



# PRC Engagement in The Bahamas



File photo. Freeport Harbor with the container terminal in the background, in Freeport, The Bahamas, May 13, 2015. Hutchinson Port Holdings, a subsidiary of PRC affiliated Hutchinson Whampoa, owns and operates the Freeport Container Port in The Bahamas. (Photo: ArnoldReinhold/Creative Commons)

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Introduction

Relatively little has been written in either the U.S. or Latin American and Caribbean media regarding PRC engagement in the Bahamas. Those activities, in both commercial and political domains, have been substantial and growing for more than two decades. Moreover, they are part of broader PRC efforts to expand its presence in the Caribbean, which is strategically important as the [southeast maritime approach to the United States](#).



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The Bahamas established relations with the PRC in [May 1997](#). From the very beginning, the PRC has shown its recognition of the Bahamas strategic importance. Technically private Hong Kong based Hutchinson Whampoa bid for and won a concession for the Freeport Container terminal in [November 2001, just four years after the Bahamas recognized](#) the PRC. Although ethnic Chinese are a [tiny fraction of the Bahamian population](#), the PRC has built [a large embassy](#) in the country.

As in other countries, the PRC has [provided aid](#) to the Bahamas, both after [Hurricane Dorian devastated](#) the country in September 2019, and during COVID-19, with a total of 13 batches of medical goods delivered in the four year period between 2019 through 2022.

China's current ambassador to the Bahamas, Dai Qingli who [arrived in March 2021](#), is a fluent English speaker and has been active in promoting PRC interests in the country, including continuing the PRC's periodic goodwill gifts to the country, including a donation of [medical equipment August 2022](#), as well as construction of [greenhouses for agricultural research](#) in partnership [with Hunan province](#) in May 2023.

The PRC government has also focused significant attention on the country relative to its small size. In February 2023, for example, the PRC Ministry of Foreign Affairs Director General for Latin America, Cai Wei, traveled to the Bahamas to attend the CARICOM Heads of Government conference in Nassau. In July 2023, the Vice-Chairman of the National People's Congress, Xiao Jie, traveled to the country, [meeting with the leadership of the Bahamas Parliament](#).

### Trade

As with other parts of the region, PRC-Caribbean trade is highly imbalanced. In the period from 2018 to 2020, the Bahamas exported only [\\$500,000 in products to PRC, while importing \\$112 million in goods](#), more than 200 times its imports. As elsewhere in the Caribbean, trade with the PRC was also severely impacted by the COVID-19 pandemic, although it has subsequently begun to recover. PRC-Bahamas trade in 2021 was \$492 million, [up 42 percent](#) over the prior period.

### Commercial projects

The PRC commercial presence in the Bahamas has concentrated in logistics, construction, tourism, and telecommunications. For the size of the Bahamas, the footprint of PRC-based companies, and the associated influence in Bahamian business circles and politics has been significant, although virtually all of the major PRC initiatives have been beset by problems that raise questions concerning the net benefit of those projects for the Bahamian government and people, including the [use of illegal workers](#).

Reciprocally, the Bahamas is one of the few governments in the Caribbean that recognize the PRC that has not signed onto its Belt and Road Initiative.

### Logistics

As noted previously, Hutchinson Port Holdings has operated concessions in the Bahamas since November 2001. Currently, Hutchinson continues to be the operator of the country's [principal cargo port at Freeport](#), as well as the [cruise ship terminal](#) there. Hutchinson previously held the concession for the main international airport on Gran Bahama island, but the property was badly [damaged in 2019 by Hurricane Dorian](#) and the government [reclaimed the property from it](#) after Hutchinson [delayed in repairing it](#). Despite disappointment with Hutchinson's performance, the Bahamas government has now allocated [\\$200 million to rebuild](#) the airport, and is considering [contracting PRC-based companies](#) to do so.

### Construction

As [in other Caribbean states](#), construction has been a major focus of PRC commercial interest in the Bahamas since relations were established in 1997. The first major project was [construction of the Thomas A. Robinson cricket stadium](#) in 2011. Because of the rapid deterioration of the stadium, the Bahamian government is currently negotiating a [\\$30 million project with the PRC to rebuild](#) the facility. China's ambassador to the Bahamas, Dai Qingli, has blamed the deterioration [on lack of proper maintenance](#) by the Bahamian government.

The Bahamas government argues that the rapid deterioration has been caused by the Chinese builders cutting corners by using construction materials [unsuitable for the Bahamian climate](#), and also objects to PRC plans to [bring in a large number of Chinese workers](#) for the project rather than using Bahamian labor.

Beyond the stadium, PRC-based companies [built an expressway](#), connecting the then-Chinese operated airport to the main tourist area, funded by a [\\$54 million concessional loan from China Export-Import Bank](#). Separately, [China Harbour Engineering Corporation built](#) a secondary port facility [on North Abaco island](#), similarly [funded by a \\$40 million PRC concessional loan](#).

