



TECHNICAL ASSISTANCE REPORT

THE BAHAMAS

Report on External Sector Statistics Virtual
Mission (March 10–14, 2025)

MAY 2025

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Summary of Mission Outcomes and Priority Recommendations

- 1. A virtual technical assistance (TA) mission to The Bahamas was undertaken during March 10–14, 2025.** The mission was focused on improving source data and compilation techniques for producing balance of payments (BOP) and assisting the compilers of the Central Bank of The Bahamas (CBB) in finalizing the compilation of the international investment position (IIP) statistics in line with the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*.
- 2. The BOP of the Bahamas includes cross-border transactions of the domestic banks and of the domestic insurance companies.** The cross-border transactions of pension funds are not currently included. The cross-border transactions of offshore banks, external insurance companies, and investment funds are not included in the BOP because they are considered nonresidents according to the exchange control regulations. This offshore sector, by definition, engages almost exclusively with nonresidents, and they are not allowed to offer services to residents without the approval of the CBB. According to *BPM6*, the offshore institutions or businesses are residents of the economy in which they are incorporated, and therefore their transactions with residents are resident-to-resident transactions. These transactions are currently included—incorrectly—in the BOP of The Bahamas.
- 3. The CBB has made significant efforts to accomplish enhancements to the BOP, however, most of the improvements are still in progress.** The new quarterly external sector statistics report for banks that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents was implemented but the processing of results is pending. Progress on a similar pension funds survey is pending. Surveys to collect data on transactions, other changes, and positions of domestic and external insurance companies' external assets and liabilities were also implemented but the response rate is very low. Similar results were obtained for the surveys implemented for the investment funds' administrators and firms under the Securities Industry Act (SIA). Both the Insurance Commission of The Bahamas (ICB) and the Securities Commission of The Bahamas (SCB) will collaborate as possible with the CBB on pending tasks and to identify the most relevant companies to prioritize efforts.
- 4. Travel exports are the main item of services and accounted for 80 percent of current account credits in the BOP in 2023.** The Ministry of Tourism is the official data source for travel exports. The methodology for the calculation of the average daily expenditure of visitors (stayover, cruise and yacht) was briefly explained during the mission and the documentation regarding the sampling methodology, survey procedures, and activities for the surveys needs significant improvement. Data for 2023 is still preliminary. The mission recommends that the BOP compilers play an active role in the development and monitoring of the survey to visitors following international guidelines.
- 5. Current preliminary IIP is consistent with the financial account of the BOP.** However, it does not include the offshore sector (banks, insurance companies, investment funds, and other securities firms). Therefore, it is inconsistent with the Coordinated Portfolio Investment Survey (CPIS), which reports financial portfolio assets of the banking sector including domestic and offshore banks. The mission recommends focusing efforts on the incorporation of the available external transactions of offshore banks in the BOP and their available positions of external assets and liabilities in the preliminary IIP, while data

on other external assets and liabilities is pending (pension funds, insurance companies, investment funds). That will allow consistency with the CPIS.

6. Inward and outward direct investment derived from mirror statistics from the Coordinated Direct Investment Survey (CDIS) suggest a high correlation between them, a characteristic of offshore funds. Those inward and outward direct investment positions cannot be currently explained with available information. Direct investment liabilities from offshore banks represent around 19 percent of mirror data and direct investment in real estate in The Bahamas could be less than 2 percent of mirror data. A task that remains outstanding is to calculate direct investment assets of offshore banks to see what percentage they explain from mirror data. Other sectors for which direct investment is not available are the investment funds and other offshore financial and nonfinancial companies.

7. To support progress in the above work areas, the mission recommended a detailed action plan with the following priority recommendations (Table 1).

TABLE 1. The Bahamas: Priority Recommendations

Target Date	Priority Recommendation	Responsible Institution
June 2025	Follow up with the Information Technology (IT) area of the CBB on the results of the new survey for the banking sector that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents.	CBB
June 2025	The Research Department of the CBB follows up on potential data sources to estimate direct investment on real estate as reviewed during the mission, like the Registrar General's Department and the Department on Inland Revenue (DIR).	CBB
December 2025	Include the offshore banking sector external transactions in the BOP—excluding their local expenses and other transactions with residents—and their external assets and liabilities positions in the IIP.	CBB

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Acronyms and Abbreviations

BCD	Bahamas Customs Department
BIA	Bahamas Investment Authority
BNSI	Bahamas National Statistics Institute
BOP	Balance of Payments
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
CBB	Central Bank of The Bahamas
CDIS	Coordinated Direct Investment Survey
CPIS	Coordinated Portfolio Investment Survey
DARE	Digital Assets and Registered Exchange
DIR	Department of Inland Revenue
ESS	External Sector Statistics
FESR	Foreign Exchange Sales Report
GDP	Gross Domestic Product
HOA	Head of Agreement
HS	Harmonized System
IBCs	International Business Companies
ICB	Insurance Commission of The Bahamas
IIP	International Investment Position
NEOs	Net Errors and Omissions
SCB	Securities Commission of The Bahamas
SIA	Securities Industry Act
SPEs	Special Purpose Entities
STA	IMF's Statistics Department
TA	Technical Assistance

Section I. Detailed Technical Assessment and Recommendations

A. ACTION PLAN

8. The CBB has made progress in ESS compilation since the previous mission (see Appendix I for an assessment of the implementation of the previous mission's action plan). Recommendations from previous missions that were not implemented are included in the current action plan. Actions are prioritized as priority recommendations (PR), high (H), and medium (M).

