



The Bahamas

Political and Economic Environment

The Bahamas, a Caribbean nation of some 700 islands off the southeast coast of the United States, has been a stable parliamentary democracy since its independence from the United Kingdom (UK) in 1973. The country’s bicameral legislature has a 39-seat House of Assembly directly elected for five-year terms and a 16-member appointed Senate.

Since independence, the political scene has been dominated by two political parties, the center-left Progressive Liberal Party (PLP) and the center-right Free National Movement (FNM). The PLP was formed in 1953 as an opposition party to the United Bahamian Party (UBP), which governed the Bahamas when the country was under British rule. In 1967, the PLP won control of the government and oversaw the country’s independence from the UK. It ruled continuously from 1967 until 1992 under the leadership of Lynden Pindling, commonly referred to as the “father of the nation.” The FNM was formed in 1971 by former members of the UBP and dissidents from the PLP. Under the leadership of Hubert Ingraham, the FNM won the 1992 general elections, governing until 2002. The PLP returned to power in 2002 under the leadership of Perry Christie, lost in 2007 to the FNM (still led by Hubert Ingraham), and won again in 2012, with Perry Christie as prime minister.

In the most recent elections of May 2017, the FNM returned to power in a landslide, capturing 35 House of Assembly seats compared to 4 for the PLP, with new FNM party leader Hubert Minnis becoming prime minister. At the outset of 2017, many observers thought it was likely that the PLP under Christie would win a majority. This was largely because of disarray within the FNM, which faced a chaotic party leadership challenge in 2016. Once the election was called, however, observers predicted the elections would be close, in large part because of the growing unpopularity of the PLP due to the country’s difficult economic environment. Ultimately, the poor state of the economy along with rising crime and controversies associated with the Chinese-financed Baha Mar resort in the capital of Nassau led to the PLP’s thrashing at the polls. Problems with the Baha Mar project included construction delays, the use of Chinese laborers, and reported sweetheart business deals.

With a per capita income level approaching \$27,000 (2017), the Bahamian economy is classified by the World Bank as high income. Tourism and related construction and financial services are the key sectors for the service-based economy. The Bahamian economy was hard-hit by the global financial crisis and registered economic contractions of 2.3% and 4.2% in 2008 and 2009, respectively. Although economic growth returned from 2010 through 2012, the economy stagnated after that, contracting 1.7% in 2015 and 0.2% in 2016, according to the International Monetary

Fund. Economic growth returned in 2017 by an estimated 1.6%, spurred by strong U.S. economic performance and by the phased opening of the Baha Mar project.



Source: CRS.

The Bahamas at a Glance

Population:	372,000 (2017, IMF)
Area (square miles):	5,359, slightly smaller than Connecticut (CIA)
GDP (current prices):	\$9.2 billion (2017 est., IMF)
Real GDP Growth:	1.6% (2017 est., IMF)
Per Capita Income:	\$24,631 (2017 est., IMF)
Life Expectancy:	75.6 years (2015, UNDP)
Key Leaders:	Dr. Hubert Minnis, Prime Minister; Darren Henfield, Minister of Foreign Affairs

Sources: International Monetary Fund (IMF); Central Intelligence Agency (CIA); United Nations Development Programme (UNDP).

High rates of violence have afflicted the Bahamas for several years. A May 2017 Inter-American Development Bank (IDB) study on violence in the Caribbean reported that the murder rate in the Bahamas was one of the highest in the region (IDB, *Restoring Paradise in the Caribbean, Combatting Violence with Numbers*, May 2017). The study

pointed to gangs (although these are less pronounced in the Bahamas than in other Caribbean countries), the availability of firearms, and the prevalence of domestic violence in the home (which spurs violence later in life) as key factors contributing to high levels of violence in the region. In 2017, according to the Economist Intelligence Unit, the homicide rate in the Bahamas increased 11% from the previous year, to 31 per 100,000.

Some 40,000-80,000 Haitians or persons of Haitian descent live in the Bahamas, according to unofficial estimates cited in the State Department's *Country Reports on Human Rights Practices for 2016*. The report noted that anti-Haitian prejudice and resentment regarding Haitian immigration is widespread and that many persons of Haitian origin live in shantytowns with limited sewage and garbage services, law enforcement, or other infrastructure.

