



ACTION PLAN

INTRODUCTION

The purpose of this document is to outline the essential steps that are required to restore socio-economic growth to Freeport, following the Covid-19 pandemic and the recent hurricanes, and to develop a foundation for its socio-economic transformation. It recognises that the pandemic has long-term strategic implications, especially given the risk to the tourism industry of Covid-19 variants persisting for some years to come, which makes diversifying Freeport's economy even more urgent.

Since 1955, over \$12 billion (in 2019 U.S. dollars) have been invested in Freeport's current infrastructure. Given impairment over the sixty-plus years and the impact of successive hurricanes over the past decade, that infrastructure has a current value (estimated on a depreciated replacement cost basis) of roughly \$10.5 billion. Upgrading and enhancing that infrastructure to the quality required to support a modern, cosmopolitan city will require considerably more investment than can be supported with current revenue streams. The time has come for a radically different approach.

The document offers the REEF Committee's five-point Action Plan for Freeport's economic transformation. It is intended to be read together with the report prepared by KPMG, which provides valuable and comprehensive historical and socio-economic context.

The REEF Committee's work confirms that as a prerequisite to creating significant, sustainable economic growth in Freeport, immediate and effective measures are required to:

- significantly enhance 'ease of doing business' in Freeport for all businesses, Bahamian or foreign
- address over-dependency on tourism by attracting new investment, at scale, especially in the maritime sector (especially homeporting, expanding the shipyard and container transshipment facilities) and encouraging other associated activities related to the 'blue economy'
- protect Freeport and its people from hurricane damage, including storm surges and the threat of rising sea levels
- significantly increase the population of Freeport, to create a vibrant, cosmopolitan city that has the critical mass of residents, visitors and jobs needed to create healthy, prosperous lifestyles.

Achieving these objectives will also significantly increase Freeport's contribution to the national treasury.

Freeport's economic transformation will not be achieved with half-measures. We need to leverage the full spectrum of Freeport's opportunities, including those offered by the Hawksbill Creek Agreement and drawing on lessons learned

from the best in the world, to create an investment destination that sophisticated businesses and workers find more attractive than rival destinations, in the region or elsewhere.

1. ALIGN LAWS AND POLICIES WITH MOST COMPETITIVE STANDARDS IN RIVAL SPECIAL ECONOMIC ZONES

No	Objective	Specific action/s	Responsibility	Timeframe
1.1	Address regulatory anomalies restricting Freeport's development.	<ul style="list-style-type: none"> a) Extend Real Property Tax (RPT) exemption to all real property in the Port Area. b) Repeal the EPPA provisions that give rise to conflicting regulatory powers between Central Government and the GBPA. c) Repeal provisions of the Electricity Act and the Communications Act that give rise to conflicting regulatory powers between Central Government and the GBPA. 	Government	Immediate
1.2	Allow Bahamian entrepreneurs in industry sectors reserved for Bahamian ownership to sell minority stakes in those businesses to foreign equity partners, or joint venture with such partners, if they wish to do so (e.g. to enhance their access to capital and skills; optimise their return on their investments).	Amend legislation to facilitate.	Government	3 months
1.3	<p>Reframing transient expatriate workers as valued revenue sources, as opposed to threats to Bahamian jobs, introduce new immigration regulations and policies that are at least as attractive as those of other options available to investors, e.g. Cayman Enterprise City in the Cayman Islands.</p> <p>(These rival destinations, whose tourism industries have also been decimated, are looking to enhance their efforts to attract expatriates, so Freeport's offering needs to consider planned new rival inducements, too).</p>	<p>Amend legislation to allow:</p> <ul style="list-style-type: none"> a) where Bahamian expertise is not readily available, allow businesses in the Port Area to employ foreign employees as they deem necessary for their business requirements b) approval process of 5 working days from application to decision c) work permits of 5 years duration, renewable d) competitive work permit fees (for instance, the fee in the Cayman Enterprise City is ~\$1,500 p.a.) e) work permit holder's visa benefits extend to spouse, dependent children up to 25 years old and dependent parents >62 years old - full rights to live, work, and study f) permit foreign workers and personnel access to Freeport for short-term visits (maximum 7 days) to work onboard foreign-flagged vessels, without need for work permits. g) path to permanent residence upon satisfaction of clearly stipulated conditions, but not to citizenship. 	Government	3 months

1.4	Develop a digital capability to comprehensively collect, store and make available as authorised, information that is required to meet government regulatory risk management needs, and that banks can rely on for KYC, source of funds and other purposes.	a) Appoint security experts to design the vetting system	GBPA	6 months
		b) Agree implementation protocol	GBPA	+ 2 months
		c) Amend banking regulations (concurrent with 1.4.b)	Government	+ 2 months
		d) Implement and commission system	Central Bank	+ 4 months
		e) Compile guidelines for banks to make it significantly easier for customers to open and operate banks accounts.	Retail banks	