Priority	Action/Milestone	Target Completion Date
Outcome: Legal and institutional environment are adequate for the compilation and dissemination of statistics.		
H	Follow up with the ICB and the SCB to improve the response rate of respective surveys.	June 2025
H	Evaluate the creation of a working group with the Ministry of Tourism for the development and monitoring of the survey of visitors follow international guidelines.	December 2025
Outcome: Source data are adequate for the compilation of BOP and IIP statistics.		
PR	Follow up with the IT area of the CBB on the results of the new survey for banks that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents.	June 2025
PR	The Research Department of the CBB follows up on potential data sources to estimate direct investment on real estate as reviewed during the mission, like the Registrar General's Department and the DIR.	June 2025
H	Follow up within the Research Department of the CBB on the implementation of the new survey to pension funds that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents.	June 2025
H	Request from the Ministry of Tourism the purchase categories of yacht visitors to identify fuel that should be recorded in goods and maintenance of yachts that should be recorded in transport services.	June 2025
H	Request from the Bahamas Investment Authority (BIA) the direct investment heads of agreement (HOA) to improve the data on BOP and IIP.	June 2025
H	The CBB and the Bahamas National Statistics Institute (BNSI) to complete the comparison of imports of oil (HS27) including oil for the fuel storage facility at Freeport with mirror data to explain current discrepancies.	June 2025
H	Calculate direct investment assets of offshore banks.	June 2025

Priority	Action/Milestone	Target Completion Date
H	Approach the Business License Unit or the SCB to request available information on direct investment of International Business Companies (IBCs).	October 2025
H	Coordinate with the Ministry of Tourism on the enhancement of the documentation on the methodology for the visitors' expenditure surveys. Consider following recommendations provided in Appendix III.	December 2025
H	CBB to continue monitoring Net Errors and Omissions (NEOs) closely while following up on the current data gaps discussed during the mission.	December 2025
H	Formally request the SCB data on the holdings and transactions on digital assets held by the firms registered to conduct digital asset businesses.	December 2025
M	Meet with relevant real estate agents to obtain some characteristics of the real estate market that could be useful for an estimate (share of nonresident property buyers, an estimated annual trend jointly with aggregated data from other countries).	June 2025
Outcome: Methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.		
PR	Include the offshore banking sector external transactions in the BOP—excluding their local expenses and other transactions with residents—and their assets and liabilities positions in the IIP.	December 2025
H	Identify separately the cross-border transactions of the offshore sector in the BOP and their cross-border positions in the IIP for future reporting of the Special Purpose Entities (SPEs) flows and positions data template.	December 2025
H	Include the rest of the offshore financial sector external transactions in the BOP and their assets and liabilities positions in the IIP.	June 2026
H	Identify separately the cross-border transactions of the whole offshore banking sector in the BOP and their cross-border positions in the IIP for future reporting of the SPEs flows and positions data template.	June 2026
Outcome: Improved periodicity, timeliness, and consistency of the data.		
H	Once the data on valuation changes from the domestic banks, pension funds, and insurance companies are available, complete and review the consistency of the financial transactions in the balance of payments and the assets and liabilities positions in the IIP.	June 2026
H	Once the IIP is concluded and the offshore sector positions are identified and incorporated, use the CDIS mirror statistics as a reference to validate the revised positions.	June 2026
Outcome: A new data set has been compiled and disseminated internally and/or to the public.		
H	Complete the IIP statement—consistent with the BOP, the CPIS and the Quarterly External Debt Statistics—for the last five years, to be submitted to IMF's Statistics Department (STA).	December 2025
Outcome: Improved data and metadata accessibility.		
H	Complete the metadata template for the IIP and submit it to STA.	December 2025

B. INSTITUTIONAL ENVIRONMENT

9. The Central Bank of The Bahamas Act, 2020, provides the regulation to collect information for the compilation of the BOP and the IIP. The Act states BOP conditions to protect the exchange rate regime and to collect and produce macroeconomic statistics.¹

10. The Foreign Exchange Sales Report (FESR) of the CBB is intensively used as a data source for BOP. The information provided in this report is mainly used for compiling debits of the current account as it records the requests made by residents to the Central Bank to acquire foreign exchange. For that reason, the improvement of a basic business register was one of the recommendations of the previous mission. The offshore entities are considered nonresidents in the foreign exchange legislation; therefore, they are not required to complete these reports.

11. The CBB made progress on the improvement of the business register. The CBB received a database of Value-Added Taxpayers from the DIR. The latest mission reviewed the database with the compilers and selected a group of 134 companies that pay more than US\$250 thousand a year, and it was cross-checked with those that respond to the BOP survey. After the mission, the register was increased by 250 companies to which the CBB sent the BOP survey; however, the response rate is not satisfactory. The CBB will continue making efforts to improve the response rate of this group of companies.

