



.

.



.

.



INDEX TO ENGLISH TRADE PROCEDURE GUIDES

Contents of National Trade Operations Guides

1. IMPORT REGIME
 - 1.1. Customs duty policy
 - 1.1.1. Import tariffs
 - 1.2. Trade Requirements
 - 1.2.1. Foreign Exchange Regulations
 - 1.2.2. Import permit or license
 - 1.2.3. Invoices
 - i. commercial
 - ii. consular
 - iii. pro-forma invoice
 - iv. invoice of goods shipped
 - 1.2.4. Bill of Lading
 - 1.2.5. Certificates
 - of origin
 - of purity
 - of quality
 - animal and/or botanic health
 - of registration
 - of analysis
 - of insurance
 - of value
 - of weight
 - 1.2.6. Technical specifications
 - 1.2.7. Advertising material
 - 1.2.8. Labelling
 - 1.2.9. Brands or trademarks
 - 1.2.10. Packing
 - 1.3. Fines and Penalties - Port and Warehousing Procedures
 - 1.4. Specimens, Samples
 - 1.5. Shipment restrictions
 - 1.6. Distribution channels
 - 1.6.1. Agents or representatives
2. EXPORT REGIME
 - 2.1. Export procedures
 - 2.2. Exports subject to special requirements
 - 2.2.1. Export permit

Contents of National Trade Operations Guides

- 2.3 Export incentives
 - 2.3.1. Direct incentives
 - 2.3.1.1. Direct tariff incentives
 - tax exemptions or reductions
 - compensatory taxes
 - 2.3.1.2. Direct credit incentives
 - pre-shipping credit
 - post-shipping credit
 - 2.3.1.3. Certificates
 - tax refund certificate
 - tax guarantee or tax payment certificate
 - export increase certificate
 - tax compensation certificate
 - 2.3.2. Indirect incentives
 - "draw-back" schemes
 - preferential exchange rates
 - financial incentives
 - 2.3.3. Free zones (trade and industrial freeports)
- 3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES
 - 3.1. Bilateral
 - 3.2. Multilateral
 - 3.3. Integration schemes
- 4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE
- 5. NATIONAL AND INTERNATIONAL FAIRS
 - 5.1. Name and place
 - 5.2. Organizing institution
 - 5.3. Frequency and direction
- 6. CHAMBERS AND ASSOCIATIONS OF COMMERCE
 - 6.1. Membership to regional and international associations

THE BAHAMAS

1. IMPORT REGIME

1.1. Customs duty policy

The Commonwealth of The Bahamas, independent since 1973, signed the Caribbean Common Market Agreement in July 1983, but does not participate in the Common External Tariff arrangement of CARICOM. The Bahamas is also an adherent to the Second Lomé Convention.

The Bahamas maintains its own tariff classification based on that of the Customs Co-operation Council. This system is contained in the "TARIFF ACT OF 1975". The Tariff consists of five (5) parts which are divided into twenty-one (21) sections. Basically they are:

1. Live animals; animal products.
2. Vegetable products.
3. Animal and vegetable fats and oils and their cleavage products; prepared edible fats; animal and vegetable waxes.
4. Prepared foodstuffs; beverages, spirits and vinegar; tobacco
5. Mineral products.
6. Products of the chemical and allied industries.
7. Artificial resins and plastic materials, cellulose esters and ethers, and articles thereof; rubber, synthetic rubber, factice and articles thereof.
8. Raw hides and skins, leather, firskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; articles of gut (other than silk-worm gut).
9. Wood and articles of wood; wood charcoal; cork and articles of cork; manufacturers of straw, of esparto and of other plaiting materials; basketware and wickerwork.
10. Paper-making material; paper and paperboard and articles thereof.
11. Textile and textile articles.
12. Footwear, headgear, umbrellas, sunshades, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair; fans.
13. Articles of stone, of plaster, of cement, of asbestos, or mica and similar materials; ceramic products; glass and glassware.

