Inter-American Development Bank

Support for Economic Diversification in the Bahamas

Diagnostic and Prioritization of Sectors for Boutique Agriculture

"Bahamas Agricultural Investment Sector Profile and Sector Targeting Strategy"

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ACRONYMS

ACP	African, Caribbean and Pacific
B$	Bahamian Dollar
BAHFSA	Bahamas Agricultural Health and Food Safety Authority
BAIC	Bahamas Agricultural and Industrial Corporation
BAMSI	Bahamas Agriculture and Marine Science Institute
BIA	Bahamas Investment Authority
CARICOM	Caribbean Community
COTED	CARICOM Council for Trade and Economic Development
CPI	Consumer Price Index
CSME	CARICOM Single Market and Economy
DLS	Department of Land and Surveys
DOA	Department of Agriculture
DOS	Department of Statistics
EPA	CARIFORUM Economic Partnership Agreement
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	FAO's Statistical Department
FDI	Foreign Direct Investment
FSMA	Food Safety Modernization Act
GDP	Gross Domestic Product
GOB	Government of Bahamas
GRAC	Gladstone Road Agricultural Complex
HRI	Hotel, Restaurant, and Institutional
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IICA	Inter-American Institute for Cooperation in Agriculture
LPI	Logistic Performance Index
MAM	Multicriteria Analysis Methodology
MAMR	Ministry of Agriculture and Marine Resources
NIB	National Insurance Board
ODCE	The Organisation for Economic Co-operation and Development
TIC	CARICOM-United States Trade and Investment Council
US$	United States Dollar
VAT	Value-added tax
VC	Value Chain
WB	World Bank
WGI	Worldwide Governance Indicators
WTO	World Trade Organization

1. EXECUTIVE SUMMARY

Mandate

The consultancy's main objectives are to develop: (i) an agricultural investment sector profile; and (ii) sector targeting strategy as the first step to develop FDI lead generation in the agricultural sector. This stage is about identifying value chains with strong demand for FDI based on key location drivers that determine where investors locate their investments in different sectors.

Methodology

The mandate has required the collection and analysis of a set of qualitative and quantitative information/data from documentary sources and direct interviews. Also, a multi-criterial targeting methodology by value chain (VC)/agricultural product categories has been applied as practical technique used to develop a sectorial prioritization strategy.

Agricultural Investment Sector Profile main findings and highlights

Agricultural production

- The Bahamas' agricultural output has experienced a steady decline, reaching B$ 29.7 million in 2018, illustrating limited national food production capacity and dependence on food imports for over 90% + of the country's fresh consumption needs.
- The main cultivated crops and livestock reflect a pronounced loss in productivity, mainly due to lack of technological applications.
- The decline in the number of farmers has been significant, from 4,246 in 1978 to 800-1000 maximum in 2019, of which 70% are older than 60 years, which represents an immense challenge since the sector does not attract young farmers.
- Lack of follow up in the use of Crown Lands by the MAMR Land Unit, in reference to the farmers business plan initially proposed.
- Availability of agricultural land, and free industrial and commercial zones under the Free Trade Zones Act.

Market demand and sector trends

- The Bahamas has a merchandise trade deficit of around B$ 3 billion (2017, 2018). Its merchandise exports are limited to around B$ 500 million, while its imports are in the B$ 3.5 billion range.
- Almost a quarter of this deficit (23.1%, 2018) comes from the agri-food product balance deficit, which is huge relative to the total food consumption. In addition, in recent years the agri-food balance deficit has increased (B$ 548 million in 2014 to B$ 609 million in 2018), driven by increased imports of agri-food products (from $ 620 million to $ 693 million).
- While imports of animal products have tended to be stable since 2015, vegetable imports have tended to increase - from B$ 125 million in 2015 to B$ 164 million in 2018. It is important to note that in recent years, domestic vegetable production has tended to stagnate in quantity as well as in value.
- The agri-food sector potentially constitutes an important possibility for the diversification of the economy, as there are ample import-substitution opportunities, but national market becoming more demanding and sophisticated.

FDI highlights

- The Bahamas ranks highly in terms of overall levels of FDI, predominantly in the tourism and financial sectors.
- The Bahamas Investment Authority (BIA) uses a *pull strategy* to get investment projects (domestic and FDI), mainly through country branding recognition – investors come to BIA with their project proposal. The BIA has prioritized, among others, the agroindustry and food processing as the main sectors to be targeted for FDI.
- The agricultural sector needs a *push strategy* to develop potential investment projects by selecting specific value chains to target potential countries / investors (FDI) and pursue them.
- Limited domestic investments in comparison to the import substitution potential not addressed in the sector.
- Actually, the MAMR don't have any structure, integrated mechanism or one-stop-shop to facilitate domestic or FDI investments in the sector.

Business climate highlights

- The Bahamas excels in the region for its political stability, corruption control, taxes, enforcing contracts, and customs.
- On the other hand, there seems to be a need for improvement in regard to getting credit, registering property, logistics quality and information availability.
- The Bahamas is negotiating its incorporation into the WTO and has set early 2020 as its goal to complete its WTO accession negotiations. As part of the negotiations with the WTO, the GOB is seeking to negotiate a tariff rate quota for 14 sensitive agricultural products, with the aim (during the grace period) of strengthening the national value chains to be more competitive before becoming full open market.
- A number of laws provide special concessions or incentives for agribusiness investments.
- Citizens and resident aliens receive the same tax benefits. Basically, there is no income, capital gains, or inheritance taxes for all who conduct business or reside in The Bahamas.

Agri-food import substitution potential

- Agri-food and ornamental crop import substitutions represent a potential value of B$ 189.6 million, or 28% of total agri-food products and ornamentals imports (B$ 678 million); including B$ 117.8 million for fresh and chilled food products, and live plants, representing four times the country's total estimated agricultural output value (B$ 29.7 million in 2018).
- During the 2015-2018 period, fresh product imports with potential for substitution have generally experienced a 10.3% average annual growth rate.
- Vegetables represent the largest import substitution potential among fresh and chilled agri-food products (B$ 44.8 millions / B$ 117.6 million = 38%; 2018), followed by fruits (B$ 30.2 million, 26%), and plants (B$ 14.7 million, 13%).
- The potential for fresh animal products is lower: poultry (B$ 10.1 million), swine (B$ 7.6 million), sheep and goats (B$ 5.3 million), eggs (B$ 5.1 million); but jointly make up B$ 28.2 million, or nearly a quarter of the total substitution potential (24%).
- The potential for import substitution is proportionally lower for frozen, prepared and processed products, but represents a current value of B$ 71.8 million (2018).

- Import tariffs seems not being correlated with the real potential for increased productivity and competitiveness of the sector. Also, don't support an import substitution strategy since the application in certain products does not correspond to the real import substitution growth potential.

Sector Targeting Strategy

Key action guidelines can be clearly identified based on the Agricultural Investment Sector Profile and Sector Targeting findings in reflecting the country's comparative advantages, these are:

1. Adopting a strategy oriented towards the substitution of food imports, and more specifically, the importing of fresh (significant location advantage) and green products (promising market growth). Domestic agricultural production, recovery, and revitalisation offer an opportunity to reduce the trade deficit, increase food security, expand employment across the country, and enhance national resources.
2. There is a suitable justification to adopting innovative technologies (greenhouse, polytunnels, etc.). Capital requirements for new technologies are a barrier, especially for young people. Putting in place the appropriate incentives to facilitate investments in improved technologies, greenhouses and polytunnels, especially with young people, are crucial.

Import substitution and investor targeting strategy guidelines

- The improvement of domestically produced fresh agri-food products should be the base of the import substitution and investor targeting strategy.
    - The ornamental plant sector has had an 18.1% annual growth rate during the 2015-2018 period. Fresh vegetables, with a 13.9% annual growth rate (2015-2018), have a wide variety of niche products presenting opportunities for investors, focusing and investing in the adoption of more efficient agricultural technologies. Fruits have had a 11.2% annual growth rate, but only the berries can be adapted for controlled production under greenhouse or polytunnel technology. Sheep, swine and chicken, as well as eggs (8,1% annual growth rate 2014-2018) and honey (19%), all have market opportunities for domestic production and investor interest.
- Overall, import growth data confirms the observed results that the potential bulk for substitution is found in vegetables, fruits and plants rather than in meat and eggs. At a more detailed level, however, it can be noted that growth data are also favorable for sheep and goat meat, eggs, and of course for vegetables, fruits and plants as star products.

Sector Targeting Strategy Action Plan

In order to expose the challenge for the country, and considering that the agricultural sector has lost at least one-third of its agricultural production capacity as a result of the Hurricane Dorian, the reconstruction effort would need to reach 15% annual growth over the next three years to return to its 2018 production level. Maintaining this growth rate of 15% over the next five years (horizon 2027) would double the country's agricultural output in eight years. Such an objective would be ambitious, but achievable and possibly be surpassed if the appropriate incentives to facilitate investments and the adoption in improved and innovative technologies were facilitated in the short term, while focusing on young people.

The targeting strategy can aim to attract a mix of FDI with large investment projects (500k and over) and small technological investments focusing mainly on young farmers (100k to 250k). In

order to capture an interesting level of domestic investments and FDI, the following key actions are proposed:

Facilitation of domestic investment in new technologies (greenhouses, aquaponics, polytunnels, etc.), that will allow productivity and quality gains, mitigation of disease and climatic risks, and overall competitiveness of the sector. This strategy is even more urgent due to the country's negotiations with the WTO. Nevertheless, one of the main gaps for young people to adopt new technologies is the level of collateral required by domestic financial institutions.

It seems crucial to put in place a financial mechanism that will facilitate the technological adoption in the short term. This financial facilitation could be as proposed, a partial credit guarantee to help bridge the financing gap by substituting collateral provided by a borrower with partial credit protection provided by the GOB as guarantor, in order to provide seed/start-up capital for projects in their initial phases, that have not yet reached mass production and present technology and/or business model risk.

Considering the potential import substitution and investor targeting strategy guidelines, about 40 to 50 small technological investments focusing mainly on young farmers (100k to 250k) could be implemented (average investment 175k x 50 = B$ 8.75 million). The financial private sector could contribute to the proposed fund with a leverage of around 50%.

Entrepreneurial Technical Assistance. In order to achieve the maximum impact in the short term and mitigate investment risks (to facilitate financial private sector leverage contribution), it is necessary to combine financing facilitation with technical assistance, especially that which involves adopting new technologies in an increasingly sophisticated market. For this is proposed a technical assistance program for selected entrepreneurs on the three phases of their business proposals: (i) business concept development; (ii) approved pre-loan business plans; and (iii) approved loans.

Foreign Direct Investment (FDI) lead generation in the agricultural sector. To attract FDI in the agriculture sector, host countries cannot just wait for what the international FDI markets may bring to them. Rather, they need tailored policies and strategies to encourage spillovers into the local economy. The objective of FDI lead generation in the Bahamian agricultural sector is to generate 10/20 high-quality FDI prospects to invest over 500k in projects in the agriculture sector that mainly contribute with new technology and that support the imports substitution strategy. In this report, the first stage (Sector Targeting Strategy) has been developed by identifying the value chains that offer business opportunities to attract FDI. To finalize the strategy, it is necessary to complete the other proposed phases: Country Targeting Strategy; Investor Targeting Strategy; Investor Outreach Marketing Materials; and Investor Outreach Strategy.

2. OBJECTIVES AND METHODOLOGY

Objectives

The consultancy's main objectives are to develop:

- A national agricultural investment sector profile to elaborate the location value proposition for Bahamas boutique agriculture, to be put forward to promote and attract foreign direct investments (FDI) in this sector, such as investments from national entrepreneurs and business groups; and
- A sector targeting strategy as the first step to develop FDI lead generation in the agricultural sector. This stage is about identifying value chains with strong demand for FDI based on key location drivers that determine where investors locate their investments in different sectors.

The mandate has required the collection and analysis of a set of qualitative and quantitative information/data from documentary sources and direct interviews.

Methodology

Documentary sources

The analyses and results presented in this study are primarily based on quantitative data from credible sources of international and national institutions and agencies. Some qualitative data was collected by the consultant through face-to-face interviews, and field panels were also used. These sources allow for good standing, relevant, and contextual portrayals of the agriculture sector in The Bahamas, and permit us to define how and to what degree this context carries very marked peculiarities.

Direct interviews with key informants in The Bahamas

The face-to-face interviews in The Bahamas have been focused on interviewing as an open direct subject concerning the main growth sectors' potential, as well as the sustainable market opportunities for the agroindustry's development in The Bahamas - the answers have been compiled in a questionnaire. Such a procedure obviously has no pretensions of statistical validity since the list of people met has nothing to do with a technical sampling survey, and is limited to fifteen interviews. The answers may have been guided by the sector where the interviewees grew up, and/or environmental influences from the socio-economic development circles or the media. However, it is reasonable to pay interest value to the overall results, because the people interviewed may be deemed to be in good position as privileged observers to identify the dynamics of business and economic development in the Bahamian agricultural sector.

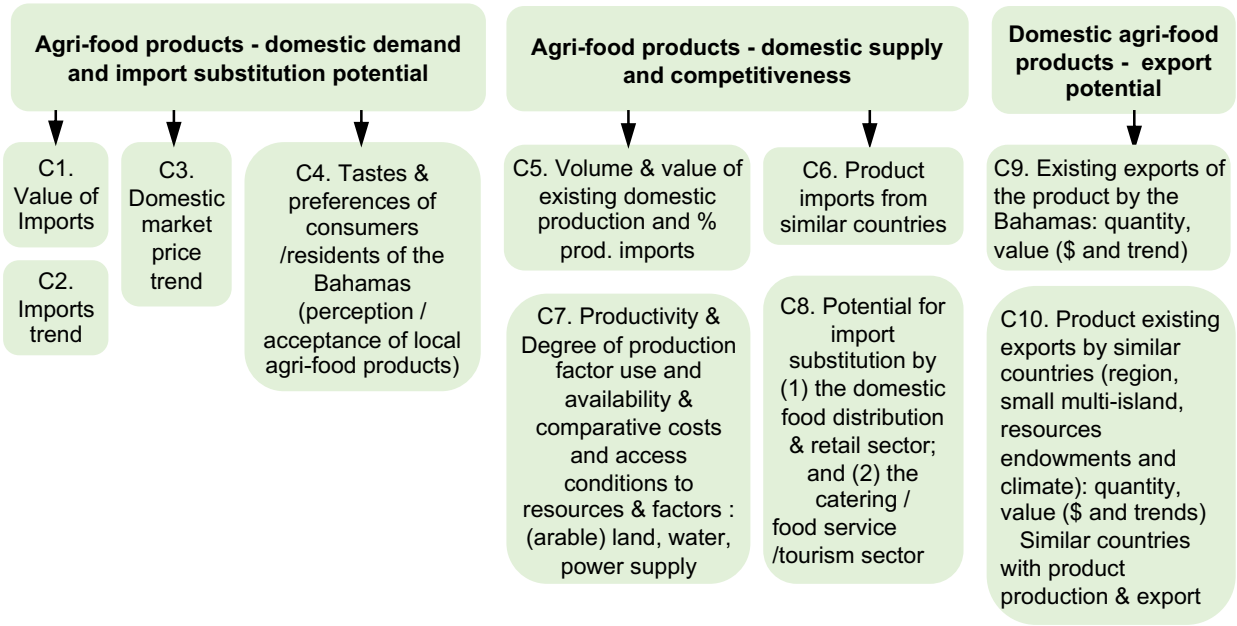
Multi-criterial targeting methodology by value chain (VC)/agricultural product categories

The multi-criteria analysis methodology (MAM)[1] is a practical technique used to develop a sectorial prioritization strategy. With a rigorous application, this allows to define an agri-food product prioritization composite index. MAM is mainly about analyzing the agri-food products through three main aspects: (i) the domestic demand and the import substitution potential; (ii) the domestic supply and competitiveness; and (iii) the domestic agri-food products' export potential.

Figure 1 below summarize the main aspects analyzed and the indicators considered to estimate the agri-food product prioritization composite index.

[1] For the detailed methodology, see Appendix IV – Multi-criterial Targeting Methodology by Value Chain (VC)/Agricultural Product Categories

Figure 1. Agri-food product composite prioritization index: criteria assessment and measurement indicators



3. THE BAHAMAS – ECONOMIC OVERVIEW

Location, population, and climate

The Bahamas is an archipelagic state made up of 700 islands, with a total landmass of 13,880 square kilometers (km^2). It extends 50 miles east of Florida to 50 miles northeast of Cuba. Other immediate neighbours include the Turks and Caicos Islands and Haiti. The main inhabited islands of New Providence, home to its capital, Nassau (227,940 pop.) and Grand Bahamas are the centres of economic activity and social and economic services. These two islands account for around 85% of The Bahamas' population, which was estimated at about 389,000 in 2019. The remainder of the population is scattered throughout The Bahamas' island chain, referred to as the Family Islands - Abaco Island (population 17,224), Eleuthera (8,202), Andros (7,490), Exuma (6,928), and Long Island (3,094).[2]

[2] Last population census, 2010

Figure 2. The Bahamas archipelago

The Bahamas is blessed with a tropical marine climate, moderated by the warm waters of the Gulf Stream and northerly trade winds. Its geography is made up of flat, coral islands, lagoons, white and pink powdery beaches, and emerald and aquamarine ocean waters.

Legal system

The Bahamas is a democracy and has been politically stable since independence from Great Britain in 1973 and remains a member of the British Commonwealth of Nations. The legal system is based on English common law, but there is a large body of Bahamian statutory law. The judiciary is an independent branch of government. The House of Assembly performs most legislative functions, with members elected to five-year terms by the population. The leader of the majority party serves as Prime Minister and Head of Government.

Fiscality

The country has no income tax, corporate tax, or capital gains tax, and roughly half of government's revenue is derived from customs and excise duties and a 15% value-added tax (VAT) introduced in 2014. The Bahamas maintains a fixed exchange rate with the United States dollar.

Economy

In 2018, The Bahamas' economy generated a GDP of B$ 12.4 billion[3], the second highest GDP per capita (B$ 32,997) within the English-speaking Caribbean, while real GDP is estimated to have grown by 2.3 percent[4]. Tourism contributes to approximately 75-80% of the GDP, and financial services for roughly 15%.

The inflation rate in The Bahamas, recorded at 2.26% (WB) in 2018, is among the lowest rates in the region. Inflation in The Bahamas is highly correlated with US inflation, reflecting the exchange rate peg and the large share of consumer goods imported from the mainland United States. However, it tends to be more sensitive to changes in commodity prices, particularly food and oil prices. In 2018, the overall unemployment rate was 10.7%.

The overall merchandise trade balance of The Bahamas shows a structural deficit of some B$ 3 billion. Around 20% of the reported trade deficit can be attributed to the agri-food component of the trade balance. During the past few years, the agri-food trade deficit has fluctuated around B$ 550-600 million.

Trading partners

The United States are by far The Bahamas' main trading partner, with 2018 imports totalling more than B$ 3 billion (80% of the imports), exports accounting for more than B$ 445 million (79% of the exports), and with a trade deficit of more than B$ 2.55 billion. The country's second largest trade partners are Puerto Rico, with imports representing around B$ 62 million value; and France for exports, with more than B$ 31 million.

Culture

The Bahamas has a distinct culture, which has evolved over generations from a mixture of mostly African, combined with some British and American influences. English is the official language of The Bahamas. The adult literacy rate in The Bahamas is over 95%, and the country has experienced a rapid growth in the professional class and university-educated workforce.

4. AGRICULTURE SECTOR PROFILE

4.1 Country production characterization (supply)

4.1.1 Agriculture in the economy

Agri-food represents 1.0% of The Bahamas' GDP (i.e., B$ 110 million in 2018), and only 0.2% of the GDP (i.e., B$ 23.0 million in 2018) when fisheries[5] are excluded.

Figures 3 shows the development of agricultural output and gross value added through time. What stands out is: (a) the dominance of fisheries; and (b) the contraction of agriculture in recent years – after its value added peaked at B$ 36.5 million in 2009, it has contracted by more than one third to only B$ 23.0 million in 2018. The reported gross value of agriculture (excluding fisheries) for that year was only B$ 29.7 million.[6]

[3] Department of Statistics. June 2019. National Accounts Report, 2018.
[4] FMI "The Bahamas: Staff Concluding Statement of the 2019".
[5] The bulk of the fisheries catch (mostly crawfish) is being exported.
[6] Johannes Roseboom and Carlos Puig, Boutique Agriculture: Agricultural Extension Strategy and Action Plan.

Figure 3 – Agricultural output and gross value added, 1997-2018 current (nominal B$), broken down into agriculture and fisheries.

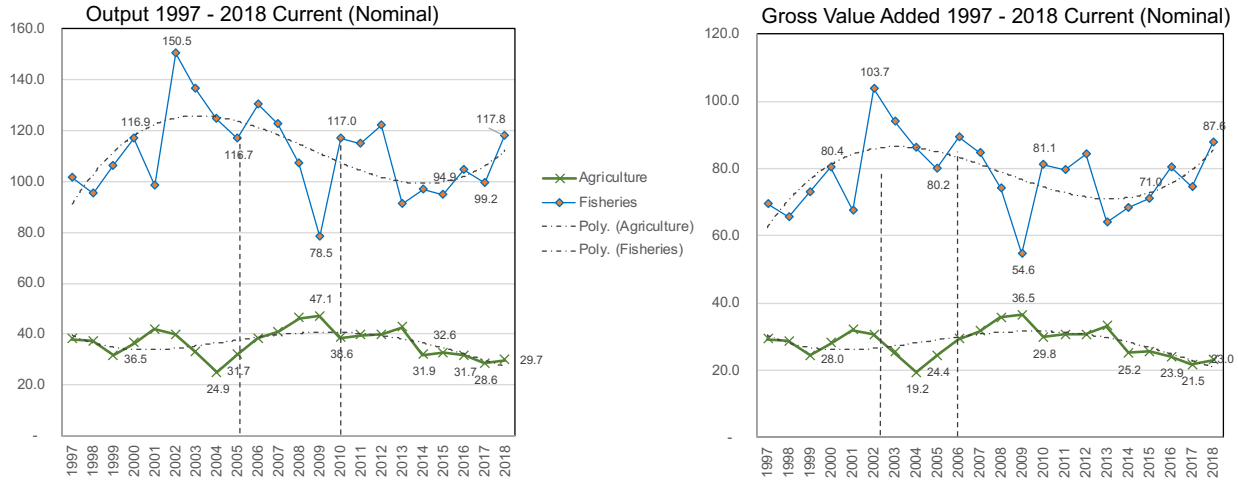
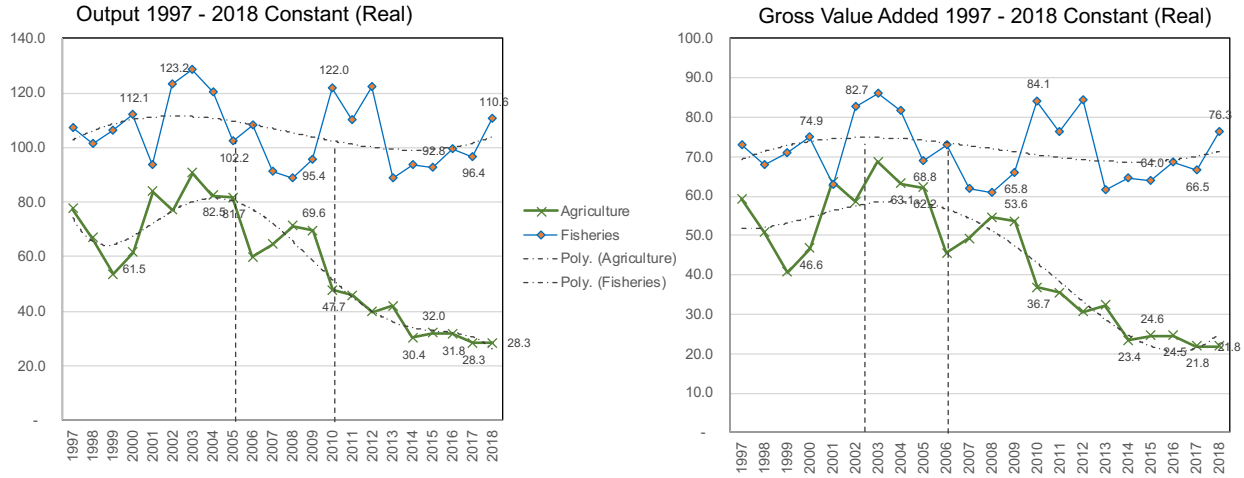


Figure 4 shows the development of agricultural output and gross value added in constant Bahamian dollars through time. What stands out is: (a) the dominance and the constant growth of the fisheries industry since 2013; and (b) the continuous contraction of agriculture from 2003 to date – after its value added peaked at B$ 68.8 million in 2003, it has reduced to only B$ 21.8 million in 2018. The reported output of agriculture (excluding fisheries) in that year was only B$ 28.3 million.

Figure 4 – Agricultural output and gross value added, 1997-2018 current (constant - real B$), broken down into agriculture and fisheries.



4.1.2 Agriculture and livestock output

The Bahamas' agricultural output (nominal, excluding fisheries) during the 2012-2018 period has had a constant downward trend, reaching B$ 29.7 million in 2018. The total output value of the

Department of Agriculture (DOA's) registered farmers[7] during the 2012-2017 period represents around 50% of the country's total agricultural output.

Table 1. Total agricultural and registered farmers' outputs in B$ millions (2012-2017)

Outputs	2012	2013	2014	2015	2016	2017	2018
Agricultural output / current (nominal)	39.8	42.8	31.9	32.6	31.7	28.6	29.7
All crops value / registered farmers only (current)	22.4	18.9	16.6	12.7	16.2	14.8	
All crops by registered farmers / total agricultural output	56.5%	44.3%	51.9%	39.1%	51.1%	51.8%	
Leading crops value (top nine) / registered farmers only (current)	19.2	15.3	10.7	9.7	10.2	12.4	
Leading crops value (top nine) / total agricultural output	48%	36%	34%	30%	32%	43%	

Sources: DOS and DOA

4.1.2.1 Agriculture - main crops

According to FAOSTAT, there were a total of 5,315 cultivated hectares in 2017, of which 2,835 were vegetables such as tomatoes, pumpkins, sweet potatoes, cabbages, cassava, onions and shallots; and 2,892 ha were fruits, mainly bananas, coconuts and avocadoes (see Table 2). The top ten cultivated crops totalled 2,480 ha.

During the 2013-2017 period, bananas more than doubled in cultivated area, passing from 401 ha in 2013 to 891 ha in 2017; however, production in tons has not followed the increase in the area, suggesting a pronounced loss of more than 43% in productivity. On the other hand, the data for tomatoes reflects a maintaining of the acreage in hectares, but also a loss of more than 30% in productivity. For all of the other main crops, although the cultivated area has maintained or increased moderately, there were no significant gains in productivity.

The total vegetables production in 2017 was 18,492 tons - an increase of 5.2% with respect to 2013.

[7] Farmers needs a Farmer's Registration Certificate in order to import inputs duty-free, or obtain MAMR Crown Land. No all farmers are registered. In 2018, it is estimated that around 50% of farmers were registered (444), see 3.1.3 – Farmer characterization.

Table 2. Crop production in tons and hectares for the 2013-2017 period

Fruits & vegetables	2017		2016		2015		2014		2013	
	Tn	ha	Tn	ha	Tn	ha	Tn	ha	Tn	ha
Bananas	12,241	891	11,615	787	10,989	683	10,261	575	9,661	401
Coconuts	2,981	376	2,882	364	2,858	362	2,631	334	2,600	330
Lemons and limes	2,250	180	2,088	180	2,192	188	2,484	170	3,000	189
Mangoes, mangosteens, guavas	2,582	145	2,558	143	2,528	141	2,500	140	2,473	138
Avocados	1,383	112	1,351	109	1,330	108	1,300	105	1,266	103
Tomatoes	4,178	135	4,394	135	4,637	143	4,883	131	5,903	134
Pumpkins, squash and gourds	2,100	107	2,096	107	2,092	106	2,091	106	2,084	106
Cabbages and other brassicas	1,659	62	1,579	59	1,499	56	1,445	54	1,340	50
Sweet potatoes	2,000	568	1,916	546	1,833	523	1,749	501	1,666	478
Cassava	1,154	48	1,088	46	1,021	44	942	41	910	41
Onions - dry	969	97	949	96	929	96	909	95	890	94
Onions - shallots, green	661	84	649	82	637	81	625	80	613	78
Okra	488		482		475		469		463	
Lettuce and chicory	138	10	132	10	125	9	120	9	113	8
Pigeon peas	123	86	125	89	125	91	182	137	180	135
Vegetables (all)	**18,492**		**18,485**		**18,501**		**18,693**		**17,571**	
Vegetables listed above	13,470		13,410		13,373		13,415		14,162	

Source: FAOSTAT

Registered farmers' production

The registered farmers produce a wide range of agricultural products, mostly vegetables and fruits. During the 2012-2017 period, the top ten crops represented around 37% of the total country's value output, which makes them well represented (see Table 3).

Table 3. Registered farmers - leading crop values in B$ millions (2012-2017)

Outputs	2012	2013	2014	2015	2016	2017	2012-17	2015-17
Leading crops value (top nine) / registered farmers only (current)	19.2	15.3	10.7	9.7	10.2	12.4	77.6	32.3
Peppers - hot, goat	5.67	4.42	2.75	1.88	1.76	2.49	6.39	6.13
Pineapple	2.55	2.86		1.86	1.70	2.07	3.56	5.63
Watermelon	1.47	0.98	1.13	1.13	1.25	1.71	3.50	4.08
Lime - Key, Persian	1.27	0.64	2.49	1.24	1.42	1.71	5.16	4.37
Banana	1.47	1.65	0.96	1.14	0.70	1.52	2.80	3.36
Tomato	4.06	2.63	1.34	0.55	0.41	1.37	2.30	2.33
Coconut	1.00	0.76		0.54	1.67	0.72	2.22	2.94
Mango	0.92	0.85	0.78	0.93	0.66	0.50	2.38	2.10
Pumpkin						0.31	0.00	0.31
Thyme			0.47	0.47	0.62		1.55	1.09

From 2012 to 2017, the top five crops in value produced by the registered farmers have been: goat peppers, followed by pineapples, Persian limes, watermelons and bananas. These five crops represented 59% of the total output value in 2017.

Table 4. Registered farmers - leading crop rankings in B$ millions (2012-2017)

Outputs	2012	2013	2014	2015	2016	2017	2012-17	2015-17
Leading crops value (top nine) / registered farmers only (current)	19.2	15.3	10.7	9.7	10.2	12.4	77.6	32.3
Pepper - hot, goat	1	1	1	1	1	1	1	1
Pineapple	3	2		2	2	2	3	2
Watermelon	4	5	4	5	5	3	4	4
Lime - Key, Persian	6	8	2	3	4	4	2	3
Banana	4	4	5	4	6	5	5	5
Tomato	2	3	3	7	9	6		
Coconut	7	7		8	3	7		
Mango	8	6	6	6	7	8		
Pumpkin						9		
Thyme			7	9	8			
Cauliflower			8					
Orange		9	9					
Grapefruit	9							

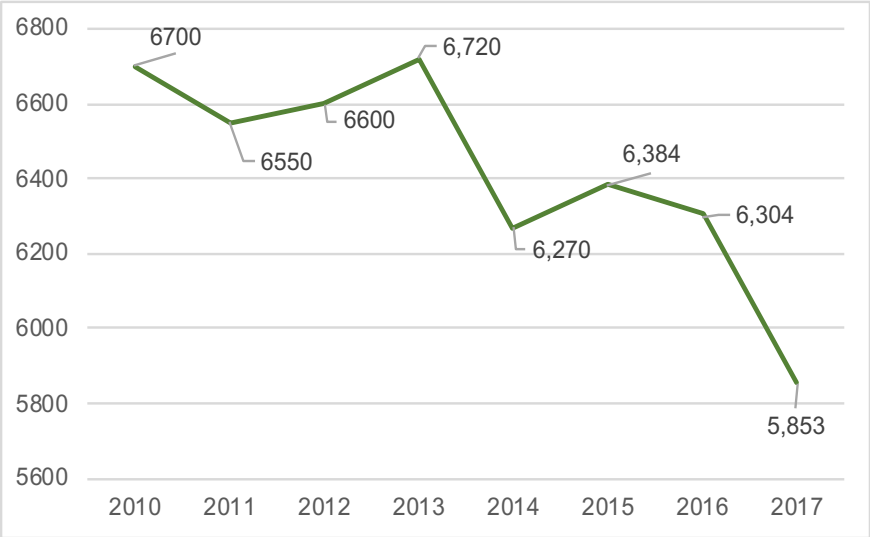
Even though goat peppers and pineapples are still the main crops in value, it remains that the two crops have dropped significantly during the 2012-2017 period.

