



# 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, two political parties have alternated in power, 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.

Current Prime Minister Hubert Minnis led the FNM to victory in the May 2017 elections, capturing 35 House of Assembly seats, compared to 4 for the PLP. The country’s stagnant 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. The country’s next national elections are due by May 2022.

Since 2019, the Bahamas has faced two major challenges: recovery and reconstruction in the aftermath of Hurricane Dorian that struck in September 2019, and response to the Coronavirus Disease 2019 (COVID-19) pandemic. Hurricane Dorian caused widespread damage to the northwestern Bahamian islands of Abaco and Grand Bahama, with 74 confirmed deaths and many more missing. An Inter-American Development Bank-led assessment estimated \$3.4 billion in damages and losses.

The COVID-19 pandemic is having a significant public health and economic impact on the Bahamas. As of June 1, 2021, the Bahamas reported 226 deaths from the virus, equivalent to a mortality rate of 59 per 100,000 people, according to Johns Hopkins University. The procurement and rollout of COVID-19 vaccines has been slow compared to some countries in the region. According to the *New York Times* vaccination tracker, 2.2% of the population was fully vaccinated as of June 1. The Bahamas received its first batch of vaccines in early March as a donation from India,

and it also has procured vaccines through the COVID-19 Vaccines Global Access (COVAX) Facility, a mechanism developed by global health organizations to facilitate equitable vaccine distribution. The government has been working to secure additional vaccines from manufacturers.

**Figure 1. Map of the Bahamas**



Source: CRS.

### The Bahamas at a Glance

<b>Population:</b>	385,000 (2020, IMF est.)
<b>Area (square miles):</b>	5,359, slightly smaller than Connecticut (CIA)
<b>GDP (current prices):</b>	\$11.3 billion (2020 est., IMF)
<b>GDP Growth (constant prices):</b>	2019, 1.2%; 2020, -16.3% est.; 2021, 2.0% projected (IMF)
<b>Per Capita GDP (current prices):</b>	\$29,221 (2020 est., IMF)
<b>Life Expectancy:</b>	73.9 years (2019, UNDP)

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

The pandemic-related economic shutdown resulted in an economic contraction of more than 16% in 2020, one of the most severe in the Caribbean, according to the International Monetary Fund (IMF). The IMF projects economic

recovery could take several years; it projects 2% economic growth in 2021 and 8.5% in 2022. The IMF, Inter-American Development Bank, and World Bank have provided financing to the Bahamas to support the public health response and economic recovery.

Since tourism is the driver of the Bahamian economy and the United States is the largest tourism market, accounting for about 85% of tourist arrivals, economic recovery will be tied to the U.S. economic recovery and vaccine rollout. On May 1, the Bahamas exempted fully vaccinated visitors from COVID-19 testing requirements. Nassau will serve as the homeport for two cruise ship lines this summer, which could help support tourism recovery. In April 2021, however, the Bahamas was added to the State Department’s “Do Not Travel” advisory, based on the Centers for Disease Control and Prevention travel health notice indicating a very high level of COVID-19 in the Bahamas.

In February 2021, the United Kingdom-based Bahamas Petroleum Company completed drilling an exploratory well 90 miles west of Andros Island (and 150 miles from Florida), but it did not find commercially viable quantities of oil. Environmental groups and some Members of the U.S. Congress strongly opposed the drilling because of concerns of the potential impact of spills on the Atlantic Coast.

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 2020*. The report noted bias against those of Haitian descent, many who live in informal settlements with limited government services. Hurricane Dorian displaced thousands of persons of Haitian descent, which led to increased interethnic tensions and inequities that have persisted, according to the human rights report.

## 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 (a total of 7.2 million in 2019) 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 Commerce Department, U.S. imports from the Bahamas amounted to \$275 million in 2020, whereas U.S. exports totaled almost \$2.9 billion.

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 transiting Hispaniola—cooperation on anti-drug efforts has been a central component of bilateral relations. 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 to and from the Bahamas. According to the State Department’s *2021 International Narcotics Control Strategy Report (INCSR)*, the COVID-19 pandemic led to a drop in overall criminal activity and illicit smuggling in early 2020, but transnational criminal organizations adapted and resumed illicit smuggling activities by the fourth quarter. The INCSR noted that OPBAT operations helped tracked over 1,000 kilograms of cocaine transiting the Bahamas before being seized in the United States.

The 2021 INCSR notes that as an international financial center, the Bahamas is vulnerable to money laundering (financial services accounts for an estimated 15%-20% of the country’s gross domestic product). The State Department report noted that the Bahamas took significant steps in 2020 to strengthen its anti-money laundering (AML) regime. In December 2020, the multilateral Financial Action Task Force removed the Bahamas from its so-called grey list of countries with deficiencies in their AML standards.

U.S. assistance to the Bahamas amounted to \$28.6 million in FY2019 (latest full year available) according to the U.S. Agency for International Development’s (USAID’s) online Foreign Aid Explorer (<https://explorer.usaid.gov/>). USAID implemented a majority of the aid, \$20.7 million, to support recovery in the aftermath of Hurricane Dorian. DOD implemented the balance, almost \$8 million, for equipment and training to help increase maritime and border security and improve interdiction and other anti-drug capabilities.

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.

The United States also has provided \$750,000 to help the Bahamas respond to the COVID-19 pandemic as of April 2021. In late April, the Rhode Island National Guard, which has partnered with the Bahamas since 2006, provided aircraft to support the distribution of COVID-19 vaccine doses to Bahamians on eight remote islands.

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 U.S. Navy also operates an underwater research facility, the Atlantic Undersea Test and Evaluation Center (AUTECE), on Andros Island.

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