12. The CBB reviewed available information on direct investment projects received from the Bahamas Investment Authority (BIA) and will follow up for clarifications. All non-Bahamians or permanent residents seeking to do business or to have access to some concessions or incentives from the government in The Bahamas must submit a project proposal to the BIA. Permits to acquire property should also be required by all non-Bahamians acquiring land. The CBB will request from the BIA the direct investment HOA to improve the data on BOP and IIP.²

13. The CBB has an information-sharing arrangement with the Group of Financial Services Regulators which facilitates coordination and cooperation among institutions.³ In that sense, the regulatory institutions are providing support to the CBB as needed regarding prioritization on coverage. The new quarterly external sector statistics report for banks that includes data on stocks, transactions, and valuation changes of financial claims on, and liabilities to nonresidents was implemented but the processing of results is pending. Progress on similar pension funds surveys is pending. Surveys to collect data on transactions, other changes, and positions of domestic and external insurance companies' external assets and liabilities were also implemented but the response rate is very low. A low response rate was also obtained for the surveys implemented to the investment funds' administrators and firms under the SIA. The ICB and the SCB will support the CBB on the identification of the most relevant companies (with larger assets and liabilities) to prioritize efforts.

¹ [2020-12-08-14-35-25-Central-Bank-of-The-Bahamas-Act-2020opt.pdf \(centralbankbahamas.com\)](#).

² Heads of Agreement signed by the Bahamas Government and an investor includes information about the investment, the parties involved, and the project's goals.

³ The GFSR consists of the CBB, the SCB, the Inspector of Financial and Corporate Services Providers, the Office of the Registrar of Insurance Companies and the Compliance Commission.
(<https://www.centralbankbahamas.com/bank-supervision/memoranda-of-understanding/information-sharing-arrangements-in-the-bahamas?N=N>).

14. Information regarding digital assets is pending. The SCB met with the mission and committed to reviewing the questionnaire sent during the previous mission, as well as sending available information on transactions and positions of digital assets held by the firms registered under the Digital Assets and Registered Exchanges Act (DARE). They specified that the firms registered under DARE trade with nonresidents only and are considered part of the offshore sector.

Recommendations:

- Follow up with the ICB and the SCB to improve the response rate of respective surveys.
- Request from the BIA the direct investment HOA to improve the data on BOP and IIP.
- Formally request the SCB data on the holdings and transactions of digital assets held by the firms registered to conduct digital asset businesses.

C. TRADE IN GOODS

15. The previous mission noted significant differences between mirror statistics and exports and imports data reported by The Bahamas. Exports reported by The Bahamas are less than 20 percent of mirror data from the United Nations Comtrade statistics. Similarly, imports of The Bahamas are less than 40 percent of mirror data declared by partner countries (Table 2). The CBB receives preliminary data on aggregated imports and exports of goods from the Bahamas Customs Department (BCD), which is replaced with data from BNSI once available. The CBB does not have access to granular data by item and company. During meetings with the BNSI, the treatment of trade from the free trade zone or the oil storage facility was not clarified; however, after the mission the CED confirmed that goods are reported when they enter the free trade zone and are captured in the data provided to CBB.

TABLE 2. Total Exports and Imports, and Exports and Imports of Fuel, 2022–2023 (Thousand US\$)^{1/}

	2022	2023
Exports declared by The Bahamas (FOB)	574,237	700,602
Exports derived from mirror data (CIF) ^(*)	3,294,789	3,817,280
Difference	-2,720,552	-3,116,678
Exports of HS27 declared by The Bahamas (FOB)	161,073	172,604
Exports of HS 27 derived from mirror data (CIF) ^(*)	1,351,636	1,355,122
Difference	-1,190,563	-1,182,518
Imports declared by The Bahamas (CIF)	3,757,847	4,187,478
Imports derived from mirror data (FOB) ^(*)	10,129,855	10,086,274
Difference	-6,372,008	-5,898,796
Imports of HS27 declared by The Bahamas (CIF)	577,836	627,493
Imports of HS 27 derived from mirror data (FOB)	4,128,474	3,825,302
Difference	-3,550,638	-3,197,809

Source: UN Comtrade

(*) Bermuda, Canada, Mexico and South Africa declared their exports and imports at Free on Board (FOB) value.

^{1/} The export values of The Bahamas derived from partner countries are in general, at Cost and Insurance Freight (CIF) value. Exports declared by The Bahamas are at FOB value. The difference between CIF and FOB values is around 10–12 percent (CIF value higher than FOB value).

^{2/} The import values of The Bahamas derived from partner countries are in general, at FOB value. Imports declared by The Bahamas are at CIF value. The difference between CIF and FOB values is around 10–12 percent.

16. The Bahamas has a free trade zone, the Freeport, located on Grand Bahama, which is administered by the Grand Bahama Port Authority. It is an enclosed area treated for customs purposes as it is outside the customs territory of The Bahamas. For balance of payments, international trade comprises goods acquired for the entire economy whether dutiable or not (imports) and goods sold to nonresidents through any port within the country. The BNSI indicated that they record trade in goods following the general trade system. Goods imported through a free trade zone or customs warehouses should be recorded as imports. No additional recording should be made if these goods are cleared through customs for the free circulation. In a similar way for exports, goods that leave the free circulation area and enter a free trade zone should not be included in exports of goods until the moment they leave the country (Appendix II).⁴ The BNSI suggested to contact the BCD directly for additional clarifications. As mentioned, after the mission this was confirmed by the BCD.

