust tariffs depending on the environmental footprint of products, and similar measures. More details are provided in Box 2.

- **Maintaining government revenues:** Although they have declined over time, taxes on international trade (primarily import duties and departure taxes) continue to account for a sizeable share of Government revenues. This constitutes a budgetary constraint for the implementation of the National Trade Policy.

⁵ Committee on the Elimination of Discrimination against Women. Consideration of reports submitted by States parties under article 18 of the Convention. Sixth periodic report of States parties due in 2016. Bahamas, CEDAW/C/BHS/6, 26 May 2017.

Measures under the Policy therefore need to consider the budget implications, both on the revenue and expenditure side, and these effects need to be assessed and explained. Any Policy measures that would lead to a net negative effect on the Government budget will need to be strongly justified by overarching developmental gains. More details on the National Trade Policy budget are provided in section 8.5.

Box 2: Environmental considerations in the National Trade Policy

The country has already acted upon its own GHG emissions years ago, e.g. through the National Energy Policy 2013-2033, which aims at diversifying the energy sector away from the prevalent production mix almost entirely consisting of imported fossil fuels, and aims at generating 30% of energy through renewables by 2030.

Nevertheless, per capita GHG emissions remain comparatively high given the current energy mix: in 2018, they stood at 5.86 metric tons per person, not much less than in the early 2000s, when they were around 6 tons.⁶ Inefficient housing standards and fuel-inefficient vehicles contribute to the high emission intensity, as does the energy mix with is still largely based on mineral fuels. In light of the global efforts needed to curb GHG emissions, the 30% goal set in the National Energy Policy also appears not ambitious enough.

Other environmental considerations have also already been incorporated in Bahamian trade-relevant policies. For example, exports of marine products are strictly regulated with a view to avoid overfishing and ensure sustainable resource use. In addition, in recent years tariff reductions have been implemented for environmental goods such as alternatives to plastic packaging and household goods.

Last but not least, the country's trade performance has been affected by environmental policies in other countries. For example, the global market for one of the largest exports, polystyrene beads, has been declining over the year due to an increasing number of countries banning plastics for a variety of purposes.

A number of actions that will be implemented as part of the National Trade Policy will contribute to environmental sustainability. For example, the planned actions to partially substitute imported mineral fuels by renewable energy sources (Action 1.2) will lead to lower GHG emissions. Also, an increased use of domestically produced goods in the tourism industry (Action 2.8) will also have beneficial environmental effects through the reduction of transport and the corresponding emissions. Other environmental aspects addressed as part of the National Trade Policy are described throughout the following sections.

⁶ According to the World Resources Institute, as reported in the World Development Indicators; see <https://data.worldbank.org/indicator/EN.ATM.CO2E.PC?locations=BS>

4 Policy Theme 1: Managing Imports

4.1 Action 1.1: Reviewing the import tariff structure to provide effective protection

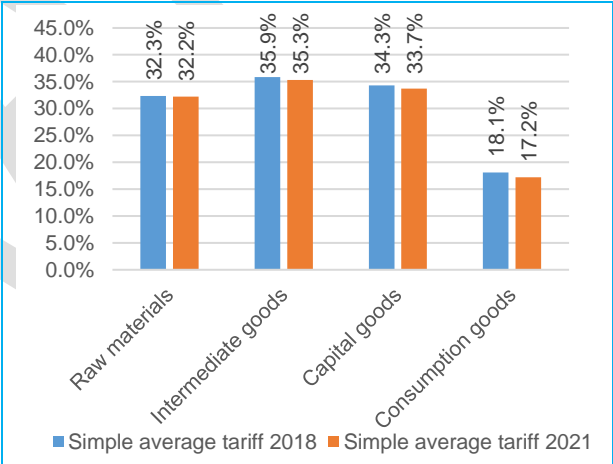
Issue to be addressed:

A gradual reduction of The Bahamas' statutory tariffs has taken place over time, especially since 2015 after the introduction of value added tax (VAT). Since 2018, import tariffs were reduced for a number of products, including for environmentally-friendly goods, medical goods needed in relation with the covid-19 pandemic, certain household appliances and consumer goods, and certain equipment and inputs used by domestic industries. At the same time, some tariffs for goods produced domestically remain high and protect domestic manufacturers, which enjoy tariff protection of up to 100%. In principle, as long as The Bahamas is not a WTO Member, tariffs can be set unilaterally, through changes in the Tariff Act, at any level.

Although current tariffs are aimed at protecting domestic businesses against imports that can be produced and exported to The Bahamas at much lower costs, one has to acknowledge that high tariffs do not necessarily grant effective protection. This is especially the case where businesses have to pay high duties on imported inputs (and in The Bahamas, the vast majority of inputs across sectors are imported) or drives up costs otherwise – in such a situation high tariffs provide no effective protection to import-competing businesses, and also reduces the competitiveness of businesses primarily aimed at exports.

In most countries, this problem of effective protection has been addressed by escalating tariff structures, where tariffs on raw materials are lowest, intermediary goods slightly higher, and final products highest. For The Bahamas, no such tariff structure is evident (Figure 9): consumption goods actually enjoy lower tariffs than goods needed by the domestic industries. Rather, the primary instrument for providing effective protection has been through duty exemptions on inputs used by Bahamian businesses through various incentive acts. Under these, while statutory tariffs might be high, registered businesses are typically eligible to not pay duties on their inputs. This system however may have some disadvantages such as limited transparency, inequality of access, and opportunities for arbitrage; these will be addressed separately under the National Trade Policy (Action 1.5).

Figure 9: The Bahamas' simple average import tariffs, by stage of processing of imported goods, 2018 and 2021



Source: Prepared based on Tariff Act, 2018, and subsequent amendment acts.

Another, albeit limited, threat stems from the fact that high tariffs to protect domestic producers are not always an effective instrument for protection. Foreign companies could sell to The Bahamas at extremely low prices (dumping) to counter the tariffs. While this would entail relatively limited costs for these companies, considering the small size of the Bahamian market, the risk of this happening is still considered as limited – and such a behaviour could be countered, in the absence of WTO membership, by increasing statutory tariffs further; and with WTO membership, through trade remedies.

WTO accession would also require certain changes in the country's tariff policies. These include, first, a reduction on overall average tariffs, although certain tariff peaks could be maintained. Considering the still high dependence of government revenues on import duties, this might cause problems for public finances. Second, some WTO members have claimed that some of the current tariff and tax provisions

(such as maximum variable duties, MVDs, or excise taxes imposed only on imports) are not in line with WTO rules.

Regarding MVDs, the Tariff Act provides that for some 645 (mostly agricultural and fishery) goods the Minister of Finance can increase the general duty listed in the tariff schedule by order up to the limit set by the MVD (usually 300%), without the need to go through Parliament. The main rationale for these MVDs was that tariff could be increased in case of good domestic harvests or catch. However, in recent years the MVDs have not been used in practice as domestic production tended to be insufficient to meet domestic demand.

National trade policy response:

The Government will undertake the following actions:

- Review the current structure of tariffs with the aim of a strengthening effective protection. In doing this review and the potential restructuring of tariffs, care will be taken that potential unintended implications are considered. This action will be undertaken together with Actions 1.5 and 2.6.
- Issues regarding any potential incompatibility with WTO rules will be addressed as part of the WTO accession negotiations (see Action 2.1 below), on the understanding that most of these can be addressed to further clarifications provided to WTO Members.
- Considering the expected limited net benefit of a trade defence regime (in particular as long as The Bahamas is not a WTO Member; see Box 3), the establishment of such a regime is not a priority of the National Trade Policy; it will be contemplated however as an accompanying measure to WTO accession (see Action 2.1 below).

Box 3: The costs and benefits of establishing and running a trade defence regime for The Bahamas

The Bahamas currently has no trade defence regime in place. Draft legislation for anti-dumping and anti-subsidy measures has been prepared⁷ and submitted to Parliament but not yet adopted. No legislation on safeguards is under preparation. In the absence of such legislation, no systematic monitoring of imports of those products that are also produced domestically takes place, and no data are therefore available to ascertain whether and to what extent domestic businesses may have been affected by “unfair” competition from imports.

With respect to the need for establishing a trade defence regime in the country, this must be seen in context with WTO accession: anti-dumping and anti-subsidy measures provide one of the few exceptions to the MFN principle and the prohibition under the WTO to increase tariffs beyond the bound rates – but upon the condition that the procedural and substantive requirements set in the relevant WTO agreements (the Agreement on Subsidies and Countervailing Measures, the Agreement on Implementation of Article VI of the GATT 1994 – “Anti-Dumping Agreement”, and the Safeguards Agreement) are complied with.

As a non-member to the WTO, The Bahamas is free to increase tariffs if “unfair” competition from imports threatens the domestic industry; this is particularly easy for those products where the tariff schedule already provides for maximum variable duties, where the Minister could increase tariffs by order, without the need to go through Parliament. Therefore, as long as The Bahamas is not a WTO member, there is no pressing need to adopt trade defence legislation and establish the necessary implementing institutions.

Even as a WTO member, the net benefit of having a trade defence regime in place is likely to be limited for The Bahamas. This is due to the high administrative cost of maintaining the regime, which includes complex procedural and substantive requirements for proving the presence of dumping/subsidies, injury to the Bahamian domestic industry, and causality between dumping and injury. In addition, considering the small domestic industry, the number of cases under the regime would likely be small.

State bodies and organisations involved:

Lead entity: The Ministry of Finance, in close collaboration with the Ministry of Economic Affairs, the Ministry of Agriculture and Marine Resources, the Ministry of Tourism, and the Ministry of the Environment (see Action 1.2). The Customs Department and business associations will provide inputs and views.

⁷ Draft Customs Management Anti-Dumping and Countervailing Duties Regulations, 2019.

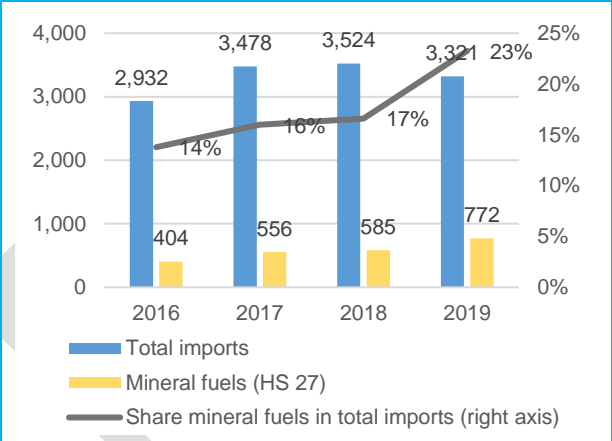
4.2 Action 1.2: Reducing the mineral fuels import bill

Issue to be addressed:

The Bahamas’ current energy mix is still largely based on mineral fuels, all of which must be imported. In addition, inefficient housing standards and fuel-inefficient vehicles further add to the mineral fuels import bill. Not least as a result of increasing world oil prices in recent years, the value of mineral fuel imports increased from BSD 404 million in 2016 to BSD 772 million in 2019, and its share in total imports from 14% to 23% over the same period (Figure 10) – mineral fuels are the largest import product by far.

