

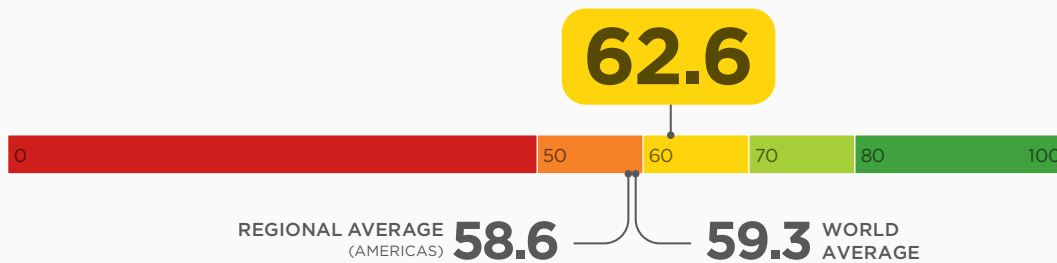
BAHAMAS



The Bahamas' economic freedom score is 62.6, making its economy the 67th freest in the 2023 *Index*. Its score has decreased by 6.1 points from last year. The Bahamas is ranked 15th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

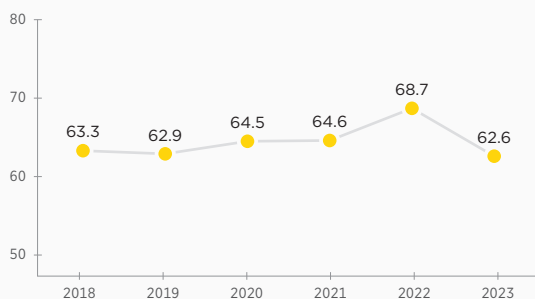
The foundations of economic freedom remain relatively sound with government integrity and property rights scoring above world averages. However, there is little momentum for deeper reform, and the country appears to be experiencing a gradual loss of competitiveness as others move more rapidly to expand economic opportunity.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.2

RECENT FREEDOM TREND



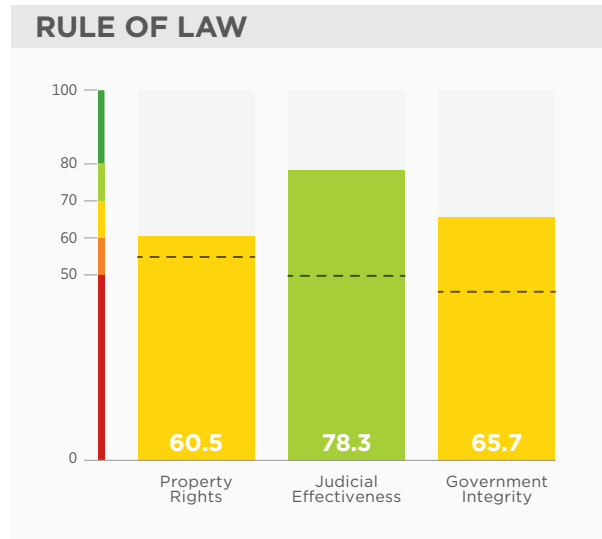
QUICK FACTS

POPULATION: 0.4 million	UNEMPLOYMENT: 10.0%
GDP (PPP): \$14.1 billion 5.6% growth in 2021 5-year compound annual growth -0.8%	INFLATION (CPI): 3.2%
FDI INFLOW: \$359.6 million	PUBLIC DEBT: 103.3% of GDP

