



MINISTRY OF FINANCIAL SERVICES, TRADE & INDUSTRY AND IMMIGRATION

REMARKS BY THE HON. ELSWORTH JOHNSON

MINISTER OF FINANCIAL SERVICES, TRADE &
INDUSTRY AND IMMIGRATION

MINISTER'S REPORT 2020





Ministry of Financial Services, Trade & Industry and Immigration

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On Thursday, October 22nd, 2020, the Hon. Elsworth Johnson delivered a live report to the people of the Commonwealth of The Bahamas on the work of the Ministry of Financial Services, Trade & Industry and Immigration. His remarks are below:

Good Afternoon Bahamas,

I would like to begin by thanking the Most Hon. Prime Minister for this opportunity to speak directly to the people and commend him and my cabinet colleagues for their commitment to transparency and accountability in governance. Yet again, we are setting a precedent that I hope will serve as an example for future administrations to follow.

It is a privilege and an honor to stand before the people of the Commonwealth of The Bahamas today to give an account of my stewardship of the Ministry of Financial Services, Trade & Industry, and Immigration and the progress we have been making with our future-focused agenda.

My team has prepared an introductory message to give you insight into who we are and what we do.

[Introductory Video Featuring Ministry Staff]

I'd like to thank my dynamic leadership team for all of their efforts. It is through their hard work and innovation that we are able to achieve our goals.

Seven months have passed since the COVID-19 pandemic first arrived at our shores. Since then, the government of The Bahamas has taken well-measured steps to care for our people, bolster the economy, and manage the nation's finances.



This Ministry has a crucial role to play in ensuring that these goals are met. Regardless of the challenges we face, it is our duty to fulfill our mandate and ensure that we are making progress on our key objectives. We will continue to push forward with our agenda of national advancement through innovation.

In this report, I will provide you with a department by department overview of all the major initiatives launched by my Ministry and the expected impact of each initiative – beginning with Financial Services.



FINANCIAL SERVICES

The Financial Services sector continues to be a key component of the economic engine powering The Bahamas' position as a global leader in financial services. As the nation's second-largest industry behind tourism, financial services represent a significant pillar of our economy.

Throughout the years, our financial services industry has proven resilient, having survived numerous challenges, such as blacklists and graylists. Building on our past success, the Financial Services Unit must adapt to the challenges of COVID-19.

On July 20th of this year, the Central Bank of The Bahamas released results from a survey of internationally active banks and trusts. The results from the survey are reassuring. All institutions have been able to maintain effective operations in the new environment, and financial impacts have been minimal. This is excellent news for international financial services and we are pleased that operations have continued in a resilient manner.

Indeed, just this month we learned that The Bahamas improved its ranking in the Global Financial Services Index by 36 places, securing the place of second in the Caribbean and Latin America. We are proud to see such a significant improvement and we expect more progress as we continue to invest in the future of our financial services sector.

CAPACITY BUILDING IN THE MINISTRY OF FINANCIAL SERVICES

Effective policy implementation requires the expertise of a balanced team working together like a well-oiled machine to get the job done. That is what we are building within the renewed Financial Services Unit.

After 5 years of challenges with executive leadership, we have hired a new team, inclusive of a new director and the first-ever deputy director of financial services. We have also prioritized the hiring of additional financial service officers.

To ensure that all team members are aware of the latest trends and best practices, we have secured commitments from major financial services partners to provide training for all officers free of charge.

Ultimately, to ensure that The Bahamas remains competitive within the global financial services landscape, our Ministry is fully committed to investing in the recruitment and cultivation of talent.

FINANCIAL SERVICES STAKEHOLDER ENGAGEMENT AND PROMOTION

COVID-19 has not prevented our team from continuing its work to promote The Bahamas' financial services



industry and engage with our local and international stakeholders.

On May 20th, the Ministry held its first-ever virtual symposium to rave reviews. This was a collaborative effort involving ourselves, the Ministry of Finance, the Office of the Attorney General, the Office of the Prime Minister, and the Securities Commission of the Bahamas.

The attendance and response from industry stakeholders, both local and abroad, was overwhelmingly positive. We are now planning a virtual trade symposium that is expected to mirror this success.

Not only has the symposium allowed us to effectively address engagement issues during the pandemic, it also fits into our overall digital transformation model and will continue to be utilized moving forward. In the near future, we will have the opportunity to host another financial services symposium in conjunction with the Economic Recovery Committee.

