



Press Statement
By
The Hon. Zhivargo S. Laing
MINISTER OF STATE FOR FINANCE

Releasing of the Bahamas' Services Offer
Economic Partnership Agreement
20th August 2008

The purpose of this press briefing is to present the Government's services offer for the Economic Partnership Agreement (EPA).

As you know, The Bahamas has an extended period of six months after the signing of the Agreement to present the country's services schedule for inclusion in the Annexes of the Agreement. I am now pleased to release to the public the Government-approved services offer, which will be forwarded to the Caribbean Regional Negotiating Machinery (CRNM) for its review before forwarding to the European Union.

What is the services schedule of the Economic Partnership Agreement?

The services schedule represents the commitments that The Bahamas is making to the EU and CARIFORUM with respect to trade in services. There are 155 services sectors considered under the EPA which have standard definitions using a Central Product Classification (CPC) Code Description administered by the United Nations. These are the same classifications used by the World Trade Organization (WTO) in its General Agreement on Trade in Services (GATS).

There are eleven (11) specific services sectors, including: (1) Business Services, (2) Communication Services, (3) Construction and Related Engineering Services, (4) Distribution Services, (5) Education Services, (6) Environmental Services, (7) Financial Services, (8) Health Related and Social Services, (9) Tourism and Travel Related Services, (10) Recreational, Cultural and Sporting Services, and (11) Transportation Services. Each of these sectors has sub-sectors for a total of 155 sub-sectors. The Bahamas' commitments address three areas, namely:

1. Horizontal Commitments
2. Market Access/ National Treatment
3. Modes of Delivery

Horizontal Commitments

These are Bahamian rules and regulations that are universal, that is, that apply to *all* service sectors. Examples are Exchange Control or the national immigration laws.

Market Access

A commitment in market access means that where the Bahamas government permits access to the Bahamian market it will not change conditions for entry or restrict such entry. Commitments can be improved unilaterally by a country but can only be removed or modified after countries that would be affected by the changes have been compensated. There are six types of restrictions defined by the GATS Agreement and incorporated into the EPA.

National Treatment

The services schedule is also a commitment to treat service suppliers of other countries that have been allowed to provide services in The Bahamas the same way as Bahamian service providers. The services schedule outlines where foreign-service suppliers will be given less favourable treatment than Bahamian nationals.

Modes of Delivery

Services are delivered through 4 modes of supply:

Mode 1: **Cross-border supply.**

This is the supply of a service into the territory of a member from a non-resident service supplier. The service supplier is not present in the territory of the member. An example would be electronic banking transfers from the US to The Bahamas. Another example would be the provision of legal advice by a UK solicitor by telephone to a Bahamian client.

Mode 2: **Consumption abroad**

This is the purchase of a service outside the territory of the member. The service supplier is not present in the territory of the member e.g tourist services, ship repair, medical services.

Mode 3: **Commercial presence**

This is where a foreign-service supplier establishes a branch, agency or subsidiary in the territory of the Member. Examples are the presence in The Bahamas of foreign banks, insurance companies or franchises.

Mode 4: **Presence of natural persons**

This allows foreign persons temporary entry to the territory of the Member to supply their services. An example is the entry into The Bahamas of American appliance repairmen.

What does the term 'coverage' mean?

The term refers to the number of sectors in which commitments are made as a proportion of the total number of sectors. The services schedule of the CARIFORUM states includes 155 sectors. As a Most Developed Country (MDC) within the context of CARIFORUM, The Bahamas is expected to make commitments in 75% or 116 of the sectors.

How are commitments made?

There is a standard format and terminology to make commitments. Commitments are made with respect to the Sector as defined by the CPC Code, horizontal commitments as well as commitments reflecting the four modes of delivery in market access and national treatment columns as described above. Commitments can be qualified. An example would be "None after 2013." The terminology for making commitments is as follows:

None

This means that there are no limitations or restrictions on provision of services by foreign-service providers in the national territory.

Unbound

This means that no commitment is being made. This is usually because the Bahamas wishes to introduce or maintain practices that are not consistent with full market access or national treatment for foreign services or service providers.

How to interpret the services schedules?

1. Understand the horizontal restrictions that apply to all sectors and their effect on the sector under consideration.
2. Understand the scope and coverage of CPC codes and which specific activity is being undertaken.
3. Look at the market access limitations.
4. Look at the national treatment limitations.

The Services Schedule Offer

This Services Offer covers 128 of the 155 sectors, some 83% coverage. It is important to note that the offer essentially mirrors the National Investment Policy of The Bahamas today.

The schedule is divided into two main components. The first component lists the horizontal commitments.

This is followed by the offer. The offer is presented in 3 columns and 5 rows. The 1st column and 1st row is the description of the sector. The 2nd column and 1st and 2nd rows are the country's abbreviation. The 2nd column 2nd row is the market access limitations or offer for mode 1 (cross border services). The 3rd column 2nd row is the national treatment (i.e. differences in the treatment of foreign nationals vis-à-vis Bahamian) limitations for mode 1. The same principles holds for the remaining rows with mode 2 (consumption abroad) being the 3rd row, mode 3 (physical presence) is the 4th row and mode 4 (temporary entry of persons) is the 5th row.

In these rows *none* means no limitations or restrictions with respect to investments other than horizontal restrictions and *unbound* means restrictions other than horizontal restrictions apply.

The Bahamas as a More Developed Country within Cariforum was required to achieve a liberalization rate of 75% in this offer. This meant that at least one of the modes had to include a *none* for at least 117 sectors. This was achieved.

Current Investment Policy

Again I wish to note that this offer almost entirely conforms to our present National Investment Policy. This policy reserves thirteen sectors for

Bahamian participation only. The sectors currently reserved under the National Investment policy include the following:

- wholesale and retail sector;
- commission agencies engaged in the import/export trade;
- real estate and the domestic property management agencies;
- domestic newspapers and magazines;
- domestic advertising and public relations firms,
- nightclubs and restaurants except specialty, gourmet and ethnic restaurants and restaurants operating in a hotel, resort complex or tourist attraction;
- security services;
- distribution of building supplies;
- construction companies, except for special structures which international expertise is required;
- cosmetic and beauty establishments;
- shallow water scale fish , crustacean, mollusk and sponge fishing operations;
- auto and appliance service operations; and
- public transportation including mail boat services

For each of these areas, the government's offer is "unbound", meaning that The Bahamas defines the rules in these areas and those rules call for no foreign participation, as a general rule.

This offer will be posted on the government's website by the end of the day for the full access of the public. www.bahamas.gov.bs.

Thank you.