2. ADDRESS NON-REGULATORY (ADMINISTRATIVE) IMPEDIMENTS TO 'EASE OF DOING BUSINESS.'

No	Objective	Specific action/s	Responsibility	Timeframe
2.1	Enhance Grand Bahama Shipyard's viability and use of Freeport as a trans-shipment centre.	Review the 1% ad valorem processing fee currently payable for a trans-shipment entry to make Freeport more competitive as transshipment centre.	Government	Immediate
2.2	Create a transparent and fair customs regime	a) Standardize Customs inspection, container fees, transportation fees, container security fees. b) Explore expanding the customs sterile area for transshipment of goods for air and sea freight. c) Explore ways to make it easier for domestic Bahamian shipping and related businesses to operate in Freeport Harbour. d) Roll out implementation of the customs single window in Freeport.	Government Government + FHC GBPA + FHC Government	Immediate
2.3	Create a transparent, rapid, inexpensive, extra-judicial effective civil disputes mechanism in Freeport to facilitate resolution of disputes between licensees, between licensees and the GBPA and, where appropriate, licensees and Government.	Appoint experts to develop the system	GBPA	3 months
2.4	Digitalise and make available online as many administrative GBPA and Government processes as possible, combining them when duplicative into a single user experience.	Continue to develop and expand the online portal	GBPA	Ongoing

3. MORE EFFECTIVELY SAFEGUARD FREEPORT AGAINST HURRICANE DAMAGE, STORM-SURGES AND SEA LEVEL RISE

Conduct a feasibility study to determine the best technical and financial solutions for safeguarding Freeport against hurricane damage, storm surges and sea level rise.

No	Objective	Specific action/s	Responsibility	Timeframe
3.1	Determine options for a north shore dyke and/or other storm surge protection measures	Appoint experts to conduct a feasibility study to determine the best technical and financial solutions for safeguarding Freeport against storm surges and sea level rise.	GBPA + Government	In progress 4 - 6 months
3.2	Ensure key infrastructure is adequately insured	Explore insurance solutions to find ones that are affordable and feasible.	GBPA + Government	6 months

4. EXPAND OPPORTUNITIES FOR BAHAMIAN ENTREPRENEURS TO CAPITALISE ON FREEPORT'S GROWTH

A significant increase in the population of Freeport will require a significant number of new retail, hospitality, professional and other service and other businesses. This will create a significant number of new jobs and entrepreneurial opportunities for Bahamians, in roles where skills are currently lacking in the workforce.

No	Objective	Specific action/s	Responsibility	Timeframe
4.1	Identify opportunities for Bahamians (new entrepreneurial business investments and new jobs) that a resurgent Freeport would generate.	a) Appoint experts to conduct a skills inventory and a gap analysis between what exists, and what will be required to support a Freeport population of 3x (~150,000) and 5x (~250,000) people. b) Identify and assess options for skills development and training to optimise Bahamian uptake of the new roles. c) Identify and assess options for supporting Bahamians in establishing and operating businesses in a growing Freeport.	GBPA	4 months
4.2	Assess the projected economic impact of a significantly larger Freeport on the GDP of The	Appoint experts to undertake an economic impact assessment of the projected 'new' Freeport.	GBPA	4 months

Bahamas and income to the national Treasury.			
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5. DEVELOP A NEW, GLOBALLY APPEALING BRAND TO ATTRACT NEW INVESTMENT TO FREEPORT

Once the Freeport ‘product’ is properly designed and implemented, promotion can begin. Combining REEF outcomes with previous thinking, key elements that Freeport’s new brand must highlight include:

No	Objective	Specific action/s	Responsibility	Timeframe
5.1	Redefine and articulate Freeport’s value proposition to investors	a) Define Freeport’s value proposition in terms of location at the ‘gateway to the Americas,’ being a major maritime hub and as a tax-efficient base for a wide range of high-quality businesses.	GBPA	4-12 months
		b) Research and articulate benefits in terms of tax compliance with key EU and OECD requirements and the new U.S. administration; Caricom and other international agreements	Government	3 months
		c) Develop suite of projects to showcase Freeport’s commitment to and credentials in the ‘blue economy’ and high environmental, social, governance (ESG) standards generally.	GBPA + Government	6 months
		d) Redefine Freeport as one of the oldest and most established SEZs in the world, now upgraded into a highly competitive destination for reputable international and local businesses alike.	GBPA + Government	3 months
5.2	Develop a plan to revitalise and re-develop Freeport into modern, vibrant Bahamian city that is safe, aesthetically appealing and environmentally sustainable.	a) Develop a new urban plan for Freeport b) Amend Freeport’s bylaws to enhance GBPA’s enforcement powers to protect aesthetic and environmental standards in the city.	GBPA	12 months
5.3	Establish a ‘one-stop-shop’ promotion agency to market Freeport internationally	Commission experts to develop the promotion agency and its business plan for first two years.	GBPA + Government	6 months