



The Bahamas: An Overview

Political 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.

The Bahamas at a Glance

- Population:** 398,000 (2023, IMF est.)
- Area:** 5,359 square miles, slightly smaller than Connecticut
- GDP:** \$14.1 billion (2023, est., current prices, IMF)
- Per Capita GDP:** \$35,460 (2023 est., IMF)
- Real GDP Growth:** -23.8% (2020); 13.7% (2021); 11% (2022); 4.3% projected (2023 est.) (IMF)
- Life Expectancy:** 72 years (2021, WB)
- Sources:** International Monetary Fund (IMF) and World Bank (WB).

Since independence, two political parties have dominated elections, 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 over the next decade until 2002. Since then, the two parties have alternated winning national elections.

Current Prime Minister Philip Davis led the PLP to a landslide electoral victory in September 2021, winning 32 lower chamber House of Assembly seats; the FNM, now led by Michael Pintard, who serves as leader of the opposition, won 7 seats. The difficult economic situation, brought about by the damage caused by Hurricane Dorian in 2019 and, beginning in 2020, the Coronavirus Disease 2019 (COVID-19) pandemic, was a key factor that led to the PLP’s win in 2021. Since taking office, the Davis government has been challenged by the economic fallout from the war in Ukraine, which has sharply increased the cost of imported energy and goods, and by opposition claims that it failed to curb a rise in violent crime linked to increased gang activity and drug trafficking. The next national elections are due by September 2026.

Figure 1. Map of the Bahamas



Source: CRS.

Economic Situation

The Bahamian economy has faced a series of challenges over the past few years. In September 2019, Hurricane Dorian caused widespread damage to the northwestern Bahamian islands of Abaco and Grand Bahama. Starting in 2020, the COVID-19 pandemic further damaged the Bahamas’ tourist-based economy, resulting in an economic contraction of almost 24% in 2020, according to the International Monetary Fund (IMF). The Inter-American Development Bank (IDB) estimates that the two disasters cost the Bahamas a combined \$13.1 billion in losses and damages. Despite a recovery that began in 2021 with a rebound in tourism, the IDB does not expect the economy to return to its pre-pandemic level until 2024. The IMF has expressed some concern about high levels of public debt, currently estimated at around 90% of GDP, although the government has plans to reduce its debt gradually over a 10-year period to a more sustainable level of 50% of GDP.

In 2020, the Central Bank of the Bahamas launched a digital currency known as the Sand Dollar, a digital version of the Bahamian dollar, which is pegged one-to-one to the U.S. dollar. The action was taken in the aftermath of Hurricane Dorian as a way of ensuring that citizens have access to needed currency and can receive aid more quickly when banks and ATMs are damaged by natural disasters. According to the IMF, the Sand Dollar has the potential to help foster financial inclusion and payment system resilience in the event of a natural disaster. The IMF also recommended that the Central Bank maintain careful oversight of the initiative to safeguard financial integrity.

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 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. Because the Bahamas has a services-based economy, the United States historically has run a large merchandise trade surplus. According to the Census Bureau, U.S. imports from the Bahamas amounted to \$1.7 billion in 2022, whereas U.S. exports to the Bahamas totaled \$5.5 billion, with oil and gas products accounting for 54% of the total.

Counternarcotics Efforts and Cooperation. 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 anti-drug efforts has been a central component of bilateral relations for decades. U.S. agencies—such as the Coast Guard, the Drug Enforcement Administration (DEA), the Department of Homeland Security’s Customs and Border Protection (CBP), and the Department of Defense (DOD)—assist the country in drug interdiction efforts and cooperate closely with the Royal Bahamas Police Force and the Royal Bahamas Defense Force. 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.

According to the State Department’s 2023 *International Narcotics Control Strategy Report* (INCSR), further progress against drug trafficking will significantly depend on Bahamian government efforts to combat corruption, increase extraditions, and strengthen prosecutions. The report noted that the United States encourages the Bahamas to invest resources in its courts to meet caseload demand and increase the speed of judicial operations.

Money Laundering. The 2023 INCSR notes that, as an international financial center, the Bahamas is vulnerable to money laundering. The report noted that the Bahamas enacted legislation in 2020 and 2021 to enhance its anti-money laundering/combating the financing of terrorism/countering the financing of proliferation (AML/CFT/CFP) regime and in 2022, the Bahamas amended five AML/CFT/CFP laws and enacted the Digital Assets and Registered Exchanges (DARE) Act, which monitors and sanctions unlicensed digital asset business activities.

U.S. Foreign Assistance. U.S. bilateral assistance to the Bahamas amounted to \$10.3 million in FY2020 and \$2.5 million in FY2021 from all U.S. agencies (<https://foreignassistance.gov/cd/bahamas/>, latest full year available). The U.S. Agency for International Development implemented almost half of the FY2020 assistance to support recovery in the aftermath of Hurricane Dorian. DOD implemented much of the balance, providing equipment and training to help increase maritime and border security and improve interdiction capabilities. In

FY2021, DOD also donated three high-speed boats, radio communications equipment, biometrics and forensics equipment, and a radar system to support Bahamian maritime and law enforcement efforts. Most of the remainder was applied by the U.S. Bureau of International Narcotics and Law Enforcement Affairs (INL).

Since FY2010, the Bahamas has received support under the Caribbean Basin Security Initiative, a regional program that focuses on advancing citizen security and reducing illicit trafficking. Support has included the purchase and repair of maritime interdiction patrol assets; training and equipment for OPBAT’s counternarcotics operations; and technical assistance, equipment, and training to strengthen Bahamian law enforcement institutions.

In June 2023, Vice President Kamala Harris and Prime Minister Philip Davis hosted the U.S.-Caribbean Leaders Meeting in Nassau. Leaders discussed security and firearms trafficking; the need for an enhanced U.S. diplomatic presence in the eastern Caribbean; the crisis in Haiti; and climate change.

Migration. Irregular migration of mostly Haitian and Cuban nationals through Bahamian waters reached historically high levels during 2022. The Royal Bahamas Defence Force (RBDF) reportedly apprehended 3,605 migrants in 2022—more than the last three years combined. As of July 2023, the RBDF has apprehended roughly 1,736 migrants. Some 30,000-60,000 Haitians or persons of Haitian descent live in the Bahamas, according to estimates cited in the State Department’s Country Reports on Human Rights Practices for 2022. The report noted many persons of Haitian origin lived in informal settlements with limited government services, although Haitian children generally had access to education and social services. The report noted that ethnic tensions and inequities persisted.

Among other aspects of bilateral cooperation, CBP maintains preclearance facilities at airports in Nassau and Freeport for those traveling to the United States. In February 2022, the Transportation Security Administration established its expedited security screening process, PreCheck, at the Nassau airport, the first established outside of the United States. The U.S. Navy also operates an underwater research facility, the Atlantic Undersea Test and Evaluation Center (AUTECE), on Andros Island.

The Bahamas falls under the area of responsibility of the U.S. Northern Command (NORTHCOM), with a bilateral security cooperation framework in place. NORTHCOM Commander General Glen VanHerck maintains that because of the Bahamas’s geographic location close to the United States, domain awareness and control are in the vital national interests of both countries.

For additional information, see CRS In Focus IF10789, *Caribbean Basin Security Initiative*.

This In Focus updates an earlier version written by former CRS Specialist, Mark Sullivan.

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