4.1.2.2 Livestock

Livestock production includes poultry, which represents the largest production by far, as well as pigs, small ruminants, and cattle.

Chicken meat production. During the 2010-2017 period, the local poultry industry has also constantly declined by more than 14%, mainly due to unchecked, cheap poultry imports from Brazil. Recently, however, the government has been considering reinstituting import restrictions and tighter quality controls in order to revive the local poultry industry.

Figure 5. Chicken meat production in tons - 2010-2017



Source: FAOSTAT

According to FAOSTAT, livestock production in the last decade has been stable in The Bahamas, with nearby 335 tons of pig meat production per year, 72 tons of goat meat, 28 tons of sheep meat and around 19 tons of cattle meat.

4.1.3 Farmer characterization

Farm holdings trends are declining in The Bahamas. In 1978, the agricultural census reported a total of 4,246 farms. In 1994, the latest census reported a total of 1,760 farm holdings[8], occupying some 20,336 ha. This declining trend seems to have continued after 1994, as currently an estimated 70% of the farmers are over 60 years old. This is a very high percentage, indicating that very few young people are choosing farming as a career. Many farmers do not have a successor because off-farm employment opportunities in The Bahamas are more attractive.

For farmers to get access to particular services or benefits (e.g., the tax-free import of equipment and inputs), they have to register with the DOA and renew it regularly. The number of registered farmers fluctuates greatly from year to year.

Table 5. DOA registered farmers, 2012-2018

Year	2012	2013	2014	2015	2016	2017	2018
# Registered farmers	533	484	501	254	293	208	444

In 2018, some 444 farmers were registered with the DOA. According to the DOA, many farmers do not register, and hence the actual number of farmers may be considerably higher. **The actual number of farmers in The Bahamas is estimated at 800-1000 maximum**. This is also in line with the fact that the value of agricultural output (net of fisheries) has declined in constant prices from B$ 77.5 million in 1997 to B$ 28.3 million in 2018. Moreover, the total number of people employed in agriculture (net of fisheries) is estimated at 1,230 in 2017, mainly made up of immigrants from Haiti.[9]

Table 6. Number of DOA registered farmers by island – January-December 2018

Island	# Registered farmers	%	Cumulated %
New Providence	126	28.4%	28.4%
Andros, North	99	22.3%	50.7%
Abaco	56	12.6%	63.3%
Cat Island	55	12.4%	75.7%
Grand Bahama	20	4.5%	80.2%
Eleuthera, Central	19	4.3%	84.5%
Exuma	15	3.4%	87.8%
Eleuthera, North	12	2.7%	90.5%
Eleuthera, South	12	2.7%	93.2%
Crooked Island	11	2.5%	95.7%
Andros, South	10	2.3%	98.0%
Long Island	7	1.6%	99.5%
Acklins	1	0.2%	99.8%
Mayaguana	1	0.2%	100.0%
Inagua	0	0.0%	100.0%
Ragged Island	0	0.0%	100.0%
San Salvador	0	0.0%	100.0%
Total	**444**	**100.0%**	

Islands with agriculture MAMR Crown Land

The average size of a registered farm (2012-2016) is about 22.4 acres, of which only 4.4 acres (20%) are used for the agricultural production of a variety of crops and livestock for one's own

[8] FAO. N.d. Bahamas Agricultural Census 1994 – Main Results.
[9] Johannes Roseboom and Carlos Puig, Boutique Agriculture: Agricultural Extension Strategy and Action Plan.

consumption and for the immediate local market. On average, each farm holding has 2.7 labourers.

Table 7. Registered farmers data

Farmer details	2012	2013	2014	2015	2016	2018
Total Bahamas population	357,880	361,506	365,196	368,946	372,780	395,360
Total farm laborers	1,402	1,067	1,303	717	929	1,270
Total no. of registered farmers	533	484	501	254	293	444
Total farm size (acreage)	13,551	8,038	10,711	5,925	7,349	
Total farm size in use (acreage)	2,145	2,320	1,691	1,238	1,383	
Total crop production (lbs)	35,238,671	27,844,740	25,431,933	19,912,588	18,710,446	
Total value ($)	22,442,679	18,927,322	16,555,000	12,863,620	16,263,076	

Source: MAMR - ASU

There are only a few big farms (including greenhouse operations, orchards, and large-scale poultry) that are run as corporations, import most of their technology and knowhow, and organize their own marketing and distribution. Some of them dominate in certain niche markets such as tomatoes, cucumbers or poultry. They manage to capture the demand by local hotels, restaurants, and supermarkets, as they have the resources to meet their quality standards in terms of traceability and certification.

In addition, at the other extreme, some backyard farming for one's own consumption is quite popular in The Bahamas. For many poor families, this backyard farming is essential to meeting their food needs.

4.1.4 Land

4.1.4.1 Crown Land

Crown Land accounts for approximately 70 percent of all land in The Bahamas. Crown Land is managed by the Department of Land and Surveys (DLS). The application process includes completing the application for Crown Land form and submitting a development/land use plan. Foreign investment projects need to submit the department's forms to the BIA for review and approval. The DLS will conduct a review and forward its findings and recommendations to the Office of The Prime Minister for the consideration of the Minister responsible for Lands and Surveys.

4.1.4.2 Agricultural Crown Land

Ninety percent of Bahamian agricultural land is Crown Land owned by the government and leased for agricultural purposes. The Ministry of Agriculture (Incorporation) Act of 1993 gives the Minister of Agriculture authority to hold, lease, and dispose of agricultural land. The Minister does not have the power to sell agricultural land, but is authorized to lease land for up to two consecutive 21-year periods.

The Land Unit of the MAMR manages the Crown Land leases for agricultural proposes in four major islands – Abaco, Andros, Grand Bahama and New Providence. Only Bahamians can lease the land from the MAMR. All foreign investors need the approval of The Bahamas' Investment Authority (BIA), and once their project approved, can acquire/lease the land through the Department of Lands and Surveys, who is responsible for the management Crown Lands.

The process for leasing land for agricultural purposes consists of: (i) completing the agricultural Crown Land application form[10]; (ii) developing a business proposal for use of the agricultural land; and (iii) submitting these to MAMR.

Under this policy, the government has earmarked 36,857 acres of what is called Crown Land to be used for agricultural purposes. Of this total acreage, 52% has been approved to 1,052 lessees (not every lessee is necessarily using the land for agriculture), and 48% of the acreage is still available for leasing. Abaco has 33% of the total Crown Land for lease, Grand Bahama 29%, North Andros 38% and New Providence 2%.

Table 8. MAMR agricultural Crown Land per island as of June 2019

Island	Total acreage conveyed	%	Acreage approved	Acreage available	Largest acreage leased	Smallest acreage leased	Total lessees	% Total
Abaco	11,737	32%	8,790	2,947	1,287	4	200	19%
Grand Bahama	10,642	29%	1,302	9,340	100	2	171	16%
New Providence	709	2%	582	127	26	0.5	240	23%
North Andros	13,869	38%	8,535	5,334	150	5	441	42%
Totals	**36,857**	**100%**	**19,207**	**17,748**	**1287**	**0.5**	**1,052**	**100%**

The largest acreage leased is 1,287 acres in Abaco, and the smallest is 0.5 acres in New Providence. On average in Abaco, 59 acres are leased per lease, 62 acres in Grand Bahama, 3 in New Providence, and 31 in North Andros.

Table 9. MAMR agricultural Crown Land availability per island as of June 2019

Island	Total acreage conveyed	Acreage available	% acreage available	% of total acreage available
Abaco	11,737	2,947	25%	17%
Grand Bahama	10,542	9,340	89%	53%
New Providence	709	127	18%	1%
North Andros	13,869	5,334	38%	30%
Totals	**36,857**	**17,748**	**49%**	**100%**

Grand Bahama is the island where there is more acreage available for agriculture purposes, with 9,340 acres (or 88% of the total), followed by North Andros at 5,334 acres (38%), Abaco with 2,947 acres (25%) and New Providence with 127 acres (18%). The soil on available farming lands requires fertilization and irrigation, as it is highly alkaline and does not retain water. That being said, Abaco, Andros, and Grand Bahama have ample fresh water for irrigation.[11]

The MAMR Land Unit does not follow up on the exploited lands and on the business plans initially proposed by the farmer in exploiting the Crown Land, which results in a large part of the leased lands not being used for agricultural production.

Estimates concerning total potential agricultural land distribution place 50,000 acres in Abaco, 100,000 acres in Andros, 30,000 acres on Grand Bahama, and 12,000 acres in New Providence.[12]

[10] https://forms.bahamas.gov.bs/dp_form.asp?fid=346

[11] Shik, O., R.A. Boyce, C.P. de Salvo, and S. Gachot. 2018. Analysis of Agricultural and Fisheries Policy in The Bahamas.

[12] Report on Rapid Assessment of the Agriculture Sector by the FAO

4.1.4.3 Agricultural and industrial property

The Bahamas Agricultural and Industrial Corporation (BAIC) is a quasi-government agency that reports to the minister responsible for the MAMR. The BAIC manages the free industrial and commercial zones in the country under the Free Trade Zones Act[13]. The act designates areas within The Bahamas as free industrial and commercial zones. Currently, there are three free trade zones:

- Soldier Road Industrial Park;
- Gladstone Road Agro-Industrial Park; and
- The Bahama Craft Center.

Farmers and industrial corporations can lease property from the BAIC. This service is targeted primarily to Bahamians and persons that are permanent residents in The Bahamas. Foreign investors may also apply, but first need to seek authorisation to do so from the BIA.

4.1.4.4 Purchasing or acquiring real property

Non-Bahamians require a permit to acquire property acquiring an interest in land if the property is undeveloped land with two or more adjoining acres. The first step is to get the approval from the BIA. A permit is also required if the intended use is not as an owner-occupied property.[14]

Bahamians are also required to apply for a permit where the intended use is not as an owner-occupied property.

4.1.5 Agriculture production highlights

- The Bahamas' agricultural output has had a steady decline trend, reaching B$ 29.7 million in 2018.
- Limited national food production capacity and dependence on food imports for over 90% of the country's fresh agricultural needs.
- The main cultivated crops and livestock reflect a pronounced loss in productivity.
- Farming population is estimated at 800-1000 maximum, and farmers are aging rapidly (70% more than 60 years old). The entry of young people into the sector must be prioritized.
- Need to facilitate the acquisition of new technology – climate-change resilience, disease control, irrigation, and extension of harvest windows. Capital requirements for new technologies are a barrier, especially for young people.
- Lack of follow up in the use of Crown Lands by the MAMR Land Unit, in reference to the business plan initially proposed, which can result in leased lands not being used for agricultural production.
- Land property issues on long-term investments.
- Availability of agricultural land, and free industrial and commercial zones under the Free Trade Zones Act.

[13] For more details see Appendix I - Investment Incentives Legislation.
[14] Application forms and supporting documents can be found at: https://www.bahamas.gov.bs/wps/portal/public/Acquisition%20of%20Property/

4.2 Market demand and sector trends

4.2.1 Market demand

The Bahamas imports over 90% of the country's agricultural needs. In 2017, food imports were valued at B$ 533.6 million, or around B$ 1,480 per capita. Of this amount, roughly half was channelled toward the retail sector, and half was directed toward the hotel, restaurant, and institutional (HRI) food service sectors.

4.2.1.1 Retail sector

According to Euromonitor data, in 2013, total retail sales (excluding sales tax) of the grocery retail industry were B$ 571.6 million, of which roughly half were channelled through supermarkets, and the other half mostly through small independent grocers and gas marts. U.S. products dominated the retail food industry with more than 90% of the market share in most major product categories.

Supermarkets, hypermarkets, and wholesale clubs. The majority of supermarkets in The Bahamas are located in Nassau, which is home to roughly 64% of the country's population. Large-chain supermarkets can also be found spread across the island of New Providence, in Freeport on Grand Bahama Island, and in other populated areas. Smaller independent retail outlets maintain a strong presence in the market, as these grocers carry a more limited inventory, are conveniently located throughout the main islands of The Bahamas, and typically offer products at lower prices.

Traditional markets. Because of the small nature of their operations, traditional market storeowners like to buy from local importers/distributors that can provide them with reasonable prices and regular delivery and service. Most small independent grocery stores operate their stores out of small neighbourhood outlets. These retailers have a slower turnaround on product sales and have limited space for storage, both of which lead to wholesale as a preferred option for sourcing food products.[15]

There exists a demand on the Family Islands for high quality, specialized farmed goods. At present, this demand is almost entirely met by imports, mainly from the US, but also from other Caribbean nations. This means that there is an opportunity for domestic producers to secure a larger share of this domestic market.

4.2.1.2 Food services – Hotels, restaurants, and institutions (HRI).

The quantity of food imported for the tourism sector in The Bahamas is vast. Of the B$ 533.6 million of consumer-oriented food products imported into The Bahamas, approximately half is directed toward the hotel, restaurant, and institutional (HRI) food service sector, while the remaining half is channelled toward the retail sector. Food and beverages represent the fastest growing sector in tourism, and for 2015 was roughly estimated at B$ 295 million on food purchases directly or indirectly through spending in restaurants and hotels (Oxford Economics).

Of the total HRI market segment, the hotel sub-segment represents roughly 65%, the restaurant sub-segment 32%, and the institutional sub-segment 3%.

The tourism sector, which represents 75-80 percent of the GDP, is a main driver of the food service market in The Bahamas. In 2017, The Bahamas was visited by more than 6,13 million tourists[16], of which 75% were cruise passengers, 22% were air arrivals, and 3% were sea landed. Of these, 59% visited New Providence (Nassau), 10% Grand Bahama, and 31% the Family Islands.

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[15] USDA Foreign Agriculture Service, The Bahamas 2014 Retail Food Sector Report.
[16] Tourism Today Network. Foreign Arrivals to The Bahamas YTD - January to December 2017

Table 10. The Bahamas' main islands visitors and population, 2017

Islands	Air	Sea landed	Cruise	Total arrivals	Total %	Island population	Visitors/ inhabi-tants
Grand Bahama	70,692	76,589	467,289	61,457	10.0%	51,368	1.2
New Providence	979,843	12,805	2,637,243	3,629,891	59.2%	246,329	14.7
Family Islands							
Berry Islands	7,509	2,949	561,409	571,867	9.3%	807	708.6
Half Moon Cay	0	0	458,677	458,677	7.5%	na	
Abaco	103,598	11,227	311,728	426,553	7.0%	17,224	24.7
Eleuthera	48,746	1,740	171,406	221,892	3.6%	8,202	27.0
Bimini	30,403	58,345	1,815	106,898	1.7%	1,988	53.7
Exuma	60,956	950	0	61,906	1.0%	6,928	8.9
San Salvador	15,969	147	0	16,116	0.3%	940	17.1
Cat Cay	4,795	7,948	0	12,743	0.2%	na	
Andros	10,727	276	0	11,003	0.2%	7,490	1.4
Long Island	1,263	59	0	1,322	0.0%	3,094	0.4
Inagua	114	887	0	1,001	0.0%	913	1.1
Cat Island	998	52	0	105	0.0%	12,743	0.01
Family Islands total	**285,078**	**84,580**	**1,521,370**	**1,891,028**	**31.0%**	**60,329**	
Total	**1,335,613**	**173,974**	**4,625,902**	**6,135,489**	**100%**	**358,026**	

A total of 1,89 million tourists visited the Family Islands - 80% cruise passengers (1,5 million) and 20% overnight tourist (369,658). The overnight tourists spent[17] an average of B$ 1,500 per visitor, or B$ 2,26 billion in total (air arrivals and sea landed), versus B$ 75 for cruise visitors (B$ 346 million). This represents B$ 554 million spent by overnight tourist on the Family Islands, part of which is related to the HRI segment.

Hotels and resorts. The HRI segment is growing, facilitated by recent large-scale[18] hotel and resort investments that are adding a few thousand rooms and other attractions to The Bahamas. The Family Islands show great potential for boutique hotels, resorts, and yachts. The high volume of tourists and the large volume of business from the tourist hotels are helping to make up for a lack of growth in the retail trade. As of June 2017, there were 308 hotels in the country, with approximately 15,834 hotel rooms (a 7% increase with respect to 2015).[19]

Table 11. The Bahamas - Number of hotels and rooms per island, 2017

Islands	Small hotels	Small hotels %	Large hotels	Large hotels %	Total hotels	Total rooms	Rooms %
Family Islands	222	79%	7	25%	229	4,395	28%
New Providence	33	12%	8	29%	41	5,101	32%
Paradise Island	7	3%	9	32%	16	5,094	32%
Grand Bahama	18	6%	4	14%	22	1,244	8%
Accumulated	**280**	100%	**28**	100%	**308**	**15,834**	100%

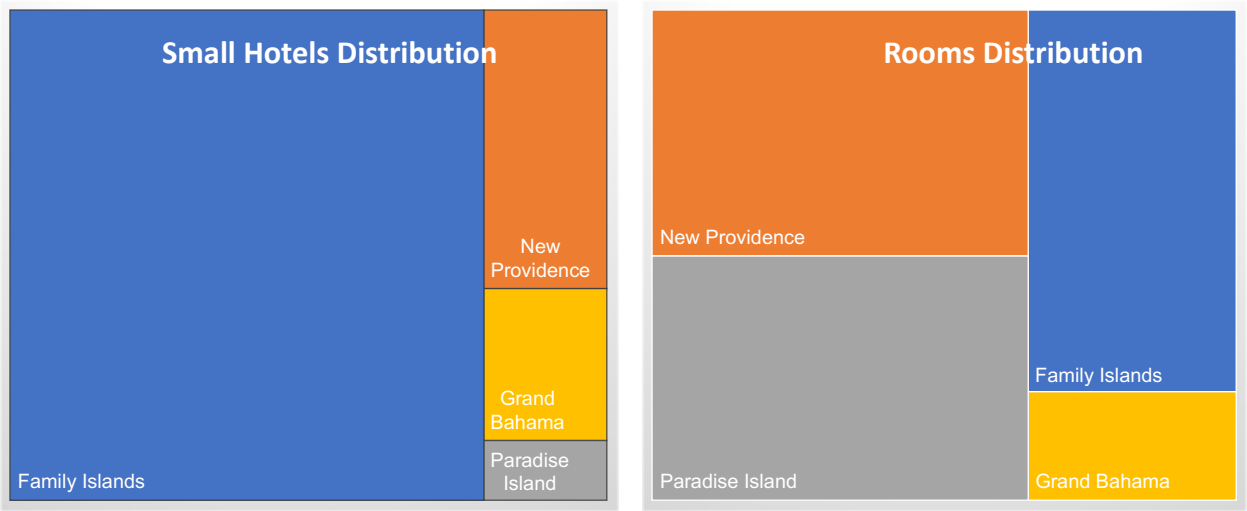
[17] Oxford Economics. Strategies for Economic Growth in The Bahamas, 2017.
[18] Baha Mar project, a $4.2 billion tourism development with over 2,285 new rooms on the island of New Providence; three luxury hotel brands (Grand Hyatt, SLS and Rosewood). Several other new hotel projects are nearing completion on different islands.
[19] Ministry of Tourism. Directory of Hotels Licensed in The Bahamas, June 2017.

On the Family Islands, small hotels (222 small hotels and 7 large hotels, with a total of 4,395 rooms) are largely predominant and represent an opportunity to supply them with local, specialized, quality fresh products with a high-end tourist clientele. Abaco is the Family Island with most hotel rooms available (26%) followed by Exuma with 18%.

Table 12. Family Islands hotels and rooms distribution per island, 2017

Family Islands	Small hotels	Large hotels	Total hotels	Total rooms	Rooms %
Abaco	41	2	43	1131	25.7%
Acklins	10		10	56	1.3%
Andros	37		37	324	7.4%
Berry Islands	3		3	58	1.3%
Bimini	7	2	9	675	15.4%
Cat Island	16		16	163	3.7%
Crooked Island	6		6	34	0.8%
Eleuthera & Spanish Wells	30		30	380	8.6%
Exuma	28	2	30	806	18.3%
Harbour Island	14		14	263	6.0%
Inagua	5		5	35	0.8%
Long Island	12		12	192	4.4%
Mayaguana	1		1	13	0.3%
Ragged Island	3		3	15	0.3%
San Salvador	3	1	4	250	5.7%
Accumulated	**216**	**7**	**229**	**4,395**	**100%**

Figure 6. The Bahamas' small hotels and rooms distribution



Restaurants. The Bahamas has more than 430 restaurants, mainly located on the larger islands, as well as over 20 companies that provide institutional catering services.[20] Most restaurants turn to local importers, which also serve as wholesalers/distributors, to source their imported food and beverage supply, while the majority of the seafood, bottled beverages, and seasonal fruits and vegetables tend to be bought directly from vendors on the island. In 2017, fast food restaurants accounted for the largest percentage of consumer food service sales in The Bahamas with 56%

[20] USDA Foreign Agricultural Service. The Bahamas HRI Food Service Sector Report, December 2017.

of the market, followed by full-service restaurants with 30%, cafes and bars with 7%, home delivery/takeaway with 4%, and street stalls/kiosks with 3% of the market.[21]

Institutions. The institutional sector accounts for less than 4% of the HRI trade. The segment involves distribution to prisons, hospitals, nursing homes, schools, and entertainment facilities. These businesses mainly buy food products from local wholesalers and seafood from local fisheries.

Local wholesalers/distributors and importers. There are approximately 30 importers of food and beverage products, mainly located in New Providence and on Grand Bahama. Most importers carry a full line of fresh, frozen, and dry products, while a few of the importers specialize in providing fresh produce, seafood, and alcoholic beverages. Of them, only a handful are large wholesalers, most of them well-established companies serving both the retail and HRI trades. Most of these companies are also agent-distributors for suppliers of food products. The major wholesalers and distributors in The Bahamas include Bahamas Food Services (Sisco USA), Asa H. Pritchard, Nassau Hotel and Restaurant Supplies, Grand Bahamas Food Company, and Thompson Trading Company.

Each of the major wholesalers in The Bahamas has a large warehouse in Nassau, which is both computerized and mechanized. There are a couple of wholesalers with warehouses in Freeport. A wholesaler generally has a fleet of 8-25 trucks and vans (depending on the size of the company), making deliveries to supermarkets, restaurants, and hotels. Products are shipped to Freeport using cargo containers and smaller vessels, and to the other islands using mail boats.

Large producers such as poultry, tomatoes, and peppers from Abaco, ship once per week to supermarkets and wholesalers with the quality and volume negotiated. For products that are not protected by import licenses, wholesalers do not sign contracts - as prices come down in the USA, no one will respect the contracts.

4.2.1.3 Agri-food imports and exports

The overall merchandise trade balance of The Bahamas shows a structural deficit of some B$ 3 billion, of which around 20% can be attributed to the agri-food sector. (Table 13),

Exports reported under ‘live animals and animal products’ are 99.9% fish and other seafood. Vegetable exports totalled B$ 0.8 million, or less than 1% of the component, as export-oriented crops that existed in the past (mainly citrus, papaya, and cucumbers), have been destroyed by exotic pest infestations (citrus canker) and hurricanes, or pushed out of the export market due to price competition (hydroponic cucumbers).

[21] Euromonitor International

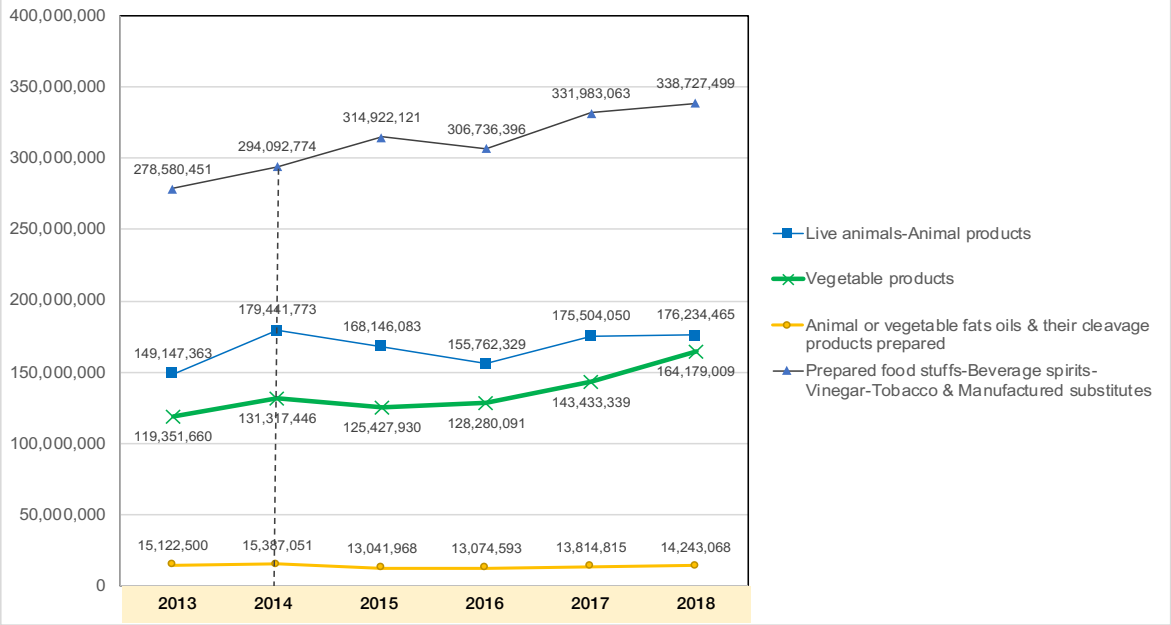
Table 13 – Agri-food trade balance, 2013-18 (million B$)

	2013	2014	2015	2016	2017	2018
Total merchandise import	3,365.9	3,790.5	3,162.0	2,931.7	3,477.6	3,524.1
Total merchandise export	811.7	689.2	442.8	402.7	473.3	524.2
Trade deficit	**2,554.2**	**3,101.3**	**2,719.3**	**2,528.9**	**3,004.3**	**2,999.9**
Agri-food imports						
Live animals, animal products	149.1	179.4	168.1	155.8	175.5	176.2
Vegetable products	119.4	131.3	125.4	128.3	143.4	164.1
Animal or vegetable fats, oils	15.1	15.4	13.0	13.1	13.8	14.2
Prepared foodstuffs, beverages, spirits, vinegar, and tobacco	278.6	294.1	314.9	306.7	332.0	338.7
Total agri-food import	**562.2**	**620.2**	**621.5**	**603.9**	**664.7**	**693.2**
Agri-food exports						
Live animals, animal products	93.3	70.4	63.8	72.2	84.3	na
Vegetable products	0.4	0.3	0.3	0.7	0.8	na
Prepared foodstuffs, beverages, spirits, vinegar, and tobacco	0.8	1.6	1.2	0.9	0.7	na
Total agri-food export	**94.6**	**72.3**	**65.3**	**73.9**	**85.8**	**84.4**
Agri-food deficit	**467.6**	**547.9**	**556.2**	**530.0**	**578.9**	**608.8**
Percentage total trade deficit	18.3	17.7	20.5	21.0	19.3	20.2

Source: Department of Statistics. June 2019. Annual Foreign Trade Report 2018.

In 2017, The Bahamas imported fresh agricultural produce (excluding B$ 29.2 million of fish and other seafood) to the tune of B$ 289.7 million, while it locally produced B$ 28.6 million worth of its own produce, of which B$ 0.8 million was exported. This means that of all the fresh agricultural produce in the local market, only 8.8% is produced locally. When we add processed foods (including beverages, spirits, and tobacco) into the equation, the local share drops to as low as 4.4%.[22]

Figure 7 – Agri-food imports 2013-2018



[22] Johannes Roseboom and Carlos Puig, Boutique Agriculture: Agricultural Extension Strategy and Action Plan.

During the 2013-2018 period, the import of 'live animals, animal products' has increased by 18%, 'vegetable products' by 38%, 'prepared foodstuffs, beverages, spirits, vinegar, and tobacco' by 22%, and 'animal or vegetable fats oils' has decreased by 6%.

The sector potentially constitutes an important possibility for the diversification of the economy, as there are ample import-substitution opportunities.

Import duties and procedures

For the last few years, the GOB has protected producers of specific crops that can supply the national market, imposing entry duties and barriers under the import-licensing model.

The duties for pineapple are 40%, and 30% for dried manioc. Thyme, bay leaves and dried sweet potatoes have 25% import duties. Some fresh products are exempt of import duties, such as watermelons, limes, bananas and avocadoes, among others. Hot peppers, sweet peppers and mangoes have a 5% duty import, as well as tomatoes (around 10%).

The tariff on imported poultry varies between 0 and 30%, depending on the type of meat, and import permits are required. Inputs, such as chicks and feed, are imported duty-free.

Table 14. The Bahamas - Import duties for selected agri-food products

Import duties					
0%	**5%**	**10%**	**25%**	**30%**	**40%**
Fresh: watermelons; limes; bananas; avocadoes; orange; grapefruit; sweet potatoes; plantains; cantaloupes; guavas (dried).	Fresh: hot peppers; sweet peppers; mangoes; guavas; pumpkin; onions; okra; tangerines; squash; manioc; cucumbers; cabbage; romaine lettuce; carrots; yams; pigeon peas; beans; coconuts; corn.	Tomatoes, fresh or chilled	Thyme and bay leaves, dried sweet potatoes	Dried manioc	Pineapple, fresh

Import procedures: All importers must possess a valid business license issued by the Ministry of Finance.

In order to import certain agricultural goods and meat items – such as poultry, meats, vegetables, fruits, live plants and animals, three documents are generally required: (i) the commercial invoice; (ii) the sanitary or phytosanitary health permit from the country of origin; and (iii) the licence to import issued by The Bahamas' Department of Agriculture (DOA).

4.2.2 Agri-food market price analysis

In The Bahamas a major concern is the lack of data on agri-food market price, as are not collected nor compiled by government organizations other than The Bahamas' Department of Statistics to capture the consumer price index food basket.

The consumer price index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, and represents the changes in prices as experienced by Bahamian consumers. The Bahamas' Department of Statistics (DOS) collects a sample of representative items whose retail prices are collected periodically in order to construct the CPI. The agri-food market price analysis is based on the agri-food products that are part of the CPI food basket component.

The Bahamas' CPI increased from 100 index[23] in 2010 to 113.4 index in 2018, growing at an average annual rate of 1.58%.

Table 15. The Bahamas' CPI index 2010-2018

Year	Value	Annual growth rate%	Year	Value	Annual growth rate%
2018	113.4	2.3%	2013	106.0	0.8%
2017	110.9	1.6%	2012	105.2	1.9%
2016	109.2	-0.4%	2011	103.2	3.2%
2015	109.6	1.9%	2010	100.0	
2014	107.6	1.5%			

Fruit and vegetable prices analysis

According to the information collected by DOS to elaborate the CPI, for a sample of seventeen selected fruit and vegetable crops, during the 2015-2019 period, prices have increased at an annual growth rate average of 0.49%. For the same period, the CPI has increased at an average of 1.58%, indicating that the prices of the selected crops have increased below the CPI index.

Fruit and vegetable price variations in comparing 2015 to 2019 have increased by 3.6% for selected products at an average price. For most of the selected crops, from a maximum average of 59.8% for cabbages, 23.8% for tomatoes, and 18.8% for plum tomatoes, but also eddoe (26.7%), white onions (7.6%) and bananas (3.9%). Only two crops have decreased their average price during the comparison: white yams (-49.3%) and sweet potatoes (-18.1%).