14. Pearls, precious and semi-precious stones, precious metals, rolled precious metals, and articles thereof; imitation jewellery; coin.

15. Base metals and articles of base metal.

16. Machinery and mechanical appliances; electrical equipment; parts thereof.

17. Vehicles, aircraft and parts thereof; vessels and certain associated transport equipment.

18. Optical, photographic, cinematographic, measuring, checking, precision, medical and surgical instruments and apparatus; clocks and watches; musical instruments; sound recorders and reproducers; television image and sound recorders and reproducers; magnetic; parts thereof.

19. Arms and ammunition; parts thereof.

20. Miscellaneous manufactured articles.

21. Works of art, collectors' pieces and antiques.

There are regulations governing the operations of this Tariff. Regulations provide for temporary importation, under bond, of various heavy machinery and equipment used in specific projects.

1.1.1. Import tariffs

The tariff system of The Bahamas contains one schedule of duties consisting of specific duties; ad valorem duties and combination duties. A general rate of duty is applied to imports from all areas, as there is no preferential tariff.

The most frequent rate of duty is 35 percent ad valorem, with few exceptions - such as tobacco products, automobiles and alcoholic beverages. A few commodities are assessed combination duties, comprising of both specific and ad valorem duties.

As regards Sections (2) and (3) of the Tariff Act 1975 (see 1.1 above) they have a variable maximum progressive duty rate for some commodities which may be invoked to protect the local producer when the local supply of a commodity is adequate.

There are four (4) Schedules to the Tariff Act which are:

First Schedule - Rates of Duty;

Second Schedule - Provision of certain agriculture, marine and manufactured goods;

Third Schedule - Duties imposed under the Second Schedule;

Fourth Schedule - Exemption from duty.

The Tariff Act also lists a number of imports which may be admitted free of duty. Among some of the items which may be admitted free of duty are:

(i) Goods for use of consulates and consular officers and diplomatic offices and diplomatic officers (as may be specified by the Minister);

(ii) Goods for establishments of foreign states where The Bahamas Government has entered into an agreement with the foreign state.

(iii) Goods for the use of The Bahamas National Trust and imported with prior approval by the Minister;

(iv) Goods imported by Charitable Organization with prior approval by the Minister for use solely by that organization;

(v) Gifts to the Government.

The "Industries Encouragement Act of 1970" provides for the exemption of duties of machinery, tools, equipment and needed raw materials for factories engaged in the production or processing of goods for local consumption and export.

Under the "Hotels Encouragement Act", The Bahamas Government may refund all import duties paid for construction materials and equipment required for the building, extension or furnishing of the facility. This provision applies only to holders of approved plans.

Duties are payable in Bahamas Dollars at the time of customs clearance of goods and may not be prepaid by the exporter.

Ad Valorem duties: This is based on the cif value of the goods imported at the point of entry.

Specific duties: Goods on which specific duties are levied are dutiable by quantity or by net weight. It is important that the net weight of shipment should be accurately stated on the package in order to avoid any delay in customs clearance or fines as penalties.

Tax of a 1.5 percent ad valorem (cif) is levied on all imports intended to be entered into a bonded warehouse. Import duties are charged on goods removed from the warehouse.

A stamp duty of 1.5 percent of (cif) value is levied on all entered goods.

1.2. Trade Requirements

All permitted goods may be imported without a license. Control of imports is currently exercised by Customs and the subsequent payment for such imports controlled by the Central Bank.

Exchange control is administered by the Central Bank, which controls foreign payments by use of Form 1 (Import Form). This form is required for payments for imports, irrespective of origin. Approval normally is given automatically upon submission of pro forma invoices or other relevant documents.

There are no restrictions on current payment for invisibles. Remittances of interest on supplier's credit and overdue payments require the prior approval of the Central Bank.