17. The Bahamas Oil Refining Company International operates oil storage, fuel blending and marine facilities at Freeport. The CBB shared a table with some values of fuel stored at the facility in 2024 with no change of ownership, but it did not explain if there were also values of fuel that changed ownership. In addition, the values for the available period could not be compared with available data from

⁴ According to the *BPM6 Compilation Guide*, inconsistencies between trading partners might be caused among other by differences in coverage of shipments to and from free-trade zones. See *BPM6 Compilation Guide*, paragraph 7.47.

partner countries. An additional clarification will be requested. Table 2 shows the discrepancies between exports and imports of oil (Harmonized System-HS 27) of/from The Bahamas with data derived from mirror statistics.⁵ The difference between exports of HS 27 declared by The Bahamas and mirror statistics explains around 40 percent of the discrepancy in total exports. The difference between imports of HS 27 declared by The Bahamas and mirror statistics explains around 50 percent of the discrepancy in total imports. It is important to clarify the level of goods that are exported and imported without a change in ownership to refine this comparison, as the mirror data from UN Comtrade would reflect the physical movement of goods, while the BOP should reflect on change of ownership.

Recommendation:

- The CBB and the BNSI complete the comparison of imports of oil (HS27) including oil for the fuel storage facility at Freeport with mirror data to explain current discrepancies.

D. TRAVEL EXPORTS

18. The Ministry of Tourism is the official provider of data for the recording of travel exports. It provides the number of visitors and the total average expenditure of nonresident visitors to The Bahamas. Visitors to The Bahamas arrive by sea (cruises or yachts) or by air. The CBB updated a table of travel exports by category of visitor until 2023, however, data for 2023 is still preliminary. Current 2023 BOP is considering estimated travel exports of US\$4,754 million, lower than preliminary travel exports in Table 3 (US\$5,567 million). If there are no other revisions to the 2023 BOP, that would increase NEOs to negative US\$923.2 million.

19. The Ministry of Tourism explained that the survey includes stayover and cruise visitors but also yacht visitors; however, the number of visitors and expenditure for yacht visitors was not provided. They indicated that the expenditure of yacht visitors was included in the stayover category and that all the expenditure in fuel or maintenance of the yachts were included there. The CBB does not receive the purchase category of all type of visitors. In the case of yachts, the expenses in fuel should be recorded in goods procured in ports (those expenses should be cross-checked with data provided from other sources to avoid double-counting), and the expenses on maintenance or repair in the category of transport services.

⁵ HS 27 corresponds to petroleum oils and oils from bituminous minerals, not crude; preparations containing by weight 70 percent or more of petroleum oils or oils from bituminous minerals; this being the basic constituents of the preparations.

TABLE 3. Number of Visitors. Average Expenditure (US\$), Total Visitor Expenditure (US\$ million)

	2018	2019	2020	2021	2022	2023
Stayover visitors' expenditure	3,388	3,739	888	2,267	3,838	4,859
Stayover visitors	1,632,610	1,806,908	440,521	892,442	1,452,520	N/A
Average expenditure of stayover visitors	2,075	2,070	1,966	2,544	2,642	N/A
Cruise ship passengers' expenditure	354	393	78	54	381	707
Cruise ship passengers	4,877,596	5,433,359	1,327,142	1,115,181	5,390,016	N/A
Average expenditure of cruise passengers	73	72	59	48	71	N/A
Excursionists' expenditure	3	3	1	1	3	1
Excursionists	111,809	9,262	26,859	92,995	158,170	N/A
Average expenditure of excursionists	60	60	60	60	60	N/A
Subtotal	3,745	4,135	968	2,322	4,222	5,567
Other	0	0	0	0	0	0
Total number of visitors	6,622,015	7,249,529	1,794,522	2,100,618	7,000,706	N/A
Total average expenditure	566	570	539	1,105	603	N/A
Total visitor expenditure	3,745	4,135	967	2,322	4,222	5,567

Source: CBB and Ministry of Tourism.

N/A=Not available

20. The Ministry of Tourism provided a very general methodological note on the visitors' surveys. The mission provided guidance on recommended documentation (Appendix III). The mission emphasized the importance of the participation of the CBB in the implementation of the visitors' surveys. According to the *BPM6 Compilation Guide*, paragraph 3.236, "the compiler should play an active role in the development and monitoring of survey of visitors conducted by other agencies. Particular attention should be paid to the wording of questions, the location of questions on forms or the sequence of questions in interviews, the training of interviewers, and data validation and sampling techniques. It is desirable that individual records (or completed forms) from surveys be given to the compiling authority for validation checks of data, examination of collection procedures, review of possible sample problems (such as outliers), and expansion of sample results via, for example, a post stratified estimation procedure used in conjunction with international migration statistics." In that sense, the mission recommended the creation of a working group with the Ministry of Tourism for the development and monitoring of the survey of visitors following international guidelines.

Recommendations:

- Evaluate the creation of a working group with the Ministry of Tourism for the development and monitoring of the survey of visitors following international guidelines.
- Request from the Ministry of Tourism the purchase categories of yacht visitors to identify fuel that should be recorded in goods and maintenance of yachts that should be recorded in transport services.
- Coordinate with the Ministry of Tourism the enhancement of the documentation on the methodology for the visitors' expenditure surveys. Consider following recommendations provided in Appendix III.