During the pandemic, we have worked collaboratively with the Bahamas Financial Services Board to promote The Bahamas as one of the world's top Financial Services Centres. We are determined to see the financial services industry bounce back stronger than ever and let the world know why The Bahamas should be the clear choice for financial services. I would like to thank the CEO and Executive Director of the Bahamas Financial Services Board, Tanya McCartney, for her leadership in steering the course during this time and would also like congratulate her as this year's winner of the Prestigious Woman of the Year Award by International Investment in the UK. BFSB has also been shortlisted for the best IFC Award by Wealth Briefing's 2020 Europe Awards under her watch.

With the support of the Ministry of Financial Services, The Bahamas Financial Services Board has partnered with local and international agencies to host a number of virtual events and facilitate international publications which included:

1. BFSB's annual GATEWAY MAGAZINE
2. The release of The International Investment - 2020 Special Bahamas Report
3. The hosting of the Opalesque Roundtable, a private, invitation-only meeting facilitated by leading voices in the financial services industry
4. The highlighting of opportunities and trends for Bahamas Captives in The Captives Insurance Times.
5. And a feature in the International Investor Magazine

With our partners at BFSB, we are leveraging all avenues to highlight that The Bahamas is still the best choice even during these uncertain times.

MOFSTII WEBSITE

Another critical element in our digital transformation is the launch of the Ministry's first-ever official website.



You can visit us at mofstii.gov.bs, where you will have access to the latest news and updates straight from the Ministry. Prior administrations have explored this idea, but under the leadership of this administration, we were able to get it done during the pandemic.

OUR FINANCIAL SERVICES LEGISLATIVE AGENDA

By the end of 2020, the Ministry will launch the Tax Residency Certificate. This certificate will enable expatriate residents and investors to prove that they are resident in the Commonwealth of The Bahamas. Through this certificate, we will provide access to financial accounts and income records according to the Organization for Economic Cooperation and Development's Common Reporting Standards.

The end result will be the elimination of opportunities for those who seek to use our financial systems for tax evasion and avoidance purposes.

We are in the consulting phase of the certificate's implementation and working to draw together the differing views of key stakeholders. This will ensure that the final version of the Tax Residency Certificate legislation is the best version possible. Our efforts have been universally hailed by local and international observers alike.



As of yesterday, we have tabled in Parliament a number of amendments to existing statutes as a part of our agenda to modernize the sector and bring it into compliance with international standards. The Financial Services industry has been keen to see these amendments made law for quite some time.

These include amendments to the Companies Act, the International Business Companies Act, the Rule Against Perpetuities (Abolition) Act, Amendments to the Property (Execution of Deeds and Documents) Act, and the Foundations Act.

The Ministry is creating a 21st century legislative framework for the long-term stabilization and growth of the Financial Services Sector. The end result will be positive growth for the nation's second largest industry. Our goal is to keep the

sector in good standing and promote The Bahamas as a "user-friendly" international financial services center.



TRADE AND INDUSTRY

We have been working to advance trade as the 3rd pillar of our economy. Expanding trade in The Bahamas will mean greater economic stability and diversification—both of which are in high demand as we grapple with the global pandemic. In 2018, the value of Bahamian exports totaled over \$500 million and there is still much room for growth.

The Trade and Industry Unit is currently undergoing several changes as it is revamped to be more efficient and effective in carrying out its mandate. Despite the difficulties posed by COVID-19, we continue to push forward with our substantive agenda.

TRADE AND INDUSTRY UNIT CAPACITY BUILDING

We are in the process of retooling our team by filling our leadership needs. The most significant hire in this process has been the appointment of a Director of Trade who will be supported by an expanded team of trade officers.

INDUSTRIES ENCOURAGEMENT ACT AND THE EASE OF DOING BUSINESS

The Unit is engaged in an ongoing initiative to improve the ease of doing business across all sectors. In keeping with this objective, my Ministry is improving access to applicants under the Industries Encouragement Act and improving the speed of processing requests. The Industries Encouragement Act provides duty-free concessions for the importation of machinery, raw materials, and building supplies for locally based manufacturers, as well as exemptions from Real Property Tax. Local manufacturers will enjoy a faster process that gives quicker access to related tax reliefs and concessions.

New registrants under the Industries Encouragement Act can apply online for concessions via The Industries Encouragement Act page on the official Ministry's website.

Because we have given special attention to improving the Industries Encouragement Act's application process, the Ministry has granted close to 230 thousand dollars in concessions since July of this year.

Melissa Darville, whose company, Shiver, makes sorbets and ice creams, recently registered under the Industries Encouragement Act. Here's what she had to say about her experience with the process.