1.2.1. Import Permit or Licenses

Though most goods are permitted without a license, import of certain commodities are prohibited or controlled for health, social or humanitarian reasons.

Special permits (or licensing) are required for imports of arms and ammunition, and in some cases, industrial gold. Import licenses for arms and ammunition, are obtainable from the Police Department, while the Central Bank issues licenses for the importation of industrial gold.

1.2.2. Invoices

In order to avoid unnecessary delay in customs clearance, all shipping documents should be forwarded separately from the shipments.

It is now recommended that the invoice format devised by the Customs Co-operation Council (CCC) be used. The original of the invoice should be sent to the consignee for each invoice. Shippers must indicate whether each item is included or excluded in the selling price, since all prices including unit price must be shown.

As usual all invoices should contain a careful description of the goods setting out detailed charges and expenses to arrive at cif value. Although the price column of the invoice is marked cif, a declaration of fas or fob value is compulsory, while a cif statement of value is optional.

Ordinary commercial invoices are normally accepted for goods not requiring any special tariff treatment. However, each invoice should con-

tain the name and address of exporter and also of the consignee; form of transport; marks, quantities, kind of packaging; gross and net shipment weight, place or origin of shipment, complete and careful description of merchandize, giving the proper Bahamian tariff schedule number; unit value and total value; showing shipping and insurance costs separately; and any other data to facilitate easy customs clearance.

Consular Invoices are not normally required.

The importer normally requires pro forma invoices or other relevant documents providing the existence of a purchase contract in order to obtain exchange to cover payment of shipment.

Invoice of goods shipped (packing list) is not a mandatory document, however, it would facilitate customs clearance. Information in this document must correspond to data in other shipping documents.

1.2.3. Bill of Lading

No special form is required for Bills of Lading. At least one copy of the Bill of Lading should be sent to the consignee which must be presented with the entry of goods into The Bahamas.

Each Bill of Lading should indicate the receipt of goods for shipment; name of shipper; name and address of consignee; port of discharge; destination; description of merchandize, and itemized charges. The Bill of Lading must also show all inland freight charges in the country of origin or invoices must be attached.

"To Order" Bills of Lading are accepted.

For air cargo shipments the Air Waybill replaces the Bill of Lading. The number of copies of the Air Waybill issued is based on the requirements of the importer and the airline used, subjected to the rules and regulations of IATA and/or ICAO governing the labelling and packaging of dangerous and hazardous or restrictive goods. Such items must be issued with a special shipper's certificate required under IATA rules.

Mail and parcelpost shipment require postal documentation in lieu of Bills of Lading. Customs declaration must be completed to show the value of the contents, the cost of the postage and the insurance fee, if any. Each letter or package containing dutiable merchandize, prints and small packages, must have affixed on the address side of the mail, a green customs label C1

Form 2976 "Authority for Customs to Open International Mail". However, if the sender prefers not to show the description of the contents on the outside or if the value of the contents exceeds US\$120.00 then only the upper portion of the Form is affixed on the outside of the package. In this case a Customs Declaration C-2 Form 2976-A "Customs Declaration" is completed and enclosed inside of the package.

Dutiable merchandize is permitted in mail or parcelpost, subject to a maximum weight of 22 lbs., with a maximum length of 4 feet and not exceeding 24 inches in girth. The greatest combined length and girth is 6 feet.

1.2.4. Certificates

Certificates of Origin:

This is not usually required, however, if requested by the importer or Letter of Credit, then two copies are necessary. Information should correspond to data on other shipping documents. The documents must be certified by the customs authority of the originating state.

Certificates of Insurance

No special requirements, but follows normal commercial practice. Follow the instructions of importer and/or insurance company.

Phytosanitary

Import permits from The Bahamas Director of Agriculture are required for plants and other propagative plant material from all foreign countries except from the State of Florida. Federal or State Certificates are also required for such imports. Fresh fruits with a soft pericarp and fresh vegetables from Haiti and Puerto Rico and plants which could introduce plants disease into The Bahamas are restricted.