A reduction in the volume of mineral fuel imports through increased energy efficiency and a fast replacement of fossil fuel-based energy generation by renewables would contribute massively to the reduction of the trade deficit. While importing equipment necessary for expanding generation through renewables, as well as importing energy efficient capital goods will add to the import bill in the short-term, the longer-term positive effects in terms of reduced mineral fuel imports will clearly outweigh the costs. Some initial measures in this respect have already been taken; for example, solar panels can be imported duty free under section 98.62 of the Tariff Schedule.

Figure 10: The Bahamas’ imports of mineral fuels 2016-2019 (BSD million)



Source: Prepared based on Department of Statistics/ITC TradeMap.

National trade policy response:

The level of mineral fuels imports is largely influenced (aside from economic factors) by the National Energy Policy and the targets it sets for the use of renewable energy, but the National Trade Policy will comprise a number of actions to complement measures taken under the Energy Policy. Specifically, the Government will undertake the following actions:

- As part of the tariff review undertaken in Action 1.1, measures to facilitate imports of products needed to increase energy efficiency (in transport, construction and building, businesses, and households) and renewable energy generation will be considered. The scope for increasing tariffs and taxes on highly energy-consuming goods will also be assessed. Across-the-board tax exemptions for electric vehicles will be reviewed as a function of the share of electrical power that is generated from renewables. It is likely that an external study into these matters will be required.
- The targets set and actions foreseen in the National Energy Policy will be reviewed with a view to speeding up the transition to non-fossil fuel based energy generation.

State bodies and organisations involved:

The tariff review will be led by the Ministry of Finance (see Action 1.1 above). The review of the National Energy Policy will be led by the Ministry of the Environment, in collaboration with the Ministry of Economic Affairs. The Utilities Regulation Competition Authority as well as utility companies and business associations will provide inputs and views.

4.3 Action 1.3: Enacting and implementing a competition law

Issue to be addressed:

The Bahamas currently has no competition law in place. A draft law was prepared in 2018, based on an earlier draft of 2007, which comprehensively addresses anticompetitive conduct, merger control, as well as some elements of consumer protection (unfair and misleading trading practices). The adoption of the bill however remains outstanding to date. Under the Economic Partnership Agreement (EPA) with the

EU, signatory states commit to have competition laws in place within five years of the entry into force of the Agreement.⁸

Following from the absence of competition law, there are currently no instruments available to address cartels or the abuse of dominance by businesses. Based on research undertaken and information obtained from stakeholders, some indications into practices that might constitute abuse of market power by large players under competition laws could be identified. Examples include the purchasing practices of large hotels or the practices of cruise lines to nudge passengers into using only tours organised by the lines, not by Bahamian operators. Generally, such behaviour appears to act in detriment of domestic (small) businesses.

National trade policy response:

The adoption and implementation of a competition law and the establishment of a competition authority are needed not only because the establishment of a functioning competition regime is a commitment under the EPA, but in particular because it helps protect domestic businesses against unfair practices by larger companies, thereby promoting the competitiveness of domestic businesses, and is ultimately beneficial for the economy and Bahamian citizens alike. Actions under the National Trade Policy will build on the drafting work already undertaken:

- Revisit the current draft of the competition law and discuss with stakeholders.
- Introduce Bill to Parliament for adoption.
- After adoption, draft and adopt necessary competition regulations and establish competition authority.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs, in close collaboration with the Attorney General's Legislative Drafting Section. Line ministries as well as regulators and business associations will provide inputs and views.

4.4 Action 1.4: Establishing domestic preferences in public procurement

Issue to be addressed:

Public procurement can be used to foster demand for domestically produced goods and thereby contribute to the reduction of the trade deficit, as well as strengthen the competitiveness of domestic supplier and become export-ready in the longer term.

The Bahamas recently adopted the Public Procurement Act 2021, which provides a state-of-the-art public procurement regime, putting electronic procurement at the centre.⁹ The Act also provides for the enhanced participation of micro, small and medium-sized enterprises (MSMEs) in public procurement. International bidding is foreseen for contracts above established thresholds;¹⁰ below the thresholds, only Bahamian businesses are eligible. It also provides, in section 46, for preferences to be granted to domestic providers (with domestic preferences still to be determined in regulations).

Whereas the important step of passing the Public Procurement Act has been completed, its implementation remains to be done. Importantly, criteria for the domestic preferences remain to be identified. In this context, international obligations need to be considered, notably those potentially arising from WTO accession, and those under the EPAs.

WTO accession will not, per se, generate any obligations or restrictions for government procurement – these would arise only if The Bahamas also acceded to the WTO Government Procurement Agreement (GPA), which is one of the plurilateral agreements within the WTO to which not all WTO Members are

⁸ Article 127. The EPA has not yet entered into force but is only provisionally applied.

⁹ A currently existing eProcurement website (<https://suppliers.gov.bs/>) is not yet fully operational. Full eProcurement will require a substantial upgrading of the IT infrastructure, but is not directly trade-related and therefore not discussed in further detail here.

¹⁰ SDR 6.5 million (about BSD 9.1 million as of October 2021) for works contracts, and SDR 155,000 (about BSD 217,000) for goods and non-consultancy services contracts; see Third Schedule of the Act.

a party. However, the EPA includes provisions on government procurement. These for example prohibit the discrimination between domestic businesses based on their ownership structure. However, national treatment rules in government procurement would only be activated by a decision of the Joint CARIFORUM-EC Council, which has not yet been taken. Therefore, domestic preferences would not have to be extended to EU companies until such time as a decision by the Council is taken.

National trade policy response:

Recognising that the public sector constitutes an important potential market for Bahamian businesses and can contribute to a reduction in imports, and also considering that domestic businesses face competitive disadvantages compared to much larger international businesses, the National Trade Policy foresees the activation of preferences for domestic firms in public procurement, as well as a general “buy local” policy where possible and appropriate. Specifically, the following actions will be taken:

- Draft Public Procurement Regulations that incorporate domestic preferences recognising the potential for import substitution as well as the smaller size and specific cost structure faced by domestic businesses.
- The Government will introduce a general policy of procuring local produce, where this is available, and showcase it (e.g. at any government-organised events, including in missions abroad), as an indirect way of export promotion.
- Awareness raising and sensitisation on the role that government entities can play to foster demand for domestic products and services will be provided to procuring entities.
- To retain the policy space for granting domestic preferences also in larger tenders, the Government plans to not commit to acceding to the GPA as part of a potential WTO accession package (see Action 2.1 below).

State bodies and organisations involved:

Lead entity: The Ministry of Finance, in close collaboration with the Ministry of Economic Affairs. Business associations will also be involved in sensitisation events.

4.5 Action 1.5: Reviewing and streamlining incentive schemes

Issue to be addressed:

The Government maintains various support schemes for businesses in The Bahamas. These schemes include (but are not limited to) the Industries Encouragement Act, the Agricultural Manufactures Act, the Spirits and Beer Manufacture Act, and the Hotels Encouragement Act. In addition, Chapter 98 of the Tariff Act also provides for exemptions from customs duties for additional groups of products and beneficiaries.

Although in principle these existing incentive schemes have helped (some businesses stated that they have been essential) domestic businesses and compete with import competition and on export markets, they also pose a number of challenges. First, not all businesses are eligible (or register) for the exemptions, and not always it is clearly specified who is eligible or not. Also, the lists of inputs or equipment exempted from import duties are not always fully appropriate or up-to-date. Third, and related to the first point, the various encouragement acts set different conditions to benefit from exemptions as well as provide a different scope for exemptions. Fourth, the administrative and compliance costs of incentive acts are higher – further exacerbated by the spread of exemptions and benefits across various laws and regulations, involving a range of ministries in the administration – compared to a situation where statutory tariffs were lower.

National trade policy response:

Considering the identified issues stemming from the existence of the various incentive acts and duty exemption schemes, the Government will undertake a review of the current schemes and their use, with the aim of streamlining the system and enhancing efficiency. Specifically, the following actions are planned:

- Prepare a comparative review of all incentive schemes that are in place for domestic businesses, covering their respective scope, approach (e.g. whether they list specific items or provide for general exemptions), requirements for and conditions of access to benefit from incentives, the actual use of the scheme by businesses, resulting in recommendations for alignment, harmonisation (including the possibility of combining schemes). This review will be undertaken together with the import tariff review in Activity 1.1 and the review of customs fees and export taxes in Activity 2.6.
- Discuss and implement the recommendations emanating from the review. Considering the importance of the issue for domestic businesses, comprehensive consultations with the business sector will be paramount.

A related action is the planned review and streamlining of the institutional support landscape (see Action 4.5 below); the two will be closely coordinated.

State bodies and organisations involved:

The Ministry of Economic Affairs as coordinator, in collaboration with all ministries and agencies in charge of the administration of incentive acts. Business associations will provide inputs and views.

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5 Policy Theme 2: Expanding Exports

5.1 Action 2.1: Improving market access through bilateral agreements or WTO accession

Issue to be addressed:

The Bahamas is a Party to two preferential trade agreements, the EU-CARIFORUM Economic Partnership Agreement (EPA) since 2008, and the roll-over UK-CARIFORUM EPA since 2021.¹¹ Under the EPAs, The Bahamas benefits from zero-duty access to the EU and UK markets (as well as the other CARIFORUM countries) for its goods exports, as well as benefits from preferential access in services sectors and a number of other benefits stemming e.g. from dialogue, cooperation and support. The EU has also made commitments in services sector, for example granted quota-free access to Caribbean entertainers, artists, and other cultural practitioners to travel to the EU (except Belgium), and provide entertainment as Contractual Service Suppliers for a period of up to six months (although subject to further conditions). These commitments are complemented by a Protocol on Cultural Cooperation aimed at enhancing bilateral activities of artists and other cultural practitioners in the performing and visual arts.

A recent evaluation of the EPA did not provide much information about the impact on The Bahamas but found overall limited positive impacts of the EPA for the CARIFORUM region.¹² Some export diversification is found for The Bahamas: the number of different products at tariff line level increased from about 275 in 2005 to about 370 in 2013-18. Also, The Bahamas is the most important destination for foreign direct investment (FDI) among the CARIFORUM countries; however, the level of contribution of the EPA remains uncertain.

Room for improvement under the EPA exists. For example, relatively few Bahamian businesses (mostly lobster exporters) use the EPA with the EU, mainly because Bahamian exports often would not comply with the rules of origin under the EPA, as they are often re-exports. The main issue thus is the productive capacity of The Bahamas, as addressed under Policy Theme 4.

