Press Release
29 March 2017

Relaxation of Capital Controls on Targeted Access to Foreign Currency Financing

The Government has approved the further liberalisation of Exchange Controls, targeting direct investment financing in foreign currency for certain local businesses. The Minister of Finance has agreed for these reforms to take immediate effect and they will become operational on **April 24, 2017**.

Today, the Central Bank is releasing a report on the liberalisation measures and related policy considerations. Additional guidance and clarification on the administrative processing of exchange control approvals within this framework, will be provided to the public in the coming days.

Under the relaxation measures, selected categories of Bahamian owned businesses with either broad foreign exchange earning potential or that are engaged in activities that promote national development goals, will be able to obtain foreign currency funding either from local commercial banks or from external sources. In addition to credit, such businesses will be able to enter into either equity arrangements or joint ventures with foreign partners. The limits in most of these cases will be $5.0 million per entity every five years.

Entities owned by non-residents are also being allowed to obtain financing from international banks licensed to operate from within The Bahamas; and increased accommodation is being made for financing through the private sector arms of multilateral development agencies, such as the Inter-American Development Bank (IDB) and the World Bank (WB).

The sectors targeted are: agriculture & fisheries, manufacturing, transport (land, sea and air), tourism (including hotels & restaurants), construction & real estate for residential tourism, energy & energy conservation, education, health, telecommunications, ICT, and infrastructure.

The Central Bank expects the macro-economic impact of these reforms to be positive, providing a gradual stimulus to business activity over the medium term. In addition, no adverse balance of payments and external reserves impacts are expected, given the deliberately limited sectors for which such funding would be accessible, and the balance between foreign currency inflows from various sources and subsequent outflows for financing-related activities.

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