Cattle health Certificate

An origin health certificate must accompany all cattle exports from the United States. It must be issued by an accredited Veterinarian in the state of origin, and endorsed by the authorized Veterinary Services certifying that the animals are free from certain diseases and parasites.

Special Certificates

Other certificates may be required for the importation of any live animal less than six (6) months old. There are special regulations governing the importation of pets.

Firearms must be licensed by The Bahamas Police before entry is permitted.

A Customs Certificate of age must be produced for the importation of Whisky and Brandy.

1.2.5. Technical Specifications

For most industries, compliance with the U.S. or British Technical Standard is accepted.

Electric current is AC 60-cycles, 120/240 and 120/280 Volts; 1, 3 phases 2, 3, 4 wires.

At present both the British Imperial System and the Metric System are being used. A full conversion to the metric system is being undertaken.

Building materials and components are now being regulated by provisions in the "Building Regulation Act, 1971". There is also a comprehensive set of minimum Standards for the design and construction of buildings - including approved building materials.

1.2.6. Advertising Material

Advertising circulars and advertising posters of no commercial value may be admitted free of duty. Advertising matter for gratuitous distribution are admitted duty free.

1.2.7. Labelling and Marking

In order to identify the true origin of the merchandise labelled in English, a mark of origin must bear a legend "Made in (name of country)".

Imported cigarettes must bear a health hazard warning as of 1 June 1977.

There are no regulations governing marking of packages. However, common shipping practices suggest that goods should bear all identifying marks such as consignee's marks and postmarks. Packages should be numbered unless the contents can be readily identified without numbers.

Exporters to The Bahamas should ascertain whether or not The Bahamas is currently adhering to the United Nations recommendation for the labelling and packing of hazardous and/or restricted material in a standardized manner and style.

1.2.8. Brands or Trademarks

No established regulations are in force.

1.2.9. Packing

There are no regulations governing the packing of goods except in the case of the packing and labelling of hazardous materials (as outlined in 1.2.7. above).

1.3. Fines and Penalties

Fines and Penalties may be imposed when it is found that customs regulations have been violated. This would be in cases such as where a deliberate attempt has been made to undervalue the imported goods so as to avoid payment of customs duties. In such instances the goods may be confiscated and put for public auction.

Goods are allowed five days after arrival at a port of entry before being entered into customs. Failure to do so may result in the goods being placed in a government warehouse for 14 days, before being subject to auction.

Merchandise arriving in The Bahamas is immediately subjected to the payments of customs duties where applicable.

1.4. Specimen Samples

If the samples are of no value, then no duty is applied. Sale samples may be admitted free of duty under bond or deposit which is refunded upon re-exportation.

1.5. Shipping Restrictions

None established.

1.6. Distribution Channels

Distribution of all commodities are handled by the private sector, through various wholesale and retail outlets.

1.6.1. Agents or Representatives

No regulations exist as to the establishment of a business agent or representative in The Bahamas. However, a travelling salesman must have a work permit and a travelling salesman license.

2. EXPORT REGIME

2.1. Export Procedures

Any company incorporated in the country which makes export sales payable in foreign currency, is subject to the currency exchange controls which require the compulsory surrender of foreign currency to the Central Bank.

For exports to the EEC, subject to the Second Lomé Convention, see that convention.

2.2. Exports subject to Special Procedures

Exports of hazardous, dangerous or restricted goods may be subjected to the International Dangerous Goods Code.

2.3. Export Incentives

See Generalized System of Preferences (GSP) and Lomé II. Goods exported under this scheme require a certificate of origin Form A.

2.3.1. Direct Incentives

The Bahamas has introduced legislation to promote industrial development. The "Industries Encouragement Act of 1981" replaces the "Industries Encouragement Act of 1970". It offers a number of incentives for export manufacturing, moreso to small-scale enterprises.