Table 16. Fruit and vegetable price history, 2015-2019

Item description	2015	2016	2017	2018	2019	Price variation 2015-2019
Bananas - 1lb.	1.04	1.02	1.86	1.07	1.08	3.9%
Pineapples - each	5.07	4.76	4.91	4.51	5.16	1.6%
Frontera mangoes - each	2.64	1.91	1.84	1.97	2.24	-15.1%
Yellow onions 3lbs. or 1 bag	2.39	2.58	2.75	2.73	2.44	2.2%
White onions per pound	1.48	1.63	1.51	1.40	1.59	7.6%
White onions per pound	1.80	1.81	1.54	1.85	1.90	5.6%
Yellow onions 3lbs.	2.60	2.85	3.21	2.84	2.56	-1.7%
Jumbo onions - 1lb.	0.95	1.02	0.82	0.83	0.88	-7.2%
Cabbages - per pound	0.86	1.48	0.85	0.93	1.38	59.8%
Tomatoes - per pound	2.06	1.95	1.83	2.43	2.55	23.8%
Plum tomatoes - per pound	2.25	1.73	1.62	2.55	2.68	18.8%
Pumpkins - per pound	1.28	1.22	1.05	1.16	1.31	2.1%
Cucumbers - 1lb.	1.98	2.22	2.03	2.00	1.92	-3.4%
Green peppers - 1lb.	2.10	2.38	2.33	2.84	2.51	19.5%
Sweet potatoes - 1lb.	0.97	0.93	0.94	0.88	0.79	-18.1%
Eddoe - 1lb.	2.12	2.87	2.52	2.61	2.68	26.7%
White yam	1.97	1.25	4.50	1.22	1.00	-49.3%
Yams 1 - lb.			1.34	1.38	1.99	
Purple cabbage - per pound		1.14	1.13	1.35	1.59	
Average price[24]	**1.97**	**1.93**	**2.03**	**1.92**	**2.04**	**3.6%**
Annual variation		-2.0%	5.2%	-5.4%	6.25%	

Source: Department of Statistics

[23] CPI index reference 2010 = 100

[24] The average price calculation excludes purple cabbage and yams 1 lb. as there is no data for 2015.

Poultry prices

According to the DOS, during the 2015-2019 period, for a sample of seventeen selected poultry products (imports and national production), prices have reduced on average by 1.72% annually. Price variation in comparing 2015 to 2019 has decreased by 3.6% at an average price for selected products.

Table 17. Poultry products price history, 2015-2019

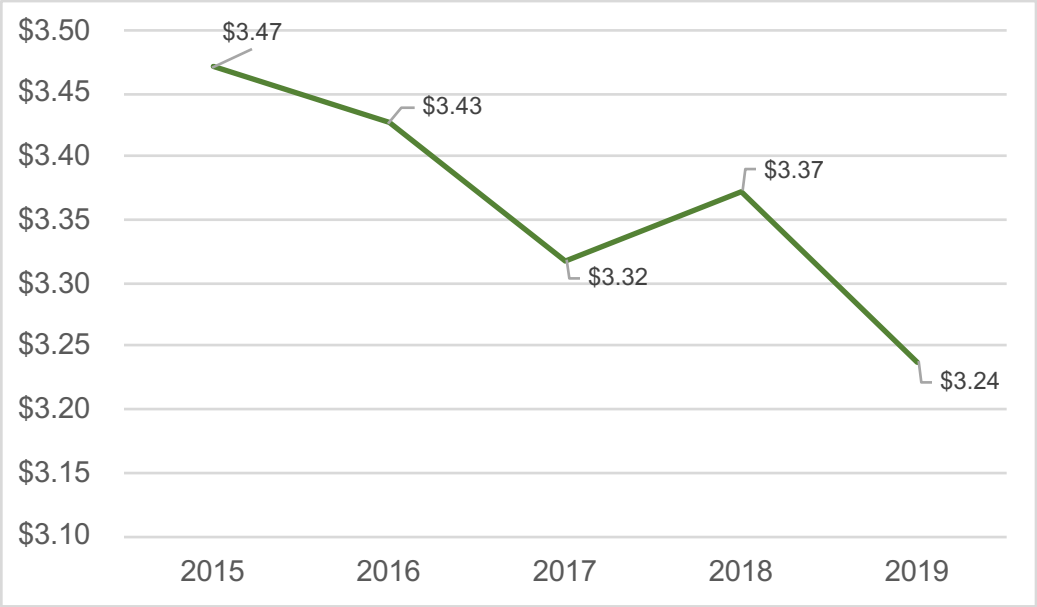
Item description	2015	2016	2017	2018	2019	Price variation 2015-2019
Abaco local - 1lb.	2.76	2.84	2.68	2.72	2.72	-1.4%
Whole chicken - 1lb.	2.38	2.35	2.40	2.39	2.34	-1.6%
Sanderson US whole chicken - ea	2.84	2.82	2.88	2.49	2.49	-12.4%
Sanderson wings	4.37	4.61	4.35	4.85	3.79	-13.2%
Sanderson thighs	2.88	2.88	3.02	3.93	3.19	10.8%
Chicken leg quarters - 1lb.	1.22	1.13	0.94	1.05	1.55	27.3%
Portion chicken wings 1lb.	1.94	1.84	2.00	1.73	1.35	-30.6%
Whole wings - 1lb.	2.12	1.93	1.98	1.88	2.02	-4.3%
US drumstick - 1lb.	1.88	1.83	1.36	1.45	1.11	-41.1%
Sanderson boneless breast -1lb.	8.10	8.26	8.05	7.40	7.40	-8.6%
Tyson Cornish hen - 2pk	13.57	13.73	13.50	14.38	14.19	4.5%
Drumsticks per lb.	2.06	1.91	1.84	1.76	1.60	-22.3%
Wings per lb.	1.90	1.48	1.09	1.39	1.41	-25.5%
Young duckling - 1lb.	5.16	5.26	5.20	5.17	4.96	-4.0%
Chicken feet - 1lb.	2.12	2.14	2.10	2.02	1.99	-5.9%
Whole wings - 1lb.	1.99	1.54	1.51	1.35	1.46	-26.5%
Chicken gizzard	1.74	1.71	1.52	1.38	1.48	-14.9%
Average price	**3.47**	**3.43**	**3.32**	**3.37**	**3.24**	**-6.7%**
Annual variation		-1.3%	-3.2%	1.6%	-4.0%	

Source: Department of Statistics

Price variation between 2015 and 2019 on Abaco's local and whole chickens seems to be stable (-1.5%). Three products have increased in price: chicken leg quarters - 1lb. (27.3%), Sanderson thighs (10.8%) and Tyson Cornish hen-2pk (4.5%). However, the other imported poultry products seem to be experiencing a price drop. In summary, almost half of poultry products (8/17) have had a price decrease of more than 12%, which suggests that the market is more subject to dumping risks by large agricultural corporations.

The average annual price variation of poultry for 2015-2019 (-1.72%) is far below inflation (1.58%).

Figure 8. Poultry - average price index, 2015-2019



4.2.3 Agricultural sector trends

4.2.3.1 Climate change impact

Environmental and climate issues may put agricultural productivity at further risk, and further increase its vulnerability to external shocks. Disasters occurring at greater frequency and intensity can cause political instability, which compounds the issues further. Climate change, including variability and extremes, is a pervasive source of risk to agriculture.

Unfortunately, The Bahamas is no stranger to disaster, and has proven its vulnerability, recently with Hurricane Dorian, which completely destroyed everything on its path through Abaco and Grand Bahama islands.

Agribusiness will face challenges as never before if climate change impact is not better understood and no steps are taken towards appropriate solutions. The industries in the sector cannot continue “business as usual”. They need to adapt to change (particularly extreme wind or flood), and be more proactive in the implementation of risk mitigation measures, as traditional risk assessment falls short or becomes obsolete in the face of a new climate reality.

There is a large number and variety of measures or actions that could be undertaken in agriculture to adapt to climate change. The adoption of technological innovations such as hydroponics is one of the most advocated strategies in agriculture for adaptation to climate change. Capital requirements for new technologies are a barrier to improving the agribusiness value chain, especially for young people.

Table 18. Agricultural climate change risk characterization[25]

Hazard exposure	Impacts	Adaptation measures
Hurricanes / tropical storms	– Damage to crops – can lose part or all of their production. – Damage to transport linkages and market infrastructure – Damage to storage, refrigeration, and processing facilities – Damage to irrigation infrastructure	– Hurricane resilient building design and infrastructure. – Extreme event risk exposure coverage must be promoted through parametric insurance and other schemes – Building design standards (flood prone areas, building code, setbacks, etc.). – Drainage and watershed management to reduce flooding and erosion risks – Diversification to hydroponic agriculture – Move farmed areas inland. – Revert to more natural vegetation that provides storm surge protection such as mangroves and wetlands. – Increase cultivation of tubers (hurricane resistant) – Strengthen irrigation infrastructure through embankments, gabion walls, burying of exposed pipes, etc.
Flooding and high winds	– Damage to crops – Damage to crops by wind	– Explore alternative crops, and/or different varieties that are more resistant to floods. – Hydroponic production is less vulnerable to natural hazards such as hurricanes, flooding and drought as it is not dependent on rainfall. In case of natural disasters, plastic infrastructure and equipment could be dismantled and saved. Improve flood protection infrastructure (primarily levees or upstream dams). – Plant and harvest early, when possible, to reduce crop losses.

Risk management is a key climate change adaptation strategy. As presented in table 18, adaptation measures can take many forms, and they may support MSMEs in adapting their practices to the impact of climate change, modifying infrastructure to withstand more frequent flooding, or protecting water resources and coastal areas against rising sea levels; depending on climate change challenges (threats of reduced productivity and lost investments) and opportunities (business diversity, new crop types and varieties) that MSMEs faces.

4.2.3.2 Consumption patterns

Traditionally, a Bahamian diet is characterized by a large consumption of highly processed and fried foods, fatty meats, and sweet snacks and beverages, that is to say high in saturated fats and simple carbohydrates, and low in complex carbohydrates and fibre. Consumption patterns are similar among all social classes, with an average expenditure of 35% on animal products, 13% on cereals, 12% on fruits, 10% on sugars and 9% on vegetables.[26] Bahamians consume too few fresh fruits and vegetables – average consumption was one per day (2012).[27] The external media heavily influences food preferences and tastes, and there is a reduction in the use of traditional foods.

4.2.3.3 Consumer trends

Bahamian consumers are moving toward a greater health awareness (around 25% of consumers are willing to pay premiums for quality over price), which leads to a need for more transparency

[25] Carlos Puig and Ujala Qadir, "Increasing the Resilience of MSMEs in the Caribbean to Climate and Disaster Risks", 2018, Groupe Baastel sprl – Nira.
[26] FAO – Ministry of Health & MAMR. "The National Food & Nutrition Security Policy and Agenda for Action"; December 2017.
[27] The STEPS survey of chronic disease risk factors.

and information about food in order to ensure that their buying habits align with their personal values. As part of this trend, consumers look for new products that were not part of their traditionally diet, such as ginger and garlic, as well as have increased their demand for domestic products, since these are perceived as more organic than imported products. Official certification will be needed and supplemented to create transparency and trust, therewith justifying the higher prices on domestic products. Also, food habits of the Bahamians are influenced by the overnight tourism market, which has a huge tendency towards more natural, organic, and vegan products.

4.2.3.4 Technology and innovation

Technology is pushing agricultural sector innovation through precision farming, optimizing yields and resiliency through soil and yield mapping, precise forecasting of weather and disease, and machine automation through GPS, mobile devices, robotics, sensors and the internet of things.[28] As agroindustry becomes more technologically advanced, it also sets a higher bar, as greater amounts of investment in skills and technology are required.

In a country like The Bahamas, where more than 70% of the farmers are over 60 years old, where prioritizing the entry of young people into the agricultural sector is a necessity, and where the impact of climate change will have a strong impact as it is in the Caribbean hurricane belt, the incorporation of new techniques is unavoidable, and investment in technology and in new ways of doing appears undeniable.

4.2.4 Trends and strategic challenges for The Bahamas by demand-side drivers

Drivers (brakes) by market share	Changes and trends	Strategic challenges of action for The Bahamas
Demographic growth and transformations	– With a population of 395,360, the national market is becoming more demanding and sophisticated – Significant growth (7% annually) in the tourism sector – 6,1 million arrivals, of which 1.89 million are high-end, overnight visitors. – 75% of the farmers are more than 60 years old. – The agroindustry is changing, which will impact market quality exigencies: o In 2017, implementation of the Food Safety Modernisation Act (FSMA). o In 2020, traceability will be mandatory in several agro segments.	– Demand for quality agriproducts is very significant in the national market and tourism sectors (freshness/proximity).. Bahamian producers need to offer products that respond well to the consumer concerns implementing FSMA and traceability. – Import substitution requires high-quality products, and there is a need to enforce grades and standards, which implies training and technology transfer, and improvement of short-term storage facilities to ensure that the quality of the product is maintained.

[28] Yuan, “2016 Analysis of New Patterns and Future Trends in Agriculture” AgroNews.

Drivers (brakes) by market share	Changes and trends	Strategic challenges of action for The Bahamas
Growth and economic transformations	– Over the past few years, the agri-food trade deficit fluctuated around B$ 550-600 million, or $1,480 per capita. – End of barriers and quotas in the midterm, with the entry into the WTO. – Limited national food production capacity and dependency on food imports.	– Implement a systemic approach to promoting strategic products domestically and internationally (native products) in market niches where there are competitive and comparative advantages. – Strategies to reduces dependency on imported produce needs to be implemented, to intensify crop production and increase vegetables and fruit production to ensure it meets and matches quality standards similar to or better than imports.
Values, tastes, preferences, and ways of life	Differentiation of products / niches: Healthy living concerns – healthy diet: – Fight against obesity; – Concerns about the control of hypertension (cardiac risk), insulin (diabetes): balanced diet, control of fats, sugar, salt in products – Increase in prevalence rates of hypersensitivity to allergens and precautions to avoid them: information required; products guaranteed "without". Environmental concerns: – Strong rise of "bio / organic" products; – Concern for non-polluting inputs and processes (water, air, and climatic impact) and non-destructive / natural environments; – Fighting waste of scarce resources and pollution by consumption choices and purchasing behaviour: limiting the energy consumed in the value chain (production, transport and carbon emissions, distribution); – Packaging: recyclable / lightweight Ethical concerns: – Ethical treatment of animals (gavage, slaughter techniques, breeding) and the rise of vegetarianism; – Waste of food. Socio-ethical concerns: – The fight against poverty, unacceptable working conditions (in particular child labour), inequity with regard to gender.	– Consumer is knowledgeable, wants to know, to verify, and have confidence in information on the origin of food, exact composition, production processes, environmental impact. – Need to inform the buyers / consumers – useful for communication / promotional investment. – – There is a challenge to respecting the regulatory requirements WTO, to be able to produce / manufacture products that meet the requirements associated with the trends identified: imperative challenges in the inputs used, processes, etc… in relation to the characteristics and expectations of the international application. –

4.2.5 Market demand and sector trends – highlights

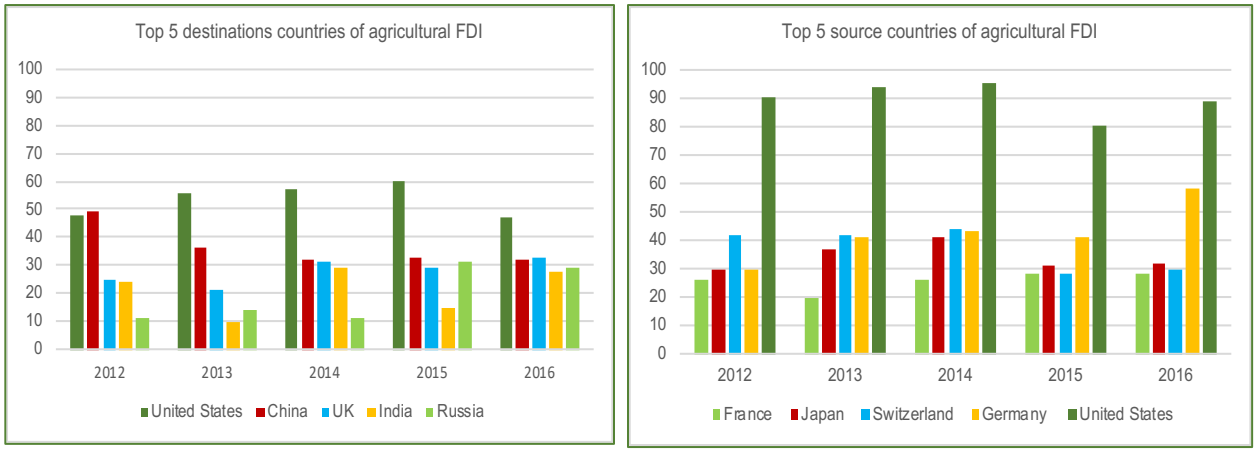
- In recent years, the agri-food trade deficit represents around B$ 550-600 million, imports represent more than 90% of the country's needs.
- The local agricultural production only supplies 8.8% of the market needs.
- The sector potentially constitutes an important possibility for the diversification of the economy, as there are ample import-substitution opportunities.
- Entry of young people into the agricultural sector must be prioritized by facilitating investments in new technology (guarantee funds, …) that allows productivity gains, mitigation of climatic and disease risks, and overall competitiveness.
- Limited domestic investments considering the import substitution potential.
- Agricultural investments linked to the tourism sector are not exploited to their full potential.
- Poultry and some specific crops are protected by relatively high duties, and the average import duty for agricultural commodities is 20.5%.[29]
- National market becoming more demanding and sophisticated. Strong rise of fresh, greens and "bio/organic" products – proximity.
- No information on agricultural commodity production or prices is collected or disseminated to market players.

4.3 Global agroindustry FDI trends and drivers

4.3.1 FDI trends

An analysis on the global FDI activity in the agricultural sector (under fDiMarkets.com), shows that the typical FDI project profile in the agricultural industry brings about US$ 40 million in capital expenditures, creating an average of 172 jobs. Between 2012 and 2016, FDI invested US$ 96 billion in this sector, and created over 400,000 jobs globally.30

Figure 9. Top source **and destination countries of agricultural FDI by number of projects**



Source: Investment Consulting Associates (ICA), based on fDiMarkets.com data

[29] Agricultural Policy Reports, "Agricultural Policies in The Caribbean. A Regional Analysis", 2018. IDB
[30] Based on an analysis done on the global activity of the agricultural sectors under the fDimarkets.com database. The search category is called "Food and Tobacco," which best encompassed agroindustry activity.

Main FDI motivations in the agricultural sector point to market growth potential as the principal motive behind a project. Other motivations include proximity to markets or customers, as well as regulations and business climate. To a lesser degree, skilled workforce, infrastructure, and logistics are influential.

Table 19. Main global FDI projects span subsectors

Industry subsector	2012	2013	2014	2015	2016	Total
Fruits, vegetables and specialty foods	9.93%	12.98%	14.69%	9.46%	10.76%	**11.65%**
Dairy products	11.32%	10.43%	11.07%	8.82%	8.61%	**10.03%**
Sugar and confectionary products	12.24%	8.51%	8.59%	9.89%	9.20%	**9.61%**
Grains and oilseed	11.09%	11.49%	9.54%	7.31%	8.22%	**9.49%**
All other food	6.93%	7.23%	7.82%	9.46%	10.96%	**8.53%**
Food and beverage stores (food and tobacco)	8.08%	7.66%	6.87%	7.10%	8.22%	**7.57%**
Animal food	2.31%	5.53%	6.68%	9.46%	8.02%	**6.49%**
Bakeries and tortillas	6.00%	5.11%	6.49%	6.24%	5.87%	**5.95%**
Animal slaughtering and processing	5.08%	5.11%	5.15%	6.67%	5.48%	**5.49%**
Crop production	7.39%	4.68%	4.01%	4.73%	5.09%	**5.12%**
Snack foods	4.16%	4.89%	5.53%	3.87%	4.11%	**4.54%**
Coffee and tea	3.93%	2.55%	1.91%	3.23%	2.74%	**2.83%**
Animal production	1.85%	3.83%	2.10%	2.80%	2.54%	**2.62%**
Seafood products	2.08%	2.77%	2.67%	2.37%	1.96%	**2.37%**
Seasonings and dressings	2.54%	2.13%	1.91%	1.72%	3.13%	**2.29%**
Tobacco	2.31%	2.13%	2.48%	1.51%	2.54%	**2.21%**
Food services	1.15%	1.49%	1.72%	3.66%	1.57%	**1.91%**
Wholesale trade (Food and tobacco)	0.46%	1.28%	0.57%	1.51%	0.59%	**0.87%**
Fishing, hunting and trapping	1.15%	0.21%	0.19%	0.22%	0.39%	**0.42%**

Overall, the industry has seen a slight growth in the average number of projects and capital expenditure per year over the last five years. After a hiccup in 2013, the average yearly job creation has increased as well. That said, average capital expenditure and job creation per project have declined slightly.[31]

4.3.2 Global drivers

According to a brief literature review, and on the opinions expressed during the interviews with private and public sectors, the most relevant explanatory factors of localization decisions for foreign investment in agribusiness can be broken down into three categories:

- First, those related to access to resources; It can be mainly for the firm to integrate and secure upstream into its globalized supply chain regular access to a key agricultural input that plays an important role in the differentiation of its product. In this case, the key location factors are those which make the production area a place with an appropriate combination that is sufficiently distinct from climatic features, soils, geomorphology of available land, and hydrology, to obtain an agricultural product advantageously differentiated, and that is little or moderately substitutable because of this provenance (e.g. cascarilla[32]);
- Second, those related to market access. In this case, the agribusiness firm must: (a) ensure access to the input / agricultural product in the vicinity of the markets it serves; or (b) whose

[31] Puig Carlos, Investment Consulting Associates (ICA), Haiti Sector Identification, ¨*Agroindustry Sector Report*¨, 2017.
[32] A herb used as a bitterness agent in Campari Liquor.

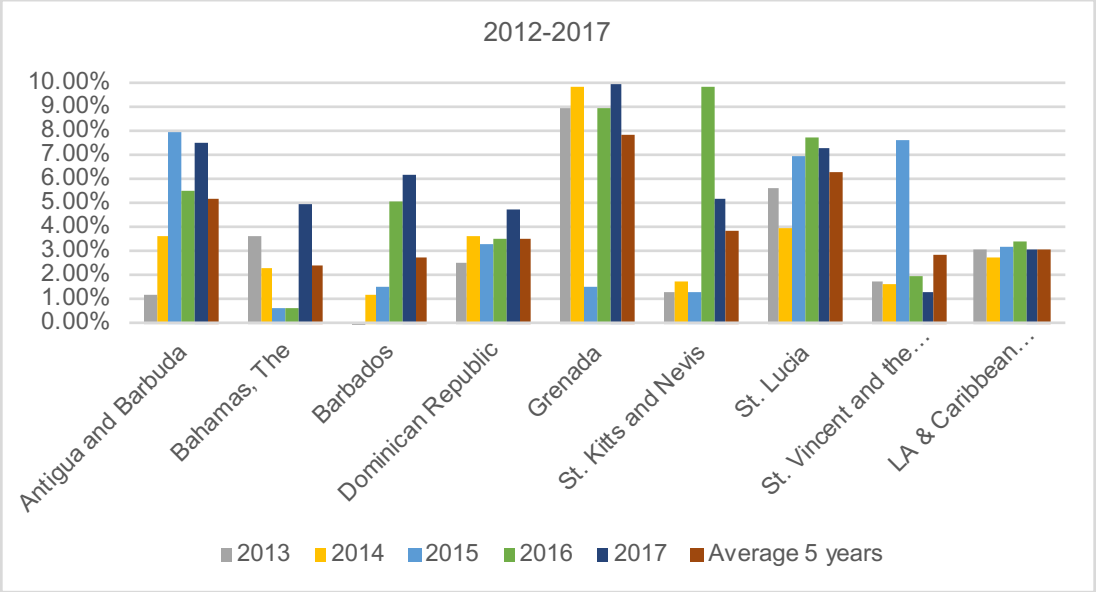
provenance allows the company to benefit from entry advantages via preferential tariffs and quotas. Therefore, because of the generally perishable and bulky characteristics of agricultural products, many agro-industrial plants and smaller-scale agro-processing enterprises tend to be located close to their major sources of raw materials. Consequently, their immediate socio-economic impacts tend to be exerted in rural areas.

- Thirdly, for the two preceding categories of factors to be fully decisive, they must be reinforced by reception and operation conditions sufficiently favourable and competitive for the foreign investors. In this case, a decisive factor may be access to land tenure and the legal property protection, but also the business environment such as the quality of the logistical infrastructure, applicable taxes, etc.

4.3.3 Foreign direct investment (FDI) in the Caribbean

Receiving very high levels of FDI flows in some Caribbean economies compared to the size of their GDP is extremely important. During the 2012-2017 period, this has been particularly the case in Grenada, with an average growth of 7.8%, St. Lucia 6.28% and Antigua and Barbuda 5.13%. At the same time, the ratio of FDI inflows to GDP for Latin America and the Caribbean was 3.06%, and The Bahamas 2.41% (World Bank).

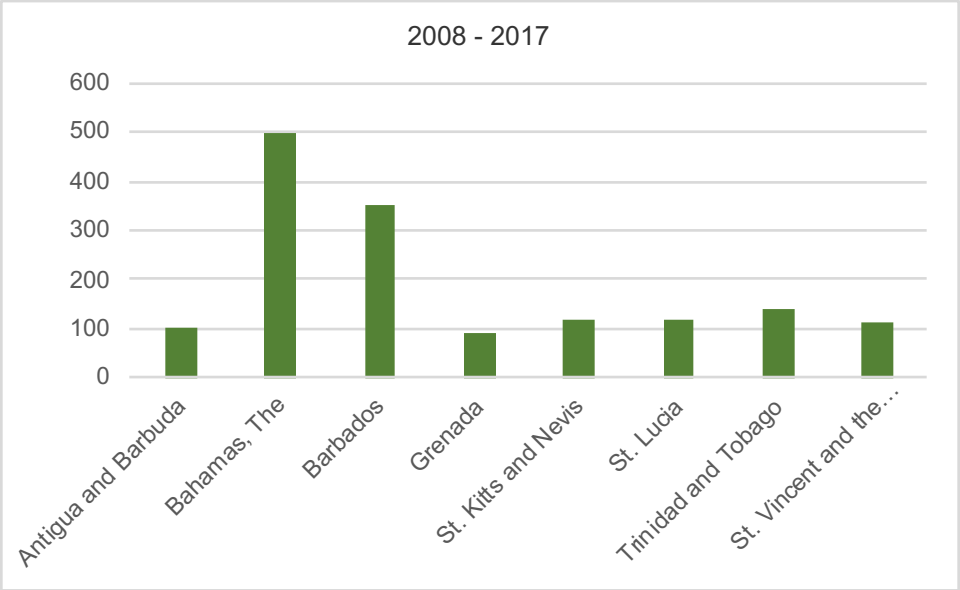
Figure 10: FDI as percentage of Caribbean economies' GDP, 2012-2017



Source: World Bank

Compared to neighbouring islands in the Caribbean during the last decade, The Bahamas ranks highly in terms of overall levels of FDI. With the exception of Dominican Republic, The Bahamas has attracted more FDI than other high-income island economies in the Caribbean from 2008 to 2017.

Figure 11. Average annual FDI net inflow into Caribbean islands in US$ millions, 2008-2017



Source: World Bank

4.3.3.1 Caribbean food-related FDI projects

According to the information collected in FDI markets, there were ten food-related FDI projects in the Caribbean from 2013 to 2017, creating over 2,000 jobs and bringing roughly USD 470 million in capital investment. Thus, the average project created over 200 jobs and brought about 47 million USD in capital investment.

Table 20. Caribbean food-related FDI projects 2013-2017 (FDI markets)

Destination country	No of projects	Total new jobs	Total capital expenditure (millions USD)
Dominican Republic	4	950	230.5
Cuba	4	837	189.3
Haiti	2	261	58.2

Source: fDi Markets 2017

While Cuba and the Dominica Republic take the largest share of projects, Haiti also features as a destination for food-related FDI, benefitting from 58.2 million USD of capital investment and 261 new jobs. However, the capital expenditure per project is lower for Haiti than for its two counterparts.

The two projects in Haiti were a cigarette manufacturing plant and a poultry processing plant. The Dominican Republic projects were related to fruit farming and production, fisheries, and even a headquarters facility for regional commercial operations. Cuba's projects span from meat processing, to liquor sales, bottled water, and even a Nestle plant. [33]

Based on Caribbean exports in 2019, there are 31 potential FDI food-related projects in the Caribbean region.

[33] fDi Markets 2017

Table 21. Caribbean potential for food-related FDI projects [34]

Destination country	No of projects	FDI origin countries	Products
Belize	4	USA, Spain	Coconut, grains, sugar cane
British Guyana	2	Malaysia, St Lucia/local	Palm oil, rubber and soy, processed sauces
Dominican Republic	3	Spain, Switzerland, Colombia	Juices, organic fruits, distribution
Haiti	5	Jamaica, USA, Brasil, local	Tobacco, cocoa, organic fruits, poultry, jatropha
Jamaica	2	Switzerland, local	Dairy, pasture
Suriname	3	Netherlands, India	Coconut, cocoa, jatropha
Trinidad and Tobago	2	Guatemala, UK	Sugar, palm oil, cocoa, lime.

Source: Author based in Caribbean Export Development Agency

In Belize, a US company has established a new coconut plantation, including a processing facility to create coconut value-added products such as packaged coconut water. A Belizean firm and an American-based firm plan to invest US$ 15 million and create 23 jobs for processing grains including corn and beans. A Spanish company plans to invest US$ 71million in a sugar plantation and create 458 jobs.

British Guyana have a major investment project with a Malaysian company. It envisions to eventually invest US$ 500 million in Guyana's agricultural and forestry sectors, covering palm oil, rubber, and soy, among other crops.

In the Dominican Republic, a Spain-based producer and distributor of food and beverage products for hotels has expanded its manufacturing facility for juices, cocktails, slushes and dry products. A Colombian company that produces and sells packaged food products is to invest US$18.52 million to expand its production and storage capacity, creating 500 jobs. A Switzerland company will source organic fair-trade fruit from several farmer associations, and export it to the company's operations in Europe and the US.

In Haiti, a Jamaican company that manufactures cigarettes is to invest US$ 11.53 million to establish a manufacturing plant. A Brazilian food processing company is to build a complex for creating and processing poultry. A US company wants to plant jatropha in a joint venture to refine it into a high-quality B100 biodiesel in the US. A US company that processes mangoes, coconuts, pineapple, figs and other organic certified fruit wants to expand. A chocolate manufacturer is seeking to expand its production capacity to meet the growing demand for its product.

In Jamaica, the Switzerland-based food giant Nestle has expanded its manufacturing facility with an investment of US$ 8 million. The company has installed an additional production line at the facility, which will increase production of the company's Supligen brand, a milk-based drink. Minard Estate Farms is planning a pasture improvement project in order to improve productivity, output, and profitability of its 1,600-acre farm.

In Suriname, a Netherlands company has set up a coconut and coconut bi-product production plant. An Indian company plans to acquire land in Suriname to grow jatropha for biodiesel feedstocks on a 50,000 hectare (123,553 acres) plantation; and a third company have a cocoa processing plant project.

In Trinidad and Tobago, a UK company is looking to establish a cocoa processing facility in Trinidad. A Guatemalan beverage producer plans to invest US$ 50 million, a proportion of

[34] Data on investment expenditure and jobs very partial to be able to consider.