[Video Insert: Melissa Darville of Shiver]

As seen with Ms. Darville, The Industries Encouragement Act can be a useful incentive to help local manufacturers to lower costs on their way to success. We hope that all eligible companies will take advantage of the available concessions.



TRADE AND INDUSTRY LEGISLATIVE REVIEW AND CHANGES

We are collaborating with the Ministry of Foreign Affairs, Office of the Attorney General, Customs Department, Ministry of Agriculture and Marine Resources, Standards Bureau, and other agencies to look at existing trade agreements and new opportunities to increase trade in goods and services.

The Unit is currently working along with the Office of the Attorney General and the Law Reform Commission to review existing intellectual property and competition policies.

Of course, on the horizon, we have the nation's eventual accession to the World Trade Organization, which will bring even more trade opportunities for local business owners.

A PLAN TO MOVE THE ECONOMY FORWARD

Trade and Industry-related policy will play a significant role in our economic recovery. We are living in the era of globalization and Bahamian businesses should be empowered to export their goods and services to customers abroad. My Ministry has overseen the development of a 3-step plan to move the economy forward through strengthening the national approach to trade:

The first step is to increase awareness and provide access to information on trade agreements. Those considering investing in the manufacturing sector should be armed with the knowledge of all the trade deals that they can take advantage of to tap into international markets.

This includes knowledge of the existing trade deals with the United States, Canada, the European Union, as well as the upcoming Economic Partnership Agreement with the UK as it prepares to leave the EU. In fact, we are hosting a high-level symposium on the UK-Cariforum Economic Partnership Agreement this upcoming Friday.

The second step is the provision of sector specific market information to Business Supporting Organizations.

This involves the development of reports to give insight into the general provisions of the trade agreements and how interested parties can gain access, and equipping organizations like the Bahamas Chamber of Commerce, the Small Business Development Centre, and the Bahamas Agricultural and Industrial Corporation with all information needed to engage their members.

The third step involves facilitating links between the Industries Encouragement Act and micro, small, and medium enterprises within the green, blue and orange economies. This will ensure that our manufacturers are taking advantage of all opportunities for reduced duties on raw materials and other inputs, lowering the cost of operation for many local manufacturers.



These steps are in response to the needs of the business community that we serve. My Ministry, along with the Bahamas Chamber of Commerce, surveyed 100 Bahamian businesses to determine the best way to engage them as we move to ratify the UK-Bahamas Economic Partnership Agreement.

Seventy percent of respondents were interested in exporting goods to the UK but the main obstacles reported were: finding information on market opportunities and import requirements, connecting with buyers, and logistical issues.

Steps one and two of our 3-step plan addresses these information gaps and will better prepare Bahamian businesses to compete in the global market.

The end result of these initiatives is a more robust and resilient economy with more ownership opportunities for everyone and more businesses tapping into the international market for Bahamian-made products.

THE ALTERNATIVE DISPUTE RESOLUTION (ADR) UNIT

The Ministry of Financial Services, Trade & Industry, and Immigration is also responsible for international commercial arbitration and other alternative dispute resolution processes such as mediation and construction adjudication. As a part of this responsibility, the Ministry is charged with developing relevant laws and promoting Alternative Dispute Resolution.

Alternative Dispute Resolution is a method of resolving disputes without resorting to the court system. ADR has been gaining significant traction over the past few decades and has been linked with generally favorable outcomes in other jurisdictions. In fact, a survey conducted by Queen Mary, University of London indicated that 97% of survey respondents prefer international arbitration as their preferred method of dispute resolution and an overwhelming 99% of respondents would recommend international arbitration to resolve cross-border disputes. The landscape for dispute resolution has changed and The Bahamas must keep pace.

The goal is to establish The Bahamas as a centre for International Commercial Arbitration and ADR in general. This will result in:

The Bahamas becoming more attractive to international investors

Improvements in The Bahamas' position as a leading international financial centre

and the development of a new industry that would positively affect trade and other commercial activities.

We will aggressively promote local ADR services on the global stage and while the economic impact of these activities may not be felt overnight, we are committed to building this sector for long term growth.