In general, the maximum number of years for which benefits may be granted varies with the percentage of local value added contribution. For the award of benefits, enterprises are classified into three groups:

Group I: Enterprises whose local value added in respect of the approved products amounts to 50 percent or more of the value of the sales, ex-factory, of the product;

Group II: Enterprises whose local value added in respect of the approved products amounts to 25 percent or more but less than 50 percent of the receipts from sales ex-factory; and

Group III: Enterprises whose local value added in respect of the approved product amounts to at least 10 percent or more but less than 25 percent of the receipts from sales ex-factory.

The following table shows the maximum number of years for which The Bahamas Government may grant relief from income tax and customs duties.

Table 1

Maximum Period of Tax Concession Eligibility

<u>Enterprise Group</u>	<u>Maximum number of years</u>
I	15
II	12
III	10

The scheme permits highly capital-intensive projects irrespective of their local value added to be granted tax holidays and customs relief up to the maximum permissible. The qualifications for such treatment are that the project must involve a capital investment of no less than EC\$25 million.

Enterprises whose entire production of the approved product is sold to countries outside the CARICOM, referred to as enclave industries, have been made eligible for tax holidays and customs relief, without a reference to the quantity of their local value added. This is due mainly to their estimated large employment contribution.

The Common Market Agreement does not prohibit the granting of duty free treatment of imports of raw materials to enclave enterprises after their tax holiday period has expired. It has been the general policy of all member countries of CARICOM to allow such enterprises this concession without limitations.

Dividends tax exemption

Approved enterprises are granted exemption of income tax on the profits of the approved products. Equally important is the provision that the dividends paid from such products to shareholders of such enterprises may also be exempted from tax as long as the shareholders are residents of a CARICOM country.

A collective agreement exists between the MDC's and the LDC's to allow dividends earned in one MDC country to be transferred to an LDC to be exempt from taxation in the recipient's country of residence. Where however, the shareholder is not resident in a CARICOM country, dividends will not be totally exempt from tax, but only from such tax in excess of what the recipient would normally pay in his country of residence.

Interest is not exempt from tax in the hands of the recipient.

Compensatory Taxes

(i) Carry forward of losses

If an approved enterprise makes a net loss on the production of the approved product, taking the total holiday period into account, the enterprise can carry forward such losses up to five years after the expiry of the tax holiday, setting them off against profits made later on the approved products.

The net loss on the approved product over the tax holiday period is calculated by summing up all losses made and subtracting all profits made in the period.

Export Allowances

Partial relief is granted to enterprises from the income tax chargeable on the profits earned from exports. This provision becomes operative after an enterprise's tax holiday period has expired.

The greater the share of an enterprise's profit which is derived from exports outside the ECCM (sales to other CARICOM members except Barbados qualify for allowance) of the product for which export allowance is given, the greater the relief afforded.

The following table gives the extent of maximum relief in terms of credit on tax chargeable on the share of profits made from export sales outside the Common Market's area.

Table 2

Maximum Export Allowances Granted

Share of profits from exports to third countries in total profits of approved product ^{2/}	Maximum income tax relief of tax chargeable on the approved product (%)
10 to less than 21 percent	25
21 to less than 41 percent	35
41 to less than 61 percent	45
61 percent or more	50

^{2/} As a general rule, the share of exports on total sales is taken as the share of profits made.

A country is not permitted to grant this relief to an enterprise in respect of a traditional export product of that country. This export allowance should normally be given only for products to be exported outside of the Common Market. This provision was designed to encourage enterprises to increase the share of exports sales in their total sales and is intended in particular to promote the export of manufactures.

The export allowance will be granted to authorized enterprises, provided that:

(i) The enterprise has been enjoying such benefits only for the first five years after the expiry of the tax holiday or customs rebate period;

(ii) The enterprise has not been granted any tax holiday or customs duty rebate only for the first five years of the life of the harmonization agreement (effective since 1 February 1974).