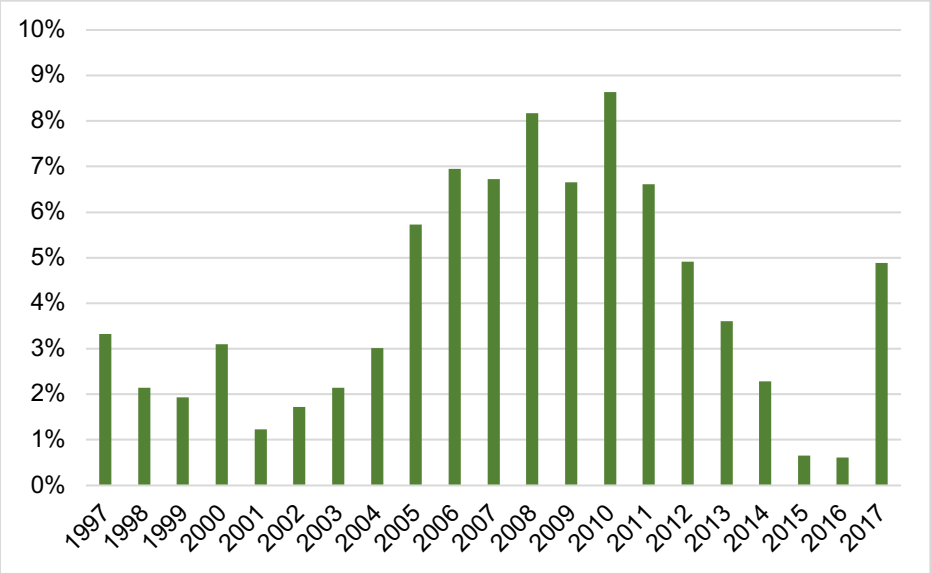
which will be used to establish a sugar refinery and a palm oil and lime plant to serve the Caribbean region.

4.3.3.2 Foreign Direct Investment (FDI) in The Bahamas

In The Bahamas, the tourism sector attracts the majority of FDI inflows, primarily reflecting investments in real estate coming from China, who has become a major player in the financing of new infrastructure projects in the country, the United States, and Canada.

During the 1997-2017 period, The Bahamas received on average 4.25% of its GDP in FDI annually.

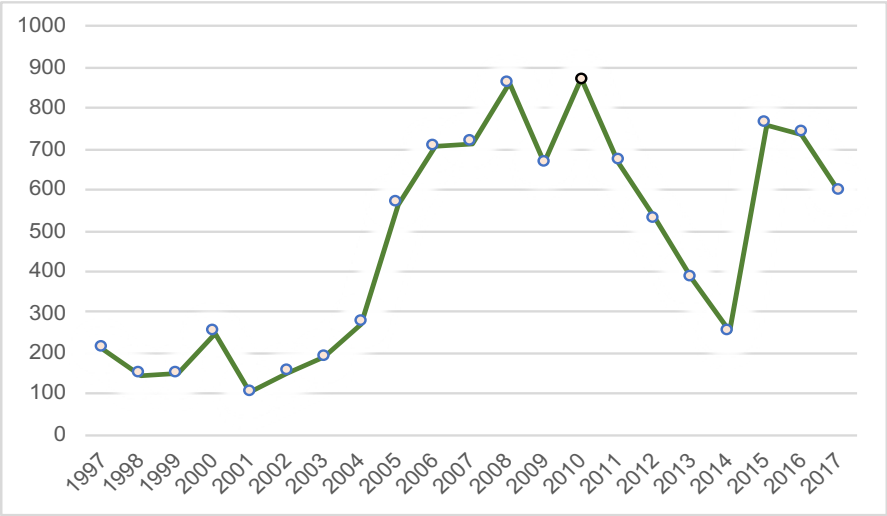
Figure 12. The Bahamas – FDI as % of GDP 1997-2017



Source: World Bank

FDI flows into The Bahamas fell sharply over the 2010-2014 period. Nevertheless, FDI rebounded strongly in 2015, and dipped in 2017 mainly due to the opening of a *Baha Mar* megaresort, completing a huge investment in the tourism sector.

Figure 13. The Bahamas – FDI net inflows in millions US$, 1997-2017



Source: World Bank

Bahamas: FDI in the agribusiness sector

In The Bahamas, there is no official record that reports on the domestic investments made in the agricultural and livestock sectors.

The Bahamas Investment Authority (BIA) is the institution that approves the investment projects in the agricultural sector (prerequisite for all investments in the country) other than the MAMR Land Unit (land for farmers).

All non-Bahamians or permanent residents seeking to do business in The Bahamas must obtain prior approval from the Bahamas Investment Authority (BIA). According to the BIA database, in the last fifteen years there have been 12 investment projects approved in the food, agricultural and livestock sector, totaling more than $65,8 million (excluding the fishing sector).

The main approved investments ($50.3 million) are linked to the tourism sector, and the investments are mainly made in the construction of tourist infrastructure (hotels, condos, marinas, etc.), with related assets on farms for their own organic vegetable/fruit crop production and animal husbandry.

Table 22. FDI investments in the agricultural sector approved by BIA for the 2004-2019 period (September)

Island	#	FDI Type of investment	Investment B$
New Providence	1	*Aquaponic.* New build – 15,000 sq. ft greenhouse, organic vegetable farming for the domestic market	750,000
	2	*Island Hop Brewery*. New production – craft brewery for domestic market.	2,275,000
	3	*Couture Des Iles*. E-Commerce – Approval for permanent residents of The Bahamas to sell straw bags and other straw products via the Internet	0
Grand Bahama	4	*Grand Palm Beach Acquisitions Ltd*. Second phase – 3 hotels, condo hotel, marinas, golf and organic farming for the domestic market. Tourist market with organic products	2,800,000
	5	*Gulf Coast Company Ltd*. New business – Collecting aggregate excavated by Bahama Rock, and production of pea rock using excavated aggregate	1,200,000
	6	*Agricultural Enterprises Dev. Ltd*. Commercial Enterprise Act. Existing farm partnership for two-year pilot project (palm oil/fruit and nut farm) for export	100,000
	7	*Bahamas Golden Harvest Ltd*. New business – Approval for a joint venture agreement to produce eggs and conduct other farming, including chicken feed, cash crops, and citrus for the domestic market.	150,000
Eleuthera	8	*The Ocean Ltd.* New build – Agreed to IPL Permit to acquire 22.6 acres of land in Greogry Town for the development of a lobby, restaurant, gym, spa with hyperbaric oxygen therapy; a 24-room hotel; 36 villas; a 42-unit condo building with two penthouses; staff residence; pools, sport facilities, and an aquaculture and hydroponics farm.	15,000,000
	9	*The Philautia.* New build – Approved to develop a 20-room boutique hotel to include 15 stand-alone units, natural medicine and wellness facilities, restaurant, bistro, and other amenities at Governor's Harbour, and an organic farm and animal husbandry 31acility at Hatchet Bay.	30,000,000

Abaco	10	*Jewel Eco Lodge Ltd./Bahama Shores LLC.* New build – 23 room boutique hotel and farm. Tourist market and vegetable/fruit crops.	2,500,000
Andros	11	*Caribbean Broilers Bahamas Ltd*. Bahamian owned business approved to acquire leased Crown Lands in Andros and Eleuthera (100 acres ea.) for construction of a poultry broiler, feed supply and a New Providence (20 acres) distribution center.	8,000,000
	12	*Big Island Farms Ltd.* Big Island Farms – Broiler Project	3,000,000
		Total FDI	**65,775,000**

4.3.4 FDI highlights

- The Bahamas ranks highly in terms of overall levels of FDI, predominantly in the tourism and financial sectors.
- The Bahamas Investment Authority (BIA) uses *pull strategy* to get investment projects (domestic and FDI), mainly through country branding recognition – investors come to BIA with their project proposal.
- Agricultural sector needs *push strategy* to develop potential investment projects by selecting specific value chains to target potential countries / investors (FDI) and pursue them.
- Limited domestic investments in comparison to the import substitution potential not addressed in the sector.
- Agricultural investments linked to the tourism sector are not exploited to their full potential.
- Agriculture Investment Single Window System. The country would win to set up a single window system to handhold domestic and foreign investors keen to invest in The Bahamas agricultural sector. A platform to provide investors a single point of entry for information and support to locate their operations, creating linkages to the appropriate regulatory agencies using one interface.

4.4 The Bahamas business climate performance

This section presents diagnostic elements on the business environment in The Bahamas related to “governance performance”, “ease of doing business”, “ease of trading”, and “logistics sector performance”. These are major determinants of trade competitiveness. They are therefore critical for diagnosing investment and trade. They are subject to statistical monitoring with well-established benchmarking tools available online, provided by the World Bank (WB) and The Organisation for Economic Co-operation and Development (OECD).

4.4.1 Governance index (WB)

The Worldwide Governance Indicators (WGI) reports aggregate and individual governance indicators for over 200 countries and territories for six dimensions of governance:

A- Voice and accountability – Citizen participation, independent media
B- Political instability and violence – Threat of state coup
C- Government effectiveness – Quality of civil service
D- Regulatory burden – “Market-unfriendly” policies

E- Rule of law – Perceptions of crime, effective judiciary, enforceable contracts
F- Corruption – Perceptions of corruption

The six composite WGI measures are useful as a tool for broad cross-country comparisons. They are based on over 30 individual data sources produced by a variety of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms. Improving the governance environment will to attract more FDI.

The individual governance indicators are measure on a scale of 100.

Table 23. Worldwide Governance Index – Selected Caribbean countries, 2017

Countries	A. Voice and accountability	B. Political stability and absence of violence	C. Government effectiveness	D. Regulatory quality	E. Rule of law	F. Control of corruption
Barbados	84.24	80.95	77.4	70.67	75.48	89.42
Bahamas, The	74.88	82.38	73.08	58.65	60.1	83.65
St Kitts and Nevis	78.82	68.1	71.63	71.63	70.67	68.75
St Lucia	77.83	71.43	64.9	65.38	72.6	71.15
Dominica	75.37	67.62	42.79	59.13	75	73.56
Grenada	71.92	85.24	45.67	53.95	66.35	67.31
Antigua and Barbuda	68.47	72.38	54.33	63.94	66.33	62.98
Dominican Republic	52.22	39.52	38.94	52.88	36.06	24.52
Haiti	26.11	20.95	0.96	8.17	12.5	10.1

Source: World Bank *Worldwide Governance Indicators 2017*

Colours scale				
		81-90		41-50
		71-80		31-40
		61-70		21-30
		51-60		11-20
				0-10

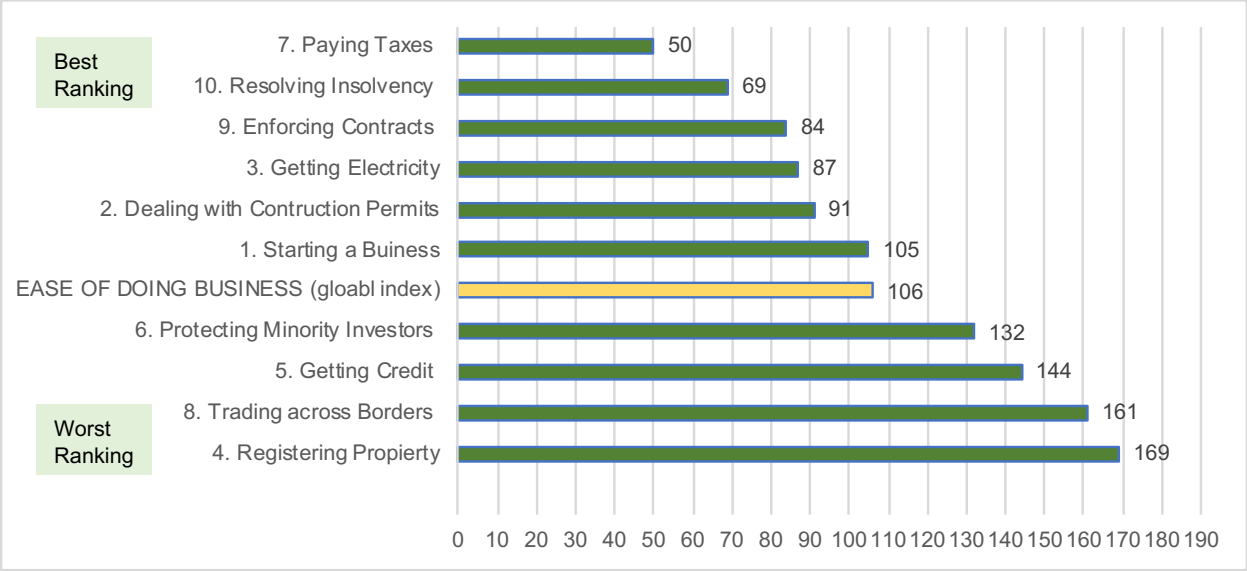
The Bahamas is one of the countries that rank best in the Caribbean region benchmark, excelling in political stability and absence of violence, in control of corruption, as well as in government effectiveness voice and accountability. The WGI is a very important FDI reference.

4.4.2 Business facilitation index (WB)

According to the World Bank's 2019 *Ease of Doing Business* survey, which ranks the economies on their ease of doing business, The Bahamas currently ranks 118th out of the 190 countries. The tool index ranks ten main topics (each consisting of several indicators), giving equal weight to each topic. The performances obtained according to these indicators have a very strong influence on investment, including FDI.

International investors consider evaluating and comparing the ease of doing business across countries among their criteria. These indicators are one of the starting points for identifying areas of action to improve the legal environment, public governance, etc. The real issue affecting these sectors is the high cost of doing business, where domestic players may not be able to withstand foreign competition.

Figure 14. Ease of Doing Business – The Bahamas' rank according to business indicators (WB – 2019)



Source: World Bank *Doing Business 2019*

It is also notable that The Bahamas' current ranking of 118/190 represents a sharp decline from its position of 55/181 in the 2009 survey.

The Bahamas is underperforming relative to other Caribbean economies.

Table 24. Ease of Doing Business in selected Caribbean countries, 2019. Benchmark ranking on the main evaluation index

Country	Easy of doing business	Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Jamaica	75	6	76	115	131	12	89	123	134	127	33
Dominican Republic	102	117	80	116	77	112	83	148	63	149	124
Dominica	103	69	82	50	168	144	99	75	89	83	134
Trinidad and Tobago	105	76	125	41	158	60	57	166	130	174	77
Antigua and Barbuda	112	131	97	63	120	161	99	144	108	34	132
Bahamas	118	105	91	87	169	144	132	50	161	84	69
Barbados	129	101	154	114	129	144	168	93	132	170	34

Source: World Bank *Doing Business 2019*

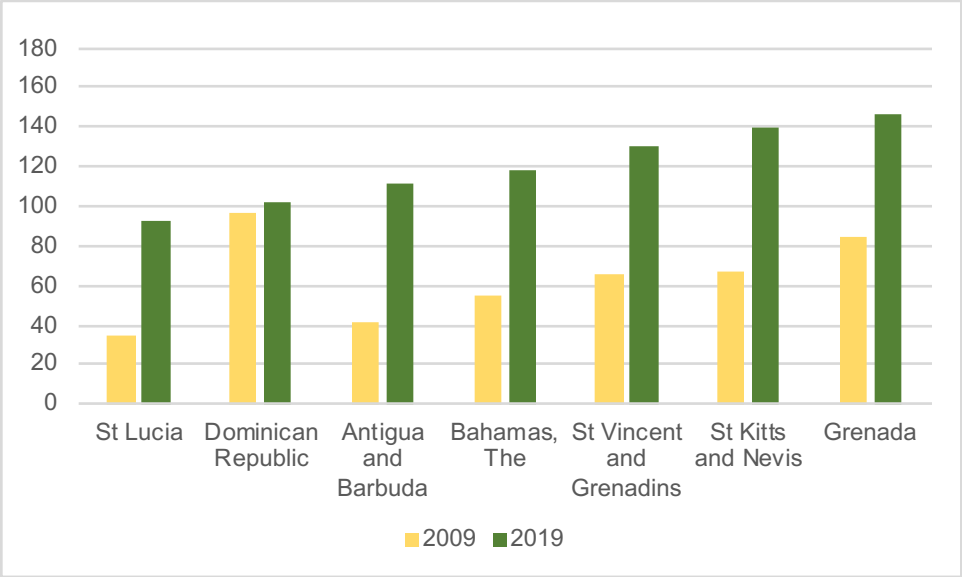
Colour scale
- 1-30
- 31-70
- 71-130
- 131-190

The Bahamas' comparative rank had a better performance with regards to the ease of paying taxes, enforcing contracts, getting electricity, and construction permits. However, the country has

had a poor performance in registering property, high costs of cross-border trade, getting credit, as well as insufficient protections for minority investors. The real issue is the high cost of doing business, so that domestic players will not be able to withstand foreign competition.

Furthermore, all Caribbean countries' rankings has fallen sharply between 2009 and 2019. The Bahamas has fallen from 55/181 in 2009 to 118/190 in 2019, mainly in the 'trading across borders' and 'getting credit' categories. On the other hand, the country ranks relatively highly in terms of the simplicity of its tax system.

Figure 15. Ease of Doing Business – Selected Caribbean countries' ranks according to WB's *Doing Business Index*, 2009 – 2019



Source: World Bank *Doing Business 2009 and 2019*

4.4.3 Trade facilitation index

The OECD's website offers a tool for the measurement and benchmarking of trade facilitation indicators, listed in the table below. Some of them overlap with the World Bank's Logistics Performance Indicators, but others cover different dimensions. The OECD's Trade Facilitation Indicators are:

- A- Information availability
- B- Involvement of the trade community
- C- Advance rulings
- D- Appeal procedures
- E- Fees and charges
- F- Documents
- G- Automation
- H- Procedures
- I- Internal border agency co-operation
- J- External border agency co-operation
- K- Governance and impartiality

It is interesting to benchmark the Caribbean countries' rankings (plus Canada as an advanced economy) to compare their performance against the trade facilitation index.

Table 25. Trade Facilitation Index (OECD) – Scores for seven Caribbean countries (+ Canada)[35]

Indicators	Canada	Dominican Republic	Trinidad and Tobago	Dominica	Jamaica	Bahamas, The	Barbados	Antigua and Barbuda
Average trade facilitation performance	1.72	1.10	1.04	0.83	0.78	0.73	0.72	0.69
A- Information availability	1.86	1.30	1.20	0.90	0.90	0.75	0.80	0.71
B- Involvement of the trade community	1.86	1.38	1.29	1.60	1.25	0.83	1.00	1.00
C- Advance rulings	1.55	1.00	1.43	0.29	0.25	0.00	0.57	0.00
D- Appeal procedures	1.54	0.73	1.33	1.86	1.56	1.71	0.78	0.86
E- Fees and charges	1.79	1.14	1.15	1.36	0.85	1.17	1.18	1.17
F- Documents	1.88	1.78	1.38	1.00	0.44	1.38	1.38	1.13
G- Automation	1.50	1.00	0.91	0.33	0.73	0.33	0.56	0.44
H- Procedures	1.86	1.33	0.79	0.65	1.04	0.43	0.59	0.50
I- Internal border agency co-operation	1.60	0.55	0.64	0.55	0.64	0.30	0.18	—
J- External border agency co-operation	1.46	0.46	0.46	0.18	0.10	—	—	—
K- Governance and impartiality	2.00	1.44	0.89	0.44	0.89	0.38	0.13	0.44

Table 26. Trade Facilitation (OECD) – Ranks for seven Caribbean countries (+ Canada)[36]

Indicators	Canada	Dominican Republic	Trinidad and Tobago	Dominica	Jamaica	Bahamas	Barbados	Antigua and Barbuda
Average trade facilitation performance	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
A- Information availability	1	2	3	4	4	6	5	7
B- Involvement of the trade community	1	3	4	2	5	7	6	6
C- Advance rulings	1	3	2	5	6	7	4	7
D- Appeal procedures	4	8	5	1	3	2	7	6
E- Fees and charges	1	6	5	2	7	4	3	4
F- Documents	1	2	3	5	6	3	3	4
G- Automation	1	2	3	6	4	6	5	7
H- Procedures	1	2	4	5	3	8	6	7
I- Internal border agency co-operation	1	3	2	3	2	4	5	—
J- External border agency co-operation	1	2	2	4	5	—	—	—
K- Governance and impartiality	1	2	3	4	3	5	6	4

[35] Source: OECD - Indicators on Trade Facilitation; extraction and compilation by the author.
[36] Source: OECD - Indicators on Trade Facilitation; extraction and compilation by the author.

It is interesting to perceive that countries can perform at dissimilar levels according to the index, regardless of their ranking based on their average performance. The tool makes it possible for each country to highlight the aspects that it would be most useful to improve, and to target the appropriate measures to be undertaken.

The benchmark suggests that The Bahamas gets a better performance in appeal procedures, documents, and fees and charges, but underperform in all of the other indexes.

4.4.4 Logistic performance index

The logistical performance of a country can be surveyed by the World Bank's "Logistic Performance Index" (LPI) online dedicated tool. It measures performance along the logistics supply chain within a country, and offers two different perspectives: international and domestic.

The domestic LPI looks in detail at the logistics environments in 100 countries – unfortunately The Bahamas is not part of these countries. International LPI is an interactive benchmarking (160 countries) tool to support countries in identifying the challenges and opportunities they face in their performances on trade logistics.

International LPI provides qualitative evaluations of a country in six areas by its trading partners – logistics professionals working outside of the country.

The Bahamas' LPI ranking has declined over the 2012-2018 period, confirmed by five of the six indicators for which data is available, as shown in Table 27 It should be noted that in 2014, The Bahamas improved its position compared to in 2012, in all areas except tracking and tracing, moving from position 80/160 to 66/160. Nevertheless, since 2014, the country has remarkably lost its ranking position to place 112/160 in 2018. Only customs can be said to be more or less sustained.

Table 27. The Bahamas – Evolution of international logistic performance index ranking, 2010 to 2018

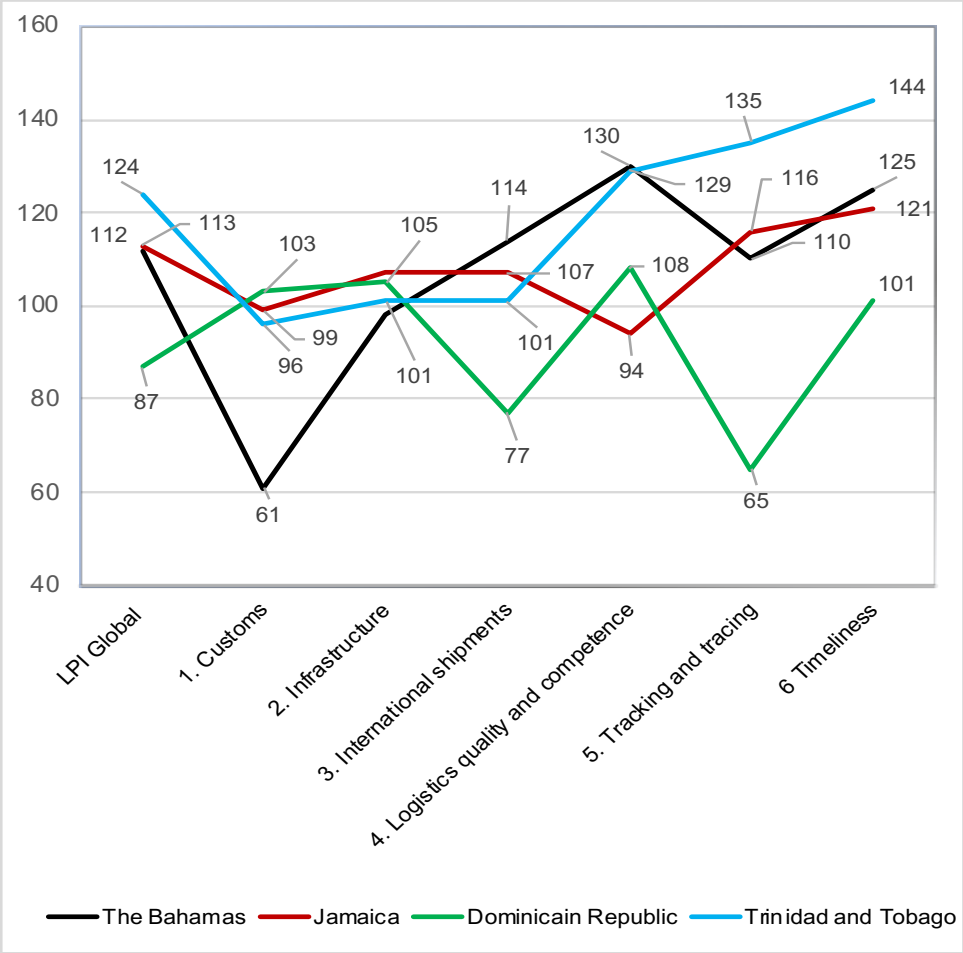
LPI international	2012	2014	2016	2018
LPI global	**80**	**66**	**78**	**112**
1. Customs	57	45	72	61
2. Infrastructure	66	65	68	98
3. International shipments	81	63	79	114
4. Logistics quality and competence	80	64	73	130
5. Tracking and tracing	87	99	87	110
6. Timeliness	98	72	105	125

Source: World Bank LPI

4.4.4.1 The Bahamas international logistic performance index benchmark

The LPI indicators can be benchmarked between countries in order to identify the main weaknesses or delays that need to be addressed to improve their competitive position. It is simply a matter of identifying the biggest gaps in terms of the different indicators that can do the most harm at the competitive level. These measures also provide a basis for establishing the expected results that should be attached to a specific objective of improving capacity and logistics performance.

Figure 16: Logistic performance index benchmark: The Bahamas, Dominican Republic, Jamaica and Trinidad and Tobago (2018)



Source: World Bank LPI

The Bahamas' LPI aggregated rank for 2012–2018 has been 90, in comparison Jamaica's 111, Trinidad and Tobago's 127, and the Dominican Republic's 86.

The Bahamas performs better than the three benchmarked countries in customs and infrastructure, and is well positioned in tracking and tracing, and timeliness. On the other hand, there seems to be a need for the improvement of logistics quality and competence, and international shipments.

4.4.4.2 Domestic logistics

Various local companies provide inter-island connectivity via the sea. The Mailboat Company Ltd., based in New Providence, is The Bahamas' largest domestic shipping distribution network. Another leading local transportation company is Bahamas Ferries. This company provides state-of-the-art vessels that connect the major Family Islands of Abaco, Andros, Eleuthera, Exuma, Grand Bahama, and Long Island. It services ten destinations throughout the islands, offering passenger and freight services. Various independent mail boat operators who are all heavily

subsidized by the government service other islands throughout the country.[37] Shipment of goods and food items freight are also subsidize with a maximum charge[38] per shipment.

Efficiency of inter-island transportation is crucial in The Bahamas, since a large part of the agricultural production is concentrated in the Family Islands, while consumption takes place mostly on New Providence and Grand Bahama islands. Despite government support, the inter-island shipments make Bahamian producers lose much of the competitive advantage they would normally accrue in competing with a foreign import.

4.4.5 Preferential trade agreements

The Bahamas is a member of the Caribbean Community (CARICOM), and participates in CARICOM's Council for Trade and Economic Development (COTED), which is responsible for the promotion of trade and economic development of the Caribbean Community. The COTED oversees the CARICOM Single Market and Economy (CSME), of which The Bahamas is not a member, as well as the application of the Common External Tariff of the CSME, to which The Bahamas does not apply.

- Canada trade and development agreement. The Bahamas, as a CARICOM Member State, negotiated a free trade agreement with Canada to replace the CARIBCAN unilateral preference agreement. CARIBCAN is the economic, trade and development assistance program for Commonwealth Caribbean countries and territories, which allowed unilateral extension by Canada of duty-free access to the Canadian market for most goods originating in Commonwealth Caribbean countries.
- United States Trade and Investment Council (TIC). The Bahamas actively participates in the TIC to promote trade relations between CARICOM countries and the United States of America.
- Economic partnership agreement (EPA). The Bahamas, a CARIFORUM[39] member, signed an economic partnership agreement (EPA) with the European Union (EU) in October 2008. It is the first and only reciprocal agreement that The Bahamas has signed. The EPA replaced the EU's unilateral preference scheme for the African, Caribbean and Pacific (ACP) bloc under the Cotonú Agreement. This establishes, among others, that agricultural goods originating in the CARIFORO states have duty-free and quota-free access to the European market in the following ways:
    - CARIFORUM progressively reduces tariff duty rates on imports from the EU over a 25-year period;
    - The EU reduces tariff duties on exports from CARIFORUM to zero over a 25-year period.
    - CARIFORUM and the EU provide greater market access to countries signed on to the EPA.
- World Trade Organization (WTO). The Bahamas has observer status in the WTO. It is the only country in the western hemisphere that is not yet a member of the organization. In 2001,

[37] Inter-Insular Mail Shipping Act. An act to make better provision for an inter-insular shipping service and for the transport of mail thereby

[38] Mailboat freight list maximum charges at:
https://forms.bahamas.gov.bs/documents/TRANSP_Freight%20List%202007.pdf

[39] CARIFORUM refers to the Body comprising Caribbean ACP States which are signatories of the Georgetown Agreement. This Agreement was signed in 1975, and it created the African, Caribbean and Pacific group of states (ACP). The grouping is composed of 79 African, Caribbean and Pacific states. All participating states in CARIFORUM, with the exception of Cuba, are signatories to the ACP-EU partnership agreement or "Cotonou Agreement" and the EPA, respectively.

The Bahamas applied to become a member of the WTO and is negotiating its incorporation. But in order to integrate, the government must ensure that its legal and regulatory framework is compliant with WTO rules, and the operations of certain institutions will have to be modernized, including the Customs Department, the Registrar General's Department, and the Ministry of Agriculture[40].

- As part of the negotiations with the WTO, the GOB is seeking to negotiate a tariff rate quota for 14 sensitive[41] agricultural products, with the aim (during the grace period) of strengthening the national value chains to be more competitive before becoming a full open market with no import tariffs.

  Once the negotiations have been completed, the finalized negotiated commitments on goods and services will be included in The Bahamas' "accession package". In addition to the negotiated commitments on goods and services, the accession package will include the government's commitment to being bound to the rules contained in the WTO Agreements.

  The Government of The Bahamas has set a target date of late 2019 or early 2020 to complete its WTO accession negotiations, to coincide with the 12th WTO Ministerial Conference.

4.4.6 Legislation and investment incentives

Bahamas Investments Authority (BIA). The Government of The Bahamas (GOB) has as one of its goals to encourage and facilitate business activity. Operating from the Office of the Prime Minister, the Bahamas Investment Authority (BIA) was established to reduce bureaucratic delays for domestic and international investors as a "one-stop-shop", and serves as the administrative arm of the National Economic Council and Investments Board, which are divisions of the Ministry of Finance.

All non-Bahamians or permanent residents seeking to do business in The Bahamas must obtain prior approval from the Bahamas Investment Authority (BIA). A minimum capital investment of B$ 500,000 is required, and the proposed investment must not be in an area reserved for 100% Bahamian participation, such as wholesale and retail operations[42] (despite the fact that the largest wholesaler is a foreign company), as other specific areas of business are expressly reserved for Bahamians.[43]

The BIA has prioritized, among others, the agroindustry and food processing as the main sectors to be targeted for foreign direct investment.

Investment proposal. An international investor seeking to implement a business in The Bahamas should submit a project proposal to the BIA for approval, containing a business profile of the proposed FDI, including: type of business – whether a shared company, partnership, individual, or joint venture; principals–investors, major beneficial shareholders; proposed location; land requirements; start-up date; employment projections – number of Bahamian and non-Bahamian employees; management/personnel requirements – years of experience, training and work permits[44] for key personnel; financial arrangements for project, including bank reference;

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[40] Bahamas Trade Info.
[41] Tomato, onion, cabbage, cucumber, sweet pepper, hot pepper, pumpkin, sweet potato, banana, pineapple, mango, watermelon, papaya.
[42] International investors may engage in the wholesale distribution of any locally produced product .
[43] See Appendix II "Specific areas of business expressly reserved for Bahamians" for more details.
[44] Necessary work permits for key personnel will be granted. Businesses requiring permits for persons other than key personnel are encouraged to consult BIA in advance.

environmental impact – toxic waste, disposal procedures, toxic input; total capital investment in project with a breakdown of items and start-up costs[45].

Application for permission to purchase or acquire real property. A permit to acquire property is required by all non-Bahamians acquiring an interest in land, if the property is undeveloped land with two or more adjoining acres. A permit is also required if the intended use is not as an owner-occupied property.

As mentioned above, The Bahamas Investment Authority harnesses a pull strategy to attract investment projects (domestic and FDI), relying on country branding recognition – investors come to BIA with their project proposal for approval.