U.S.-Bahamian Relations

The United States enjoys close economic linkages and cooperative relations with the Bahamas, with the nearest Bahamian island, Bimini, just 45 miles from Florida. A majority of the estimated 5-6 million tourists visiting the Bahamas are from the United States, according to the State Department, highlighting the dependency of the tourism sector on U.S. economic conditions. Most of the country's trade is also with the United States. Because the Bahamas has a largely service-based economy, the United States historically has run a large merchandise trade surplus with the country. According to Commerce Department statistics, imports from the Bahamas amounted to \$298 million in 2016, whereas U.S. exports to the Bahamas totaled almost \$2.2 billion (with oil accounting for 29%).

Because the Bahamas is a major transit country for illicit drugs bound for the United States and other markets—largely marijuana from Jamaica and cocaine from South America—cooperation on antidrug efforts has been a central component of bilateral relations. U.S. agencies such as the Coast Guard, the Drug Enforcement Administration (DEA), and the Department of Homeland Security's Customs and Border Protection (CBP) assist the country in drug interdiction efforts, and the Royal Bahamas Police Force cooperates closely with U.S. law enforcement.

The Bahamas participates actively in Operation Bahamas, Turks and Caicos (OPBAT), a combined Coast Guard, DEA, and government of Bahamas partnership to combat drug smuggling to and from the Bahamas. According to the State Department's *2017 International Narcotics Control Strategy Report* (INCSR), operations under OPBAT in 2016 led to the seizure of almost 4.45 metric tons of marijuana and 1,543 kilograms of cocaine, with 91 arrests made. OPBAT also eradicated three marijuana fields on three sparsely populated islands.

The United States provides small amounts of training assistance (e.g., \$207,000 in FY2016, an estimated \$200,000 in FY2017, and a \$100,000 requested for FY2018) to the Royal Bahamas Defense Force through the International Military Education and Training program, enhancing its technical capability to conduct interdiction operations by coordinating its maritime and air assets.

The Bahamas also receives U.S. assistance under the Caribbean Basin Security Initiative (CBSI), a regional program begun in FY2010 that focuses on advancing citizen security and reducing illicit trafficking. Congress has appropriated a total of about \$500 million for the CBSI from FY2010 through FY2017, with \$57.7 million in each of FY2016 and FY2017, benefitting 13 Caribbean countries, including the Bahamas. The Trump Administration's FY2018 request for the CBSI is \$36.2 million, about a 36% decrease from FY2017. (See CRS In Focus IF10789, *Caribbean Basin Security Initiative*.)

According to the State Department, benefits to the Bahamas under the CBSI have included the purchase and repair of maritime interdiction and patrol assets to increase the Royal Bahamas Defense Force's capacity to control national territory and waters; training and equipment to reduce the cultivation, production, and trafficking of illicit drugs; and technical assistance, training, and equipment to law enforcement institutions to strengthen information-collection capabilities, tactical techniques, and narcotics investigations. Police officers also have received anti-gang operations training and homicide investigation training.

The State Department's 2017 INCSR notes that drug traffickers and other criminal organizations take advantage of the large number of International Business Companies and offshore banks registered in the Bahamas to launder money. Although the State Department maintains that the Bahamas has the adequate legal and institutional framework to combat money laundering, it urges the government to place greater emphasis on enforcement and effective implementation of its anti-money laundering regime.

Among other aspects of bilateral cooperation, CBP maintains pre-clearance facilities at airports in Nassau and Freeport for those traveling to the United States. The port of Freeport participates in the Container Security Initiative, a CBP-run program that uses a security regime to ensure that all containers that pose a potential risk for terrorism are identified and inspected before they are placed on vessels destined for the United States. The port also participates in the Megaports Initiative run by the Department of Energy's National Nuclear Security Administration, which involves the use of radiation detection equipment to deter, detect, and interdict illicit trafficking in nuclear and radioactive materials. According to the State Department, the United States and the Bahamas actively cooperate on civil aviation, marine research, meteorology, and agricultural issues, as well. The U.S. Navy also operates an underwater research facility on Andros Island in the Bahamas.

President Trump nominated businessman Doug Manchester to be U.S. Ambassador to the Bahamas in May 2017 and again in January 2018. The United States has not had an ambassador in place since November 2011. President Obama had nominated Cassandra Butts, a senior adviser at the Millennium Challenge Corporation, to be ambassador in February 2014, but the full Senate never acted on the nomination.

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