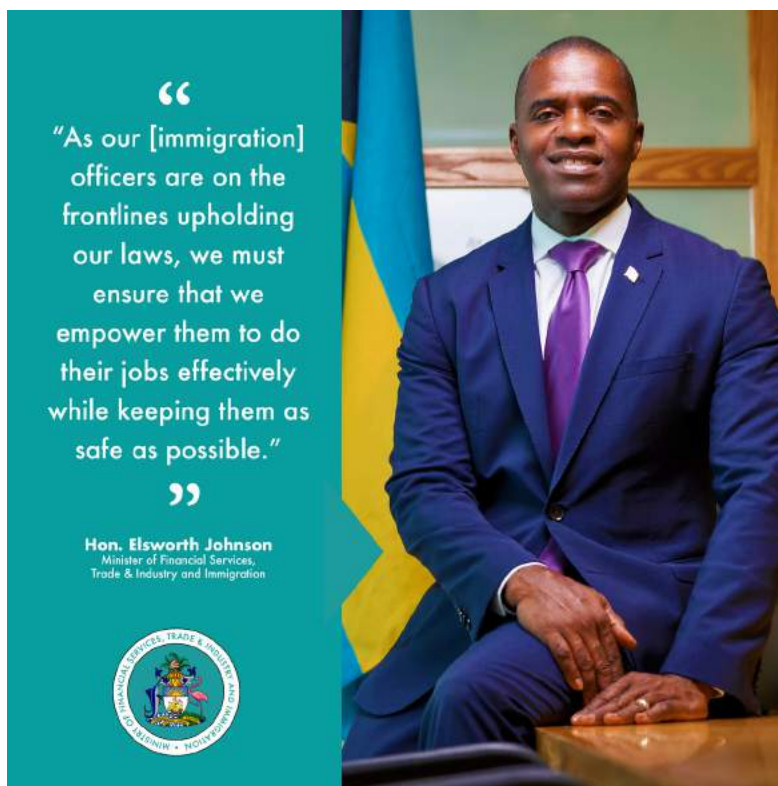


ADR will expand access to equitable remedies for many Bahamians and companies involved in disputes while maintaining strong business relationships as ADR processes are typically faster, less adversarial and cheaper than traditional court proceedings.

The Ministry has hired an Arbitration Consultant for the sole purpose of overseeing the rollout of ADR . This pioneering initiative is one of the Ministry's highest priorities.

DEPARTMENT OF IMMIGRATION

Immigration remains one of the high profile issues in national discussions. While COVID-19 has impacted operations in many unforeseen ways, we have put great effort into upholding the law, thereby protecting the fundamental dignity of the person and protecting our borders. The Ministry has made it a top priority to continue regular repatriation exercises to ensure that our facilities are not overrun by the influx of migrants entering the country illegally.



As our officers are on the frontlines upholding our laws, we must ensure that we empower them to do their jobs effectively while keeping them as safe as possible. This is why the Department of Immigration was one of the first agencies in the country to introduce temperature checking and tracking upon entry into facilities.

DOI TRANSITION TO CASHLESS

The Department has also delivered on its goal for full implementation of a cashless transaction system. The Immigration Integrated Management System is equipped to interface with the Treasury and provide access to cashless payment methods for all services.

The benefits of this system include:

- Improved efficiency, resulting in shorter wait times, and
- Reduced opportunities for corruption due to transactions being traceable, leaving no room for secret deals or theft.

This is a part of our zero-tolerance policy for corruption.



The Cashless Platform was soft launched for public testing at the beginning of this month and became fully operational this week.

DOI ONLINE SERVICES

Services are also being digitized. Existing application forms will be made available online to facilitate the replacement of in-person processes with online processes. Customers applying for any service will be able to do so from the comfort of their own home. Applications for work permit renewals are among the first of these services that will be rolled out within the next 6 months.

APPOINTMENTS, VIP SERVICES AND DELIVERIES

Any in-person activities will be made by appointment only. Appointments will be booked through the online portal, and any VIP services necessary will also be done by appointment.

In-person activities will be limited, as the Department is also actively exploring methods for efficient delivery of documents to customers.