4.4.7 Assessment of the investment regime in The Bahamas

A number of laws provide special concessions or incentives for agribusiness investments. Farmers need to be registered to benefit from any concessions (January-December 2018, there were 444 registered farmers). The following is a summary of laws that provide special concessions or incentives (see Appendix I for more details):

- The Tariff Act. Allows for customs duty exemption on specified raw materials, supplies and equipment for agriculture, floriculture, horticulture, fisheries, forestry, …
- The Agricultural Manufacturers Act. To encourage the development of agricultural products by providing customs duties exemptions on machinery, tools, fixtures and supplies.
- The Industries Encouragement Act. Provides duty-free concessions for the importation of machinery, raw materials, and building supplies for manufacturing entities, in addition to an exemption from real property tax for a 15-year period.
- The Export Manufacturing Industries Encouragement Act. Customs duties exemptions extended to 25 years on raw materials and factory equipment for approved manufacturers whose goods are primarily manufactured for export.
- The Spirits and Beer Manufacture Act. Duty-free import of raw materials and equipment for the manufacture of spirits, beer and wine.
- The Bahamas Free Trade Zones Act. Designates areas within The Bahamas as free industrial and commercial zones. The Bahamas Agricultural and Industrial Corporation (BAIC) manages the free industrial and commercial zones. Currently, there are three free trade zones: Soldier Road Industrial Park; Gladstone Road Agro-Industrial Park; and The Bahama Craft Center.
- The Hawksbill Creek Agreement Act. Allows the Port Area, that is the free trade zone of Freeport, Grand Bahama, freedom from all taxes until 2015, and from excise taxes, stamp duties, and most customs duties until 2054.
- Family Islands Development Encouragement Act. Provides duty concessions on the importation of building materials, equipment, and supplies for commercial and/or residential developments on specified Family Islands.
- Family Islands Economic Enterprise Zones Act. Encourages the establishment of economic enterprise zones in designated Family Islands by granting certain exemptions and fiscal incentives to persons engaging in such enterprises.
- The Hotels Encouragement Act. Provides duty-free entry of approved construction materials, furnishings, and fixtures for hotel development as well as exemption/concession from real

[45] Minimum investment is $ 250,000.

property tax for the first twenty years of operation of a hotel/resort. Hotels with as few as four guest rooms on a Family Island, and those with a minimum of ten rooms in New Providence, qualify for concessions under the Hotels Encouragement Act. The Act has been amended to also include shops and restaurants that have a touristic component, and entertainment facilities.

- The City of Nassau Revitalization Act. Provides incentives and duty concessions in connection with the restoration, repair, and upgrade of buildings, commercial and residential, in the City of Nassau.
- The Bahamas Investment Incentives Act, to encourage the establishment, conduct and expansion of enterprises and investment in designated areas of the Islands of The Bahamas by the granting of certain exemptions and fiscal incentives to persons engaging in such enterprises or investment.
- Commercial Enterprises Act. Work permits for senior management or in-house professionals

Other concessions may be granted under the heads of agreement following discussions between a developer and relevant officials within the BIA, with the participation of the Prime Minister.

4.4.8 Taxation and business licences

4.4.8.1 Taxation

Citizens of The Bahamas and resident aliens receive the same tax benefits as Bahamians:

- No income, capital gains and inheritance taxes for all who conduct business or reside in The Bahamas.
- Value Added Tax (VAT) of 7.5% on certain goods and services.
- A business license tax for companies conducting business in The Bahamas.
- A 10% government tax (stamp duty plus VAT) on property and mortgage transactions, and a tax on real estate.
- Real property taxes between 0.625% and 1.5% of the property value.
- National insurance contributions.

Companies in The Bahamas pay business license fees, stamp duty, property taxes, and import duty. Usually, offshore or non-resident incorporated entities are exempt from business license fees and many are exempt from stamp duty. Most companies pay incorporation or registration fees to the government.

Effective July 1, 2015, businesses falling within the category of agricultural and animal husbandry/mixed farming, fishing/fish farms, and food/meat/food processing are taxed at a flat rate of 0.75%.

The Bahamas has no restrictions on current account transactions, nor any restrictions on the repatriation of profits.

4.4.8.2 National insurance contributions.

Under the National Insurance Act, national insurance is mandatory and administered by the National Insurance Board (NIB). All employers and employees (including the self-employed) must register with NIB and pay national insurance contributions. This is, effectively, The Bahamas' social security program.

Contributions are deducted from employees' salary and must be remitted to NIB by the employer on a monthly basis. The deduction is mandatory even for non-resident employees. The law

currently requires a contribution in the amount of 5.9% of an employee's weekly salary, with the employer contributing 2% and the employee contributing 3.9%. The weekly ceiling total contribution is B$ 600, and the monthly ceiling contribution is B$ 2,600.

4.4.8.3 Business licence

Businesses operating in The Bahamas are required to obtain an annual business licence[46] from the Business Licence Unit (BLU), a division of the Ministry of Finance. The BLU works in conjunction with the BIA. The BLU requires an annual business licence application for each "area of business", and the entity will receive a distinct licence for each area (B$ 100.00 application fee). Businesses with a turnover of over B$ 100,000 must submit financial statements certified by a qualified accountant in support of the renewal application.

4.4.9 Business climate highlights

- The Bahamas excels in the region for its political stability, corruption control, taxes, enforcing contracts, and customs.
- On the other hand, there seems to be a need for improvement on getting credit, registering property, protecting minority investors, logistics quality, information availability, and procedures.
- The Bahamas is negotiating its incorporation to the WTO and has set early 2020 as its goal to complete its WTO accession negotiations. As part of the negotiations with the WTO, the GOB is seeking to negotiate a tariff rate quota for 14 sensitive[47] agricultural products, with the aim (during the grace period) of strengthening the national value chains to be more competitive before becoming full open markets with no import tariffs.
- The BIA has prioritized, among others, the agroindustry and food processing as the main sectors to be targeted for foreign direct investment.
- A number of laws provide special concessions or incentives for agribusiness investment. Farmers need to be registered to benefit from any concession.
- Citizens and resident aliens receive the same tax benefits. Basically, there is no income, capital gains and inheritance taxes for all who conduct business or reside in The Bahamas.

4.5 Agriculture sector SWOT analysis

Strengths	Weaknesses
– Political stability, economy and currency pegged to US$, reliable banking system, corruption control, and low-tax regime with sound business-enabling policies and openness to the world; – A large number of laws provide special concessions or incentives for agribusiness investments.	– Agricultural output has had a constant downward trend, reaching B$ 29.7 million in 2018. – Dependence on food imports – imports make up over 90% of the country's fresh agricultural needs, to the tune of B$ 289.7 million. – The local agricultural production only supplies 8.8% of the market needs, and if we consider processed foods, this drops to 4.4%.

[46] Under the Business License Act.
[47] Tomato, onion, cabbage, cucumber, sweet pepper, hot pepper, pumpkin, sweet potato, banana, pineapple, mango, watermelon, papaya.

– Citizens and resident aliens receive the same tax benefits. Basically, there is no income, capital gains and inheritance taxes. – The Bahamas ranks highly in terms of overall levels of FDI, predominantly in tourism and financial sectors. – The BIA is established for domestic and international investors as a "one-stop-shop".	– The main crops and livestock produced reflect a pronounced productivity loss. Lack of technology. – Farming population is aging rapidly (70% are more than 60 years old). – Limited domestic investments considering the import substitution potential. – BIA uses pull strategy to obtain investment projects (domestic and FDI), due to brand recognition in these sectors. Agricultural sector needs a push strategy – go for investors. – No information on agricultural commodity production or prices is collected or disseminated to market players. – High inter-island transportation costs. – Disconnect between the tourism sector and agriculture.
Opportunities	**Threats**
– National market becoming more demanding and sophisticated. There is an opportunity for farmers to secure a larger share of the domestic market through import substitution. Strong rise of demand for "bio/organic" products. – Entry of young people into the sector must be prioritized by facilitating investments in new technology (guarantee funds, …) that allows productivity gains, mitigation of climatic and disease risks, and overall competitiveness. – Agricultural investments linked to the tourism sector are not exploited to their full potential. The tourism sector, which represents 75-80% of the GDP, is a main driver of the food service industry growing significantly (7%), with 6.1 million arrivals yearly, of which 1.89 million are high-end overnight visitors. This brings opportunities to increase agricultural production for the domestic sector, and to more closely link fresh and processed agricultural production with the tourism industry, bringing supply and demand together.	– 70% of the farmers are more than 60 years old – need to attract young people to the sector. – Capital requirements for new technologies are a barrier, especially for young people, to improving the agribusiness value chain. – As the climate changes, the industries in the sector cannot continue "business as usual" (imports competition). They need to be more resilient, and at the same time they need to gain in productivity. Investments in technology can provide a risk mitigation measure for both issues. – End of barriers and quotas in the midterm with the entry into the WTO. – The agroindustry is changing, which will impact market quality exigencies: • In 2017, implementation of the Food Safety Modernisation Act (FSMA). • In 2020, traceability will be mandatory in several agro segments.

5. SECTOR TARGETING STRATEGY

5.1 Key orientations for the targeting strategy

5.1.1 Main findings

- The Bahamas has a merchandise trade deficit of around B$ 3 billion (2017, 2018). Its merchandise exports are limited to around B$ 500 million, while its imports are in the B$ 3.5 billion range.
- Almost a quarter of this deficit (23.1% in 2018) comes from the agri-food product balance deficit, which is huge in relation to the total food consumption.
- In addition, the agri-food balance deficit has tended to increase in recent years (B$ 548 million in 2014 to B$ 609 million in 2018), driven by increased importation of agri-food products (from $ 620 million to $ 693 million).
- Imports of agri-food products are divided roughly 50/50 between prepared /processed products (B$ 353 million in 2018) and animal and plant products (B$ 340 million).
- While animal products imports have tended to be stable since 2015, vegetable imports have increased – from B$ 125 million in 2015 to B$ 164 million in 2018. It is important to note that in recent years, domestic vegetable production has stagnated in quantity (Table 29) and in value (Table 31).
- Hurricane Dorian had a devastating impact on infrastructure and agricultural production in September 2019.
- There is a great need and challenge to rebuild productive capacities in The Bahamas, but there is also an opportunity to focus on and invest in the adoption of more efficient agricultural technologies.
- The Bahamas' performance in domestic and international trade appears to be limited by its low relative performance in terms of logistics.

5.1.2 Proposed guidelines for the sector targeting strategy

Based on the sector profile findings, and in line with the IDB sectoral findings (2018), key action guidelines can be clearly identified, reflecting the country's comparative advantages in terms of its strengths and weaknesses, agri-food market trends (environmental, health, ethical concerns), and new production technologies:

- **Adopting a strategy oriented towards the substitution of food imports, and more specifically the import of fresh and green products:**
  - fresh products have a significant location advantage;
  - green products have promising market growth prospects;
- **Adopt innovative technologies, including greenhouse technologies, with high-performing small and medium-sized farms, and quality differentiated products targeting the domestic market and the tourism sector.**

At this stage, the strategic sector targeting work consists of five main steps to conduct a granular quantitative analysis to define and measure the import substitution potential for agri-food products. The steps are as follows:

1) Imports measurement by major agri-food products relevant for import substitution, and their composition by type of product;
2) Import substitution potential measurement and rating for fresh vegetable and live plants;
3) Import substitution potential measurement and rating for fruits;
4) Import substitution potential measurement for fresh/chilled meat and eggs; and
5) Summary of the targeting analysis' main results.

5.2 Measurement of main agri-food product imports' composition for potential import substitution

The annual imports commodity database (values, quantities) have 99 "chapters". Agri-food products are classified in the first 22 chapters[48]. In 2018, agri-food product imports reached B$ 678 million.

Six product chapters have had imports of more than B$ 50 million. First among them is Chapter 2 "Meat and edible meat offal" (B$ 94.4 million), while Chapter 7 "Edible vegetables & certain roots & tubers" comes in 4th place (B$ 65.1 million) and Chapter 8 "Edible fruits and nuts, peel of citrus fruit or melon" is ranked 7th (B$ 47.4 million). The detailed list of agri-food chapters (2018 value) is presented in Appendix V.

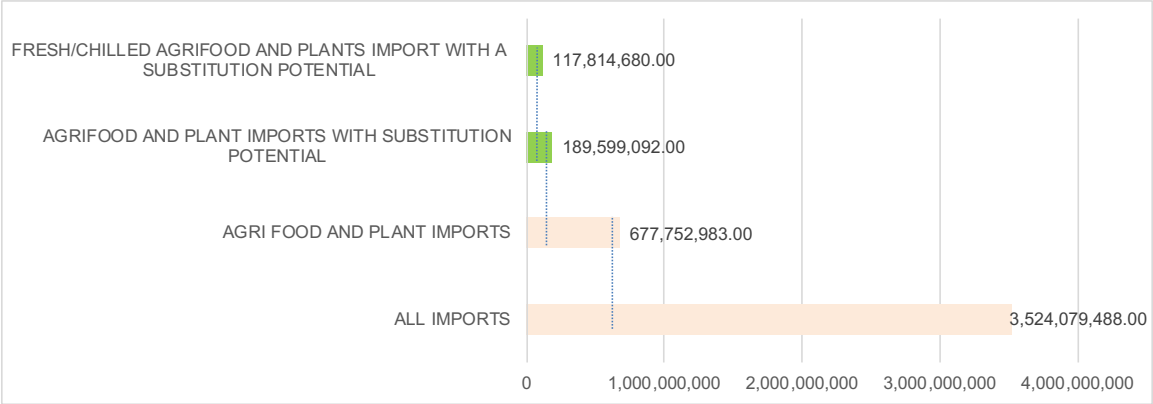
To identify the import substitution potential for fresh or processed vegetable and ornamental plants, it has been considered to analyse crops that are already produced in The Bahamas or crops that could be produced in fields, greenhouses or polytunnels, considering the climate and natural resources available[49]. The crops that could not be adapted to these production methods have been discarded, as well as those produced by highly intensive or extensive farming and agroindustry techniques (for example, imported meat from American or Brazilian conglomerates). Also, Chapter 3 "Fish and crustaceans, mollusks, and other aquatics invertebrates" is outside the study scope and has been excluded from this analysis.

In the end, the reduced list of relevant products represents a total potential value of B$ 189.6 million for agri-food and ornamental import substitutions, including B$ 117.8 million for fresh and chilled food products, and live plants. This potential substitution (B$ 189.6 million) accounts for over one quarter (28%) of total imports of agri-food products and ornamentals (B$ 678 million) (Figure 17).

[48] Specific products are identified within chapters by a code number (Harmonized System or HS) and are grouped under headings by categories or families of products. For example, the specific product "Hot peppers", identified by the code "07096020", is classified in the category "Other vegetables fresh or chilled", which is one of the 14 product categories included in "Chapter 7", entitled "Edible vegetables and certain roots and tubers". "Table salt", which is classified in Chapter 25, can be added to the list of agri-foods products.

[49] Appendix 1

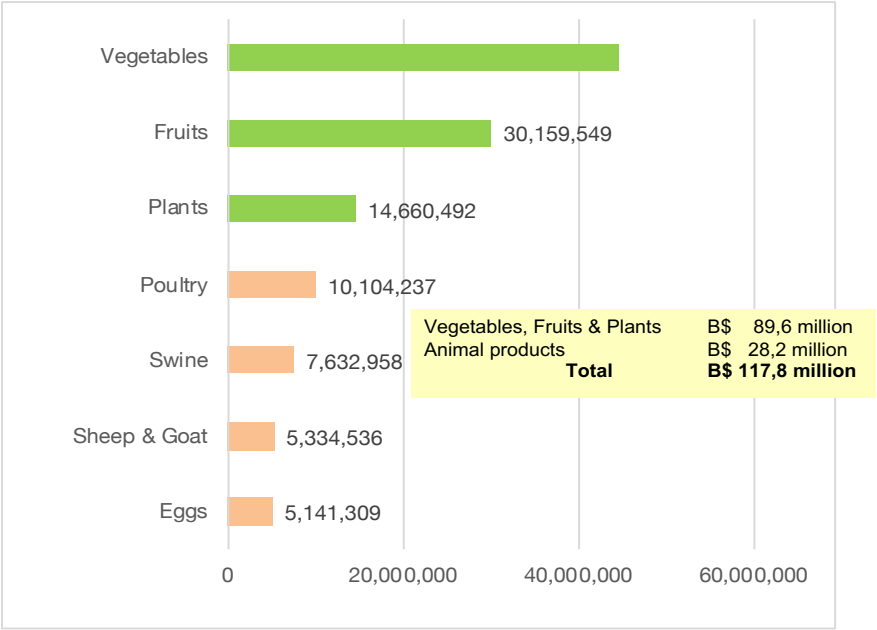
Figure 17. The Bahamas' imports (2018): Total agri-food and plant products with substitution potential (B$)



The B$ 117.6 million potential import substitution of fresh products represents four times the country's total estimated agricultural output value (B$ 29.7 million in 2018).

Vegetables represent the largest import substitution potential among fresh and chilled agri-food products (B$ 44.8 millions / B$ 117.6 million = 38%; 2018), followed by fruits (B$ 30.2 million) and plants (B$ 14.7 million). The potential for fresh animal products is lower: poultry (B$ 10.1 million), swine (B$ 7.6 million), sheep and goats (B$ 5.3 million), eggs (B$ 5.1 million), but jointly make up B$ 28.2 million, or nearly a quarter of the total substitution potential (24%) (Figure 18).

Figure 18. The Bahamas' food imports – fresh products with import substitution potential by major category 2018[50]



Improving domestic production of fresh agri-foods should be at the base of the import substitution and investor targeting strategy. Also, this could constitute a lever to develop

[50] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; compilation by the author.

business in value added products such as frozen, prepared, and processed foods. The potential for import substitution is proportionally lower for frozen, prepared and processed products than for fresh produce, but represents a current value of B$ 71.8 million (2018) (Table 28).

Investors may be interested in developing an activity of grouping different types of products (fresh, prepared, processed) within a specific category of products (including fresh and frozen vegetable or meat, as well as fresh fruits, fruit preparations, and fruit juices), targeting our needs to be open and receptive to this type of investor.

Table 28. Sizing for import substitution potential by major categories of agri-food products-Bahamas 2018[51]

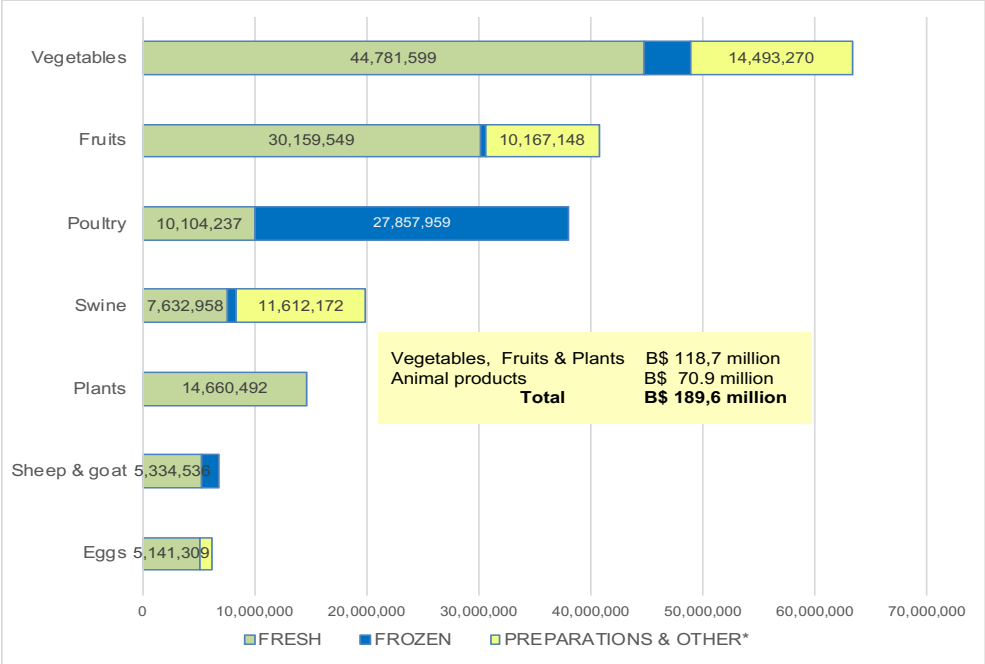
Product	Fresh	Frozen	Preparations & other*	Total
Vegetables	44,781,599	4,072,572	14,493,270	63,347,441
Fruits	30,159,549	408,686	10,167,148	40,735,383
Plants	14,660,492			14,660,492
Swine	7,632,958	675,832	11,612,172	19,920,962
Sheep & goat	5,334,536	1,493,327		6,827,863
Poultry	10,104,237	27,857,959		37,962,196
Eggs	5,141,309		1,003,446	6,144,755
Total	**117,814,680**	**34,508,376**	**37,276,036**	**189,599,092**

(*) incl. frozen juices, preserved products for immediate consumption, and honey

Figure 19 gives a direct view of the import substitution distribution potential by type of product (fresh, frozen, prepared, or processed) and by major agri-food product category.

[51] Source: Annual import data by commodity (eight–digit HS), Department of Statistics, Bahamas government; compilation by the author.

Figure 19. The Bahamas' selected agri-food products import substitution potential (2018)[52]



5.3 Import growth by major agri-food products with import substitution potential

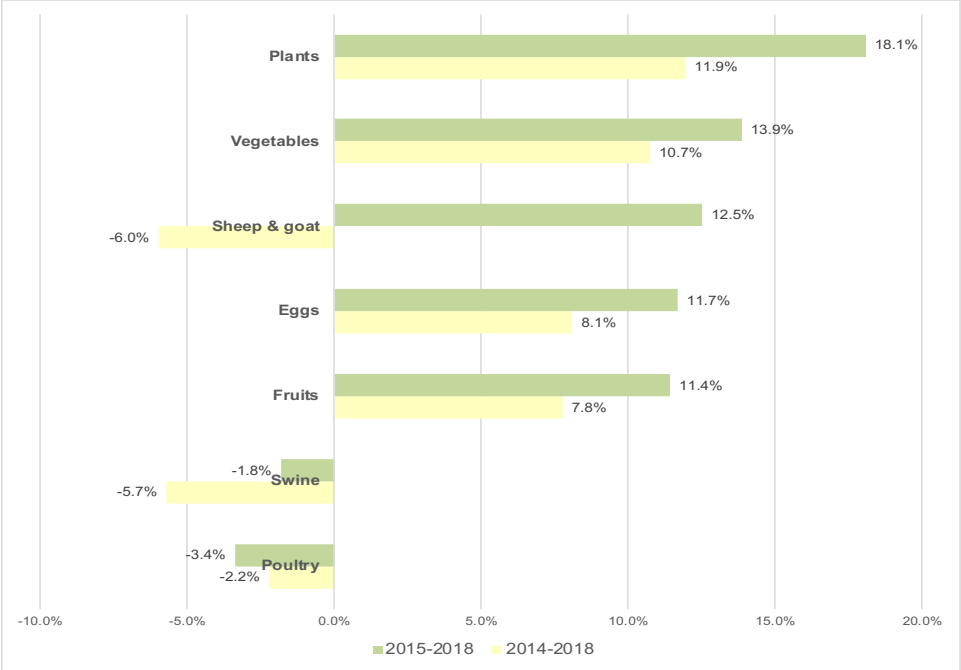
The 2018 import value by agri-food and ornamental products with import substitution potential provides a good basis for estimating this potential. That said, the performed granular import quantitative analysis leads to remark that there are significant disparities concerning the main product imports' growth trends when consolidating the data for specific agri-foods and ornamental products.

Considering reasonable the assumption that these trends are likely to continue in the medium and long term – in line with changing food preferences by consumers – the estimated sizing and ranking of products according to their import substitution potential must also take into account the average annual import growth rate of these products in the last years (2014-2018) as an additional indicator to the 2018 estimated value.

In fact, as shown in Figure 20, the majority of products with a substitution potential – plants, vegetables, fruits, eggs, sheep and goats – have experienced in recent years (2015-2018) a very high import growth rate. In contrast, the current import value of swine and poultry meat has declined significantly.

[52] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; compilation by the author.

Figure 20. Import growth by major agri-food products with an import substitution potential – average annual growth rate 2014-2018 and 2015-2018[53]



Import increases in vegetables (B$ 14.4 million), fruits (B$ 8.4 million) and plants (B$ 5.8 million), totaling B$ 28.6 million, are largely responsible for total import increases (B$ 30.1 million) of agri-food and plant products with a substitution potential in The Bahamas during the 2015 to 2018 period.

Import growth trends by product must be considered as strong indicator of domestic market trends when formulating the targeting strategy. Potential investors in the sector will consider this sort of data in making long-term decisions. In this case, we perceive that the high rate of import growth shows significant opportunities for plants, vegetables, eggs, fruits, sheep and goats.

During the 2015-2018 period, fresh product imports with potential for substitution have generally experienced a 10.3% average annual growth rate, higher than the 7.6% for preparations and processed products, which has itself been very strong. And while overall imports of frozen products have declined by 2.6%, that the import of frozen vegetables has increased by 5%, and swine by 3,5% (Table 29)[54].

[53] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; compilation by the author.

[54] Also, although the overall picture is quite similar when comparing 2015-2018 to 2014-2015, there are still some significant differences in the results, for example, for fresh and frozen sheep and goat.

Table 29. Imports of major agri-food products with an import substitution potential by type of product – average annual growth rates for 2015-2018 and 2014-2018[55]

2015-2018	Fresh	Frozen	Preparations & other*	Total
Plants	18.1%			18.1%
Vegetables	13.9%	5.0%	18.6%	14.2%
Fruits	11.4%	-6.6%	8.1%	10.3%
Sheep & goat	12.5%	-2.1%		8.6%
Eggs	11.7%		-6.7%	7.7%
Swine	-1.8%	3.5%	-1.0%	-1.2%
Poultry	-3.4%	-3.6%		-3.6%
Total	**10.3%**	**-2.6%**	**7.6%**	**6.9%**
2014-2018	**Fresh**	**Frozen**	**Preparations & other***	**Total**
Plants	11.9%			11.9%
Vegetables	10.7%	1.3%	17.0%	11.2%
Fruits	7.8%	2.8%	6.1%	7.3%
Eggs	8.1%		-5.8%	5.1%
Sheep & goat	-6.0%	21.6%		-2.3%
Poultry	-2.2%	-5.2%		-4.4%
Swine	-5.7%	11.5%	-5.1%	-4.9%
Total	**6.2%**	**-3.5%**	**4.5%**	**3.7%**

Overall, import growth data confirms the observed results. That is to say that the potential bulk for substitution is found in vegetables, fruits, and plants, rather than in meat and eggs. At a more detailed level, however, it can be noted that the growth data are also favorable for sheep meat, goat meat, and eggs, and of course for vegetables, fruits and plants as the star products.

5.4 Measurement and rating of import substitution potential for fresh or chilled vegetable products

Based on a finer and granular analysis of the import data, this section proposes a measure of the potential import substitution market for fresh food products and ornamental plants that would be suitable for The Bahamas' local supply expansion. A calculated score and rank for each agri-food product are presented.

[55] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; compilation by the author.

Scoring & ranking methodology

In a first step, two economic indicators are used to rate and prioritize the vegetable products according to their import substitution potential: (1) current import value for listed products (2018), which measures their size; and 2) the average annual growth rate (in %), which aims to capture the trend and the rate of change in recent years (2014-2018 or 2015-2018). In addition, the analysis considers the applicable import tariffs, to cover the extent to which the product is protected or exposed to international competition; the higher the tariff, the more there is a risk that it will be revised downwards during a new commercial negotiation. For each vegetable, the first two data sets are transformed into a score on a scale of 1 (lowest) to 10 (highest). An overall score is assigned to each product using a weighting factor of 70% for the value of substitutable imports, and 30% for their growth rate. A final score is measured by adjusting the overall score for the tariff. The products are then classified according to their score in order to establish a reference ranking between these products.

In a second step, other economic data related to the main crops and yields in The Bahamas are taken into account, such as the list of sensitive products identified by the government (in connection with WTO trade negotiations), as well as the list of products that are suitable for production in greenhouses and polytunnel cultivation. This analysis allows for highlighting some relevant considerations for the targeting strategy.

Interpretation of results.

It must be mentioned that “import data” is the most comprehensive, reliable, and well-tracked economic data in documenting the analysis. It is also relevant and useful to analyze and consider some “production” and “price” data, but with greater care in selecting the most reliable ones.

Finally, the products’ obtained potential market size ranking should not be interpreted as the main basis of strategic prioritization among these products. Indeed, all products that have a substitution potential sizeable enough to consider profitable investments in farms or greenhouses should be of investors’ interest, and should be promoted to potential investors. On the other hand, the data offer useful indications to the government for the formulation support programs, particularly in terms of investment financing and innovation promotion in the agricultural sector, the development of manpower training programs, as well as information and promotion to potential investors in the sector.

Table 30. The Bahamas - Size of potential market for improving domestic vegetable production: Scoring and ranking[56]

Products	Value/ B$ 2018	Annual growth rate value 2014-2018	Import tariff	Import substitution score	Import substitution rank
Lettuce	7,459,892	8.8%	5%	7.51	1
Tomatoes	4,363,881	-0.7%	10%	5.31	5
Other vegetables	4,070,202	16.7%	0%	7.10	2
Onions	3,470,309	1.2%	5%	4.94	6
Sweet peppers	2,954,531	-0.8%	5%	4.28	10
Mushrooms	2,944,754	27.1%	5%	5.99	3
Total (root)	2,340,638	10.9%	0%	5.40	4
Broccoli (headed)	1,832,979	13.2%	5%	4.47	7
Carrots	1,699,307	4.9%	5%	3.90	13
Cabbages	1,502,024	6.2%	5%	4.18	12
Celery	1,065,602	16.4%	0%	4.30	8
Sweet potatoes	1,061,886	8.6%	0%	3.70	16
Corn	920,730	20.7%	5%	3.71	15
Zucchini	872,475	14.3%	0%	3.30	25
Total (leguminous)	833,631	14.7%	5%	3.14	27
Beans	823,287	17.7%	5%	3.42	23
Garlic	811,117	13.9%	5%	3.14	27
Other brassicas (kale, collard greens…)	778,971	34.6%	5%	4.28	9
Cauliflower	750,902	26.3%	0%	4.20	11
Spinach	739,985	8.7%	5%	2.19	38
Asparagus	723,347	8.6%	5%	2.19	38
Yams	716,655	41.6%	5%	3.90	13
Cucumbers & gherkins	625,849	25.3%	5%	3.33	24
Cassava (manioc)	578,355	22.4%	5%	3.04	29
Hot peppers & other pimentos	534,404	28.7%	0%	3.50	22
Squash	531,192	31.1%	5%	3.61	17
Brussels sprouts	491,299	53.8%	5%	3.52	18
Eggplants	430,337	23.1%	5%	2.38	36
Leeks and other alliaceous vegetables	322,973	27.0%	5%	2.66	33
Okra	314,376	47.4%	5%	3.23	26
Thyme - bay leaves	300,845	54.1%	25%	2.78	32
Radishes	271,433	62.4%	5%	3.52	18
Other roots	230,108	34.1%	5%	2.95	30
Artichokes	157,073	54.7%	5%	3.52	18
Shallots	143,587	26.9%	5%	2.66	33
Other salads, beetroots	76,905	68.2%	5%	3.52	18
Pumpkin	73,561	31.6%	5%	2.95	30
Sesame seeds	63,237	22.1%	5%	2.38	36
Turnips	62,885	29.4%	5%	2.66	33
Other peas	7,672	-37.2%	5%	0.95	40
Pigeon peas	2,672	-4.2%	5%	0.95	40
Parsley, basil					
Total fresh and chilled vegetables	**44,781,599**	**10.7%**			
Total (brassicas)	5,356,175	16.4%	5%	7.41	2
Total (aliaceous)	4,747,986	4.5%	5%	5.89	5
Total Cucurbitaceae *(cucumbers excluded))*	1,791,604	23.1%	5%	5.04	8

[56] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product; compilation by the author.