A more general issue related to foreign market access is that not being a member to the WTO means that exports from the Bahamas are not entitled to receive most-favoured nation (MFN) treatment in destination countries. Although most countries do not make a distinction in their tariff treatment (and other import regulations) between imports originating in WTO member countries and other countries (including The Bahamas), some important economies do make this distinction, in particular China. For example, China imposes a duty of 70% on crustaceans from The Bahamas compared to an MFN rate of 7%;¹³ accordingly, Bahamian exports to China are quite limited. Chinese tariffs on other Bahamian export products are also above the MFN rates. For example, taking some others of the most important exports in 2019, the differences are as follows: polystyrene (HS 390311) 45% vs. MFN 6.5%; and heterocyclic compounds (HS 293359) 20% vs. MFN 6.5%. These differences are very substantial and constitute an impediment to export to China.

Without WTO Membership (or bilateral agreements between The Bahamas and trading partners), there is no guarantee that Bahamian exporters get MFN treatment by importing countries; market access conditions there entirely depend on the goodwill of the government and can change for the worse any time. Considering e.g. the massive difference in access to the Chinese market for crustacean exports, and tight competition with Brazil, Cuba and other exporters already exporting sizeable volumes there,

¹¹ The Bahamas has however not yet ratified the EPAs. For the EPA with the EU, see <https://www.consilium.europa.eu/en/documents-publications/treaties-agreements/agreement/?id=2008034> [accessed 10 November 2021]. The other countries which provisionally apply the EPA but have not yet ratified it are Hungary, Poland and Slovenia on the EU side, and Jamaica, Suriname and Trinidad and Tobago on the CARIFORUM side. Haiti has signed but not ratified the EPA, nor does the country apply the EPA provisionally.

¹² Ecorys and Appleton Luff 2021: Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States. Final Report, January 2021.

¹³ HS codes 0306xx. According to the ITC Market Access database, see <https://www.macmap.org/en/query/results?reporter=156&partner=044&product=030617&level=6> [accessed 30 October 2021].

The Bahamas is likely to find it difficult to enter that market in the absence of WTO membership or a bilateral trade agreement with China.

However, with respect to the negotiation of new free trade agreements (FTAs), the Government would need to keep in mind the EU EPA MFN provision. It states that if The Bahamas was to enter into any other FTA with “major trading economies” (i.e. having a share of at least 1% of world exports), any market access provided to the new partner(s) would have to be extended to the EU (Art. 19). This complicates the negotiation of new trade agreements.

WTO accession negotiations have been underway, with varying intensity, since 2001. The National Development Plan mentions accession as one of the targets in its Strategy 13.6 related to trade policy. However, a number of issues would still need further clarification. For example, some WTO members have claimed that some of The Bahamas’ current tariff and tax provisions are not in line with WTO rules. Also, the implications of some commitments expected by WTO members will need to be carefully assessed. A careful review of the costs and benefits of WTO accession and the accession negotiation strategy is therefore needed prior to progressing with the negotiations.

National trade policy response:

The Bahamas already benefits from preferential market access to the EU and UK under the EPAs. For these markets, the key issue is not to improve market access, but to actually utilise the existing preferential market access – this is addressed as part of other actions in Theme 2, “Expanding Exports”, as well as under Themes 3 “Diversifying Exports” and 4 “Strengthening Domestic Competitiveness”.

Improved market access for Bahamian exports to other countries can be achieved through various means, i.e. bilateral (or regional) FTA negotiations with individual trading partners, or WTO accession, although the latter will improve market access only for countries which apply a different treatment to WTO members (in line with the MFN principle) and WTO non-members. The relative advantages and disadvantages of these options will need to be carefully assessed:

- The Government will prepare an FTA feasibility study to assess the costs and benefits (and hence the potential net benefit) of The Bahamas’ entering into trade agreements with important partners, notably the USA and Canada. Nevertheless, the negotiation of FTAs in addition to the existing EPAs is not a priority under the National Trade Policy, primarily because of the reciprocal nature of such agreements, which would require The Bahamas to provide market access preferences to the partners. Considering the existing limitations in domestic supply capacity, competitiveness (see Theme 3) and export capacity needs to be built first, including in FTZ (see Action 2.5), so that any potential market access preference could also be effectively utilised.
- With respect to WTO accession, the Government will reassess the anticipated costs and benefits and adjust the negotiation strategy on that basis, giving priority to obtaining an accession package that works for the country over the speed of accession. In the reassessment, the following issues will be considered in particular:
 - Enhanced access to the Chinese market (whereby Bahamian exports to China would benefit from MFN treatment in China), as well as other markets that might differentiate between WTO members and non-members;
 - Potential availability of support for The Bahamas from the WTO to further enhance the trading environment. For example, support for trade facilitation measures could be obtained after WTO accession. This however would likely require for The Bahamas to self-classify as a “developing country” WTO member;
 - The impact on government revenues stemming from the required reduction on overall average tariffs, and the necessary taxation countermeasures that would need to be taken by the Government;
 - Expectations by WTO members for The Bahamas to open services sectors for foreign investment, to join the plurilateral GPA; and
 - Claims made by some WTO members that some tariff, fee and tax provisions in The Bahamas are not in line with WTO rules – e.g. excise taxes only on imports; the

maximum variable duties; certain customs fees; and differential taxes on spirits under Spirits and Beer Manufacture Act.

- An alternative to be explored with China is the possibility to negotiate a bilateral agreement that would extend Chinese MFN treatment to Bahamian exports (at least for certain commodities where The Bahamas has an export interest). Such a deal would both eliminate the current massive market access disadvantage faced by The Bahamas and be WTO consistent.¹⁴

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs, in close collaboration with the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Agriculture and Marine Resources, the Ministry of Tourism, and other ministries and agencies. Business associations will provide inputs and views.

5.2 Action 2.2: Expanding trade promotion efforts

Issue to be addressed:

The Chamber of Commerce in collaboration with the Government runs a Trade Information Portal,¹⁵ which provides general and introductory information about the export process, trade data, market information (including sector analysis), market access requirements, relevant events, etc. Trade missions, trade shows, and workshops for exporters are also organised, and are in high demand by Bahamian businesses which already export or intend to export. But overall, trade promotion activities have so far been limited.

National trade policy response:

To expand trade promotion activities, the Government will implement the following actions:

- Place commercial attachés in selected missions in key export markets.
- Train staff of other Bahamian diplomatic missions abroad in trade promotion activities, as well as in market monitoring (including of intellectual property right, IPR, infringements; see Action 3.4 below).
- Step up the participation in trade fairs and other relevant events aimed at establishing and deepening commercial relations with key export markets.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs, in cooperation with the Ministry of Foreign Affairs and the Chamber of Commerce/Trade Information Portal.

5.3 Action 2.3: Establishing export finance and insurance schemes

Issue to be addressed:

The Bahamas currently has no dedicated export financing support scheme – including export credit, export credit guarantees or subsidised export insurance – in place. In addition, due to the capital controls in place, exporters cannot easily obtain such services from foreign financial services providers. Although foreign sources of financing can be obtained, this requires prior application with and approval by the Central Bank. Approval will also only be granted if the business has first tried to obtain the financing domestically, and demonstrates this to the Central Bank in the application, e.g. by providing refusal letters by domestic financial services providers. This requires additional work and time by exporting businesses. Although some of the commercial banks in principle offer export finance services, these are costly and difficult to obtain for first-time exporters.

¹⁴ The WTO consistency argument is not relevant for The Bahamas as long as it is not a WTO Member, but it is relevant for Chinese considerations.

¹⁵ <https://www.bahamastradeinfo.gov.bs/>

The absence of dedicated export financing as well as guarantees and related schemes reducing risks for exporters has a negative effect on exports. It particularly deters businesses without trade experience from entering into exports in the first place, based on risk-benefit considerations.

By offering risk sharing, a government-supported export finance and guarantee programme can induce domestic businesses to start exporting.

National trade policy response:

The Government will develop and establish a programme to provide export credits, export credit guarantees, as well as insurance against export risks. Collaboration with existing commercial financial institutions will be sought in order to avoid crowding out of the commercial trade finance supply. Specific actions to be taken are:

- Develop and adopt concept for export credit, export credit guarantee, and export insurance schemes.
- Implement adopted schemes.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs as coordinator. Regulatory oversight and advice to be provided by the Ministry of Finance, the Central Bank and the Insurance Commission. Implementation by the Bahamas Development Bank (BDB), preferably in collaboration with commercial banks and insurance companies.

5.4 Action 2.4: Developing and implementing export development programmes

Issue to be addressed:

Although direct support for exports has been provided in a number of sectors and value chains, such as pineapples or cascarilla, overall it has been limited. Short-term training and workshops for exporters are also regularly held. Nevertheless, despite the export support services available, and the high demand for them, many Bahamian businesses lack a good understanding of the exporting process and the requirements for exporting successfully. More in-depth capacity building for exporters is called for.

National trade policy response:

In response to the absence of and technical in-depth exporting support compared with a lack of understanding among many businesses about the exporting process, the Government will implement the following actions:

- Create an export development programme that provides longer-term support to would-be exporters. This kind of export incubation programme will complement the current short-term trainings being provided on specific export-related topics. The programme will be based on sector-specific analyses of trade constraints (including in agriculture and light manufacturing, tourism, potentially financial services) and potential, to identify which sectors have export potential (also see Actions 3.1 and 3.2 below). Access to the programme will be based on clear criteria, and specific targets for support and the programme overall will be set; a target for participation of women- and youth-owned businesses will also be set.
- Continue to provide training to Bahamian businesses about market access requirements in key export markets, as well as on the use of online tools available for exporters informing about market access issues.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs, in cooperation with the Chamber of Commerce/Trade Information Portal and other business support organisations.

5.5 Action 2.5: Revitalising Freeport and developing free trade zones

Issue to be addressed:

The Bahamas has long-time experience with free zones. After all, Freeport on Grand Bahama is one of the oldest free trade zones (FTZ) in the world, and is home to some of the country's most important exporters. While the Freeport is based on a fairly unique legal basis and ownership structure, The Bahamas also has a more conventional Free Trade Zone Act in place since 1984. This exempts businesses in zones from any duties and taxes and therefore constitutes a basis for attracting investments into the zones.

However, Freeport has not only been affected by hurricanes – most recently hurricane Dorian, which has partly destroyed the infrastructure as well as businesses – but also by a complicated legal situation as well as the fact that it does not constitute a “pure” free trade zone that is clearly separate from the customs territory of the rest of the country. No new export-oriented investments have taken place in decades, and some of the main exports are in structural decline due to global developments.

In addition, despite the presence of the Free Trade Zone Act, the potential contribution of FTZ to the economy of The Bahamas has been left unutilised – no zones have been designated,¹⁶ and as a result, Freeport continues to be the only functioning free zone in the country.

Also, global competition from an increasing number of other FTZ and special economic zones has increased massively – UNCTAD's World Investment Report 2019¹⁷ estimated some 5,000 such zones being in place globally, most in Asia, but e.g. about 250 also in the United States. With many of these established much more recently than Freeport, regulatory conditions, infrastructure, and services and incentives offered in these zones are often more modern, threatening to take away business, respectively making it more difficult for The Bahamas to attract investors into Freeport or any potential new FTZ.

