



# The Bahamas: An Overview

## 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 May 2017 elections, 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 \$33,000 (2018), 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 contracted by almost 3% in 2013 and then stagnated through 2017, according to the International Monetary Fund. In 2018, the economy grew by an

estimated 1.6%, spurred by U.S. economic expansion and full opening of the Baha Mar project. For 2019, real growth is projected to decline to 0.9% because of the impact of Hurricane Dorian (see “Hurricane Dorian,” below).



Source: CRS.

### The Bahamas at a Glance

<b>Population:</b>	377,000 (2018, IMF)
<b>Area (square miles):</b>	5,359, slightly smaller than Connecticut (CIA)
<b>GDP (current prices):</b>	\$12.4 billion (2018 est., IMF)
<b>GDP Growth:</b>	1.6% (2018 est., IMF)
<b>Per Capita Income:</b>	\$32,997 (2018 est., IMF)
<b>Life Expectancy:</b>	75.8 years (2017, UNDP)
<b>Key Leaders:</b>	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. According to the United Nations Global Study on Homicide 2019, from 2012 to 2016, the Bahamas had a homicide rate of about 32 murders per 100,000, the sixth-highest rate in the Americas. With 122 murders in

2017, the homicide rate was 31 per 100,000, but in 2018, the number of murders decreased to 91, the lowest count in nine years, bringing the homicide rate to 24 per 100,000.

Some 30,000-60,000 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 2018*. The report noted widespread bias against migrants, particularly those of Haitian descent, and stated 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 5.5 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 \$445 million in 2018, whereas U.S. exports to the Bahamas totaled almost \$3 billion (with fuel oil accounting for 38%).

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 *2019 International Narcotics Control Strategy Report* (INCSR), coordinated U.S.-Bahamian operations during the first 10 months of 2018 led to 203 arrests, the seizure of about 176 kilograms of cocaine and 5.66 metric tons of marijuana, and the eradication of 2,520 cannabis plants.

The State Department's 2019 INCSR notes that drug traffickers and other criminal organizations take advantage of international business companies and offshore banks registered in the Bahamas to launder money. The State Department maintains that the Bahamas took significant steps in 2018 toward strengthening its anti-money laundering regime but also recommended increased efforts to supervise nonbank financial institutions and provide timely access to beneficial ownership information.

U.S. bilateral aid to the Bahamas amounted to almost \$1.9 million in FY2017 (latest full year available), according to

the U.S. Agency for International Development's (USAID) online Foreign Aid Explorer (<https://explorer.usaid.gov/>). This included \$861,000 provided by the Department of Defense for anti-narcotics support, \$500,000 in Foreign Military Financing, and \$173,000 in International Military and Training (IMET) assistance to increase the capability of the Royal Bahamas Defence Force to address transnational threats. The Administration requested \$200,000 in IMET in each of FY2019 and FY2020.

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. From FY2010 to FY2018, the Bahamas was allocated almost \$35 million in assistance under the CBSI, with \$2.4 million for FY2017 and \$5.1 million for FY2018. (For more on the CBSI, see CRS In Focus IF10789, *Caribbean Basin Security Initiative*.)

Among other aspects of bilateral cooperation, CBP maintains preclearance 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, the Atlantic Undersea Test and Evaluation Center (AUTECE), on Andros Island.

## Hurricane Dorian

In early September 2019, Hurricane Dorian caused widespread devastation to the Bahamian islands of Grand Bahama and Abaco in the northwestern Bahamas. As of October 15, 2019, according to the Royal Bahamas Police Force, the official death toll was 64. This figure is expected to rise, since several hundred people remain missing. USAID took the lead in coordinating the U.S. government response. As of September 30, 2019, the United States had provided almost \$34 million in humanitarian assistance. Some Members of Congress have called for U.S. support for longer-term rebuilding efforts; H.Res. 562 would call for robust U.S. support for recovery and long-term reconstruction and resilience needs in the Bahamas. Some Members also have introduced legislation (H.R. 4272, H.R. 4303, and S. 2478) to provide Temporary Protected Status to Bahamian nationals.

Also see CRS Insight IN11171, *Bahamas: Response to Hurricane Dorian*, and CRS Insight IN11166, *Immigration Relief Options for Bahamians After Hurricane Dorian*.

**Mark P. Sullivan**, Specialist in Latin American Affairs

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.