The results presented in Table 30 illustrate the crops with the maximum potential and interest for the import substitution, which are:

1. Lettuce
2. Other vegetables
3. Mushrooms
4. Roots
5. Tomatoes
6. Onions
7. Broccoli
8. Celery
9. Other brassicas (kale, collard greens)
10. Sweet peepers

Table 30 illustrates that many products imported in smaller quantities, on the other hand, shown very high import growth rates in recent years. There is therefore a wide variety of niche products presenting opportunities for investors. Overall, a strong import growth trend can be perceived in a wide range of vegetable products.

Table 31 shows the main crops, the yield by crops, and the scoring and ranking results. There is therefore a need to focus more on products with import substitution potential in the agricultural sector strategy.

Table 31. Vegetable rankings for import substitution: Scoring, sensitivity to WTO negotiations, products adapted to technological improvements, and average yields[57]

Products	Import Substitution Score	Import Substitution Rank	Sensitive Products WTO (Bahamas Gov.)	MAIN CROPS Prod Quantity : rank & tons (FAO stat) 2017	Product adapted to greenhouse & polytunnel	YIELD Registred farmers B$ Prod Value/Ha (average 2016-2017)
Lettuce	7.51	1		8 (138 tons)*		27,231
Tomatoes	5.31	5		*1 (4178 tons)*		49,662
Other vege	7.10	2				
Onions	4.94	6		5 (1630 tons)**		18,662
Sweet pepper	4.28	10				14,247
Mushrooms	5.99	3				
Total (root)	5.40	4				
Broccoli (headed)	4.47	7				10,677
Carrots	3.90	13				16,210
Cabbages	4.18	12		4 (1659 tons)***		13,191
Celery	4.30	8				
Sweet potatoes	3.70	16		3 (2000 tons)		11,632
Corn	3.71	15				8,045
Zucchini	3.30	25				32,124
Total (leguminous)	3.14	27				7,809
Beans	3.42	23				2,965
Garlic	3.14	27				0
Other brassicas (kale, collard greens…)	4.28	9				117,684
Cauliflower	4.20	11				3,781
Spinach	2.19	38				185,329
Asparagus	2.19	38				
Yam	3.90	13				66,718
Cucumbers & gerkins	3.33	24				29,621
Cassava (manioc)	3.04	29		6 (1154 tons)		13,985
Hot pepper & other pimento	3.50	22				121,936
Squash	3.61	17				19,274
Brussels sprouts	3.52	18				
Eggplant	2.38	36				
Leeks and other alliaceous vegetables	2.66	33				
Okra	3.23	26		7 (488 tons)		33,405
Thyme - bay leaves	2.78	32				72,999
Radishes	3.52	18				
Other root	2.95	30				
Artichokes	3.52	18				
Shallots	2.66	33				
Other salad beetroot	3.52	18				6,324
Pumpkin	2.95	30		2 (2100 tons)*		15,259
Sesame seeds	2.38	36				
Turnips	2.66	33				
Other peas	0.95	40				
Pigeon peas	0.95	40		9 (123 tons)		2,972
Parsley, basil						75,178
Total fresh & chilled vegetables						
Total (brassicas)	7.41	2				
Total (aliaceous)	5.89	5				
TOTAL CUCURBITACEAE (cucumbers exclud))	5.04	8				

** lettuce & chicory*
*** dry onions & onions+shallots+green*
**** cabbage & other brassicas*
***** pumpkin, squash & gourds*

[57] Source: Annual import data by commodity (8-digit HS), Department of Statistics, Bahamas government; tariff data by product (BAH.GOV); FAO stats; Registered farmers data (Dept. of Stat); various data research; compilation by the author.

5.5 Measurement and rating of import substitution potential for fresh fruit products

Table 32. The Bahamas - Size of potential market for improving domestic fruit production: Scoring and ranking[58]

	Value B$ 2018	Value annual growth rate (2014-2018)	Import Tariff	Import substitution score	Import substitution rank
Oranges	3,540,721	9.7%	0%	5.80	1
Bananas	3,516,031	2.1%	0%	5.50	3
Limes	3,300,533	5.5%	0%	5.80	1
Plantains	2,190,856	1.6%	0%	4.50	7
Strawberries	2,188,164	2.5%	0%	4.80	5
Berries Rasp-black-Mul-Logan	1,676,871	7.5%	0%	4.40	8
Lemos	1,652,135	4.2%	0%	4.10	11
Watermelons	1,648,477	9.4%	0%	4.40	8
Cantaloupes	1,548,345	8.2%	0%	4.40	8
Pineapples	1,397,718	11.7%	40%	2.40	20
Grapefruits	1,352,307	27.4%	0%	4.90	4
Avocados	1,228,811	24.6%	0%	4.60	6
Mangoes	1,100,007	19.3%	5%	4.09	12
Honeydew	771,846	6.0%	0%	3.00	16
Kiwi	682,467	25.3%	0%	3.50	13
Coconut	658,452	24.5%	5%	3.04	15
Papaya	483,180	20.6%	0%	2.50	19
Plums & Sloes	427,904	10.7%	0%	1.90	21
Other tropic & subtropic fruits	366,431	34.2%	0%	3.10	14
Other melons	217,015	25.3%	0%	2.80	18
Tangerines	200,614	-27.1%	5%	0.95	22
Guavas	10,664	39.0%	5%	2.95	17
Total fresh fruits	**30,159,549**				

The results presented in Table 32 show the top fruit crops with the highest potential for import substitution, also indicates that only 3 crops over 23 have import tariffs, pineapples (40%), tangerines (5%) and guavas (5%), all other 20 crops are with 0% import tariffs. The first ten being:

1. Limes
2. Oranges
3. Bananas
4. Grapefruits
5. Strawberries
6. Avocadoes
7. Plantains
8. Berries
9. Watermelons
10. Cantaloupes

Like for vegetables, Table 32 shows that many imported fruit crops are in smaller quantities, but at the same time show very high imports growth rates in recent years. There

[58] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product; compilation by the author.

is therefore a wide variety of niche products presenting opportunities for investors. Overall, a strong imports growth is perceived in a wide range of fruit products.

Table 33 shows that there is some correlation between the sensitive products list, the main crops, and the yield by crops, but less with the scoring and ranking results for import potential. There is therefore a need to focus more on products with import potential and opportunities for investment in the agricultural sector strategy.

The scoring methodology assigns a 70% weight for the import level, and 30% for the import's growth. A limited number of these crops are suitable for greenhouse production. If we consider that the local production of many of these fruit products faces a very strong competition from large intensive production in the United States (oranges), Mexico (avocados), and other countries, the rankings for fruit crops need to be revised in favor of fruits like mangoes, coconuts and guavas, that should be included in the top ten list.

Table 33. Fruit rankings for import substitution: Scoring, sensitivity to WTO negotiations, products adapted to technological improvements, and average yields[59]

Products	Import Substitution Score	Import Substitution Rank	Sensitive Products WTO (Bahamas Gov.)	MAIN CROPS Prod Quantity : rank & tons (FAO stat) 2017	Product adapted to greenhouse & polytunnel	YIELD Registred farmers B$ Prod Value/Ha (average 2016-2017)
Orange	5.80	1				16,618
Bananas	5.50	3		1 (12 241 tons)		27,448
Limes	5.80	1				23,306
Plantains	4.50	7				8,210
Strawberries	4.80	5				7,413
Berries rasp-black-mul-logan	4.40	8				12,355
Lemon	4.10	11		4 (2 250 tons)*		16,680
Watermelon	4.40	8				37,041
Cantaloupe	4.40	8				9,743
Pineapple	2.40	20				123,553
Grapefruit	4.90	4				35,294
Avocados	4.60	6		5 (1 383)		9,118
Mangoes	4.09	12		3 (2 582 tons)**		17,792
Honeydew	3.00	16				
Kiwi	3.50	13				
Coconut	3.04	15		2 (2 981 tons)		10,378
Papaya	2.50	19				22,754
Plums & sloes	1.90	21				33,092
Other tropic & subtropical fruit	3.10	14				17,071
Other melon	2.80	18				0
Tangerine	0.95	22				13,443
Guava	2.95	17				22,239
Total fresh fruit						

** lemons & limes*

** Mangoes, mangosteens, guavas

[59] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product (BAH.GOV); FAO stats; Registered farmers data (Dept. of Stat); various data research; compilation by the author.

5.6 Measurement and rating of import substitution potential for plants

Table 34. The Bahamas - Size of potential market for improving domestic plant production: Scoring and ranking[60]

Products	Value B$ 2018	Annual growth rate value (2014-2018)	Import tariff	Import substitution score	Import substitution rank	Product adapted to greenhouse and polytunnel
Cut flower and foliage	6,027,479	51.4%	25%	7.50	1	
Other plants	5,029,084	-8.9%	25%	4.95	3	
Cuttings and slips	3,476,473	67.9%	25%	5.93	2	
Live trees	127,456	-27.2%	25%	0.75	4	
Total plants	**14,660,492**					

The ornamental plant sector deserves a lot of attention. Imports are high, strongly increasing, and many products are suitable to import substitution either with innovative technologies or greenhouses. There is a market niche for some productive horticultural farms and opportunities to be explored for potential investors, especially in “cut flower and foliage” production and in “cuttings and slips”.

5.7 Measurement and rating of import substitution potential for fresh/chilled meat and eggs

As shown in Table 35, sheep, swine, chicken, as well as eggs and honey, all have market opportunities for domestic production and investor interest. Meat imports have tended to decline in recent years, but there are significant niches for increased domestic production in quality and differentiated meat. Eggs and honey are growing markets.

Table 35. Bahamas - Size of potential market for improving domestic production of fresh/chilled meat and eggs: Scoring and ranking[61]

Products	Value B$ 2018	Annual growth rate value (2014-2018)	Import tariff	Import substitution score	Import substitution rank
Chicken	8,917,648	-2.4%	30%	5.11	3
Swine	7,632,958	-5.7%	25%	5.48	2
Sheep	5,141,691	-5.4%	0%	6.60	1
Eggs	5,141,309	8.1%	30%	5.04	4
Turkey & other poultry	1,186,589	-1.0%	5%	2.95	6
Honey	1,047,594	19.0%	0%	4.30	5
Goats	192,845	-16.9%	0%	1.00	7
Animal Food Product	**29,260,634**				

Chicken also is a sensitive product to WTO negotiations.

[60] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product; compilation by the author.
[61] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product; compilation by the author.

5.8 Summary of the main scoring and ranking results for the targeting strategy

Table 36 gives the overall scoring and ranking analysis, all products considered. It shows the diversity of products with significant import substitution potential, and for which there are investment opportunities.

It is clear that for this potential to be realized, the major requirement is the facilitation and adoption of innovative production techniques, and the encouragement of effective marketing.

This targeting strategy can aim to attract from about twenty large projects to about fifty projects of average and smaller size.

Table 36. Bahamas: Size of potential market for improving domestic production of fresh/chilled food products: Scoring and ranking[62]

Products	Import Substitution Score	Import Substitution Rank	Value B$ 2018	Products	Import Substitution Score	Import Substitution Rank	Value B$ 2018
LETTUCE	7.51	1	7,459,892	SQUASH	3.61	40	531,192
CUT FLOWER & FOLIAGE	7.50	2	6,027,479	BRUSSELS SPROUTS	3.52	41	491,299
TOTAL (BRASSICAS)	7.41	3	5,356,175	RADISHES	3.52	41	271,433
OTHER VEGE	7.10	4	4,070,202	ARTICHOKES	3.52	41	157,073
SHEEP	6.60	5	5,141,691	OTHER SALAD BEETROOT	3.52	41	76,905
MUSHROOMS	5.99	6	2,944,754	HOT PEPPER & OTHER PIMENTO	3.50	45	534,404
CUTTINGS & SLIPS	5.93	7	3,476,473	KIWI	3.50	45	682,467
TOTAL (ALIACEOUS)	5.89	8	4,747,986	BEANS	3.42	47	823,287
ORANGE	5.80	9	3,540,721	CUCUMBERS & GERKINS	3.33	48	625,849
LIMES	5.80	9	3,300,533	ZUCCHINI	3.30	49	872,475
BANANAS	5.50	11	3,516,031	OKRA	3.23	50	314,376
SWINE	5.48	12	7,632,958	TOTAL (LEGUMINOUS)	3.14	51	833,631
TOTAL (ROOT)	5.40	13	2,340,638	GARLIC	3.14	51	811,117
TOMATOES	5.31	14	4,363,881	*OTHER TROPIC & SUBTROPIC FRUIT*	3.10	53	366,431
CHICKEN	5.11	15	8,917,648	CASSAVA (MANIOC)	3.04	54	578,355
EGGS	5.04	16	5,141,309	COCONUT	3.04	54	658,452
TOTAL CUCURBITACEAE (cucumbers	5.04	17	1,791,604	HONEYDEW	3.00	56	771,846
PLANT OTHER	4.95	18	5,029,084	TURKEY & OTHER POULTRY	2.95	57	1,186,589
ONIONS	4.94	19	3,470,309	OTHER ROOT	2.95	57	230,108
GRAPEFRUIT	4.90	20	1,352,307	PUMPKIN	2.95	57	73,561
STRAWBERRIES	4.80	21	2,188,164	GUAVA	2.95	57	10,664
AVOCADOS	4.60	22	1,228,811	OTHER MELON	2.80	61	217,015
PLANTAINS	4.50	23	2,190,856	THYME - BAY LEAVES	2.78	62	300,845
BROCCOLI (HEADED)	4.47	24	1,832,979	LEEKS AND OTHER ALLIACEOUS VEG	2.66	63	322,973
BERRIES RASP-BLACK-MUL-LOGAN	4.40	25	1,676,871	SHALLOTS	2.66	63	143,587
WATERMELON	4.40	25	1,648,477	TURNIPS	2.66	63	62,885
CANTALOUPE	4.40	25	1,548,345	PAPAYA	2.50	66	483,180
HONEY	4.30	28	1,047,594	PINEAPPLE	2.40	67	1,397,718
CELERY	4.30	28	1,065,602	EGGPLANT	2.38	68	430,337
OTHER BRASSICAS (KALE, COLLARD	4.28	30	778,971	SESAME SEEDS	2.38	68	63,237
SWEET PEPPER	4.28	31	2,954,531	SPINACH	2.19	70	739,985
CAULIFLOWER	4.20	32	750,902	ASPARAGUS	2.19	70	723,347
CABBAGES	4.18	33	1,502,024	PLUMS & SLOES	1.90	72	427,904
LEMON	4.10	34	1,652,135	GOATS	1.00	73	192,845
MANGOES	4.09	35	1,100,007	OTHER PEAS	0.95	74	7,672
CARROTS	3.90	36	1,699,307	PIGEON PEAS	0.95	74	2,672
YAM	3.90	36	716,655	TANGERINE	0.95	74	200,614
CORN	3.71	38	920,730	LIVE TREES	0.75	77	127,456
SWEET POTATOES	3.70	39	1,061,886				

6. LOCATION VALUE PROPOSITION: GUIDELINES FOR INVESTORS

The Bahamas faces great strains in achieving the necessary scale to compete within international markets. Before focusing on competing in export markets, it makes more sense for local producers to focus on domestic market import substitution.

The Bahamas needs to implement a systemic approach to promoting strategic products domestically in market niches where there are competitive and comparative advantages.

[62] Source: Annual import data by commodity (eight-digit HS), Department of Statistics, Bahamas government; tariff data by product; compilation by the author.

6.1 Main findings summary

6.1.1 Agricultural production

- The Bahamas' agricultural output has experienced a steady decline, reaching B$ 29.7 million in 2018, illustrating limited national food production capacity and dependence on food imports for over 90% of the country's fresh consumption needs.
- The main cultivated crops and livestock reflect a pronounced loss in productivity, mainly due to lack of technological applications.
- The decline in the number of Bahamian farmers has been significant - 4,246 farmers in 1978; 1,760 in 1994; and an estimated maximum of 800-1000 in 2019 - of which 70% are more than 60 years old, which represents an immense challenge since the sector does not attract young farmers. The lack of entry of young people into the sector is a huge challenge.
- There is a need to facilitate the adoption of new technology – climate change resilience, disease control, irrigation, and extension of harvest windows. Capital requirements for new technologies are a barrier, especially for young people.
- Lack of follow up in the use of Crown Lands by the MAMR Land Unit, in reference to the business plan initially proposed, which can result in leased lands not being used for agricultural production.
- Land property issues on long-term investments.
- Availability of agricultural land, and free industrial and commercial zones under the Free Trade Zones Act.

6.1.2 Market demand and sector trends

- The Bahamas has a merchandise trade deficit of around B$ 3 billion (2017, 2018). Its merchandise exports are limited to around B$ 500 million, while its imports are in the B$ 3.5 billion range.
- Almost a quarter of this deficit (23.1%, 2018) comes from the agri-food product balance deficit, which is huge relative to the total food consumption. In addition, in recent years the agri-food balance deficit has increased (B$ 548 million in 2014 to B$ 609 million in 2018), driven by increased imports of agri-food products (from $ 620 million to $ 693 million).
- While imports of animal products have tended to be stable since 2015, vegetable imports have tended to increase - from B$ 125 million in 2015 to B$ 164 million in 2018. It is important to note that in recent years, domestic vegetable production has tended to stagnate in quantity as well as in value.
- The agri-food sector potentially constitutes an important possibility for the diversification of the economy, as there are ample import-substitution opportunities.
- Poultry and some specific crops are protected by relatively high duties, and the average import duty for agricultural commodities is 20.5%.
- National market becoming more demanding and sophisticated. Strong rise of fresh, green, and "bio/organic" products - proximity.
- No information on agricultural commodity production or prices is collected or disseminated to market players.

6.1.3 FDI highlights

- The Bahamas ranks highly in terms of overall levels of FDI, predominantly in the tourism and financial sectors.
- The Bahamas Investment Authority (BIA) uses a *pull strategy* to get investment projects (domestic and FDI), mainly through country branding recognition – investors come to BIA with their project proposal.
- The agricultural sector needs a *push strategy* to develop potential investment projects by selecting specific value chains to target potential countries / investors (FDI) and pursue them.
- Limited domestic investments in comparison to the import substitution potential not addressed in the sector.
- Actually the MAMR don't have any structure, integrated mechanism or one-stop-shop to facilitate domestic or FDI investments in the sector.
- Agricultural investments linked to the tourism sector are not exploited to their full potential.

6.1.4 Business climate highlights

- The Bahamas excels in the region for its political stability, corruption control, taxes, enforcing contracts, and customs.
- On the other hand, there seems to be a need for improvement in regard to getting credit, registering property, protecting minority investors, logistics quality, information availability, and procedures.
- The Bahamas is negotiating its incorporation into the WTO and has set early 2020 as its goal to complete its WTO accession negotiations. As part of the negotiations with the WTO, the GOB is seeking to negotiate a tariff rate quota for 14 sensitive agricultural products, with the aim (during the grace period) of strengthening the national value chains to be more competitive before becoming full open markets with no import tariffs.
- The BIA has prioritized, among others, the agroindustry and food processing as the main sectors to be targeted for foreign direct investment.
- A number of laws provide special concessions or incentives for agribusiness investments. Farmers need to be registered to benefit from any concession.
- Citizens and resident aliens receive the same tax benefits. Basically, there is no income, capital gains, or inheritance taxes for all who conduct business or reside in The Bahamas.

6.1.5 Agri-food import substitution potential

- Agri-food and ornamental crop import substitutions represent a potential[63] value of B$ 189.6 million, or 28% of total agri-food products and ornamentals imports (B$ 678 million); including B$ 117.8 million for fresh and chilled food products, and live plants,

[63] Only crops that are already produced in The Bahamas or that could be produced in fields, greenhouses or tunnels, considering the climate and natural resources available.

representing four times the country's total estimated agricultural output value (B$ 29.7 million in 2018).

- During the 2015-2018 period, fresh product imports with potential for substitution have generally experienced a 10.3% average annual growth rate.
- Vegetables represent the largest import substitution potential among fresh and chilled agri-food products (B$ 44.8 millions / B$ 117.6 million = 38%; 2018), followed by fruits (B$ 30.2 million, 26%), and plants (B$ 14.7 million, 13%).
- The potential for fresh animal products is lower: poultry (B$ 10.1 million), swine (B$ 7.6 million), sheep and goats (B$ 5.3 million), eggs (B$ 5.1 million); but jointly make up B$ 28.2 million, or nearly a quarter of the total substitution potential (24%).
- The potential for import substitution is proportionally lower for frozen, prepared and processed products than for fresh produce, but represents a current value of B$ 71.8 million (2018)

6.1.6 Import substitution and investor targeting strategy guidelines

- The improvement of domestically produced fresh agri-food products should be the base of the import substitution and investor targeting strategy.
    - The ornamental plant sector has had an 18.1% annual growth rate during the 2015-2018 period and deserves a lot of attention. Imports are high, strongly increasing, and many products are suitable for import substitution either through innovative technologies or greenhouses. There is a market niche for some productive horticultural farms, and opportunities to be explored for potential investors, especially in “cut flower and foliage” production and in “cuttings and slips”.
    - Fresh vegetables, with a 13.9% annual growth rate (2015-2018), have a wide variety of niche products presenting opportunities for investors. Overall, a strong import growth trend can be perceived in a wide range of vegetable products that offer an opportunity for focusing and investing in the adoption of more efficient agricultural technologies.
    - Fruits have had a 11.2% annual growth rate (2015-2018) with a wide variety of niche products presenting opportunities for investors, but only the berries can be adapted for controlled production under greenhouse or polytunnel technology.
    - Sheep, swine and chicken, as well as eggs (8,1% annual growth rate 2014-2018) and honey (19%), all have market opportunities for domestic production and investor interest. Meat imports have tended to decline in recent years, but there are significant niches for increased domestic production in quality and differentiated meat products.
    - Import tariffs seems not being correlated with the real potential for increased productivity and competitiveness of the sector. Also, don’t support an import substitution strategy since the application in certain products does not correspond to the real import substitution growth potential.
- Also, the increase in domestic production can constitute a lever to develop business in value-added products such as frozen, prepared and processed foods.

- Overall, import growth data confirms the observed results that the potential bulk for substitution is found in vegetables, fruits and plants rather than in meat and eggs. At a more detailed level, however, it can be noted that growth data are also favorable for sheep and goat meat, eggs, and of course for vegetables, fruits and plants as star products.

6.2 Import Substitution Action Plan

6.3 Key action guidelines

Based on the Sector Profile and Sector Targeting findings key action guidelines can be clearly identified in reflecting the country's comparative advantages, these are:

3. Adopting a strategy oriented towards the substitution of food imports, and more specifically, the importing of fresh (significant location advantage) and green products (promising market growth). Domestic agricultural production, recovery, and revitalisation offer an opportunity to reduce the trade deficit, increase food security, expand employment across the country, and enhance national resources.
4. There is a suitable justification to adopting innovative technologies, including greenhouse technologies, with high-performing small and medium-sized farms and quality differentiated products targeting domestic market and the tourism sector. Putting in place the appropriate incentives to facilitate investments in improved technologies, greenhouses and polytunnels, especially with young people, are crucial.

6.4 Import Substitution Action Plan

In order to expose the challenge for the country, and considering that the agricultural sector has lost at least one-third of its agricultural production capacity as a result of the Hurricane Dorian, the reconstruction effort would need to reach 15% annual growth over the next three years to return to its 2018 production level. Maintaining this growth rate of 15% over the next five years (horizon 2027) would double the country's agricultural output in eight years. Such an objective would be ambitious, but achievable and possibly be surpassed if the appropriate incentives to facilitate investments in improved technologies, greenhouses and polytunnels were facilitated in the short term, while focusing on young people.

It is clear that for this potential to be realized, the major requirement would be the facilitation and adoption of innovative production techniques/technology, and effective marketing that must be encouraged.

The targeting strategy can aim to attract a mix of FDI with large investment projects (500k and over) and small technological investments focusing mainly on young farmers (100k to 250k). In order to capture an interesting level of domestic investments and FDI, the following key actions are proposed.

6.4.1 Facilitation of domestic investment in new technologies

In order to achieve the huge import substitution potential, it is imperative to facilitate the adoption of innovative technologies (greenhouses, aquaponics, polytunnels, etc.), that will allow productivity and quality gains, mitigation of disease and climatic risks, and overall competitiveness of the sector. The promotion of new technology will also facilitate the integration of young Bahamians, and the professionalization of the sector. This strategy is even more urgent due to the country's negotiations with the WTO.

Nevertheless, one of the main gaps for young people to adopt new technologies is the level of collateral required by domestic financial institutions. According to the World Bank's 2010 Enterprise Surveys, The Bahamas has the highest collateral requirements (81.3%) of loan value in the LAC region (60.9%), as well as the highest value of collateral needed for a loan or line of credit as a percentage of the value (231.6%) compared to 198.3% in LAC. Furthermore, only 30% of all firms in the country use bank loans for working capital - one of the lowest ratios in any of the comparator countries. These facts are amplified in the agricultural sector, due to the lack of sector understanding and the perceived risk in comparison to other sectors (tourism, financial), and more so if you are also young without credit experience.

It seems crucial, especially after reflecting the real potential for fresh imports substitution, and as developed in the Strategy and Action Plan[64], to put in place a financial mechanism that will facilitate the technological adoption in the short term. This financial facilitation could be as proposed, a partial credit guarantee to help bridge the financing gap by substituting collateral provided by a borrower with partial credit protection provided by the GOB as guarantor, in order to provide seed/start-up capital for projects in their initial phases, that have not yet reached mass production and present technology and/or business model risk. The financial private sector could contribute to the proposed fund with a leverage of around 50%.

Terms could be providing capital over a medium to long-term horizon - the loan shall be repaid within a period of 10 years, with up to three years of deferral period.

The facilitation will focus on young entrepreneurs and farmers, as well as the introduction and adoption of new technologies and smart farming applications that will increase productivity and competitiveness of the agricultural sector.

The aggregate amount guaranteed shall not exceed 80% of the loan, and to a maximum of $250.000 per beneficiary.

Considering the potential import substitution and investor targeting strategy guidelines, about 40 to 50 small technological investments focusing mainly on young farmers (100k to 250k) could be implemented (average investment 175k x 50 = B$ 8.75 million).

Table 37. Adoption of the New Technologies Fund. Chronogram activities, responsibilities and estimated costs.

Activities	**Years (months)**					**Responsible**	**Estimated costs B$**
	1	**2**	**3**	**4**	**5**		
Fund design and negotiations with private lenders (leverage financial additionally)	3					MAMR	50,000
Government guarantee fund contributions	3					MAMR	4,375,000
Private sector leverage (50%)	2					Private sector	4,375,000
Fund operational	**8**	**12**	**12**	**12**	**12**	**MAMR-FMU**	**8,800,000**

[64] Diagnostic and Prioritization of Sectors for Boutique Agriculture, “Strategy & Action Plan”, Strategy A.1 - Agri-business Guarantees Loans (AGL). IDB, Carlos Puig Esteve, February 2019

6.4.2 Entrepreneurial Technical Assistance

In order to achieve the maximum impact in the short term, and mitigate investment risks, it is necessary to combine financing facilitation with technical assistance, especially that which involves adopting new technologies in an increasingly sophisticated market. As proposed in the Strategy and Action Plan[65], selected entrepreneurs could receive technical assistance on the three phases of their business proposals: (i) business concept development; (ii) approved pre-loan business plans; and (iii) approved loans.

Three main institutions could provide this technical assistance, each one in their field of specialization:

a. The Bahamas Agricultural and Industrial Corporation's (BAIC);
b. The Bahamas Agriculture & Marine Science Institute (BAMSI);
c. The Small Business Development Center (SBDC).

Table 38. Chronogram activities and responsibilities. Entrepreneurial technical assistance

Activities	Years (months)					Responsible	Estimated costs B$
	1	2	3	4	5		
Set-up an agreement with BAIC, BAMSI and SDBC for the entrepreneurial technical assistance.	2					MAMR-BAIC	
Technical assistance operational	10	12	12	12	12	BAIC-BAMSI-SDBC	**500,000**

6.4.3 Foreign Direct Investment (FDI) Lead generation in the agricultural sector

FDI can benefit domestic firms through contractual linkages between foreign firms and local suppliers, transmitting knowledge and practices which may help domestic suppliers upgrade their technical and quality standards. To achieve this goal, host countries cannot just wait for what the international FDI markets may bring to them. Rather, they need tailored policies and strategies to encourage spillovers into the local economy.

The objective of FDI lead generation in the agricultural sector is to generate 10/20 high-quality FDI prospects to invest over 500k in projects in the agriculture sector that mainly contribute with new technology and that support the imports substitution strategy.

As proposed in the Strategy & Action Plan[66], FDI lead generation is based on four sequential phases: (i) Sector Targeting Strategy; (ii) Country Targeting Strategy; (iii) Investor Targeting Strategy; (iv) Investor Outreach Marketing Materials; and (iv) Investor Outreach Strategy.

[65] Diagnostic and Prioritization of Sectors for Boutique Agriculture, "Strategy & Action Plan", Strategy A.2 - Entrepreneurial Technical Assistance. IDB, Carlos Puig Esteve, February 2019
[66] Diagnostic and Prioritization of Sectors for Boutique Agriculture, "Strategy & Action Plan", Strategy C.2 - Foreign Direct Investment (FDI) lead generation in the agricultural sector. IDB, Carlos Puig Esteve, February 2019

In this report, the first stage (Sector Targeting Strategy) has been developed by identifying the value chains that offer business opportunities to attract FDI. To finalize the strategy, it is necessary to complete the other proposed phases:

- Country Targeting Strategy. To identify the major potential investor countries in The Bahamas agricultural sector, which have clear track record and the potential to invest in locations that fit The Bahamas' location profile and opportunities.
- Investor Targeting Strategy. A large target company's database from the Country Targeting Strategy will be developed in order to be prospected.
- Investor Outreach Marketing Materials
- Investor Outreach Strategy. Contact the selected companies, send marketing materials, and qualify prospects. It is worth mentioning that, as explained in the Agriculture Investment Sector Profile, BIA uses a *pull strategy* to obtain investment projects (domestic and FDI), due to brand recognition mainly in the tourism and financial sectors. The agricultural sector needs a *push strategy* – go for investors. Therefore, it will be necessary to consider which organization or methods will be used to implement the Investor Outreach Strategy.

Table 39. Foreign Direct Investment (FDI) lead generation in the agricultural sector. Chronogram activities estimated costs and responsibilities.

Activities	**Years (months)**			**Responsible**	**Estimated costs B$**
	1	**2**	**3**		
Country Targeting Strategy	3			MAMR-BIA	15,000
Investor Targeting Strategy	3			MAMR-BIA	25,000
Investor Outreach Marketing Materials	2			MAMR-BIA	15,000
Investor Outreach Strategy	2	4	4	MAMR-BIA	75,000
Total					**130,000**

Appendix I

Investment Incentives Legislation

The Agricultural Manufacturers Act To encourage the development of agricultural products by providing customs duties exemptions on machinery, tools, fixtures and supplies.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on machinery, tools, fixtures, or supplies for the factory processes – Exemption from customs duties on construction materials necessary for the purposes of the building, erection, alteration, repair or equipment of the factory or for the adaption of such building as a factory – Exemption from inward tonnage and light dues for vessels containing cargo consisting exclusively of construction materials listed above – Exemption from outward tonnage dues for vessels containing cargo consisting exclusively of agricultural or marine products manufactured, preserved, packed or otherwise prepared for export in any registered agricultural factory. – Interest-free loans for the purchase of supplies – Exemption from export taxes	– Person maintaining or proposing to construct a factory used for the manufacture, preservation, packing or preparation of agricultural, floricultural, horticultural or marine products for sale or export – Declaration that articles subject to customs duty exemptions are to be used solely for an agricultural factory – Customs bond – Approval of the Minister of Agriculture and Marine Resources.
The Industries Encouragement Act[67] Provides duty-free concessions for the importation of machinery, raw materials and building supplies for manufacturing entities in addition to exemption from Real Property Tax for a 15-year period.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on machinery, equipment, raw materials and construction materials necessary for the manufacture of an approved product or for the construction, alteration, reconstruction or extension of factory premises for the manufacture of an approved product. – 15-year exemption from export taxes for the manufactured approved product. – 15-year exemption from income taxes on the manufacturer's profits. – 15-year exemption from real property taxes on the factory premises. – Duty free concessions for applicants is valid for the first five years of operation. Thereafter, applicants would be required to pay a reduced rate of duty (10%) on all approved materials and equipment imported.	– Person engaged in, or proposing to engage in, the manufacture of a product. – Not registered under the Agricultural Manufactories Act, the Spirits and Beer Manufacture Act, the Hotels Encouragement Act, or not a licensee of the Grand Bahama Port Authority. – Customs Bond. – Approval of the Minister of Financial Services, Trade & Industry and Immigration.