National trade policy response:

With the viability of the FTZ concept for The Bahamas proven, measures to revitalise Freeport and attract new export-oriented investors will be taken. Specifically, the Government will:

- Prepare and implement a strategy for the rehabilitation and revitalisation of Freeport with the aim of attracting new investment.
- Develop and implement a concept for new export-oriented FTZs, considering and learning from the experience of other, newer FTZs globally. This will also comprise an appropriate institutional structure to manage and oversee FTZs in the country. When attracting new export-oriented businesses into FTZs, a particular targeting of businesses producing environmental goods and services will be foreseen.
- Prepare, endorse and implement the necessary legal changes.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs as coordinator. Implementation in collaboration with the Bahamas Investment Authority (BIA; or its successor organisation), the Grand Bahama Ports Authority (GBPA) for the revitalisation of Freeport and Bahamas Agricultural and Industrial Corporation (BAIC) for FTZs, as well as other agencies and business representatives.

¹⁶ There are two industrial zones on New Providence (Soldier Road Industrial Park and Gladstone Road Agro-industrial Park), an agro-industrial zone on the island of Andros, and industrial zones on the islands of Abaco and Eleuthera. But it is not clear whether these are FTZs under the Free Trade Zone Act, nor whether these are operationally functioning as FTZs.

¹⁷ UNCTAD 2019: World Investment Report 2019. Special Economic Zones, UNCTAD/WIR/2019, 12 June 2019.

5.6 Action 2.6: Reviewing customs fees and export taxes

Issue to be addressed:

The current customs regime establishes customs processing fees (for both imports and exports) on an ad valorem basis, at 1% of the FOB value, with both a minimum (BSD 10) and maximum (BSD 500) cap.¹⁸ This does not appear to be fully in line with the EU-CARIFORUM Economic Partnership Agreement (EPA) (Art. 13) and WTO rules which establish that fees should be in line with the cost of the service provided. On the other hand, because of the cap at BSD 500, the ad valorem basis appears to be a minor issue only.

However, some Bahamian traders have complained about the fees applied, including numerous additional fees charged by the port and customs authorities upon import, such as container and security fees and inspection charges. And according to comparative calculations by the World Bank, the cost for traders in The Bahamas to comply especially with the import requirements (USD 1,935), are high even when compared to regional peers (Figure 11). And whereas the cost to export (USD 518) is in line with costs in Caribbean countries, it is still much higher than in OECD high income countries.

In addition, export fees (“royalties”) charged on lobsters and some other marine products effectively constitute an export tax. This had to be removed for exports to the EU as part of the EPA commitments but continues to be applied on exports to other destinations.

National trade policy response:

The Government will undertake the following actions:

- Review the current structure of customs fees on exports with the aim of a revenue-neutral restructuring, and recommend any appropriate amendments.
- Review the need for export fees for lobsters and other marine products to ensure that these do not constitute a barrier or burden for exports, while ensuring that legitimate goals to protect the environment are not compromised, and recommend any appropriate amendments.
- Implement the recommended amendments.

These actions will be undertaken together with Actions 1.1 and 1.5.

State bodies and organisations involved:

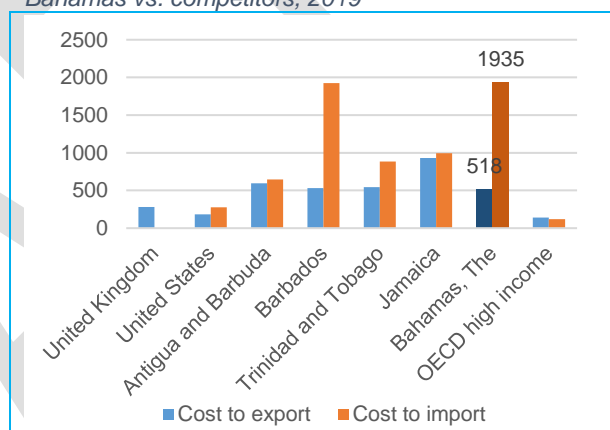
Lead entities: The Ministry of Finance and the Ministry of Economic Affairs, with inputs from the Ministry of Agriculture and Marine Resources (for the review of export fees). Implementation: Customs and Excise Department. Business associations will provide inputs and views.

5.7 Action 2.7: Fostering e-commerce and digital trade

Issue to be addressed:

Because of their small size, most Bahamian businesses could only export limited volumes, usually less than full container loads. This leads to high cost of exporting and thereby reduces the chances of Bahamian business to export successfully.

Figure 11: Cost of trading across borders - The Bahamas vs. competitors, 2019



Source: Doing Business 2020.

¹⁸ Section 97 of the Customs Management Act, 2011 and Regulation 147(2) of the Customs Management Regulations, 2013.

At present, exporting directly to consumers using e-commerce provides no feasible export alternative for most businesses: the cost of exports using courier companies is prohibitive and could only work for very selected low-weight, high-value products (such as jewellery). E-commerce sales abroad are further affected by regulatory barriers, including international payment restrictions, as well as reluctance of consumers abroad due to concerns over consumer protection issues (return policies, refunds, etc.).

National trade policy response:

The possibility to foster e-commerce as well as small-volume exports through the uptake of digitisation other measures reducing the cost of transport and logistics requires further detailed study. In this context, the Government will take the following actions:

- Undertake a study on the possibilities to develop cross-border e-commerce. This will, first, comprise a cost-benefit analysis of options for reducing logistics costs, such as through preferential postal rates for e-commerce exports at preferential rates. And it will also cover other, including regulatory, barriers affecting e-commerce exports by Bahamian businesses.
- Building on the recent steps taken to establish the electronic single window for trade, further digitalization of the trade process will provide an opportunity for reducing the cost of trade for Bahamian businesses due to the time saved for complying with documentary and border requirements.

State bodies and organisations involved:

Lead entity: The Ministry of Economic Affairs, in cooperation with the Ministry of Finance. Business associations will provide inputs and views.

5.8 Action 2.8: Expanding and building linkages with tourism

Issue to be addressed:

The importance of tourism for the economy can hardly be overstated: Up to the pandemic, travel services accounted for about 90% of the country's total services exports – in 2019, BSD 4.1 billion out of BSD 4.5 billion. Visitor arrivals reached 7.2 million in 2019. The sector is also one of the most important employment generators in the country – if not *the* most important one: The tourism satellite account for 2012 mentions that 28.2% of the workforce work in tourism, and the 2021 US Country Commercial Guide finds that the sector “employs just over half of the workforce.”¹⁹

However, the sector was badly affected by the covid-19 pandemic: in the year from April 2020 to March 2021, just above 200 thousand visitors arrived, a decline of 97% compared to the previous 12 months. Despite the Government's 2020 “Bahamas Tourism Readiness & Recovery Plan”, the sector is still far from recovery after the covid-19 pandemic, and it remains to be seen if hotels, resorts, restaurants, and other tourism infrastructure will see a return to pre-pandemic levels of demand.

In addition, the potential of the tourism industry for other Bahamian sectors remains underexploited. Most materials used by tourism businesses as inputs – from equipment to foodstuffs and amenity products – and for sales to visitors are imported. Some work to address this has already done, aimed at developing linkages with the tourism industry. For example, a goal has been set to increase local sourcing of fresh produce to 40% for some hotel projects. But much more could be done.

National trade policy response:

Considering the dominance of tourism as an export industry (and also considering its importance for employment generation and linkages to other sectors in the Bahamian economy), the Government will take measures to support the long-term development of the sector. These will go beyond the scope of

¹⁹ US International Trade Administration/State Department: Bahamas Country Commercial Guide: Investment Climate Statement (ICS), 16 September 2021, <https://www.trade.gov/country-commercial-guides/bahamas-investment-climate-statement-ics> [accessed 22 October 2021].

the National Trade Policy and fall under the responsibility of the Ministry of Tourism. As part of the Policy, the Government will:

- Develop a long-term tourism strategy that will complement the short-term orientation of the Recovery Plan.

Furthermore, to strengthen the links between the tourism and hospitality industry and other sectors of the economy, the Government will take the following actions, building on already ongoing efforts:

- Negotiate with investors and large tourism companies the strengthening of linkages for fresh produce and food products made in The Bahamas, and the expansion to other inputs – such as decorations, amenities and toiletries, and gifts – as well as shows and performances, and the involvement of community and related tourism through tours and visits.
- Establish and maintain a database of Bahamian providers of interest to the tourism industry, and regularly inform these providers about sales opportunities in the tourism sector. This will also include potential new products such as cannabis/CBD products, legalisation of which is currently being considered.
- Organise business-to-business (B2B) meetings between larger tourism industry players and domestic businesses.

State bodies and organisations involved:

The Ministry of Tourism and the Ministry of Economic Affairs in collaboration with tourism development and business associations (implementation body to be determined).

6 Policy Theme 3: Diversifying Exports

6.1 Action 3.1: Providing sector support in the blue and green economy

Issue to be addressed:

Although some marine products – spiny lobster in particular – are successful Bahamian exports, the same success has not yet been reached by other products, which nevertheless may have potential. In fact, spiny lobster is an example for a successful and sustainable export development strategy, but also shows the time, effort and resources that are needed to develop and implement such a strategy (Box 4). It also shows that such a strategy can be pursued only for products and sectors which proven (or very likely) sizeable export potential, which calls for a careful selection of export sectors eventually to be supported under the National Trade Policy.

Box 4: MSC Certification of Bahamian Lobster Tails and Government Support to the Sector

Work on obtaining Marine Stewardship Council (MSC) certification for lobster tails harvested in The Bahamas started in 2009 and was partly a response to increasing demands for such certification in destination markets. The sector employs about 9,000 fishers and exports more than 4 million pounds of spiny lobster tails per year, mostly to the United States and Europe. An essential element in the certification process was a Fishery Improvement Project addressing governance, fishing practices, and environmental impacts. The certification process also required a joint effort of the Bahamas Marine Exporters Association, the Department of Marine Resources, WWF and The Nature Conservancy. Certification did not only require changes in fishery practices but also regulatory changes and therefore would have been impossible without close public-private dialogue. To finance the costs for the certification process, the Bahamian marine exporters joined forces and “self-taxed” themselves. Certification of The Bahamas spiny lobster exports was achieved in 2018 – after nine years of work – and is valid for five years, with annual audits taking place to ensure ongoing compliance. The industry is already working, with the Government on addressing new and tightened requirements (condo management plan, which requires corresponding regulations) in view of the re-certification audit.

As a result of the certification and the changed practices, spiny lobster stocks are assessed as healthy, with catch being stable (including some potential for increase), thus offering the potential for sustained exports. Enforcement of existing regulations by the Government has also improved, including better protection against poaching.