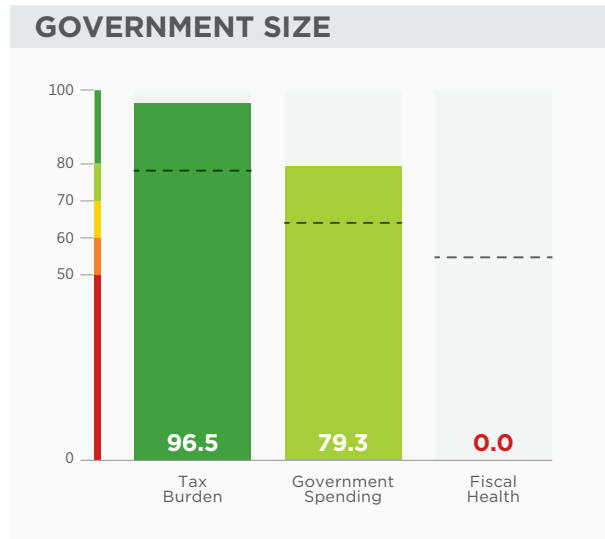
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Phillip Davis of the center-left Progressive Liberal Party was elected prime minister in September 2021 with a wide parliamentary majority, displacing the center-right Free National Movement party. Despite projected continued growth in 2022, levels of public debt and unemployment remain high. Financial services are an important sector of the economy. Tourism normally accounts for over 60 percent of GDP, but the COVID-19 pandemic and a 2019 hurricane caused a steep decline in revenues. Proximity to the U.S. makes the Bahamas a transshipment point for illegal drugs and human trafficking. The Bahamas has supported U.S. efforts to condemn Venezuela's Maduro regime.

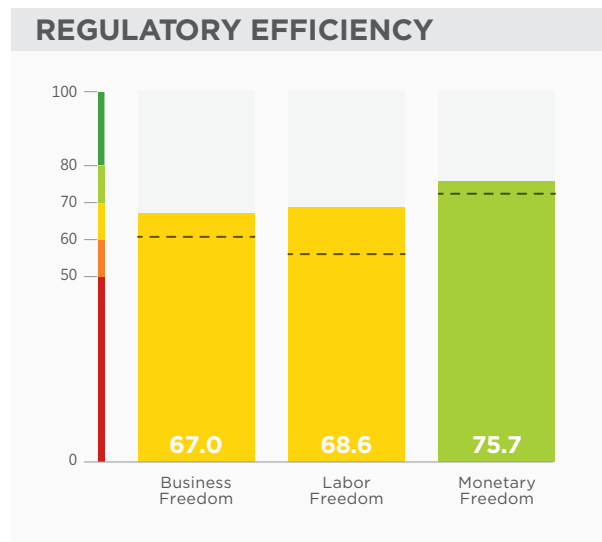
12 ECONOMIC FREEDOMS | BAHAMAS



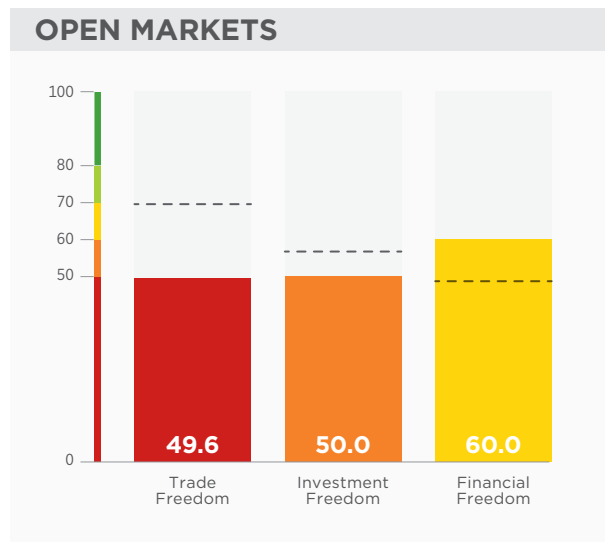
The overall rule of law is relatively well respected in the Bahamas. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate income tax rates are 0 percent. The tax burden equals 18.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 26.3 percent and -7.5 percent of GDP. Public debt equals 103.3 percent of GDP.



The overall regulatory environment is relatively efficient, although no major reforms have been implemented in recent years. The labor market is relatively flexible, but enforcement of the existing labor codes remains ineffective. The most recent available inflation rate is 3.2 percent.



The trade-weighted average tariff rate is 17.7 percent, and nontariff measures further impede trade flows. New foreign investment is subject to a lengthy review process. The financial sector is fairly competitive and the second most important contributor to the economy.