[67] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1970/1970-0010/IndustriesEncouragementAct_1.pdf

The Export Manufacturing Industries Encouragement Act[68]	
Customs duties exemptions extended to 25 years on raw materials and factory equipment for approved manufacturers whose goods are primarily manufactured for export.	
Incentives	**Eligibility Requirements**
– Customs duties exemptions on imports of machinery or raw materials. – Real property tax exemption on factory premises for 25 years.	–
The Spirits and Beer Manufacture Act[69]	
Duty-free import of raw materials and equipment for the manufacture of spirits, beer and wine.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on machinery, equipment, raw materials and construction materials necessary for the manufacture of an approved product or for the construction, alteration, reconstruction or extension of factory premises for the manufacture of an approved product – 15-year exemption from export taxes for the manufactured approved product – 15-year exemption from income taxes on the manufacturer's profits – 15-year exemption from real property taxes on the factory premises	– Person engaged in, or proposing to engage in, the manufacture of a product. – Not registered under the Agricultural Manufactories Act, the Hotels Encouragement Act, or not a licensee of the Grand Bahama Port Authority. – Customs Bond. – Approval of the Minister of Financial Services, Trade & Industry and Immigration.

Family Islands and City Investment Incentives Legislation

Family Islands Development Encouragement Act[70]	
Provides duty concessions on the importation of building materials, equipment and supplies for commercial and/or residential developments on specified Family Islands.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on plumbing, electrical, construction materials and air-conditioning units and materials necessary for the construction of a new building or the rehabilitation, remodeling or extension of a new or existing building, and machinery imported for the use of clearing land for farming or construction. – Exemption from excise tax on plumbing, electrical, construction materials and air-conditioning units and materials necessary for the construction of a new building or the rehabilitation, remodeling or extension of a new or existing building.	– Construction of buildings in specified family islands

[68] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1990/1990-0001/ExportManufacturingIndustriesEncouragementAct_1.pdf
[69] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1963/1963-0022/SpiritsandBeerManufactureAct_1.pdf
[70] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/2008/2008-0014/FamilyIslandsDevelopmentEncouragementAct_1.pdf

Family Islands Economic Enterprise Zones Act Encourage the establishment of economic enterprise zones in designated family islands by granting certain exemptions and fiscal incentives to persons engaging in such enterprises.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on all materials, machinery and equipment necessary for the construction of buildings, floating docks and marinas.	– Construction of buildings for residential, commercial, agricultural, fisheries or farming use, or construction of approved floating docks and marinas. – Approval of the Minister of Finance.

The City of Nassau Revitalization Act[71] Provides incentives and duty concessions in connection with the restoration, repair and upgrade of buildings, commercial and residential, in the City of Nassau.	
Incentives	**Eligibility Requirements**
– 5-year exemption from real property tax from date of completion of construction or renovation. – Exemption from customs duties on materials specified in the City of Nassau (Customs Duties and Excise Tax Exemption) Regulations, 2008. – Exemption from excise tax on materials specified in the City of Nassau (Customs Duties and Excise Tax Exemption) Regulations, 2008.	– Construction, renovation, repair or upgrade of buildings for residential or commercial use in the City of Nassau (as defined by section 2) – Approval of the Minister of Finance – Entry into an agreement with the Minister of Finance – Customs bond

Tax and Incentives Investment Legislation

The Tariff Act Allows for customs duty exemption on specified raw materials, supplies and equipment for Agriculture, Floriculture, Horticulture, Fisheries, Forestry,...	
Incentives	**Eligibility Requirements**
– Exemption from customs duties on materials and equipment specified in Chapter 98 of the Tariff Act, 2018	– Floriculturists, horticulturists, farmers and fishermen registered with the Ministry of Agriculture and Marine Resources. – Approval of the Minister of Agriculture and Marine Resources.

[71] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/2008/2008-0015/CityofNassauRevitalizationAct_1.pdf

The Bahamas Investment Incentives Act	
Incentives	**Eligibility Requirements**
Approved developer: – Exemption from customs duties on all manufacturing supplies and administrative supplies necessary for any manufacturing, industrial or other business, undertaking, exhibition or enterprise or for the operation and proper functioning of the administrative, educational and medical services carried out by an approved developer in a zone designated as a development zone under the provisions of the Act – Exemption from real property tax – Exemption from any direct fiscal imposition against the earnings of an approved developer derived from the development – Subject to the provisions of section 18, exemption from the payment under any other law of any fees for licenses in respect of the establishment, operation or the carrying out of the development – Exemption from stamp duty Licensee of an approved developer (to carry on manufacturing, industrial or other business undertaking or enterprise in the development zone): – Exemption from any direct fiscal impositions upon or against the earnings of the enterprise – Exemption from customs duties on the export of goods produced by the enterprise; – Exemption from customs duties on the import of all manufacturing supplies for any manufacturing purpose of the licensee; – Exemption from excise tax of the product of an enterprise	– Approval of the Investments Board to develop an island or zone in The Bahamas. – Entry into an agreement with the Investments Board. – Declaration relating to use within the designated development zone. – Customs bond.

Commercial Enterprises Act	
Incentives	**Eligibility Requirements**
– Work permits for senior management or in-house professionals	– Approval of the Investments Board. – Enterprise operating in a business undertaking or service specified in the First Schedule of the Act.

Free Trade Zones/Free Ports Incentives Investment Legislation

The Bahamas Free Trade Zones Act[72]	
Designates areas within The Bahamas as free industrial and commercial zones. The Bahamas Agricultural and Industrial Corporation (BAIC) manages the free industrial and commercial zones. Currently there are three free trade zones: Soldier Road Industrial Park; Gladstone Road Agro-Industrial Park; and The Bahama Craft Center.	
Incentives	**Eligibility Requirements**
– No export taxes or levies in any transaction. – No taxes or rates upon any property, in machinery or goods within a free trade zone.	– Application in the prescribed manner to BAIC to obtain a licence to establish and carry on an undertaking in a free trade zone.
The Hawksbill Creek Agreement Act[73]	
Allows the Port Area that is the free trade zone of Freeport, Grand Bahama, freedom from all taxes until 2015 and from excise taxes, stamp duties and most customs duties until 2054.	
Incentives	**Eligibility Requirements**
– Exemption from customs duties. – Exemption from real property taxes. – Exemption from personal property taxes. – Exemption from capital gains taxes. – Exemption from taxes on earnings. – Exemption from excise taxes. – Exemption from export taxes. – Exemption from stamp taxes.	– Businesses licensed by the Grand Bahama Port Authority. – Operation within the City of Freeport only. – Declaration relating to use within the Port Area. – Customs bond.
The Hotels Encouragement Act[74]	
Provides duty free entry of approved construction materials, furnishings and fixtures for hotel development as well as exemption/concession from real property tax for the first twenty years of operation of a hotel/resort. Hotels with as few as four guest rooms on a Family Island and those with a minimum of ten rooms in New Providence qualify for concessions under the Hotels Encouragement Act. The Act has been amended to also include shops and restaurants, which have a touristic component, and entertainment facilities.	
Incentives	**Eligibility Requirements**
New hotels: – Exemption from customs duties on materials necessary for the construction, equipping, furnishing and competing of a hotel. – Exemption from customs duties on machinery, equipment, tools and trucks required for the	– Hotel development – Approval of the Minister responsible for Hotel Encouragement (Minister of Tourism)

[72] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1984/1984-0025/TheBahamasFreeTradeZoneAct_1.pdf

[73] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1965/1965-0048/HawksbillCreekGrandBahamaDeepWaterHarbourandIndustrialAreaAmendmentofAgreementNo.2Act_1.pdf

[74] http://laws.bahamas.gov.bs/cms/images/LEGISLATION/PRINCIPAL/1954/1954-0030/HotelsEncouragementAct_1.pdf

construction, equipping, furnishing and competing of a hotel. – 10-year exemption of the hotel from real property taxes – As of the 11th year of operation, exemption of the hotel from real property taxes exceeding $20 per bedroom per year for a further 10 years, which may be extended for a further 10 years subject to the hotel property being well maintained and refurbished – 20-year exemption from direct taxation on hotel earnings, rentals, dividends or interest paid on indebtedness – Admission of key personnel and special workmen for the construction and operation phases of the hotel (up to a maximum of 25% of total employees, subject to the availability of domestic persons to perform the services required) – No Governmental restrictions, regulations, conditions or legislation will be made affecting the hotel development that does not similarly affecting all similar hotels – Refund of customs duties on goods purchased in The Bahamas for the construction or remodeling of a hotel Existing hotels: – 10-year exemption from real property taxes in excess of assessed amount or $20 per bedroom per year, whichever is lower – As of the 11th year, exemption from real property taxes in excess of $20 per bedroom per year – 20-year exemption from direct taxation on hotel earnings, rentals, dividends or interest paid on indebtedness – 10% customs duties on materials and equipment to substantially remodel hotel, where 'substantial' means the cost of materials for remodeling are not less than 25% of the market value of such hotel and expended over a period of not more than 2 years. – Entertainment facilities, nightclubs, restaurants and shops in hotels: – Same as above (but not available during the same period in which concessions are granted for new and existing hotels so as to avoid duplication).	– Entry into an agreement with the Minister responsible for Hotel Encouragement – Customs bond

Other concessions may be granted under the Heads of Agreement following discussions between a developer and relevant officials within the BIA with participation from the Prime Minister.

Appendix II

Specific areas of business expressly reserved for Bahamians

1. Wholesale and retail operations;
2. Shallow water scale-fish, crustacea, mollusks and sponge-fishing operations;
3. Commission agencies engaged in the import / export trade;
4. Real estate and domestic property management agencies;
5. Domestic newspapers and magazine publications;
6. Domestic advertising and public relations firms;
7. Nightclubs and restaurants, except specialty, gourmet and ethnic restaurants, restaurants operating in a hotel, resort complex or tourist attraction;
8. Security services;
9. Domestic distribution of building supplies;
10. Construction companies, except for special structures for which international expertise is required;
11. Personal cosmetic / beauty establishments;
12. Auto and appliance service operations; and
13. Public transportation.

International investors may engage in the wholesale distribution of any product **produced locally**.

Appendix III

Multicriterial targeting methodology by Value Chain (VC)/agricultural products categories

Strategic sectoral prioritization is an exercise that must take into account a variety of factors, in this case economic considerations that are related to both demand and supply of agricultural products. On the demand side, these considerations typically relate to potential markets for agricultural products in the country and also to Bahamas public policy priorities. On the supply side, considerations typically relate to the ability to produce and market products competitively in potential markets and in accordance with the country's environmental and natural resource management priorities. *The multicriteria analysis methodology* (MAM) is a practical technique that makes it possible to systematically take into account the aforementioned considerations and to proceed rigorously in the exercise of developing the sectoral prioritization strategy.

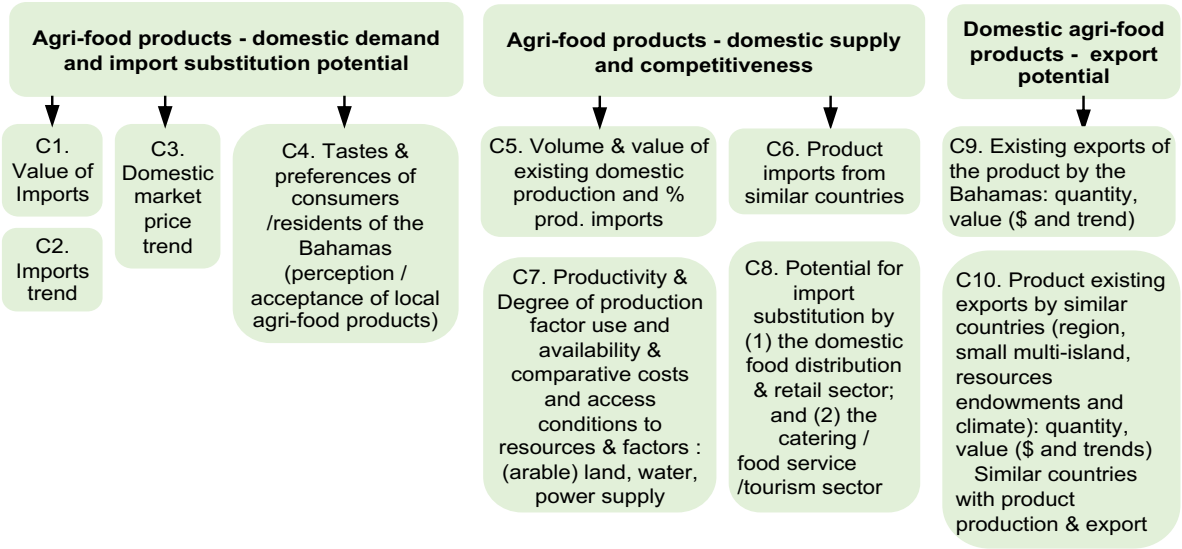
The principle of multicriteria analysis it's about:

- to identify the criteria to be considered, based on public policy objectives and economic theory, seeking to be comprehensive but without overlap;
- to identify a relevant indicator or indicators to measure to what extent each criterion is more or less satisfied according to the agricultural products considered; collect and organize these data; to reduce the measurements obtained for each product on a scale of 1 to 10, according to an appropriate technique of proportionality;
- to calculate for each product a synthetic index taking into account the scores obtained (from 1 to 10) for each prioritization criterion, according to a weighting grid expressing the relative importance given to each;
- to establish a prioritization list from the product with the highest value of the composite index to the one with the lowest value; the results are then presented in the form of a ranking on all the products initially selected for analysis, and on the other hand, a ranking in the following three categories: meat, vegetables and fruits.

Although the multicriteria analysis method is simple in its general principle, its rigorous use eventually becomes in practice very demanding conceptually and technically. This study has tried to apply this rigor.

Figure below presents the different criteria and indicators considered for calculating the composite index of prioritization of agri-food products in order to support their development.

Agri-food products composite prioritization index: criteria assessment and measurement indicators



With regard to the quantitative assessment of potential markets for agri-food imports, the detailed data analyzed cover the five-year period from 2014 to 2018. A sequential approach was used to select potentially "candidate" products for Import substitution. A first step was to extract from the global database of goods imported from 2014 to 2018 all the “chapters” that include agri-food products - ie chapters 1 to 14 and chapter 20 (in a total of 99 chapters). In a 2nd step, Chapter 3, "Fish and crustaceans molluscs and other aquatics invertebrates" has been set aside, because outside the scope of this investigation, as well as chapter 1 " Live Animals "(marginal) and chapter 5 "Products of animal origin n.e.s or included "(insufficiently specific). In a third step, a more detailed selection has been made at the level of the general “categories” of products within each “chapter” already retained, by eliminating those are obviously “non-candidates” for import substitution (ex. “other, not elsewhere listed”, products of very large intensive or extensive production). For example, in chapter 4. “Dairy produce birds 'eggs' natural honey edible products”, the general product category "Milk & cream not concentrated nor containing added sugar or sweetening matter" has been discarded. At the end of this work, the database contains all the products selected, identified at the level of the 8-digit classification (for example "07051100 LB. Cabbage lettuce (head lettuce)" is part of the larger category "Lettuce (lactuca sativa) & chicory" (cichorium spp.) fresh or chilled" which itself is included in the Chapter 7 "Edible vegetables & certain roots & tubers” in the commodity classification system.

Appendix IV

Identification of Chapters and Categories of Food Products in Import Tables: List of Products Relevant to Import Substitution in the Bahamas

The annual data tables of imports by commodity (values, quantities) are organized by "Chapters" within which the specific products, identified by a code number, are grouped under headings by categories or families of products. For example, "Hot peppers" are identified by the code "07096020", are classified in the category "Other vegetables fresh or chilled", which is one of the 14 product categories included in "Chapter 7", entitled "Edible vegetables & certain roots & tubers"[75].

Step 1. Identification of agri-food Chapters

Table IV.1 presents the list of agri-food chapters and indicates the import values by chapter in 2018. That year, agri-food product imports amounted to B$ 678 million. Six product chapters have had imports in excess of B$ 50 million. First among them is Chapter 2 "Meat and edible meat offal" (B$ 94.4 million), while the Chapter 7 "Edible vegetables & certain roots & tubers" comes in 4th place (B$ 65.1 million), and Chapter 8 "Edible fruits and nuts, peel of citrus fruit or melon" is ranked 7th ($ 47.4 million B $).

Step 2. Identification of agri-food products relevant to import substitution

The next step in identifying agri-food products relevant to import substitution is to retain chapters that contain fresh or low-processed agricultural products, and to discard chapters that include only highly processed products that primarily involve large agro-processing industry. Also, Chapter 3 "*Fish and crustaceans, mollusks and other aquatics invertebrates*" is outside the scope of this study and has been excluded.

Then, it is a question of examining the categories of products within the selected chapters to exclude those which include mainly products of large intensive and extensive production (for example, the meat imported from American or Brazilian conglomerates).

The reduced list obtained from the chapters and categories of food products to be considered for the measurement of import substitution potential is shown in Table IV.2 for "animal products" (B$ 62.9 million) and in Table IV.3 for "plants, vegetables and fruits". (B$ 103.7 million).

[75] Of the 99 chapters in total, agri-food products are classified in the first 22 chapters. We can add "Table salt" which is classified in Chapter 25 under the category "Salt (incl. table & denatured salt) & pure sodium chloride aqueous solution". Also, Chapter 23 "Residues & waste from food industries prepared animal fodder" and Chapter 24 "Tobacco & manufactured tobacco substitutes" can be added to the agri-food product chapters to regroup all agribusiness products.

Table IV.1. Bahamas import table: agri-food chapter identifications and values, 2018[76]

CHAPTERS SORTED BY CHAPTER NUMBER	2018 IMPORT VALUE (B$)
CHAPTER 1. LIVE ANIMALS	644 180
CHAPTER 2. MEAT AND EDIBLE MEAT OFFAL	94 400 114
CHAPTER 3. FISH AND CRUSTACEANS MOLLUSCS AND OTHER AQUATICS INVERTEBRATES	29 272 662
CHAPTER 4. DAIRY PRODUCE BIRDS' EGGS' NATURAL HONEY EDIBLE PRODUCTS	51 346 909
CHAPTER 5. PRODUCTS OF ANIMAL ORIGIN N.E.S. OR INCLUDED	570 600
CHAPTER 6. LIVE TREES OTHER PLANTS BULBS ROOTS CUT FLOWER ORNAMENTAL FOLIAGE	12 988 887
CHAPTER 7. EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	65 114 627
CHAPTER 8. EDIBLE FRUITS & NUTS PEEL OF CITRUS FRUIT OR MELON	47 389 207
CHAPTER 9. COFFEE TEA MATE AND SPICES	14 124 189
CHAPTER 10. CEREALS	10 135 657
CHAPTER 11. PRODUCTS OF THE MILLING INDUSTRY MALT STARCHES INULIN WHEAT	11 617 153
CHAPTER 12. OIL SEEDS OLEAGINOUS FRUITS GRAINS MISCELLANEOUS STRAW & FODDER	2 483 613
CHAPTER 13. LAC GUMS RESINS & OTHER VEGETABLE SAPS AND EXTRACTS	261 328
CHAPTER 14. VEGETABLE PLAITING MATERIALS VEGETABLE PRODUCTS N.E.S.	64 348
CHAPTER 15. PIG FAT (INC. LARD) & POULTRY FAT	14 243 068
CHAPTER 16. PREPARATIONS OF MEAT FISH CRUSTACEANS OR AQUATIC INVERTEBRATES	43 203 798
CHAPTER 17. SUGARS AND SUGAR CONFECTIONERY	17 339 149
CHAPTER 18. COCOA AND COCOA PREPARATIONS	6 108 943
CHAPTER 19. PREPARATIONS OF CEREALS FLOUR STARCH OR MILK PASTRY PRODUCTS	64 115 447
CHAPTER 20. PREPARATIONS OF VEGETABLES FRUIT NUTS OR OTHER PARTS OF PLANTS	42 243 688
CHAPTER 21. MISCELLANEOUS EDIBLE PREPARATIONS	66 495 157
CHAPTER 22. BEVERAGES SPIRITS AND VINEGAR	82 653 426
CHAPTER 25. SALT SULPHUR EARTHS & STONE PLASTERING MATERIALS LIME & CEMENT (Table salt only)	936 833
TOTAL AGRI FOOD INDUSTRY	**677 752 983**
CHAPTER 23. RESIDUES & WASTE FROM THE FOOD INDUSTRIES PREPARED ANIMAL FODDER	11 205 040
CHAPTER 24. TOBACCO & MANUFACTURED TOBACCO SUBSTITUTES	5 362 851
TOTAL AGRO INDUSTRY (= agri food industry + Chapters 23 & 24)	**694 320 874**

CHAPTERS SORTED BY IMPORT VALUE	2018 IMORT VALUE (B$)
CHAPTER 2. MEAT AND EDIBLE MEAT OFFAL	94 400 114
CHAPTER 22. BEVERAGES SPIRITS AND VINEGAR	82 653 426
CHAPTER 21. MISCELLANEOUS EDIBLE PREPARATIONS	66 495 157
CHAPTER 7. EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS	65 114 627
CHAPTER 19. PREPARATIONS OF CEREALS FLOUR STARCH OR MILK PASTRY PRODUCTS	64 115 447
CHAPTER 4. DAIRY PRODUCE BIRDS' EGGS' NATURAL HONEY EDIBLE PRODUCTS	51 346 909
CHAPTER 8. EDIBLE FRUITS & NUTS PEEL OF CITRUS FRUIT OR MELON	47 389 207
CHAPTER 16. PREPARATIONS OF MEAT FISH CRUSTACEANS OR AQUATIC INVERTEBRATES	43 203 798
CHAPTER 20. PREPARATIONS OF VEGETABLES FRUIT NUTS OR OTHER PARTS OF PLANTS	42 243 688
CHAPTER 3. FISH AND CRUSTACEANS MOLLUSCS AND OTHER AQUATICS INVERTEBRATES	29 272 662
CHAPTER 17. SUGARS AND SUGAR CONFECTIONERY	17 339 149
CHAPTER 15. PIG FAT (INC. LARD) & POULTRY FAT	14 243 068
CHAPTER 9. COFFEE TEA MATE AND SPICES	14 124 189
CHAPTER 6. LIVE TREES OTHER PLANTS BULBS ROOTS CUT FLOWER ORNAMENTAL FOLIAGE	12 988 887
CHAPTER 11. PRODUCTS OF THE MILLING INDUSTRY MALT STARCHES INULIN WHEAT	11 617 153
CHAPTER 10. CEREALS	10 135 657
CHAPTER 18. COCOA AND COCOA PREPARATIONS	6 108 943
CHAPTER 12. OIL SEEDS OLEAGINOUS FRUITS GRAINS MISCELLANEOUS STRAW & FODDER	2 483 613
CHAPTER 25. SALT SULPHUR EARTHS & STONE PLASTERING MATERIALS LIME & CEMENT (Table salt only)	936 833
CHAPTER 1. LIVE ANIMALS	644 180
CHAPTER 5. PRODUCTS OF ANIMAL ORIGIN N.E.S. OR INCLUDED	570 600
CHAPTER 13. LAC GUMS RESINS & OTHER VEGETABLE SAPS AND EXTRACTS	261 328
CHAPTER 14. VEGETABLE PLAITING MATERIALS VEGETABLE PRODUCTS N.E.S.	64 348
TOTAL AGRI FOOD INDUSTRY	**677 752 983**

[76] Source : Department of Statistics, data compilation by the author

Table IV.2. Relevant chapters and categories of food product for import substitution - animal products, 2018 values[77]

CHAPTERS	2018 IMPORT VALUE (B$)	Categories of food product
CHAPTER 2. MEAT AND EDIBLE MEAT OFFAL B$ 94 400 114		~~MEAT OF BOVINE ANIMALS FRESH OR CHILLED~~
		~~MEAT OF BOVINE ANIMALS FROZEN~~
	11 737 529	MEAT OF SWINE FRESH CHILLED OR FROZEN
	6 827 863	MEAT OF SHEEP OR GOATS FRESH CHILLED OR FROZEN
		~~MEAT OF HORSES ASSES MULES OR HINNIES FRESH CHILLED OR FROZEN~~
		~~EDIBLE OFFAL OF BOVINE ANIMALS SWINE SHEEP GOATS FRESH CHILLED OR FROZEN~~
	37 962 196	MEAT AND EDIBLE OFFAL OF THE POULTRY HEADING NO.01.05 FRESH CHILLED OR FROZEN
		~~OTHER MEAT & EDIBLE MEAT OFFAL FRESH CHILLED OR FROZEN~~
		~~PIG FAT FREE ON LEAN MEAT & POULTRY FAT NOT RENDERED DRIED OR SMOKED~~
		~~MEAT & EDIBLE MEAT OFFAL SALTED IN BRINE DRIED OR SMOKED EDIBLE FLOURS & MEALS~~
CHAPTER 4. DAIRY PRODUCE BIRDS' EGGS' NATURAL HONEY EDIBLE PRODUCTS B$ 51 346 909		~~MILK & CREAM NOT CONCENTRATED NOR CONTAINING ADDED SUGAR OR SWEETENING MATTER~~
		~~MILK & CREAM CONCENTRATED OR CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER~~
		~~BUTTERMILK CURDLED MILK & CREAM YOGURT KEPHIR & OTHER FERMENTED OR ACIDIFIED~~
		~~WHEY WHETHER OR NOT CONCENTRATED CONTAINING ADDED SUGAR OR SWEETENING MATTER~~
		~~BUTTER AND OTHER FATS AND OILS DERIVED FROM MILK DAIRY SPREADS~~
		~~CHEESE AND CURDS~~
	5 304 077	BIRDS EGGS IN SHELL FRESH PRESERVED OR COOKED
		~~BIRDS EGGS NOT IN SHELL & EGG YOLKS FRESH DRIED COOKED BY STEAMING OR BOILING~~
	1 047 594	NATURAL HONEY
		~~EDIBLE PRODUCTS OF ANIMAL ORIGIN NOT ELSEWHERE SPECIFIED OR INCLUDED~~
Sub-total - animal products	**62 879 259**	

[77] Source : Department of Statistics, data compilation by the author

Table IV.3. Relevant chapters and categories of food product for import substitution - plants, vegetables and fruits, 2018 values[78]

CHAPTERS	2018 IMPORT VALUE (B$)	Categories of food product
CHAPTER 6. LIVE TREES OTHER PLANTS BULBS ROOTS CUT FLOWER ORNAMENTAL FOLIAGE B$ 12 988 887		~~BULBS TUBERS TUBEROUS ROOTS CORMS CROWNS & RHIZOMES DORMANT IN GROWTH~~
	8 633 013	OTHER LIVE PLANTS (INC. THEIR ROOTS) CUTTINGS & SLIPS MUSHROOM SPAWN
	3 539 424	CUT FLOWER & FLOWER BUDS A KIND SUITABLE FOR BOUQUETS OR ORNAMENTAL PURPOSES
	637 323	FOLIAGE BRANCHES OTHER PARTS OF PLANTS WITHOUT FLOWERS & FLOWER BUDS & GRASSES
CHAPTER 7. EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS B$ 65 114 627		~~POTATOES FRESH OR CHILLED~~
	4 363 881	TOMATOES FRESH OR CHILLED
	4 747 986	ONIONS SHALLOTS GARLIC LEEKS & OTHER ALLIACEOUS VEGETABLE FRESH OR CHILLED
	5 356 175	CABBAGES CAULIFLOWERS KOHLRABI KALE & SIMILAR EDIBLE FRESH OR CHILLED
	7 459 892	LETTUCE (LACTUCA SATIVA) & CHICORY (CICHORIUM SPP.) FRESH OR CHILLED
	2 340 638	CARROTS TURNIPS SALAD BEETROOT & SIMILAR EDIBLE ROOTS FRESH OR CHILLED
	625 935	CUCUMBERS & GERKINS FRESH OR CHILLED
	931 821	LEGUMINOUS VEGETABLES SHELLED UNSHELLED FRESH OR CHILLED
	16 390 647	OTHER VEGETABLES FRESH OR CHILLED
	9 622 201	VEGETABLES (UNCOOKED OR COOKED BY STEAMING OR BOILING IN WATER) FROZEN
	430 009	VEGETABLES PROVISIONALLY PRESERVED FOR IMMEDIATE CONSUMPTION
	181 228	DRIED VEGETABLES WHOLE CUT SLICED BROKEN OR IN POWDER BUT NOT PREPARED
	806 039	DRIED LEGUMINOUS VEGETABLES SHELLED SKINNED OR SPLIT
	2 946 464	MANIOC ARROWROOT JERUSALEM ARTICHOKES SWEET POTATOES SIMILAR ROOTS & TUBERS
CHAPTER 8. EDIBLE FRUITS & NUTS PEEL OF CITRUS FRUIT OR MELON/ B$ 47 389 207	1 030 254	COCONUTS BRAZIL NUTS & CASHEW NUTS FRESH OR DRIED SHELLED OR PEELED
		~~OTHER NUTS FRESH OR DRIED SHELLED OR PEELED~~
	5 715 747	BANANAS INCLUDING PLANTAINS FRESH OR DRIED
	4 173 264	DATES FIGS PINEAPPLES AVOCADOS GUAVAS MANGOES & MANGOSTEENS FRESH OR DRIED
	10 056 987	CITRUS FRUIT FRESH OR DRIED
		GRAPES FRESH OR DRIED
	4 671 313	MELONS (INC. WATERMELONS) & PAPAWS (PAPAYAS) FRESH
		~~APPLES PEARS AND QUINCES FRESH~~
	2 200 527	APRICOTS CHERRIES PEACHES (INC. NECTARINES) PLUMS & SLOES FRESH
	5 419 226	OTHER FRUITS FRESH
	1 410 369	FRUIT & NUTS UNCOOKED OR COOKED BY STEAMING OR BOILING WATER FROZEN
		~~FRUIT & NUTS PROVISIONALLY PRESERVED FOR IMMEDIATE CONSUMPTION~~
		~~FRUIT DRIED OTHER THAN THAT OF HEADINGS NOS. 08.01:08.06 NUTS OR FRUITS~~
	19 211	PEEL OF CITRUS FRUIT MELONS (INC. WATERMELONS) FRESH FROZEN DRIED IN BRINE
Sub-total - vegetables & fruit	**103 709 574**	

As an indicator of the import substitution potential that could be developed in a second phase of the strategy, to enhance the fruit and vegetable production developed in a first phase of the strategy, the data for "vegetable and fruit product preparations" (B$ 42,8 millions) are shown in Table IV.4.

[78] Source : Department of Statistics, data compilation by the author

Table IV.4 Relevant chapters and categories of food products for import substitution - vegetables and fruits, 2018 values[79]

CHAPTERS	2018 IMPORT VALUE (B$)	Categories of food product
CHAPTER 20. PREPARATIONS OF VEGETABLES FRUIT NUTS OR OTHER PARTS OF PLANTS/ B$ 42 243 688	1 617 281	VEGETABLES FRUITS NUTS & OTHER EDIBLE PARTS OF PLANTS PRESERVED BY VINEGAR
	2 483 292	TOMATOES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID
	1 299 325	MUSHROOMS & TRUFFLES PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID
	1 787 849	OTHER VEGETABLES PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID FROZEN
	8 697 583	OTHER VEGETABLES PREPARED OR PRESERVED OTHER THAN PRODUCTS OF 20.06
		~~VEGETABLES FRUITS NUTS FRUIT-PEEL & PARTS OF PLANT PRESERVED BY SUGAR~~
	1 891 851	JAMS FRUITS JELLIES MARMALADES FRUIT OR NUT PUREE BEING COOKED PREPARATIONS
		FRUITS NUTS & OTHER EDIBLE PARTS OF PLANT NOT CONTAINING SWEETENING MATTER
		FRUIT JUICES (INC. GRAPE MUST) & VEGETABLE JUICES UNFERMENTED
CHAPTER 21. MISCELLANEOUS EDIBLE PREPARATIONS		~~EXTRACTS ESSENCES & CONCENTRATES OF COFFEE TEA OR MATE & PREPARATIONS~~
		~~YEAST (ACTIVE OR INACTIVE) PREPARED BAKING POWDERS~~
	25 013 033	SAUCE & PREPARATIONS THEREFOR MIXED CONDIMENT SEASONING & PREPARED MUSTARD
		~~SOUPS BROTHS & PREPARATIONS THEREFOR HOMOGENISED COMPOSITE FOOD PREPARATIONS~~
		~~ICE CREAM & OTHER EDIBLE ICE WHETHER OR NOT CONTAINING COCOA FOOD PREPARATIONS N.E.S. OR INCLUDED~~
Sub-total - preparations of vegetables & fruit	**42 790 214**	
Total (all selected food categories)	**209 379 047**	

Table IV.5 groups all selected categories of products highlighted in green in the previous tables into a final list.