Businesses in the sector consider the Government has having been very supportive. For example, to facilitate exports (and the necessary inspections), new inspectors were hired, which reduce the time needed for shipments to be inspected prior to exportation.

Source: Information provided by Marine Exporters Association and Marine Stewardship Council²⁰

In agriculture, exports and diversification efforts so far have addressed niches, such as cascarilla bark, as well as developing linkages with the tourism industry (as addressed in Action 2.8), although potential could also exist for other products. Also, current efforts to develop or revitalise the agricultural sector have mostly been framed in an import substitution context, with “import substitution” in this context also covering the sale to the tourism industry, which in a trade policy context should rather be considered as an indirect export.

National trade policy response:

The Government will support the diversification of Bahamian exports notably in the blue and green economies, building on already ongoing efforts. Such potential sector specific support should best not be provided on an ad hoc basis but based on sector- and product specific national export strategies that include a thorough analysis of domestic production and foreign market demand and market access opportunities. Therefore the following groups of measures will be taken:

- In the blue economy, some attempts at diversification have already taken place but need further stimulus including by the Government. Examples include exports of other marine products, such as stone crab claws, golden crabs, and other species, including those raised in fish farms. The Government will undertake a number of feasibility studies to assess the export potential of such

²⁰ <https://fisheries.msc.org/en/fisheries/the-bahamas-spiny-lobster-fishery/@@view>

products as well as to identify the actions required to create the conditions for successful new exports, and implement key recommendations emanating from these studies.

In the context of these studies, support for the expansion of exports of sustainably produced sea food, for example through MSC certification of other products on top of spiny lobster tails, will also be considered.

- In the green economy, the Government will develop an export potential study for other products, such as cannabis/CBD products. Measures to realise the “import substitution” potential of agricultural products will also be taken, including targeted investment promotion and support, Government purchase guarantees, production upgrading and certification.

Across these actions, the specific potential and needs of women- and youth-owned business will be considered explicitly.

State bodies and organisations involved:

The Ministry of Agriculture and Marine Resources with inputs from the Ministry of Economic Affairs, in collaboration with BAIC and other business support organisations and relevant sector representatives.

6.2 Action 3.2: Providing sector support in the orange economy

Issue to be addressed:

Although the potential of The Bahamas’ creative or orange economy has been highlighted often, specific support to increase its role in the economy and exports has so far been limited to selected projects such as Junkanoo, straw work, wood carving, film and music, as well as some support by the BDB.

National trade policy response:

Creative industries will require a stronger focus of government activity on the protection of intellectual property created by Bahamian artists, performers, and inventors. This will require an upgrade of the regulatory framework, and also a better understanding of the operation in the orange economy. Therefore, support to the orange economy is a comprehensive endeavour under the National Trade Policy. In addition to the actions proposed here, Actions 2.8, 3.3 and 3.4 also directly aim to support this sector with important export potential. The Government will:

- Create a dedicated orange economy unit in the Ministry of Economic Affairs to bundle all activities for the orange economy and to serve as the unified point of contact for members of the creative industries in the country.
- Prepare a dedicated orange economy export development strategy that will also pay due attention to the specific challenges faced by women- and youth-owned businesses.

State bodies and organisations involved:

The Ministry of Economic Affairs, in collaboration with business support organisations and relevant sector representatives.

6.3 Action 3.3: Utilising the EPA for services exports

Issue to be addressed:

The EPA with the EU has not yet led to an increase in Bahamian services exports, among others due to continuing restrictions on the provision of services by Bahamian service providers in the EU, the absence of mutual recognition agreements for professional services,²¹ and a general lack of information about services market opportunities in the EU.²² These factors also particularly inhibit exports of the Bahamian creative industries, despite the market opening commitments made.

²¹ Although some progress has been made towards an MRA for architects.

²² Ecorys and Appleton Luff 2021: Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States. Final Report, January 2021.

In addition, recent study by EY identified further export potential for the financial, legal and taxation, accountancy, and architectural and engineering services, mostly provided to foreign (including EU and UK) investors in the country.²³

National trade policy response:

To foster exports of (non-tourism) services and the creative industries to the EU and UK, the Government will take the following measures:

- Engage in, respectively support and actively accompany, negotiations about partnerships between the professional associations in The Bahamas and the EU/UK on professional standards and their mutual recognition.
- Negotiate with EU members states and the UK the facilitation of work permits for Bahamian artists and performers to enable them to provide services in the EU/UK.

State bodies and organisations involved:

The Ministry of Economic Affairs, in collaboration with the Ministry of Foreign Affairs, business support organisations and relevant sector representatives.

6.4 Action 3.4: Enacting and implementing modernised IPR laws

Issue to be addressed:

The Bahamas' legal framework for intellectual property rights (IPRs) was modernised in 2015, both in response to EPA requirements and to bring the legislation in line with WTO rules.²⁴ Some of the key amendments included the addition of a digital rights management regime for copyright, the recognition of international patent applications, the protection for confidential information, the extension of the life of a patent to 20 years, as well as new protection for geographical indications (GIs) and integrated circuits. Finally, changes to enhance remedies for intellectual property infringement and strengthened border measures has already been included in the Customs Management Regulations, 2013.

However, the 2015 acts have not been brought into force pending the adoption of corresponding regulations, which presently exist in draft form only. Until then, the existing legislation, mostly dating to 2000, remains in force.

Furthermore, from a trade policy perspective, an important problem is the control of abuse of IPRs. Infringements of Bahamian IPR typically will take place abroad, with the Government having limited leverage to address them.

National trade policy response:

A stronger focus on the protection of Bahamian intellectual property rights abroad would constitute a means for developing IP exports. This would be particularly important for the creative industries, but could also apply to the protection of trademarks and IP of key Bahamian products. The Government will take the following actions:

- Finalise and adopt the regulations needed to bring into force the 2015 IPR laws.
- Prepare study on the relative costs and benefits of protecting Bahamian GIs or trademarks abroad.
- Monitor relevant foreign markets to identify potential infringements against Bahamian IPRs, so that affected Bahamians can then take the necessary action, with support by the Government.
- Operationalise GIs in the country and establish GIs for at least some products (e.g. "Bahamian spiny lobster"), and seek their protection in the EU under the EPA.²⁵

²³ EY 2021: Market Intelligence Studies for Professional Services. Final Report, October 2021.

²⁴ Adopted laws included the Trade Marks Act, 2015; Patents Act, 2015; Copyright (Amendment) Act, 2015; False Trade Descriptions Act, 2015; Integrated Circuits Act, 2015; and the Geographical Indications Act, 2015. A Protection of New Plant Varieties Bill has not been adopted yet.

²⁵ Protection of geographical indications in the EU covers agricultural products and foodstuffs, wines and spirits.

State bodies and organisations involved:

Lead: The Ministry of Economic Affairs, in collaboration with the Attorney General's Legislative Drafting Section (for the finalisation of regulations), and the Ministry of Foreign Affairs (missions abroad). The Registrar General and business associations will provide inputs and views.

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7 Policy Theme 4: Strengthening Domestic Competitiveness

7.1 Action 4.1: Strengthening the quality infrastructure

Issue to be addressed:

The Bahamas has, in recent years, significantly upgraded its quality infrastructure. For example, the Food Safety and Quality Act of 2016, complemented by the Food Safety and Quality Regulations of 2020 set minimum requirements for the sale of food items in The Bahamas. Plant and animal health legislation was also updated in 2016.²⁶ An authority to ensure the safety of food and agricultural products, the Bahamas Agricultural Health and Food Safety Authority (BAHFSA) has been operationalised in 2018.²⁷ Similarly, the operationalisation of the Bahamas Bureau of Standards and Quality (BBSQ) in 2013 established the basis for the establishment of national standards and conformity assessment. Drafts to update key laws related to the quality infrastructure – the Consumer Protection Act, the Standards Act, and the Weights and Measures Act, all of which presently date to 2006 – have been prepared in the context of the WTO accession process.²⁸

The country is also a member of the International Standards Organisation (ISO) and regional standards organisation, as well as a party to the key international institutions for sanitary and phyto-sanitary (SPS) issues, i.e. the Codex Alimentarius (food safety, since 2002), the International Plant Protection Convention (IPPC; plant health, since 1997), and the World Organisation for Animal Health (OIE, since 2010). Accordingly, The Bahamas in principle applies the standards established by these international bodies.

However, the upgrading of the quality infrastructure so far has focussed on domestic issues, with limited attention to its potential role in facilitating exports. For example, the few standards that have been established to date – so far, two technical regulations (compulsory standards) and nine voluntary standards – are aimed primarily at products sold domestically,²⁹ but do not help producers that would seek to export their products (and which accordingly would need to meet the standards in the destination market). Also, conformity assessment services for products for export are not provided by laboratories in The Bahamas, therefore requiring exporters to send their sample abroad and have them tested there prior to exporting – which requires additional time, raises costs and increases risks (of samples getting corrupted or lost) for exporters.

For imports of food, much of which is supplied by the USA, The Bahamas presently largely relies on conformity assessment/inspections undertaken by the US authorities, i.e. the US Department of Agriculture (USDA) and the US Food and Drug Authority (FDA). In the absence of own testing capacities, including of food produced domestically in The Bahamas, an independent means for ensuring food safety is not available. This also impacts negatively on the possibility to supply food to the (large) tourism/hotel businesses that require compliance with their standards.

Another weakness is that the draft legislation mentioned above, as well as some secondary legislation complementing the recently adopted acts,³⁰ has not yet been adopted, although this would constitute a modernisation of the legal framework for the quality infrastructure and facilitate trade through better alignment with international principles and processes.

Related to this, the implementation of the international agreements to which The Bahamas is a Party is also less than perfect. For example, no reports under the IPPC have yet been provided, including on regulated pests, pest status, or other important information related to trade in covered products.

²⁶ Plant Protection Act 2016 and Animal Health and Production Act 2016.

²⁷ BAHFSA was formally established under the Bahamas Agricultural Health and Food Safety Authority Act 2016.

²⁸ These are the Standards Bill, 2020 (latest version); the Metrology Bill, 2018; as well as the corresponding draft regulations under these bills.

²⁹ They cover pre-packaged water, food hygiene, labelling of food and tobacco, poultry products, poultry feed, eggs, cement, medical laboratories, and calibration and testing for laboratories.

³⁰ For example, the Plant Protection Regulations, Food Safety and Quality Regulations, as well as various regulations related to the Animal Health and Production Act presently exist in draft form only.

In addition, some institutional weaknesses exist. These relate to structural issues (for example, BBSQ until recently was under the Ministry of Labour), capacity constraints (for example, new institutions such as BAHFSA are not yet fully operational and require additional support and capacity building to fully become so), and coordination issues, with overlapping mandates and unclear responsibilities between various Government bodies in charge of quality infrastructure issues, notably the Ministry of Agriculture and Marine Resources, BBSQ, and BAHFSA.