2.3.1.1. Direct Tariff Incentives

The various incentives provided in the "Industries Encouragement Act of 1981" includes exemption from duties of various items considered necessary. This provision is also included in the "Hotels Encouragement Act".

2.3.1.2. Direct Credit Incentives

No specific credit incentives or export financing facilities exist.

2.3.1.3. Certificates

Customs tariff preferential treatment of exports to CARICOM members requires certification of origin (see Part I, Section 1(a) where specimen is provided).

The Lomé Convention also requires certification of origin for exports from ACP states into the EEC (see Part II, Section 5). Same is required by the United States under the Generalized System of Preferences (GSP).

No tax refund certificate or tax compensation certificates are given.

2.3.2. Indirect Incentives

In addition to the depreciation allowance to which enterprises are normally entitled, there are other allowances given to approved enterprises on the expiry of the tax holiday.

Initial Allowance

An initial allowance not exceeding 20 percent of any plant, equipment and machinery capital expenditures, incurred after the tax holiday has expired, can be deducted.

Special bonus for using local labour

In order to encourage the greater use of local labour and to contribute to the relief of the serious unemployment, a tax holiday can be extended by increasing the measure of value added through a weight or bonus that measures the use of local labour (see Part I, Section 2(f) for measure of this bonus).

2.3.3. Free Zones

A free trade zone in Freeport has been established on Grand Bahama by the "Hawksbill Creek, Grand Bahama (Deep-water Harbour and Industrial Area) Act of 1953". The main aim of the government is to promote the Grand Bahama as an industrial and commercial center. This Act grants significant tax and tariff concessions to implement this aim.

For this purpose customs duties are not imposed on imports intended for use in business operations in Freeport. Imports which are duty-free include machinery and equipment for use in Freeport, and materials freely stored, mixed, processed, or re-exported duty-free. However, they exclude imports for consumable stores, for personal use and merchandize for sale. Goods shipped from Freeport to any other part of the Bahamas are levied duty.

"The Freeport Port Authority licences are granted these exemptions from customs duties on imports and exports until the year 2054 through the Hawksbill Creek Act".

3. MULTILATERAL AGREEMENTS AND INTEGRATION SCHEMES

3.1. Bilateral

No information on these agreements.

3.2. Multilateral

The Bahamas is a member of the Commonwealth of Nations and a signatory to the Second Lomé Convention (see Part II). It is also a contracting party to the GATT.

3.3. Integration Schemes

The Bahamas, though being an Observer of the CARICOM since its inception, has only signed the Caribbean Common Market Agreement in July of 1983.

4. AGENCIES AND INSTITUTIONS INVOLVED IN FOREIGN TRADE:

Ministry of Economic Affairs
P.O. Box 1611
Nassau

Bahamas Agriculture and Industrial Corporation
P.O. Box N-4940
Nassau Bank House
Nassau

Grand Bahama Port Authority Ltd.,
P.O. Box 58
Freeport
Grand Bahama

Ministry of Tourism Information Center
International Bazaar
Freeport
Grand Bahama

Ministry of Finance
P.O. Box N-3017
Nassau

Central Bank of The Bahamas
Nassau

Department of Customs and Excise
Custom House
Nassau

5. NATIONAL AND INTERNATIONAL FAIRS:

None established

6. CHAMBERS AND ASSOCIATIONS OF COMMERCE

Bahamas Chamber of Commerce
P.O. Box N-665
Nassau

Sources:

1. International Trade Reporter: Export Shipping Manual,
The Bureau of National Affairs Inc., Washington D.C. U.S.A.
2. Exporters' Encyclopaedia: (77th Edition - 1982) Dunn
and Bradstreet International Ltd., New York U.S.A.
3. Data supplied to ECLAC.



•
•
•



•
•
•