[79] Source : Department of Statistics, data compilation by the author

Table VI.5 Final list of relevant chapters and categories of food products for import substitution - vegetables and fruits; 2018 values[80]

CHAPTERS	2018 IMPORT VALUE (B$)	Categories of food product
CHAPTER 2. MEAT AND EDIBLE MEAT OFFAL B$ 94 400 114	11 737 529	MEAT OF SWINE FRESH CHILLED OR FROZEN
	6 827 863	MEAT OF SHEEP OR GOATS FRESH CHILLED OR FROZEN
	37 962 196	MEAT AND EDIBLE OFFAL OF THE POULTRY HEADING NO.01.05 FRESH CHILLED OR FROZEN
CHAPTER 4. DAIRY PRODUCE BIRDS' EGGS' NATURAL HONEY EDIBLE PRODUCTS	5 304 077	BIRDS EGGS IN SHELL FRESH PRESERVED OR COOKED
	1 047 594	NATURAL HONEY
CHAPTER 6. LIVE TREES OTHER PLANTS BULBS ROOTS CUT FLOWER ORNAMENTAL FOLIAGE B$ 12 988 887	8 633 013	OTHER LIVE PLANTS (INC. THEIR ROOTS) CUTTINGS & SLIPS MUSHROOM SPAWN
	3 539 424	CUT FLOWER & FLOWER BUDS A KIND SUITABLE FOR BOUQUETS OR ORNAMENTAL PURPOSES
	637 323	FOLIAGE BRANCHES OTHER PARTS OF PLANTS WITHOUT FLOWERS & FLOWER BUDS & GRASSES
CHAPTER 7. EDIBLE VEGETABLES & CERTAIN ROOTS & TUBERS B$ 65 114 627	4 363 881	TOMATOES FRESH OR CHILLED
	4 747 986	ONIONS SHALLOTS GARLIC LEEKS & OTHER ALLIACEOUS VEGETABLE FRESH OR CHILLED
	5 356 175	CABBAGES CAULIFLOWERS KOHLRABI KALE & SIMILAR EDIBLE FRESH OR CHILLED
	7 459 892	LETTUCE (LACTUCA SATIVA) & CHICORY (CICHORIUM SPP.) FRESH OR CHILLED
	2 340 638	CARROTS TURNIPS SALAD BEETROOT & SIMILAR EDIBLE ROOTS FRESH OR CHILLED
	625 935	CUCUMBERS & GERKINS FRESH OR CHILLED
	931 821	LEGUMINOUS VEGETABLES SHELLED UNSHELLED FRESH OR CHILLED
	16 390 647	OTHER VEGETABLES FRESH OR CHILLED
	9 622 201	VEGETABLES (UNCOOKED OR COOKED BY STEAMING OR BOILING IN WATER) FROZEN
	430 009	VEGETABLES PROVISIONALLY PRESERVED FOR IMMEDIATE CONSUMPTION
	181 228	DRIED VEGETABLES WHOLE CUT SLICED BROKEN OR IN POWDER BUT NOT PREPARED
	806 039	DRIED LEGUMINOUS VEGETABLES SHELLED SKINNED OR SPLIT
	2 946 464	MANIOC ARROWROOT JERUSALEM ARTICHOKES SWEET POTATOES SIMILAR ROOTS & TUBERS
CHAPTER 8. EDIBLE FRUITS & NUTS PEEL OF CITRUS FRUIT OR MELON/ B$ 47 389 207	1 030 254	COCONUTS BRAZIL NUTS & CASHEW NUTS FRESH OR DRIED SHELLED OR PEELED
	5 715 747	BANANAS INCLUDING PLANTAINS FRESH OR DRIED
	4 173 264	DATES FIGS PINEAPPLES AVOCADOS GUAVAS MANGOES & MANGOSTEENS FRESH OR DRIED
	10 056 987	CITRUS FRUIT FRESH OR DRIED
	4 671 313	MELONS (INC. WATERMELONS) & PAPAWS (PAPAYAS) FRESH
	2 200 527	APRICOTS CHERRIES PEACHES (INC. NECTARINES) PLUMS & SLOES FRESH
	5 419 226	OTHER FRUITS FRESH
	1 410 369	FRUIT & NUTS UNCOOKED OR COOKED BY STEAMING OR BOILING WATER FROZEN
	19 211	PEEL OF CITRUS FRUIT MELONS (INC. WATERMELONS) FRESH FROZEN DRIED IN BRINE
CHAPTER 20. PREPARATIONS OF VEGETABLES FRUIT NUTS OR OTHER PARTS OF PLANTS/ B$ 42 243 688	1 617 281	VEGETABLES FRUITS NUTS & OTHER EDIBLE PARTS OF PLANTS PRESERVED BY VINEGAR
	2 483 292	TOMATOES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID
	1 299 325	MUSHROOMS & TRUFFLES PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID
	1 787 849	OTHER VEGETABLES PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID FROZEN
	8 697 583	OTHER VEGETABLES PREPARED OR PRESERVED OTHER THAN PRODUCTS OF 20.06
	1 891 851	JAMS FRUITS JELLIES MARMALADES FRUIT OR NUT PUREE BEING COOKED PREPARATIONS
		FRUITS NUTS & OTHER EDIBLE PARTS OF PLANT NOT CONTAINING SWEETENING MATTER
		FRUIT JUICES (INC. GRAPE MUST) & VEGETABLE JUICES UNFERMENTED
CHAPTER 21. MISCELLANEOUS EDIBLE PREPARATIONS	25 013 033	SAUCE & PREPARATIONS THEREFOR MIXED CONDIMENT SEASONING & PREPARED MUSTARD
Total (all selected food categories)	**209 379 047**	

[80] Source : Department of Statistics, data compilation by the author

Appendix V

Imports by major agri-food product with an import substitution potential and by type of product and their increase 2014-2018[81]

Table V.1 The Bahamas' imports by major agri-food product with an import substitution potential by type of product, 2014-2016

2014	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	29 776 109	3 870 620	7 731 542	41 378 271
FRUIT	22 359 045	365 974	8 009 480	30 734 499
PLANT	9 337 251			9 337 251
SWINE	9 653 082	437 373	14 290 785	24 381 240
SHEEP & GOAT	6 822 924	682 483		7 505 407
POULTRY	11 048 697	34 483 392		45 532 089
EGGS	3 765 032		1 276 538	5 041 570
TOTAL	92 762 140	39 839 842	31 308 345	163 910 327

(*) incl. frozen juices, preserved products for immediate consumption and honey

2015	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	30 340 341	3 522 193	8 698 378	42 560 912
FRUIT	21 799 572	501 632	8 045 801	30 347 005
PLANT	8 906 457			8 906 457
SWINE	8 061 029	609 862	11 981 347	20 652 238
SHEEP & GOAT	3 744 569	1 593 075		5 337 644
POULTRY	11 199 162	31 135 447		42 334 609
EGGS	3 690 415		1 235 060	4 925 475
TOTAL	87 741 545	37 362 209	29 960 586	155 064 340

(*) incl. frozen juices, preserved products for immediate consumption and honey

2016	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	32 135 144	1 814 351	8 627 073	42 576 568
FRUIT	22 722 516	404 787	8 692 327	31 819 630
PLANT	9 960 654			9 960 654
SWINE	9 028 228	796 941	11 631 555	21 456 724
SHEEP & GOAT	4 058 935	1 198 079		5 257 014
POULTRY	9 869 912	26 969 845		36 839 757
EGGS	3 326 236		1 106 328	4 432 564
TOTAL	91 101 625	31 184 003	30 057 283	152 342 911

(*) incl. frozen juices, preserved products for immediate consumption and honey

[81] Source: Annual imports data by commodity (HS - 8 digit), Department of Statistics, Bahamas government; compilation by the author.

Table V.2 The Bahamas' imports by major agri-food product with an import substitution potential by type of product, 2017-2018

2017	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	33 457 386	3 671 735	9 177 619	46 306 740
FRUIT	26 210 211	347 757	8 944 784	35 502 752
PLANT	15 526 451			15 526 451
SWINE	10 441 596	911 597	11 314 486	22 667 679
SHEEP & GOAT	5 561 980	1 393 753		6 955 733
POULTRY	10 968 586	32 383 462		43 352 048
EGGS	4 357 625		881 932	5 239 557
TOTAL	106 523 835	38 708 304	30 318 821	175 550 960

(*) incl. frozen juices, preserved products for immediate consumption and honey

2018	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	44 781 599	4 072 572	14 493 270	63 347 441
FRUIT	30 159 549	408 686	10 167 148	40 735 383
PLANT	14 660 492			14 660 492
SWINE	7 632 958	675 832	11 612 172	19 920 962
SHEEP & GOAT	5 334 536	1 493 327		6 827 863
POULTRY	10 104 237	27 857 959		37 962 196
EGGS	5 141 309		1 003 446	6 144 755
TOTAL	117 814 680	34 508 376	37 276 036	189 599 092

(*) incl. frozen juices, preserved products for immediate consumption and honey

Table V.3 Increase of imports by major agri-food product with an import substitution potential by type of product - The Bahamas, 2014-2018 & 2015-2018 (B$)

2014-2018	FRESH	FROZEN	PREPARATIONS & OTHER*	TOTAL
VEGETABLE	15 005 490	201 952	6 761 728	21 969 170
FRUIT	7 800 504	42 712	2 157 668	10 000 884
PLANT	5 323 241	0	0	5 323 241
SWINE	-2 020 124	238 459	-2 678 613	-4 460 278
SHEEP & GOAT	-1 488 388	810 844	0	-677 544
POULTRY	-944 460	-6 625 433	0	-7 569 893
EGGS	1 376 277	0	-273 092	1 103 185
TOTAL	**25 052 540**	**-5 331 466**	**5 967 691**	**25 688 765**
2015-2018	**FRESH**	**FROZEN**	**PREPARATIONS & OTHER***	**TOTAL**
VEGETABLE	14 441 258	550 379	5 794 892	20 786 529
FRUIT	8 359 977	-92 946	2 121 347	10 388 378
PLANT	5 754 035	0	0	5 754 035
SWINE	-428 071	65 970	-369 175	-731 276
SHEEP & GOAT	1 589 967	-99 748	0	1 490 219
POULTRY	-1 094 925	-3 277 488	0	-4 372 413
EGGS	1 450 894	0	-231 614	1 219 280
TOTAL	**30 073 135**	**-2 853 833**	**7 315 450**	**34 534 752**

(*) incl. frozen juices, preserved products for immediate consumption and honey

Appendix VI

Main import indicators for fresh/chilled agri-food products with an import substitution potential and by type of product and their increase 2014-2018[82]

Table VI.1 Main import indicators for fresh vegetable products with an import substitution potential - The Bahamas, 2014-2018 (B$)

	VALUE B$ 2018	VALUE ANNUAL GROWTH RATE / 2014-2018	AVERAGE UNIT VALUE GROWTH RATE / 2014-2018	AVERAGE UNIT VALUE 2014-2018	BAHAMAS TARIFF
LETTUCE	7 459 892	8,8%	-6,7%	4,26	5%
TOTAL BRASSICAS	*5 356 175*	*16,4%*	*-6,2%*	*4,39*	5%
TOTAL ALIACEOUS	*4 747 986*	*4,5%*	*-11,9%*	*4,99*	5%
TOMATOES	4 363 881	-0,7%	-6,8%	4,86	10%
OTHER VEGE	*4 070 202*	*16,7%*	*-0,7%*	*5,11*	0%
ONIONS	3 470 309	1,2%	-14,4%	4,89	5%
SWEET PEPPER	2 954 531	-0,8%	-3,8%	4,72	5%
MUSHROOMS	2 944 754	27,1%	-1,5%	3,82	5%
TOTAL (ROOT)	2 340 638	10,9%	-10,7%	4,84	0%
BROCCOLI (HEADED)	1 832 979	13,2%	-2,1%	4,21	5%
CARROTS	1 699 307	4,9%	-12,9%	4,86	5%
CABBAGES	1 502 024	6,2%	-14,3%	4,45	5%
CELERY	1 065 602	16,4%	-7,1%	4,79	0%
SWEET POTATOES	1 061 886	8,6%	-7,3%	5,10	0%
CORN	920 730	20,7%	-9,2%	5,28	5%
ZUCCHINI	872 475	14,3%	-5,2%	4,43	0%
TOTAL (LEGUMINOUS)	833 631	14,7%	0,4%	5,25	5%
BEANS	823 287	17,7%	0,2%	5,26	5%
GARLIC	811 117	13,9%	-2,7%	5,39	5%
OTHER BRASSICAS (KALE, COLLARD GREENS...)	778 971	34,6%	-2,3%	4,81	5%
CAULIFLOWER	750 902	26,3%	-2,4%	4,90	0%
SPINACH	739 985	8,7%	0,7%	5,64	5%
ASPARAGUS	723 347	8,6%	0,8%	4,03	5%
YAM	716 655	83,5%	-5,2%	4,38	5%
CUCUMBERS & GERKINS	625 849	25,3%	-5,2%	4,29	5%
CASSAVA (MANIOC)	578 355	22,4%	-4,2%	4,88	5%
HOT PEPPER & OTHER PIMENTO	534 404	28,7%	-1,6%	5,64	0%
SQUASH	531 192	31,1%	-2,5%	5,84	5%
BRUSSELS SPROUTS	491 299	53,8%	-1,0%	3,67	5%
EGGPLANT	430 337	23,1%	-0,1%	3,19	5%
LEEKS AND OTHER ALLIACEOUS VEGETABLES	322 973	27,0%	-3,9%	5,44	5%
OKRA	314 376	47,4%	-0,4%	4,26	5%
THYME - BAY LEAVES	300 845	54,1%	1,3%	5,36	25%
RADISHES	271 433	62,4%	-1,0%	4,15	5%
OTHER ROOT	230 108	34,1%	-0,2%	4,55	5%
ARTICHOKES	157 073	54,7%	-2,2%	5,68	5%
SHALLOTS	143 587	26,9%	-2,3%	5,32	5%
OTHER SALAD BEETROOT	76 905	68,2%	-0,7%	4,62	5%
PUMPKIN	73 561	31,6%	-4,7%	5,35	5%
SESAME SEEDS	63 237	22,1%	3,8%	5,06	5%
TURNIPS	62 885	29,4%	-1,1%	4,57	5%
OTHER PEAS	7 672	-37,2%	3,3%	5,11	5%
PIGEON PEAS	2 672	-4,2%	-0,8%	6,37	5%
TOTAL FRESH & CHILLED VEGETABLES	44 781 599	10,7%			
TOTAL CUCURBITACEAE (cucumbers excluded)	1 791 604	23,1%	-3,3%	4,69	5%

[82] Source: Annual imports data by commodity (HS - 8 digit), Department of Statistics, Bahamas government; compilation by the author.

Table VI.2 Main import indicators for fresh fruit with an import substitution potential - The Bahamas, 2014-2018

	VALUE B$ 2018	VALUE ANNUAL GROWTH RATE 2014-2018	AVERAGE UNIT VALUE GROWTH RATE 2014-2018	AVERAGE UNIT VALUE 2014-2018	BAHAMAS TARIFF
ORANGE	3 540 721	9,7%	-9,6%	4,90	0%
BANANAS	3 516 031	2,1%	-5,5%	2,26	0%
LIMES	3 300 533	5,5%	-14,9%	5,07	0%
PLANTAINS	2 190 856	1,6%	-13,4%	4,60	0%
STRAWBERRIES	2 188 164	2,5%	-0,7%	6,13	0%
BERRIES RASP-BLACK-MUL-LOGAN	1 676 871	7,5%	1,7%	7,24	0%
LEMON	1 652 135	4,2%	-4,8%	4,62	0%
WATERMELON	1 648 477	9,4%	-14,5%	4,65	0%
CANTALOUPE	1 548 345	8,2%	-4,0%	2,94	0%
PINEAPPLE	1 397 718	11,7%	-0,3%	5,46	40%
GRAPEFRUIT	1 352 307	27,4%	-4,0%	5,01	0%
AVOCADOS	1 228 811	24,6%	-2,7%	4,50	0%
MANGOES	1 100 007	19,3%	-10,5%	4,44	5%
HONEYDEW	771 846	6,0%	-6,5%	4,55	0%
KIWI	682 467	25,3%	-0,7%	4,67	0%
COCONUT	658 452	24,5%	-1,7%	4,58	5%
PAPAYA	483 180	20,6%	-3,3%	4,80	0%
PLUMS & SLOES	427 904	10,7%	-2,3%	4,15	0%
OTHER TROPIC & SUBTROPICAL FRUIT	366 431	34,2%	4,3%	6,95	0%
OTHER MELON	217 015	30,9%	-3,4%	4,52	0%
TANGERINE	200 614	-27,1%	-0,6%	6,31	5%
GUAVA	10 664	39,0%	0,7%	7,03	5%
TOTAL FRESH FRUIT	**30 159 549**	7,8%			

Table VI.3 Main import indicators for plants with an import substitution potential - The Bahamas, 2014-2018

	VALUE B$ 2018	VALUE ANNUAL GROWTH RATE 2014-2018	AVERAGE UNIT VALUE GROWTH RATE 2014-2018	AVERAGE UNIT VALUE 2014-2018
CUT FLOWER & FOLIAGE	6 027 479	51,4%	18,9%	9,76
PLANT OTHER	5 029 084	-8,9%	-14,6%	13,92
CUTTINGS & SLIPS	3 476 473	67,9%	7,4%	10,75
LIVE TREES	127 456	-27,2%	3,9%	11,86
PLANTS	**14 660 492**	**11,9%**	**-2,8%**	**11,06**

Table VI.4 Main import indicators for fresh meat, eggs, and honey, with an import substitution potential - The Bahamas, 2014-2018

	VALUE B$ 2018	VALUE ANNUAL GROWTH RATE 2014-2018	AVERAGE UNIT VALUE GROWTH RATE 2014-2018	AVERAGE UNIT VALUE 2014-2018	BAHAMAS TARIFF
CHICKEN	8 917 648	-2,4%	-4,6%	5,80	
SWINE	7 632 958	-5,7%	-6,1%	6,67	
SHEEP	5 141 691	-5,4%	0,6%	7,06	
EGGS	5 141 309	8,1%	-6,8%	5,27	
TURKEY & OTHER POULTRY	1 186 589	-1,0%	-10,2%	5,19	
HONEY	1 047 594	19,0%	-0,1%	5,51	
GOATS	192 845	-16,9%	0,1%	6,28	
ANIMAL FOOD PRODUCT	**29 260 634**	**-2,1%**			

Appendix VII

Score and ranking calculation for fresh/chilled agri-food products with an import substitution potential[83]

Table VII.1 Score and ranking calculation for fresh/chilled vegetable

			0,7			0,3	
	thresholds meth - scale 0-10 by categ	score	score for value IMP 2018	thresholds meth - scale 0-10 by categ	score	score IMP annual groth rqte 2014-2018	Ajustment factor for import TARIFF
LETTUCE	more than 6 million	10	**10**	more than 50%	10	**3**	**0,95**
TOMATOES	5 to 6 million	9	**8**	40% to 50%	9	**1**	**0,90**
OTHER VEGE	4 to 5 million	8	**8**	30% to 40%	8	**5**	**1,00**
ONIONS	3 to 4 million	7	**7**	25% to 30%	7	**1**	**0,95**
SWEET PEPPER	2 to 3 million	6	**6**	20% to 25%	6	**1**	**0,95**
MUSHROOMS	1,5 to 2 million	5	**6**	15% to 20%	5	**7**	**0,95**
TOTAL (ROOT)	1,0 to 1,5 million	4	**6**	10% to 15%	4	**4**	**1,00**
BROCCOLI (HEADED)	750K to 1 million	3	**5**	5% to 10%	3	**4**	**0,95**
CARROTS	500K to 750K	2	**5**	2% to 5%	2	**2**	**0,95**
CABBAGES	less than 500	1	**5**	moins de 2%	1	**3**	**0,95**
CELERY			**4**			**5**	**1,00**
SWEET POTATOES			**4**			**3**	**1,00**
CORN			**3**			**6**	**0,95**
ZUCCHINI			**3**			**4**	**1,00**
TOTAL (LEGUMINOUS)			**3**			**4**	**0,95**
BEANS			**3**			**5**	**0,95**
GARLIC			**3**			**4**	**0,95**
OTHER BRASSICAS (KALE, COLLARD GREENS…)			**3**			**8**	**0,95**
CAULIFLOWER			**3**			**7**	**1,00**
SPINACH			**2**			**3**	**0,95**
ASPARAGUS			**2**			**3**	**0,95**
YAM			**2**			**9**	**0,95**
CUCUMBERS & GERKINS			**2**			**7**	**0,95**
CASSAVA (MANIOC)			**2**			**6**	**0,95**
HOT PEPPER & OTHER PIMENTO			**2**			**7**	**1,00**
SQUASH			**2**			**8**	**0,95**
BRUSSELS SPROUTS			**1**			**10**	**0,95**
EGGPLANT			**1**			**6**	**0,95**
LEEKS AND OTHER ALLIACEOUS VEGETABLES			**1**			**7**	**0,95**
OKRA			**1**			**9**	**0,95**
THYME - BAY LEAVES			**1**			**10**	**0,75**
RADISHES			**1**			**10**	**0,95**
OTHER ROOT			**1**			**8**	**0,95**
ARTICHOKES			**1**			**10**	**0,95**
SHALLOTS			**1**			**7**	**0,95**
OTHER SALAD BEETROOT			**1**			**10**	**0,95**
PUMPKIN			**1**			**8**	**0,95**
SESAME SEEDS			**1**			**6**	**0,95**
TURNIPS			**1**			**7**	**0,95**
OTHER PEAS			**1**			**1**	**0,95**
PIGEON PEAS			**1**			**1**	**0,95**
PARSLEY, BASIL			**1**			**1**	**1,00**
TOTAL FRESH & CHILLED VEGETABLES							
TOTAL (BRASSICAS)			**9**			**5**	**0,95**
TOTAL (ALIACEOUS)			**8**			**2**	**0,95**
TOTAL CUCURBITACEAE (cucumbers exclud))			**5**			**6**	**0,95**

[83] Source: Annual imports data by commodity (HS - 8 digit), Department of Statistics, Bahamas government; compilation by the author.

ONIONS
SHALLOTS
GARLIC
LEEKS AND OTHER ALLIACEOUS VEGETABLES
TOTAL (ALIACEOUS)

CARROTS
TURNIPS
OTHER SALAD BEETROOT
RADISHES
OTHER ROOT
TOTAL (ROOT)

SQUASH
PUMPKIN
ZUCCHINI
GOURDS
OKRA
TOTAL CUCURBITACEAE

Table VII.2 Score and ranking calculation for fresh/chilled fruit

			0,7			0,3	
	thresholds meth - scale 0-10 by categ	**score**	**score for value IMP 2018**	**thresholds meth - scale 0-10 by categ**	**score**	**score IMP annual groth rqte 2014-2018**	**Ajustment factor for import TARIFF**
ORANGE	more than 6 million	10	**7**	more than 50%	10	**3**	**1,00**
BANANAS	5 to 6 million	9	**7**	40% to 50%	9	**2**	**1,00**
LIMES	4 to 5 million	8	**7**	30% to 40%	8	**3**	**1,00**
PLANTAINS	3 to 4 million	7	**6**	25% to 30%	7	**1**	**1,00**
STRAWBERRIES	2 to 3 million	6	**6**	20% to 25%	6	**2**	**1,00**
BERRIES RASP-BLACK-MUL-LOGAN	1,5 to 2 million	5	**5**	15% to 20%	5	**3**	**1,00**
LEMON	1,0 to 1,5 million	4	**5**	10% to 15%	4	**2**	**1,00**
WATERMELON	750K to 1 million	3	**5**	5% to 10%	3	**3**	**1,00**
CANTALOUPE	500K to 750K	2	**5**	2% to 5%	2	**3**	**1,00**
PINEAPPLE	less than 500	1	**4**	moins de 2%	1	**4**	**0,60**
GRAPEFRUIT			**4**			**7**	**1,00**
AVOCADOS			**4**			**6**	**1,00**
MANGOES			**4**			**5**	**0,95**
HONEYDEW			**3**			**3**	**1,00**
KIWI			**2**			**7**	**1,00**
COCONUT			**2**			**6**	**0,95**
PAPAYA			**1**			**6**	**1,00**
PLUMS & SLOES			**1**			**4**	**1,00**
OTHER TROPIC & SUBTROPICAL FRUIT			**1**			**8**	**1,00**
OTHER MELON			**1**			**7**	**1,00**
TANGERINE			**1**			**1**	**0,95**
GUAVA			**1**			**8**	**0,95**

Table VII. 3 Score and ranking calculation for plants

			0,7			0,3	
	thresholds meth - scale 0-10 by categ	**score**	**score for value IMP 2018**	**thresholds meth - scale 0-10 by categ**	**score**	**score IMP annual groth rqte 2014-2018**	**Ajustment factor for import TARIFF**
CUT FLOWER & FOLIAGE	more than 6 million	10	**10**	more than 50%	10	**10**	**0,75**
PLANT OTHER	5 to 6 million	9	**9**	40% to 50%	9	**1**	**0,75**
CUTTINGS & SLIPS	4 to 5 million	8	**7**	30% to 40%	8	**10**	**0,75**
LIVE TREES	3 to 4 million	7	**1**	25% to 30%	7	**1**	**0,75**
PLANTS	2 to 3 million	6		20% to 25%	6		
	1,5 to 2 million	5		15% to 20%	5		
	1,0 to 1,5 million	4		10% to 15%	4		
	750K to 1 million	3		5% to 10%	3		
	500K to 750K	2		2% to 5%	2		
	less than 500	1		moins de 2%	1		

Table VII.4 Score and ranking calculation for fresh/chilled meat, eggs, and honey

	thresholds meth - scale 0-10 by categ	**score**	**score for value IMP 2018**	**thresholds meth - scale 0-10 by categ**	**score**	**score IMP annual groth rqte 2014-2018**	**Ajustment factor for import TARIFF**
CHICKEN	more than 6 million	10	10	more than 50%	10	1	0,70
SWINE	5 to 6 million	9	10	40% to 50%	9	1	0,75
SHEEP	4 to 5 million	8	9	30% to 40%	8	1	1,00
EGGS	3 to 4 million	7	9	25% to 30%	7	3	0,70
TURKEY & OTHER POULTRY	2 to 3 million	6	4	20% to 25%	6	1	0,95
HONEY	1,5 to 2 million	5	4	15% to 20%	5	5	1,00
GOATS	1,0 to 1,5 million	4	1	10% to 15%	4	1	1,00
ANIMAL FOOD PRODUCT	750K to 1 million	3		5% to 10%	3		
	500K to 750K	2		2% to 5%	2		
	less than 500	1		moins de 2%	1		

Appendix VIII

Comparatives FAO main crops production data and Department of Statistics data for registered farmers only

Table X.1 Comparative FAO main crop production data with Department of Statistics data for registered farmers only[84]

Bahamas sensitive products to WTO	FAO 2013-2017	2017		DoS- Leading Crops 2012-2017	2017	Bahamas sensitive products to WTO
	PRODUCTS	QUANTITY tons		PRODUCTS	QUANTITY tons	
◆	Bananas	12 241		Watermelon	1942	◆
	Coconuts	2 981		Banana	1537	◆
◆	Mangoes, mangosteens, guavas	2 582		Lime Key, Persian	992	
	Lemons and limes	2 250		Coconut	547	
	Avocados	1 383		Mango	508	◆
				Pineapple	428	◆
				Sour Orange	598	
				Guava	198	
				Avocado	182	
				Papaye	271	◆
				Orange	89	
				Plantain	62	
				Grapefruit	22	
◆	Tomatoes	4 178		Tomato	1130	◆
	Pumpkins, squash and gourds	2 100		Pumpkins, squash and gourds	567	◆
	Sweet potatoes	2 000		Pepper Hot, Goat	332	◆
◆	Cabbages and other brassicas	1 659		Onions	312	◆
	Cassava	1 154		Thyme	7	
◆	Onions, dry	969		Cassava	179	
◆	Onions, shallots, green	661		Sweet pepper	101	◆
	Okra	488		Tamarind	83	
	Lettuce and chicory	138		Sweet potatoes	86	
	Pigeon peas	123		Cabbages and other brassicas	107	
				Okra	51	
				Cucumber	23	◆
				Lettuce and chicory	25	
	Onions, dry + Onions, shallots, green	*1 630*		Pigeon peas	14	

[84] Source: FAO data and Department of Statistics, Bahamas government; compilation by the author.

Appendix IX

List of people interviewed

New Providence, Nassau

Public Sector

Bahamas Agriculture and Industrial Corporation (BAIC)

- Debbie Strachan, Sr. Deputy General Manager
- John Barrows, Agriculture Business Development Department
- Kirk Griffin, Manager IT
- Amemai Nottage

Bahamas Agriculture & Marine Science Institute (BAMSI)

- Alaasi R. Braynen, General Manager – alaasis@hotmail.com

Bahamas Investment Authority (BIA)

- Carol Young Investment Officer

Inter-American Development Bank (IDB)

- Michel Reinald Nelson, Chief of Operations – michaeln@iadb.org

Ministry of Agriculture and Marine Resources (MAMR)

- Michael C. Pintard, Minister of Agriculture and Marine Resources – michaelcliftonpintard@Bahamas.gov.bs
- Delreese Grant, DELREESEGRANT@BAHAMAS.GOV.BS
- Monique Swain – moniqueswain@bahamas.gov.bs
- Rahayne Rahming, RASHAYNERAHMING@BAHAMAS.GOV.BS

Agricultural Statistical Unit (ASU) of the MAMR

- Leslie Deveaux, Statitien

Department of Agriculture (DOA) of the MAMR

- Gregory Rahming, Director of Agriculture
- Charmine Price, Assistant Director (farmer services – registration, concessions)
- Andrew Pinder, Senior Agricultural Officer - atpinder@hotmail.com
- Steven Miller, Agricultural Officer (farmer inspections, approve invoices)
- Leslie Alphonso Minns, Senior Market Officer (agricultural updating statistiques)

Land Unit of the MAMR

- Mrs. Nicola Oliver - nicolaoliver@bahamas.gob.bs

Department of Statistics (DOS)

- Leona Wilson, Director
- Clarice Turquest, National Accounts and Business
- Chanelle Williams, Import Statistics

Department of Customs

- Allan Cunningham, Officer

Private Sector

Field to Fork

- Selima Hauber, Phd, Owner Horticulturist

Lucayan Tropical Produce

- Frank Lideman, Facilities Manager

Allied Farms

- Bryant Collie, CEO
- Arnaldo Dorset

The Coconut Factory

- Rob Davis, CEO
- Juwon Forbes, Greenfield facilitation

Chamber of Comerce

- Jeffrey Beckles, CEO

D&T Nursery and Landscape

- Gregory Stuart, President
- Forster Bowe, Farmer Exuma

Bahamas Agri Entrepreneurs Cooperative

- Caron Shepherol, President
- Reverend Patrick Paul, Vice-president

Farmers United Association and Coop

- Denise Cates, Vice-president,

Bahamas Agribusiness Society

- Errington Thompson,