Finally, international standards and product safety regulations in major export markets are constantly evolving and becoming more stringent. The EU's tightened rules on maximum residue limits (MRLs) for agricultural and food products under the Farm to Fork strategy are a case in point. These developments also require a constant upgrading of quality infrastructures at all levels of exporting countries, The Bahamas being no exception. In the absence of such upgrading, the competitiveness of Bahamian manufacturers – both those aiming at the domestic market and potential exporters – is further eroded.

National trade policy response:

As the above summary has shown, a range of issues need to be addressed to ensure that the national quality infrastructure can perform its role as a facilitator of trade. The National Trade Policy aims at generating a number of opportunities related to the country's quality infrastructure that will benefit both businesses and domestic consumers. Specifically, the Government will undertake the following actions:

- Adopt legislation (laws on standards, weights and measures, and consumer protection) as well as regulations on e.g. good hygienic practices or good agricultural practice to help domestic producers upgrade their production processes.
- Seek international accreditation of laboratories to provide conformity assessment for Bahamian exporting companies in-country, thereby reducing times and costs for complying with importing requirements in target markets. As this is likely to require capacity building and upgrading of technical and laboratory equipment, a prior accreditation study will be prepared.
- Prepare an institutional mapping of the quality infrastructure and streamline and better coordinate among the government bodies involved in the Bahamian quality infrastructure.
- Strengthen cooperation with relevant international bodies and in key partner countries (USA, EU, UK).

State bodies and organisations involved:

The Ministry of Economic Affairs, in collaboration with the Ministry of Agriculture and Marine Resources, BBSQ and BAHFSA. Business associations will provide inputs and views

7.2 Action 4.2: Streamlining investment procedures

Issue to be addressed:

An investment climate that is conducive for FDI can contribute to a strengthening and diversification of the productive base in The Bahamas more broadly than purely export-oriented investment in FTZs. Overall, the country's investment framework is good, as testified by the US International Trade Administration and State Department.³¹ Legislative measures have also been taken to facilitate foreign investors' operations. For example, the Commercial Enterprises Act 2017 facilitates the issuing of work permits of businesses approved by the Investment Board. In addition, the Bahamas Investment Authority (BIA) promotes the country as a destination for investment as well as acts as a one-stop shop for investment. Foreign investors do not normally receive any preferential treatment (special incentives) compared to domestic investors.

Room for improvement exists however in the investment approval process. All investments made by foreign persons require the prior approval of the National Economic Council (NEC) or BIA. This is based on an economic needs test, which leaves a large degree of discretion to the NEC, whose decision is

³¹ US International Trade Administration/State Department 2021: Bahamas Country Commercial Guide: Investment Climate Statement (ICS), 16 September 2021, <https://www.trade.gov/country-commercial-guides/bahamas-investment-climate-statement-ics>

independent from recommendations by the regulatory bodies relevant for a given proposed project. The Government policy to “encourage” joint ventures with a 60% domestic and 40% foreign ownership, without clarity of what this encouragement means in practice, further increases investor uncertainty.

In addition, it has been found that “the investment process is unnecessarily bureaucratic, onerous and antiquated. The entire process, from the submission of a completed application to a final decision by the NEC, can exceed sixty days. Moreover, investors largely bear the responsibility of navigating the various government agencies to complete the approval process, although the BIA does assist with this process.”³²

National trade policy response:

The investment policy is currently being revised, with a Council for that purpose being established. As part of the policy review, also the list of sectors reserved for domestic investors will be reviewed, and the conversion of BIA into Bahamas Invest, with an expanded service portfolio, the definition of shelf-ready investment projects, and a stronger focus on investment promotion and after-care is being planned. In the context of this, the necessary legislative changes will also be undertaken.

This already launched reform process provides an opportunity for the consideration of National Trade Policy objectives in the investment policy review. In this context, the Government will:

- Ensure that investments (by domestic and foreign investors alike) in export-oriented and import-substituting projects are adequately facilitated.
- Ensure that the transparency and predictability of the investment approval process is increased through the setting of clearer criteria for decision-making. For this, a review of the upcoming WTO Investment Facilitation Agreement as well as other initiatives for investment facilitation will be taken into consideration.

State bodies and organisations involved:

The Office of the Prime Minister, with inputs from the Ministry of Economic Affairs.

7.3 Action 4.3: Building capacity of business and human resources

Issue to be addressed:

Not least as a result of the small size, the organisation and managerial capacity of most Bahamian businesses is low, as are human resources capacities. According to parts of the business community, the education sector and businesses are not sufficiently connected, which has led to an education sector producing skillsets that are not always in demand by businesses, in turn affecting the productivity of businesses, and the competitiveness of the economy in general. Training and vocational education need to become more entrepreneurial-oriented.

National trade policy response:

A strategic approach for comprehensive and integrated vocational education and training and capacity building for managers and staff is needed. This clearly goes beyond the scope of the National Trade Policy. Nevertheless, as part of the Policy, the Government will undertake a number of complementary actions:

- Undertake a comparative strategic study into the skills that are likely to be required for successful exporting in the future, and assess the extent to which education and training in The Bahamas provide these skills. This will comprise in particular issues of importance for a small economy with limited resource endowments, including IT, digital, creative and professional services skills, and also focus on the application and use of new technologies such as additive manufacturing, blockchain technology, artificial intelligence, and others, for use by Bahamian businesses across all sectors.

³² Securities Commission 2020: Revamping the National Investment Policy of The Bahamas. The Bahamas Investment Authority: Digitised and Efficient, July 2020.

- Develop and implement export capacity building programmes for companies.
- Develop curriculum to impart export-relevant knowledge and skills to become part of technical vocational education and training curricula, complementing the already existing and ongoing revisions of broader curricula and general management and entrepreneurial skills trainings.

State bodies and organisations involved:

The Ministry of Education in collaboration with academia and providers of training and vocational education, with inputs by the Ministry of Economic Affairs and business organisations.

7.4 Action 4.4: Addressing high operating costs

Issue to be addressed:

High production costs of businesses in The Bahamas are a challenge. Most business in The Bahamas are (mostly because the economy is small) very small and hence cannot benefit from economies of scale. Automation in many cases is more limited than in larger firms elsewhere, because the investment costs are excessive in relation to the size of operations, and as a result a large share of work is done manually, increasing operating costs, also because labour costs are relatively high. Energy costs are also high, as are domestic transportation costs. The high cost of shipping between the many islands of the country is one element affecting the competitiveness of the sector and being able to compete with imports; similarly, high costs of transport for imported raw materials, inputs and equipment drive up costs for domestic producers.

National trade policy response:

Measures aimed at reducing businesses' operating costs clearly go beyond the National Trade Policy, but some actions proposed elsewhere in the Policy will contribute to them. For example, substituting mineral fuels with renewables as addressed in Action 1.2 will have a steadying impact on energy costs, while education and training programmes foreseen under Action 4.3 will increase labour productivity and hence reduce unit labour costs. For the definition of further targeted measures, more information is needed. As part of the National Trade Policy, therefore, the Government will:

- Undertake a study comparing the cost structure of exporting businesses across the economy with non-exporting ones, with a focus on energy, labour, and transport costs. This will prepare recommendations on potential further measures to be taken, including potential subsidisation of certain cost items.

State bodies and organisations involved:

Ministry of Economic Affairs, with inputs from the business community.

7.5 Action 4.5: Reviewing and streamlining the institutional support landscape

Issue to be addressed:

The current support landscape is fragmented across a large number of agencies (in relation to the size of the economy), including the Bahamas Development Bank (BDB), the Bahamas Agricultural and Industrial Corporation (BAIC), the Bahamas Entrepreneurial Venture Fund, and the Small Business Development Centre (SBDC). Over time, successive governments in their efforts to show quick responses to pressing challenges have resorted to creating new vehicles, which has led to underperformance and, in turn, certain dissatisfaction by businesses with the support provided.

In addition, not all implementing agencies have a clear and implementable strategic direction or a mandate to define such as strategy or priorities themselves. This may have led to institutional inertia and limited support provided to businesses. In other cases, where implementing agencies set their own priorities, duplication, overlap, and incoherent support to businesses provided by different institutions and across sectors has resulted.

National trade policy response:

To address the identified weaknesses, the Government will:

- Undertake an institutional review and audit of the performance of all institutions providing support to businesses, covering in particular the mandate and services provided (in terms of scope of services, access conditions, actual use of services, value of services for businesses, etc.) and potential gaps or overlap across institutions, resulting in recommendations for alignment, harmonisation (including the possibility of combining institutions). This review will be undertaken together with the review of incentive schemes in Activity 1.5.
- Discuss and implement the recommendations emanating from the review. Considering the importance of the issue for domestic businesses, comprehensive consultations with the business sector will be paramount.

State bodies and organisations involved:

The Ministry of Economic Affairs as coordinator, in collaboration with all ministries and agencies involved in the provision of support to businesses. Business associations will provide inputs and views.

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8 Implementation Arrangements

8.1 Institutional Implementation Arrangements

The Ministry of Economic Affairs is the guardian and coordinator of the National Trade Policy. It will handle the management and administration of the Policy's implementation, including operational monitoring and maintaining communications with all other stakeholders, both within the Government and with non-state actors, including business representatives.

Oversight and strategic guidance for the Policy and its implementation will be provided by the Cabinet Subcommittee on International Trade and Investment to ensure buy-in and collaboration with the view of ensuring a whole-of-government approach to the Policy implementation, as well as monitoring of progress made.

The Cabinet Subcommittee has the following members:

- Minister of Economic Affairs (chair)
- Minister of Foreign Affairs
- Minister of State for Investment
- Ministry of State for Finance
- Minister of State for Legal Affairs
- Minister for Grand Bahama
- Minister of Agriculture and Marine Resources

Other ministries as well as Government agencies directly or indirectly involved in the implementation of trade measures or business support – including, but not limited to, the Customs and Excise Department, BDB, or BAIC – will be invited to Subcommittee meetings on a case-by-case basis. The Ministry of Economic Affairs acts as the secretariat to the Cabinet Subcommittee.

For any elements of the National Trade Policy implementation related to or involving international trade negotiations, the Negotiating Team will be responsible. It comprises the Chairman/Chief Negotiator, Alternate Chief Negotiator, Financial Secretary, Permanent Secretary Ministry of Financial Services, Permanent Secretary Ministry of Finance, Permanent Secretary Ministry of Foreign Affairs, Governor of the Central Bank, Director of Legal Affairs, Permanent Secretary of Ministry of Agriculture and Marine Resources, Permanent Secretary, Ministry for Grand Bahama, Director of Trade, Director of Financial Services, Director of Investments, and Bahamas Investment Authority. The Negotiating Team reports to the Cabinet Subcommittee on Trade.