E. DIRECT INVESTMENT

21. Data sources for the compilation of direct investment liabilities are limited. BOP surveys are the main data source, however, despite the efforts made by the CBB to enhance the coverage of surveys, the response rate is low. The compilers complement this information using specialized media reports and data received from the BIA.

22. Inward direct investment positions derived from mirror statistics from the CDIS reached US\$133 billion in 2023 (Table 4).⁶ The stock of direct investment liabilities currently compiled for the IIP is around 5 percent of that value, covering only direct investment of domestic banks and cumulated flows of direct investment enterprises and available land sales.

23. During the previous mission, the CBB calculated own funds at book value (OFBV) of the offshore banks, which were around 14 percent of mirror data, therefore total direct investment liabilities including the offshore banking sector would be around 19 percent of mirror data.⁷ Other sectors for which direct investment is not available are the investment funds, other offshore financial and nonfinancial companies, and real estate.

TABLE 4. Inward Direct Investment Positions Derived from Mirror Statistics (US\$ million)

	2018	2019	2020	2021	2022	2023
Brazil	22,632	42,087	52,805	60,898	58,754	58,055
United States	44,491	44,773	44,734	44,303	42,589	46,304
Canada	19,460	18,982	18,248	17,931	19,979	15,841
Other	66,846	14,036	8,428	11,130	7,802	12,559
Total	153,429	119,878	124,215	134,262	129,124	132,759

Source: CDIS Table 3.i. Outward Direct Investment Positions reported by Counterpart Economy as of end-2023.

⁶ This value does not include data reported as confidential by reporting countries.

⁷ To estimate the market value of companies with unlisted equity the most common method is OFBV, which consists of the paid-up capital, all types of reserves, cumulated reinvested earnings and operating profits or losses.

24. As previously mentioned, the CBB implemented surveys to insurance companies, supervised by the ICB and investment funds and firms under the Security Industry Act, supervised by the SCB. The response rate from insurance companies was low and the results of the surveys to companies supervised by the SCB are pending. Both, the ICB and the SCB will collaborate as possible with the CBB on pending tasks.

25. Nonfinancial International Business Companies (IBCs) are also established in The Bahamas with an offshore structure.⁸ IBCs are designed specifically for nonresidents conducting business outside The Bahamas. According to the IBC Act 2020, they receive tax benefits, minimal reporting requirements, and enhanced privacy. In general, they do not have a minimum capital and for registration they only need one director and one shareholder. The CBB proposed to reach the Business License Unit or the SCB to request available information on direct investment of IBCs.

26. Regarding real estate direct investment, no progress has been made. The previous mission suggested meeting with the main real estate agents who could provide some characteristics of the real estate market that could be useful for an estimation of direct investment (e.g., share of nonresident real estate market, an estimated annual trend) jointly with aggregated data from other sources. This action is still pending. The mission shared a reference regarding a study on real estate direct investment in Spain, which found that it reached 12.4 percent of Gross Domestic Product (GDP). Data sources used for this study were shared with compilers (Appendix IV). If we consider that the stock of direct investment in real estate in The Bahamas is between 10 and 15 percent of GDP, for 2023 it would be between US\$1.4 billion and US\$2.2 billion; this would be no more than 1.7 percent of mirror data for total DI liabilities. Another reference is the published Brazilian investment on real estate in The Bahamas that reaches US\$5 million. The CBB mentioned that the registrar of property does not have a database or information distinguishing property owners by residency, however a meeting with the institution is pending. A meeting with the DIR regarding the data on the payments of real property tax collected by them is also pending.

27. Outward direct investment positions derived from mirror statistics from the CDIS reached US\$90 billion in 2023 (Table 5).⁹ The stock of direct investment assets currently compiled for the IIP is around 1 percent of that value, which includes direct investment of the domestic sector. Direct investment assets of the offshore banks have not been calculated. Other sectors for which direct investment is not available are the investment funds, other offshore financial and non-financial companies, and possibly real estate.

⁸ The International Business Companies Act, (Chapter 309 of the Statute Laws of The Bahamas, 2000 Edition) came into effect in December 2000. It provides for the incorporation and regulation of Bahamian IBCs. An IBC is an offshore company.

⁹ This value does not include data reported as confidential by reporting countries.

TABLE 5. Outward Direct Investment Positions Derived from Mirror Statistics (US\$ million)

	2022	2023
Singapore	21,894	24,683
Luxembourg	19,874	42,754
Brazil	6,151	6,572
Other	29,449	16,058
Total	77,368	90,067

Source: CDIS Table 3.i. Inward Direct Investment Positions reported by Counterpart Economy as of end-2023.

28. Inward and outward direct investment derived from mirror statistics from the CDIS suggest a high correlation between them, a characteristic of offshore funds. Those inward and outward direct investment positions cannot be currently explained with available information. As mentioned, direct investment assets and liabilities from domestic sectors explain a minimum percentage of mirror statistics. Direct investment liabilities from offshore banks represent around 19 percent of mirror data and direct investment in real estate in The Bahamas could be less than 2 percent of mirror data. A task that is outstanding is to calculate direct investment assets of offshore banks to see what percentage they explain of the mirror data. Other sectors for which direct investment is not available are the investment funds, other offshore financial and nonfinancial companies, and real estate.