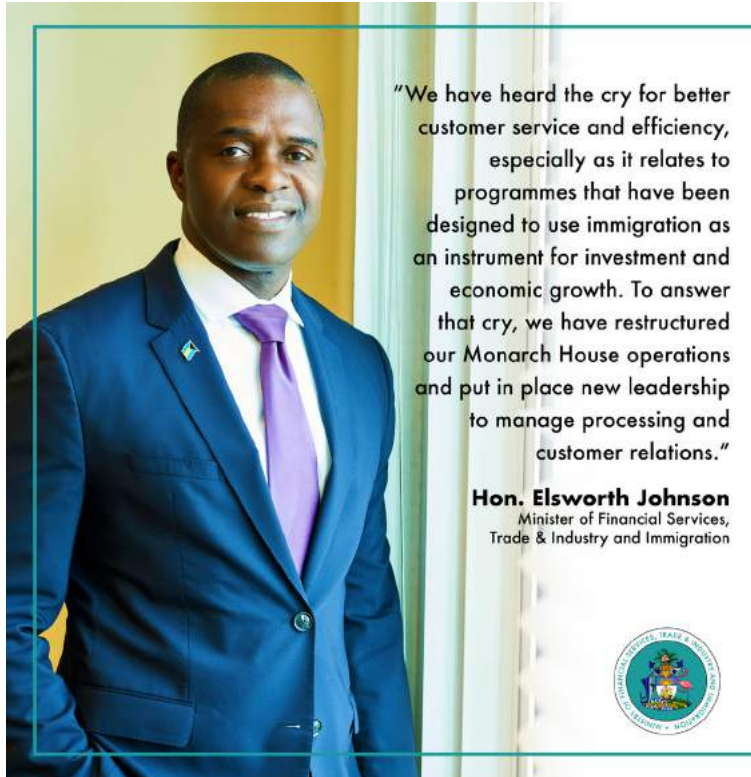
These efforts are a part of our digital transformation to modernize the Immigration department and provide 21st-century convenience to our customers. Of course, the adoption of digital processes has been expedited by the need to create systems and policies to limit possible exposure to COVID-19.

DOI CUSTOMER SERVICE

We have heard the cry for better customer service and efficiency, especially as it related to programmes that have been designed to use immigration as an instrument for investment and economic growth. To answer this cry, we have restructured our Monarch House operations and put in place new leadership to manage processing and customer relations. The Deputy Director of Financial Services is leading this transformation, and given her strong legal background and connection to the industry, we see a unique opportunity to improve the way these processes work.

We are moving full speed ahead in digitizing this area. Gone are the days when applicants would have to travel back and forth between offices. With this latest initiative, all services will be provided from one central location. Monarch House will now be a one-stop-shop for Permanent Residency and Citizenship, where applicants can enroll, pay and collect their documents without undue hassel. We anticipate that Monarch House will be fully operational as a one-stop-shop by early November.

We have also launched an internal secret shopper programme where secret shoppers use department services,



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Hon. Elsworth Johnson
Minister of Financial Services,
Trade & Industry and Immigration



and report on the quality of service received, the integrity of the process, and adherence to all protocols and laws. This initiative is coupled with the revitalization of our Complaints and Corruptions unit in support of our objective of maintaining the highest standards of excellence in service and ethics.

THE NATIONALITY, IMMIGRATION AND ASYLUM BILL

The government continues to explore and review the specifics of the Nationality, Immigration, And Asylum Bill that will address longstanding issues of statelessness and citizenship for those born to non-Bahamian parents and provide a fair process for people to apply for citizenship with a clear cutoff date for those who do not prioritize applying for citizenship. We are creating legislation that

will protect the sovereignty of The Bahamas while also ensuring that we protect fundamental human rights.

EXTENDED STAY PERMIT PROGRAMME

One of the marquee Immigration-related initiatives that is fast-tracked for launch is the previously announced Extended Stay Permit Programme. In fact, the programme will launch next week.

This programme will allow international students and workers to reside in The Bahamas for 12 months. Successful applicants will study and work remotely while enjoying the pleasures of the Bahamian experience.

The government has prioritized the Extended Stay Permit Program as a revenue-generating activity recommended by the Economic Recovery Committee. The Department of Immigration will continue to work collaboratively with other government agencies to bring yet another "first-ever" initiative into fruition as The Bahamas enters the market as a global innovator in the remote work economy.

OTHER REVENUE-GENERATING ACTIVITIES

Other revenue-generating activities being explored include the offering of "Rush Services" for a fee at Monarch House, as well as the charging of fees for visitors seeking to extend their stay in The Bahamas.



The Department of Immigration is fully aligned with the Ministry’s future-focused agenda, creating a foundation for short term recovery and long term growth.

CLOSING REMARKS

National advancement through innovation!

That is the core of our approach to overcoming the challenges of the COVID-19 crisis and coming out of this pandemic more resilient than ever.

There will be many “first-ever” achievements as we adapt to the new normal, and we have built a team capable of leading us to these lofty goals.



The Ministry of Financial Services, Trade & Industry, and Immigration is ready to take advantage of the opportunities before us and drive growth in new and unexplored ways.

Our ultimate objective is to make a positive impact on the country through our contributions to the economic and social well-being of the Bahamian people.

Thank you.