8.2 Trade-Related Public-Private Dialogue

The limited predictability of past trade policy measures and the limited extent of domestic consultations regarding trade policy, including tariff changes, have been criticised by various representatives of the business community. At the same time, a public-private body for trade matters already exists in the form of the Bahamas Trade Commission – although it has been inactive in the recent past – which has the following key functions:

- Receive regular confidential briefings from public officials and Ministers about matters of concerns with respect to the various trade negotiations.
- Arrange private and confidential meetings with representatives of the business community and individual business to understand what their concerns are about the various trade arrangements.
- Present periodic reports to the Minister with responsibility for Trade about matters of concern among the business community.
- In close cooperation with the Ministry of Finance, lead a public awareness campaign about trade agreements and trade negotiations.

To ensure that actions under the National Trade Policy, as well as the definition of future trade-related measures adequately involve all relevant stakeholders, the Government will take the following actions:

- Publish any intended changes to the trade regime (including changes to tariffs, trade taxes and fees) in advance and invite stakeholders to provide comments.
- Reactivate the Bahamas Trade Commission and hold at least one public-private dialogue meeting per year dedicated to trade issues, inviting the business community and civil society representing interests from across the entire archipelago.

8.3 The Legislative Dimension

A number of laws and regulations will be amended or drafted as part of the National Trade Policy implementation, as addressed in the preceding sections. Wherever this is the case, the Government will prepare legislative proposals including detailed justifications for any proposed changes and submitted to Parliament for deliberation and eventual adoption. Information sessions to Parliamentarians will complement the documents to be provided.

8.4 Data Collection and Research

The preparation of the National Trade Policy revealed a number of shortcomings in the availability of data that would normally be needed to prepare evidence-based policy actions. Gaps refer, among others, to data on sectoral investment output, data on services trade, and trade data disaggregated by business characteristics (business size, ownership, location, etc.). Further analysis of existing data is also limited.

In order to address these issues, the Government will step up relevant data collection and trade related research. Specific actions are:

- Specify data requirements and collect of data on production and trade disaggregated by sex, age and enterprise characteristics to provide a basis for formulation of National Trade Policy measures targeted on women, youth, and other vulnerable population groups.
- Establish a partnership with the University of The Bahamas for the provision of trade related research to the Government.

While the specification of data needs will be led by the Ministry of Economic Affairs, the Department of Statistics will be in charge of the collection of, and reporting on, the data. Specific research will be undertaken by the University of The Bahamas and, if required, be commissioned by the Ministry of Economic Affairs.

8.5 Budget Considerations

Overall, the objective of the National Trade Policy is to be neutral on public finances. Where measures are contemplated that may have a direct or sizeable impact on public finances, an ex-ante study of the budgetary implications of such measures will be prepared.

Initial operational cost estimates of the planned Policy actions are presented in the Implementation Plan in Annex B. The cost estimates will be updated at least annually and be reviewed by the National Trade Policy Committee, before being incorporated in the annual government budgets. This Ministry of Economic Affairs will coordinate with the Ministry of Finance and other ministries to determine the appropriate budget lines.

8.6 Monitoring and Evaluation

Monitoring of the National Trade Policy implementation and progress made will be based on the indicators, baselines and targets established in the results framework (Annex A) and Implementation Plan (Annex B). The Ministry of Economic Affairs will establish a monitoring system on this basis and update progress indicators at least six-monthly, ahead of the National Trade Committee meetings.

Monitoring will be undertaken by the Committee in these meetings, which also covers the identification of risks and corresponding mitigating measures. The Committee will also propose corrective measures where required.

In addition to the progress monitoring, two external evaluations of the National Trade Policy are foreseen – after two years and after four years of Policy implementation – and will focus on outcome and objective achievement (whereas monitoring will focus more on activities and outputs).

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Annex A: National Trade Policy Results Framework

Objective/outcome/result	Indicator	Source	Baseline (and date) ³³	Target (and date)
Developmental objective/vision				
To achieve a diversified, resilient, sustainable and inclusive trade performance of The Bahamas				
Strategic trade policy objectives				
A	To sustainably reduce the goods trade deficit	Share of goods trade deficit in GDP	National trade statistics and GDP, Department of Statistics and Central Bank	
B	To reduce The Bahamas' vulnerability and dependence on few export products and markets	Concentration ratio 5 (combined share of 5 most exported products/ markets in total exports)	National trade statistics, Department of Statistics	
Outcomes/National Trade Policy themes				
1	Goods imports have been reduced	Share of imports in GDP	National trade statistics, Department of Statistics	
Outputs/action areas under outcome 1				
1.1	Review the import tariff structure to provide effective protection	Effective rate of protection for selected products	Tariff schedule; Government reports	
1.2	Reduce the mineral fuels import bill	Share of mineral fuel imports in GDP	National trade statistics and GDP, Department of Statistics and Central Bank	
1.3	Enact and implement a competition law	Competition law in place and competition authority operational	Competition Act, competition authority	
1.4	Establish domestic preferences in public procurement	Public procurement regulations with domestic preferences adopted and applied	Public procurement regulations, tender documents	
1.5	Review and streamline incentive schemes	Harmonised conditions across incentive schemes and/or reduced number of incentive acts	Incentive scheme acts	
2	Goods exports have increased	Value of goods exports	National trade statistics, Department of Statistics	
Outputs/action areas under outcome 2				

³³ Baselines and targets are to be added once the indicators have been finalised.

Objective/outcome/result		Indicator	Source	Baseline (and date) ³³	Target (and date)
2.1	Improve market access through bilateral agreements or WTO accession	Revised WTO accession strategy; market access negotiations with key export markets held	Government reports		
2.2	Expand trade promotion efforts	Number of new commercial attachés in missions; number of mission staff trained; number of trade fairs abroad per year with Bahamian participation	Government reports		
2.3	Establish export finance and insurance schemes	Export finance and insurance schemes operational	Government reports		
2.4	Develop and implement export development programme	Export development programme in place	Government reports		
2.5	Revitalise Freeport and develop free trade zones	Level of new investment attracted by Freeport and FTZs	FDI statistics, BAIC, BIA, Department of Statistics or Central Bank		
2.6	Review customs fees and export taxes	Revised customs fees and export taxes regimes	Customs regulations		
2.7	Foster e-commerce and digital trade	Value of exports by small businesses, value of exports directly sold to consumers	National trade statistics/ surveys among exporters, Department of Statistics		
2.8	Build linkages with tourism	Value of sales by domestic producers to hotels, restaurants and visitors	National trade statistics/ surveys among producers, Department of Statistics		
3	Exports have diversified	Number of goods & services exported with a value of at least BSD 1 million	National trade statistics, Department of Statistics		
Outputs/action areas under outcome 3					
3.1	Provide sector support in the blue and green economy	Value of output and exports of non-traditional marine and agri-food products	National production and trade statistics, Department of Statistics		
3.2	Provide sector support in the orange economy	Value of output and exports of creative economy	National production and trade statistics/ business surveys, Department of Statistics		
3.3	Utilise the EPA for services exports	Value of services exports to the EU and UK	National services trade statistics/ business surveys,		

Objective/outcome/result		Indicator	Source	Baseline (and date) ³³	Target (and date)
3.4	Enact and implement modernised IPR laws	Presence of IPR Regulations	Department of Statistics and Central Bank IPR Regulations		
4	Domestic competitiveness has been strengthened				
Outputs/action areas under outcome 4					
4.1	Strengthen the quality infrastructure	Adoption of quality infrastructure legislation (including secondary); number of export products for which conformity assessment is done in-country	Laws, regulations, and Government reports		
4.2	Streamline investment procedures	Clarity and specificity of new investment regime	Investment policy & legislation		
4.3	Build capacity of business and human resources	Presence of a trade-related skills-development strategy; Capacity level self-assessments by businesses	Skills development strategy; Business surveys, Department of Statistics and/or Chamber of Commerce		
4.4	Address high operating costs	Level of energy costs for businesses, level of unit labour costs	Business surveys, Department of Statistics. International comparisons, e.g. GlobalPetrolPrices.com		
4.5	Review and streamline the institutional support landscape	Level of gaps, overlaps and inconsistencies across support institutions; combined operational expenditure on support institutions	Government reports; budget		

Annex B: National Trade Policy Implementation Plan³⁴

Activity	Deliverable	Responsibility	Timeline	Resources
1.1 Review the import tariff structure to provide effective protection				
1.1.1	Undertake review of tariff structure and prepare recommendations for amendments	Legislative proposal for tariff amendments with justifications	Task force: Ministries of Finance (lead), Economic Affairs, Agriculture & Marine Resources, Tourism, Environment; Customs Department, business associations	
1.1.2	Legislative procedure to adopt amendments in Tariff Act	Tariff Amendment Bill and Act	Parliament	
1.2 Reduce the mineral fuels import bill				
1.2.1	Prepare study on tariff changes needed to reduce import of mineral fuels in the medium-long term	Study	Ministries of Economic Affairs, Environment, and Finance	
1.2.2	Feed study results into import tariff and tax review (activity 1.1.1)	See 1.1.1 above	See 1.1.1 above	See 1.1.1 above
1.2.3	Review targets set and actions foreseen in National Energy Policy to speed up transition to non-fossil fuel-based energy generation	Revised Energy Policy	Ministry of Environment (lead)	
1.3 Enact and implement a competition law				
1.3.1	Revisit the current draft of the competition law and discuss with stakeholders	Competition Bill	Ministry of Economic Affairs, with Office of the Attorney General	
1.3.2	Legislative procedure to adopt Competition Bill	Competition Act	Parliament	
1.3.3	Draft and adopt necessary competition regulations and establish competition authority	Competition Regulations, Competition Authority established	Ministry of Economic Affairs	
1.4 Establish domestic preferences in public procurement				
1.4.1	Draft Public Procurement Regulations that incorporate domestic preferences recognising the potential for import substitution as well as the smaller size and specific cost structure faced by domestic businesses	Public Procurement Regulations with domestic preferences adopted	Ministry of Finance with inputs from Ministry of Economic Affairs	
1.4.2	Introduce a general policy of procuring and showcasing local produce	"Buy local" Policy	Ministry of Economic Affairs (lead)	

³⁴ The implementation plan will be completed once the Policy measures (under sections 4-7) have been finalised.