Recommendations:

- Approach the Business License Unit or the SCB to request available information on direct investment of IBCs.
- The Research Department of the CBB follows up on potential data sources to estimate direct investment on real estate as reviewed during the mission, like the Registrar General's Department and the DIR.
- Meet with relevant real estate agents to obtain some characteristics of the real estate market that could be useful for an estimate (share of nonresident property buyers, an estimated annual trend) jointly with aggregated data from other countries.
- Calculate direct investment assets of offshore banks.

F. NET ERRORS AND OMISSIONS

29. The NEOs that had been persistently positive since 2014—except for 2019 and 2020—and were exceptionally high in 2021 but were reduced in 2022 and 2023. Source data limitations persist. The recording of the debits side of the BOP uses the foreign exchange reports and data on external transactions from the domestic financial sector. The credits side is undervalued as the business register is still under revision. The valuation changes are not distinguished from transactions. During recent periods, travel credits estimates increased significantly, which has concealed the current shortcomings on the credit side of other items of the BOP. However, as mentioned the current 2023 BOP is considering lower estimated travel exports than preliminary travel exports of the Ministry of Tourism. Therefore, if there are no other revisions, that would increase NEOs to negative US\$923.2 million, approximately 6.5 percent of GDP.

TABLE 6. Net Errors and Omissions (US\$ million and Percentage of GDP)

	NEOs	NEOs/GDP (%)
2014	420.2	3.8%
2015	855.9	7.3%
2016	13.6	0.1%
2017	483.5	4.0%
2018	266.9	2.1%
2019	-181.2	-1.4%
2020	-310.4	-3.1%
2021	937.6	8.2%
2022	11.3	0.1%
2023	-110.2	-0.8%

Source: CBB.

Recommendation:

- CBB continues monitoring NEOs closely while following up on the current data gaps discussed during the mission.

G. INTERNATIONAL INVESTMENT POSITION**30. The CBB has prepared IIP statistics for 2015–2023 according to the BPM6 framework.**

External assets and liabilities of offshore entities (banks, insurance companies, and investment funds) and pension funds are not included. The consistency of the proposed IIP was reviewed with compilers. With the current available information, there is consistency with the financial account of the BOP and with external debt statistics. However, as the current IIP statistics do not include the offshore sector (banks, insurance companies, investment funds, and other securities firms), there is no consistency with the CPIS which reports financial portfolio assets of the whole banking sector including offshore banks.

31. As previously mentioned, mirror statistics from the CDIS observed significantly high values compared to stocks reported in the IIP. The mission recommends focusing efforts on the incorporation of the available external transactions of offshore banks in the BOP and their available positions of external assets and liabilities in the preliminary IIP, while data on other external assets and liabilities is pending (pension funds, insurance companies, investment funds). That will allow consistency with the CPIS.

Recommendations:

- Follow up with the IT area of the CBB on the results of the new survey for banks that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents.
- Follow up within the Research Department of the CBB on the implementation of the new survey to pension funds that will include data on stocks, transactions, and valuation changes of financial claims on, and liabilities to nonresidents.

- Once the data on valuation changes from the domestic banks, pension funds, and insurance companies are available, complete and review the consistency of the financial transactions in the balance of payments and the assets and liabilities positions in the IIP.
- Once the IIP is concluded and the offshore sector positions are identified and incorporated, use the CDIS mirror statistics as a reference to validate the revised positions.
- Include the offshore banking sector transactions in the BOP—excluding their local expenses and other transactions with residents—and their assets and liabilities positions in the IIP.
- Separately identify the cross-border transactions of the offshore sector in the BOP and their cross-border positions in the IIP for future reporting of the SPEs flows and positions data template.
- Include the rest of the offshore financial sector external transactions in the BOP and their assets and liabilities positions in the IIP.
- Separately identify the cross-border transactions of the whole offshore banking sector in the BOP and their cross-border positions in the IIP for future reporting of the SPEs flows and positions data template.
- Complete the IIP statement consistent with the BOP, the CPIS, and the Quarterly External Debt Statistics for the last five years to be submitted to STA.
- Complete the metadata template of the IIP and submit it to STA.

H. OFFICIALS MET DURING THE MISSION

Name	Position/Institution
Allan Wright	Manager, Research Department, CBB
Serena Bethell	Senior Statistician, Research Department, CBB
Sharon Branch	Senior Economist, Research Department, CBB
Deangela Stubbs	Statistician, Research Department, CBB
Lance Bodie	Senior Statistical Officer, Research Department, CBB
Ras Delancy	Senior Statistical Assistant, Research Department, CBB
Allison Russell	Senior Statistical Officer, Research Department, CBB
Wenneka Brown-Knowles	Statistical Officer, Research Department, CBB
Tiffany Carter	Manager, Exchange Control Department, CBB
Latera Carey-McPhee	Deputy Manager, Exchange Control Department, CBB
Camisha Missick	Senior Exchange Control Analyst, Exchange Control Department, CBB
Aniska Russell	Assistant Manager, Exchange Control Department, CBB
Ashlee Bethel	Assistant Manager, Exchange Control Department, CBB
Nadia Newton-Williams	Grade I Customs Revenue Officer, Information Technology Unit, BCD
Jamell Bodie	Manager, Insurance Companies Unit, Supervision Unit, ICB
Dominique Shepherd	Senior Analyst Communication, Business Intelligence & Consumer Awareness Unit, ICB
Magan Knowles	Senior Manager Supervision, SCB
Daniel Strachan	Manager Supervision, SCB
Shanell Williams	Foreign Trade Statistics, BNSI
Georgina Delancy	Director Research and Statistics, Ministry of Tourism