Activity	Deliverable	Responsibility	Timeline	Resources
1.4.3	Undertake awareness raising and sensitisation sessions for government entities about buying domestic products and services	Regular awareness raising and sensitisation sessions	Ministry of Economic Affairs	
1.5	Review and streamline incentive schemes			
1.5.1	Prepare a comparative review of all incentive schemes that are in place for domestic businesses	Review of incentive schemes	Ministry of Economic Affairs (lead) with inputs from entities administering incentive schemes and business community	
1.5.2	Discuss and implement the recommendations emanating from the review	Streamlined incentive schemes as per the review recommendations	Tbd	
2.1	Improve market access through bilateral agreements or WTO accession			
2.1.1	Prepare a feasibility study to assess the costs and benefits of FTAs with important partners (esp. USA, Canada)	FTA feasibility study	Ministry of Economic Affairs	
2.1.2	Reassess anticipated costs and benefits of WTO accession	WTO accession cost-benefit assessment (CBA)	Ministry of Economic Affairs	
2.1.3	Adjust WTO accession negotiation strategy on the basis of the CBA	Revised WTO accession strategy	Ministry of Economic Affairs (lead) with inputs from other ministries and business community	
2.1.4	Explore possibility to negotiate MFN treatment for Bahamian exports in China	Position paper/ bilateral agreement	Ministry of Economic Affairs	
2.2	Expand trade promotion efforts			
2.2.1	Place commercial attachés in selected missions in key export markets	At least [three] new commercial attachés in Bahamian missions	Ministry of Economic Affairs and Ministry of Foreign Affairs	
2.2.2	Train staff of other missions in trade promotion activities	Training programme and trained mission staff	Ministry of Economic Affairs and Ministry of Foreign Affairs	
2.2.3	Step up the participation in trade fairs and other relevant events	Participation in at least [two] trade fairs abroad per year	Ministry of Economic Affairs, in cooperation with Chamber of Commerce/Trade Information Portal	
2.3	Establish export finance and insurance schemes			
2.3.1	Develop and adopt concept for export credit, export credit guarantee, and export insurance schemes	Concept paper	Ministry of Economic Affairs (lead), in cooperation with Ministry of Finance, Central Bank and Insurance Commission	

Activity	Deliverable	Responsibility	Timeline	Resources
2.3.2	Implement adopted schemes	Schemes established and operational	Bahamas Development Bank in cooperation with commercial financial institutions	
2.4	Develop and implement export development programme			
2.4.1	Develop concept for an export development programme	Export development programme concept	Ministry of Economic Affairs, in cooperation with trade supporting agencies and Chamber of Commerce/Trade Information Portal	
2.4.2	Launch and run export development programme	Export development programme in place with at least [20] participants	Ministry of Economic Affairs (oversight); implementation: trade supporting agencies to be selected	
2.4.3	Continue to provide training to Bahamian businesses about market access requirements in key export markets	At least [100] businesses trained per year	Ministry of Economic Affairs, in cooperation with Chamber of Commerce/Trade Information Portal	
2.5	Revitalise Freeport and develop free trade zones			
2.5.1	Prepare a strategy for the rehabilitation and revitalisation of Freeport	Freeport revitalisation strategy	Ministry of Economic Affairs (lead), with GBPA and BIA	
2.5.2	Develop a concept for new export-oriented FTZs, including institutional structure for FTZ management and oversight	FTZ development concept	Ministry of Economic Affairs (lead), with BAIC and BIA	
2.5.3	Prepare, endorse and implement the necessary legal changes	Amended FTZ laws	Ministry of Economic Affairs, with Office of the Attorney General; Parliament	
2.5.4	Implement strategy and FTZ concept	FTZs operational	Agency tbd	
2.6	Review customs fees and export taxes			
2.6.1	Review current structure of customs fees on exports	Review of customs fees	Ministry of Finance and Ministry of Economic Affairs	
2.6.2	Review need for export fees for lobsters and other marine products	Review of export taxes	Ministry of Finance and Ministry of Economic Affairs, with inputs from the Ministry of Agriculture and Marine Resources	
2.6.3	Implement recommended amendments to customs fees and export taxes	Changed fee schedule and amended export taxes	Ministry of Finance; Customs and Excise Department	
2.7	Foster e-commerce and digital trade			
2.7.1	Undertake study on the possibilities to develop cross-border e-commerce	E-commerce study	Ministry of Economic Affairs	

Activity	Deliverable	Responsibility	Timeline	Resources
2.7.2	Implement study recommendations	E-commerce study recommendations implemented	Tbd	
2.7.3	Further digitalize trade process	Trade process digitized as far as possible	Ministry of Finance; Customs and Excise Department	
2.8	Build linkages with tourism			
2.8.1	Develop a long-term tourism strategy	Long-term tourism strategy	Ministry of Tourism and Ministry of Economic Affairs	
2.8.2	Negotiate with investors and large tourism companies the strengthening of linkages with other sectors	Memoranda of understanding	Ministry of Tourism and Ministry of Economic Affairs, with tourism development agencies	
2.8.3	Establish database of Bahamian providers of interest to the tourism industry, and regularly inform about sales opportunities in the tourism sector	Database operational, periodic information sent to businesses	Tourism development and business associations (tbd)	
3.1	Provide sector support in the blue and green economy			
3.1.1	Undertake feasibility studies to assess the export potential of further marine products	[3] feasibility studies per year	Ministry of Agriculture and Marine Resources	
3.1.2	Develop an export potential study for other agricultural or agri-based products	Export potential study	Ministry of Agriculture and Marine Resources	
3.1.3	Implement recommendations made in feasibility studies and export potential study	Tbd	Tbd	
3.2	Provide sector support in the orange economy			
3.2.1	Create a dedicated orange economy unit in the Ministry of Economic Affairs	Orange Economy Unit established	Ministry of Economic Affairs	
3.2.2	Prepare a dedicated orange economy export development strategy	Orange economy export development strategy	Ministry of Economic Affairs with BDB and other support organisations and industry representatives	
3.3	Utilise the EPA for services exports			
3.3.1	Negotiate (or support negotiations on) MRAs with UK and EU professional associations	[Three] Mutual recognition agreements signed	Ministry of Economic Affairs and Ministry of Foreign Affairs; professional associations	
3.3.2	Negotiate with EU members states and UK the facilitation of work permits for Bahamian artists and performers	Agreements signed	Ministry of Economic Affairs and Ministry of Foreign Affairs	
3.4	Enact and implement modernised IPR laws			

Activity	Deliverable	Responsibility	Timeline	Resources
3.4.1	Finalise and adopt IPR regulations	Regulations needed for the implementation of IPR laws in place	Ministry of Economic Affairs, in collaboration with the Attorney General's Legislative Drafting Section	
3.4.2	Prepare study on the relative costs and benefits of protecting Bahamian GIs or trademarks abroad	Cost-benefit study	Ministry of Economic Affairs	
3.4.3	Monitor relevant foreign markets to identify potential infringements against Bahamian IPRs	Monitoring reports	Ministry of Economic Affairs and Ministry of Foreign Affairs (missions abroad)	
3.4.4	Operationalise GIs in The Bahamas and establish GIs for at least some products (e.g. "Bahamian spiny lobster"),	GIs registered in The Bahamas	Ministry of Economic Affairs and Registrar General	
3.4.5	Seek protection of Bahamian GIs in the EU under the EPA	GIs protected under the EU EPA	Ministry of Economic Affairs and Ministry of Foreign Affairs	
4.1	Strengthen the quality infrastructure			
4.1.1	Adopt laws (standards, weights and measures, consumer protection) and corresponding regulations	Laws and regulations adopted	Ministry of Economic Affairs, in collaboration with the Attorney General's Legislative Drafting Section, BBSQ and BAHFSA	
4.1.2	Prepare laboratory accreditation study	Laboratory accreditation study	BBSQ and BAHFSA	
4.1.3	Seek international accreditation of laboratories to provide conformity assessment	Accreditation obtained	BBSQ	
4.1.4	Prepare institutional mapping of, and streamline quality infrastructure	Amended institutional structure of quality infrastructure	Ministry of Economic Affairs (lead)	
4.1.5	Strengthen cooperation with relevant international bodies and in key partner countries (USA, EU, UK)	Improved compliance with reporting requirements, better information for Bahamian businesses on QI issues	BBSQ and BAHFSA, Ministry of Agriculture and Marine Resources, and Ministry of Economic Affairs	
4.2	Streamline investment procedures			
4.2.1	As part of the review of the investment regime: <ul style="list-style-type: none"> Ensure that investments in export-oriented and import-substituting projects are adequately facilitated. 	Revised investment regime duly incorporated National Trade Policy considerations	Office of the Prime Minister, with inputs from the Ministry of Economic Affairs	

Activity	Deliverable	Responsibility	Timeline	Resources
<ul style="list-style-type: none"> Ensure that the transparency and predictability of the investment approval process is increased through the setting of clearer criteria for decision-making 				
4.3 Build capacity of business and human resources				
4.3.1	Undertake comparative strategic study into the skills that are likely to be required for successful exporting in the future	Strategic study on skills for export	Ministry of Economic Affairs and Ministry of Education	
4.3.2	Develop and implement export capacity building programmes for companies	Export capacity building programme; [x] companies trained	Ministry of Economic Affairs	
4.3.3	Develop export-relevant capacity building as part of technical vocational education and training curricula	Curriculum on export skills	Ministry of Economic Affairs and Ministry of Education	
4.4 Address high operating costs				
4.4.1	Undertake a study comparing the cost structure of exporting businesses across the economy with non-exporting ones	Comparative cost study	Ministry of Economic Affairs	
4.5 Review and streamline the institutional support landscape				
4.5.1	Undertake an institutional review and audit of the performance of all institutions providing support to businesses	Institutional review report	Ministry of Economic Affairs, with inputs from all relevant ministries and agencies	
4.5.2	Discuss and implement the recommendations emanating from the review	Streamlined institutions as per the review recommendations	Tbd	
5 National Trade Policy implementation				
5.1 National Trade Policy management and administration				
5.1.1	Establish National Trade Policy Committee	Committee legal basis; Committee in place	Ministry of Economic Affairs	
5.1.2	Hold semi-annual Committee meetings	Two Committee meetings per year	National Trade Policy Committee	
5.2 Public-private dialogue on National Trade Policy issues				
5.2.1	Publish any intended changes to the trade regime in advance and invite stakeholders to provide comments	All trade policy measures published in advance	Ministry of Economic Affairs	
5.2.3	Hold at least one public-private dialogue meeting per year dedicated to trade issues	At least one PPD meeting per year	Ministry of Economic Affairs	

Activity	Deliverable	Responsibility	Timeline	Resources
5.3 Data collection and research				
5.3.1	Specify data requirements and collect of data on production and trade	More complete and disaggregated trade data available	Ministry of Economic Affairs and Department of Statistics	
5.3.2	Establish partnership with University of The Bahamas for provision of trade related research	Partnership established; research reports	Ministry of Economic Affairs and University of The Bahamas	
5.4 Budgeting				
5.4.1	Study budget implications of key Policy measures	Budget studies	Ministry of Finance and Ministry of Economic Affairs; National Trade Policy Committee	
5.4.2	Update operational cost estimates and integrate in annual budget	Updated National Trade Policy budget	Ministry of Finance and Ministry of Economic Affairs; National Trade Policy Committee	
5.5 Monitoring and evaluation				
5.5.1	Set up monitoring system and update at least every 6 months	Monitoring system in place and updated	Ministry of Economic Affairs	
5.5.2	Monitor implementation progress and risks	Regular monitoring of progress and risks	National Trade Policy Committee	
5.5.3	Undertake two external evaluations of the National Trade Policy	Two evaluation reports	Ministry of Economic Affairs (commissioning) and external evaluator	

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