Appendices

APPENDIX I. PROGRESS MADE ON THE ACTION PLAN OF THE PREVIOUS MISSION

Action Plan for The Bahamas (February)

Priority	Action/Milestone	Target Completion Date	Implementation Status
Outcome: Source data are adequate for the compilation of balance of payments and IIP statistics.			
PR	Implement the new external sector statistics report for banks and pension funds that will include data on stocks, transactions, and valuation changes of financial claims on and liabilities to nonresidents.	December 2024	Accomplished. An external sector statistics report for banks was implemented.
H	Discuss with the ICB the distribution of surveys to collect data on transactions and other changes of domestic insurance companies' external assets and liabilities, following Form 17 of the <i>BPM6 Compilation Guide</i> .	June 2024	Accomplished. Surveys were collected for three quarters.
H	Discuss with the ICB the availability of data on transactions and other changes in external assets and liabilities of the international insurance companies, on a quarterly basis.	June 2024	Accomplished. Surveys were collected for three quarters.
H	Discuss with the ICB the possibility to collect insurance services directly from companies following Form 12 of the <i>BPM6 Compilation Guide</i> .	June 2024	Accomplished.
H	The CBB confirms with the BNSI the recording of humanitarian aid and imports and re-exports of high-value goods for the duty-free areas.	June 2024	Accomplished.
H	The CBB follows up on the questionnaire sent to the Ministry of Tourism requesting information on the assumptions used for the 2019–2022 expenditure of visitors and the evolution of the average expenditure of visitors (Appendix IV).	June 2024	Accomplished. Responses to Appendix IV were received.
H	Clarify with the BIA the information received on the investment projects.	June 2024	Accomplished.
H	The CBB and the BNSI verify with the administrators of the fuel storage facility at Freeport the ownership of the oil that enter and leave the facility.	October 2024	Partially accomplished.
H	Request from the BCD the list of main importers that will be used to improve the business register and the main products exported and imported for validation purposes with mirror data.	December 2024	Accomplished.

Priority	Action/Milestone	Target Completion Date	Implementation Status
H	Formally request the SCB data on the external assets and liabilities transactions and positions of the investment funds using the form revised during the mission.	December 2024	Accomplished. Surveys were collected for three quarters.
H	Formally request the SCB data on the holdings and transactions on digital assets held by the firms registered to conduct digital asset businesses.	December 2024	Pending. An official letter will be sent to the SCB.
M	Meet with relevant real estate agents to obtain some characteristics of the real estate market that could be useful for an estimate (share of nonresident property buyers, an estimated annual trend jointly with aggregated data from other countries).	December 2024	Pending.
Outcome: Statistical techniques are sound.			
H	Cross-check information on the selected companies from the database of Value-Added Taxpayers with the information on those that respond to the balance of payments survey and those that report the FESR. Those companies that are not receiving the balance of payments survey should be included in the list of reporters to have a more comprehensive frame for the recording of cross-border transactions in the BOP and positions in the IIP.	December 2024	Accomplished.
Outcome: Methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices.			
PR	Include the offshore financial sector transactions in the BOP—excluding their local expenses and other transactions with residents—and their assets and liabilities positions in the IIP.	December 2025	The target date is in the future.
H	Identify separately the cross-border transactions of the offshore sector in the BOP and their cross-border positions in the IIP.	December 2025	The target date is in the future.
M	Review the current classification of insurance services debits between direct insurance services and reinsurance services.	June 2024	Accomplished. The classification process was completed for three years, and the change was made in the BOP.
Outcome: Improved periodicity, timeliness, and consistency of the data.			
PR	Once the data on valuation changes from the domestic banks, pension funds, and insurance companies are available, complete and review the consistency of the financial transactions in the balance of payments and the assets and liabilities positions in the IIP.	December 2024	Pending

Priority	Action/Milestone	Target Completion Date	Implementation Status
H	Once the IIP is concluded and the offshore sector positions are identified and incorporated, use the CDIS mirror statistics as a reference for validation.	December 2025	The target date is in the future.
Outcome: A new data set has been compiled and disseminated internally and/or to the public.			
H	Complete the IIP statement consistent with the current BOP for the last five years including an estimate for real estate direct investment stock to be submitted to STA.	June 2025	Postponed.
H	Complete the IIP statement for the last five years, including the offshore sector in line with <i>BPM6</i> to be submitted to STA.	December 2025	The target date is in the future.
Outcome: Improved data and metadata accessibility.			
H	Consider amendments to the CPIS metadata indicated in paragraph 25 of this report.	June 2024	Accomplished.
H	Complete the metadata template of the IIP and submit it to STA.	June 2025	Postponed.

APPENDIX II. TRADE IN GOODS: FREE ZONE AREAS, STORAGE FACILITIES

The economic territory is the area under the effective economic control of a single government. For global statistics, it is important to have data on all areas under the control of the government, including special zones (such as free trade zones or offshore financial centers), even though different regulatory and tax regimes may apply.

For the recording of a resident-nonresident transaction, the change of economic ownership is central in determining the time of recording a transaction. According to paragraph 3.41 of the *BPM6*, a change in economic ownership from an economic point of view means that all risks, rewards, and rights and responsibilities of ownership in practice are transferred from one economic agent to the other. In general, a change in “legal ownership” also involves a change in economic ownership.¹⁰

Therefore, goods that enter to (or leave) a free zone area or any storage facility in the country and change ownership from a nonresident to a resident (or vice versa) should be included in trade in goods in the BOP. However, goods in transit trade, that refers to goods that are admitted under special customs procedures that allow the goods to pass through the territory, are excluded from the general merchandise of the territory of transit, because there is not a change of ownership. Goods temporarily exported or imported without a change of ownership are not included either in trade in goods in the BOP. Examples of these cases include goods for repair, as part of an operating lease, and for storage, and animals or artifacts for participation in exhibitions or competitions.

Movements of goods between the free zone areas and the free circulation area of the country should not be recorded in the BOP, because they are resident-resident transactions. For balance of payments, international trade comprises goods for the entire economy whether dutiable or not.¹¹

¹⁰ For further details, see paragraphs 3.41 and 5.3 of the *BPM6*.

¹¹ Customs records essentially reflect the physical movement of goods across borders. However, the balance of payments compiles transactions of goods when the change of ownership occurs. See *BPM6 Compilation Guide*, paragraph 5.3.

APPENDIX III. TRAVEL SURVEYS: DOCUMENTATION

Visitor's Survey Report: Please include all categories of visitors.

I. Introduction: Motivation and Purpose of the survey

- Description of the survey.
- Frequency of the surveys (monthly, quarterly, annual, during defined seasons).
- Period in which the reported survey was conducted.

II. Methodology

- Indicate where the surveys were conducted.
- Number of enumerators and supervisors.
- Schedule of the surveys (a specific time of the day, following scheduled flights)
- Indicate how the surveys were conducted (interviews, the visitors complete the survey on his/her own)
- Indicate how the sample was designed. Number of surveys completed.
- Sample and results (representativeness obtained).
- Indicate how the database was processed and validation procedures.

III. Results

- Places of origin of the visitors.
- Visitors profile (Visitors by age, income)
- Purpose of the visit (the purpose without which the trip would not have occurred)
- Average length of stay.
- Type of selected accommodation.
- Party size (Family groups, friends' group, couple, single)
- Average daily expenditure per visitor.
- Categories of expenses.
- Other marketing objectives if requested in the survey (travel experience, activities, places of interest, travel arrangements, willingness to return, recommendations, etc.)

APPENDIX IV. DIRECT INVESTMENT IN REAL ESTATE¹²

Example on Data Sources for an estimate of Direct Investment in Real Estate: The objective of the study was to measure the value of residential real estate in Spain owned by nonresident households.

1. Statistical Treatment: The economic values involved are the dwelling, the provision and consumption of services, and the related income flows. The actors involved are the owner and the occupier, who are often the same. The related transactions or processes are buying, selling, rental and occupation.

2. Investment in Real Estate in Spain: Significant participation of international investors, especially in tourist regions. Potential Data Sources are the Ministry of Public Works, General Counsel of Notaries, and Tourism statistics.

3. For BOP and IIP the historical methodology was International Transaction Reporting System (ITRS). Current Methodology relies on administrative data and direct reporting.

4. Identified Data Sources:

General Council of Notaries: Transactions data. Includes information on purchases and sales carried out by notaries in the national territory on a quarterly basis, of both new and second-hand dwellings, and regardless of the form of payment (cash or credit). The information available includes the number of transactions, the purchase value, the average surface area and the average price per square meter, identifying the location of the real estate, and the nationality and the fiscal residence of the purchaser.

Property Register: Registration data. Information on the purchases and sales of residential real estate in the national territory recorded in the Property Register. The information available includes the number of transactions, the purchase value, the average surface area and the average price per square meter, identifying the location of the real estate and the nationality of the purchaser

Ministry of Public Works: Housing stock estimates.

Tax Authorities: Income tax data for nonresidents. Nonresident natural persons taxpayers, holders of urban real estate located in Spain for their own use and not affected by economic activities or vacated, are taxed for the imputed income of urban real estate for own use.

National Statistics Institute (INE): Census and tourism statistics.

5. Estimation Method

The work to measure the stock of non-resident owned dwellings in Spain was based on tourism primary statistics to identify the number of houses based on tourists staying in their own homes and adjusted for the times the same tourist enters Spain (frequency) and for the number of tourists staying in the same dwelling (size of the group). The valuation was made through administrative records, which contain price information depending on the location of the dwelling.

7. Results and Conclusions

Results of the study were obtained for 2017 in which the stock estimate was approximately 1 million dwellings valued at over €160 billion. This was equivalent to 12.4 percent of GDP.

¹² [Stock of non-resident owned dwellings in Spain.](#)