### Tourism

Beyond logistics, China's major construction projects and investments in the Bahamas to date have been in the tourism sector. China State Construction Engineering (CSCE) doing business in the region as China Construction Americas (CCA), built the Bahamas [biggest resort hotel complex, Baha Mar](#), supported by a [\\$2.45 billion loan from China Export-Import bank](#). Serious problems with CCA's performance, however, [delayed the opening of the project](#)

responsible for [5,000 jobs and contributes 12 percent of the national GDP](#).

Beyond the Bahamian seaside commercial complex [The Pointe](#) was [built and funded by CCA](#), opening in [2020](#). In 2014, CCA also purchased one of the Bahamian's significant longstanding resorts, the British Colonial Hilton, [for \\$250 million](#). Due to a combination of COVID-19 related challenges, CCA failed to invest in a major overhaul of the facility, the property [closed in 2022](#). Although it subsequently reopened this year, Hilton [removed its name from the property](#). In a similar fashion, when Hutchinson took over the cargo port on Gran Bahamas island, it agreed to operate another commercially distressed property, the hotel and golf resort, the Gran Lucayan, [a part of the deal](#). After Hutchinson [failed to turn the hotel around](#), the Bahamian government subsequently purchased it back from [Hutchinson in August 2018 for \\$65 million, to re-sell it at a loss](#).

## Digital sectors

Over the past decade, the Chinese firm Huawei has come to dominate the telecommunications market in the Bahamas as a provider of both devices and infrastructure. In 2014, the Bahamas Telecommunications Company (BTC) selected Huawei to [upgrade the country's infrastructure to 4G LTE](#). BTC's main rival, [Aliy, also principally uses Huawei](#) in its network.

Chinese companies have also expanded their digital footprint in the country through donations to the government. In April 2023, for example, the PRC provided smart TVs that would be used in [private meeting rooms in the Bahamas parliament](#), where sensitive discussions about the nation's politics take place.

Concern over the information security risks from Huawei's near monopoly of the Bahamas telecommunication infrastructure became an international issue when in 2020, an article by the leading British newspaper *The Guardian*, published evidence that Huawei equipment supplied to BTC had been [used for cyberespionage against U.S. citizens](#).

## Person to person

As elsewhere, the "people-to-people" networks the PRC builds in the Bahamas, leveraging its business activities and government programs, is one of the most effective ways that it builds influence in the country. The PRC has operated a Confucius Institute at the [University of the Bahamas](#), although it is currently defunct. The Institute serves as a point of entry for young Bahamians interested in the PRC and its language and culture. Largely through the Institute, [158 Bahamians](#) have gone to study in the PRC, including 50 on full scholarships paid for by the PRC government. In 2023, however [only nine Bahamians were reportedly there on such PRC](#) scholarships. In addition, another [100 Bahamians reportedly have been brought](#) to the PRC for more short-term engagements.

As elsewhere, the PRC also uses local ties to weave influence networks in the Bahamas. In August 2022, for example, Gran Bahamas signed a [sister city arrangement with Hunan Island](#) in China, creating the basis for interaction below the radar of national level attention.

Although the Bahamas does not have a large Chinese community, the [use of the country for the movement of Chinese nationals being smuggled](#) through the region continues to be a problem.

## Conclusions

As with other sovereign nations in Latin America, the Caribbean, and elsewhere, the Bahamas has the right and legitimate interest in pursuing political and economic relationships with the PRC. Nonetheless, the government of the Bahamas has a responsibility to its people to act in the long-term interest of the people of the country, including both their development and the preservation of the nations' democratic system and the rights of individual Bahamians.

In its future engagement with the PRC and its companies, it is thus important for the government, and the public discourse, to weigh the track record of working with the Chinese to date, in terms of performance, who has benefitted the most, and who have paid the costs. Hutchinson's failure to invest in the renovation of the Gran Bahamas Airport and the Gran Lucayan hotel, for example, each obliged the Bahamian government to spend the people's money to recuperate the facilities, while PRC-based companies protected their profits. Similarly, thanks to Chinese cutting corners on construction expenses, the Bahamian government may now need to spend the people's money to renovate the Thomas A Robinson cricket stadium, with PRC-based companies and workers ironically poised to benefit from the re-work. Finally, while Baha Mar may employ 5,000 locals, the Bahamas government should reflect on the chaos of the delayed opening of the facility due to the poor performance of China Construction Americas, the blight on the international reputation of the country from the associated legal fight, and how the structuring of the deal led to the current situation in which a PRC-based company now completely owns and reaps the immense profits of the biggest tourism complex in the country, representing 12 percent of the entire Bahamian economy.

The answer for the Bahamas is the same as for the rest of the region: Recognizing that the Chinese have a track record of aggressively pursuing their own benefit through the coordinated actions of their governments and companies, the government must be at the top of its game when it engages them. This requires absolute transparency, to ensure that the deals that are signed are in the best interest of the people, and not of the elites who sign them and their associates. It requires strong institutions with competent requirements planning to ensure that investments of the people's money create an enduring stream of value added for the Bahamian people, not simply the Chinese firms that build the projects and the PRC-based owners of what is built. It demands a level playing field and technically competent evaluation of contracts and adjudication of bidders. In all of these areas, the United States, intimately connected to the Bahamas by geography, commerce, and family, can help.

The era of colonialism is over. Good governance, with the help of good friends, is the best way for the Bahamas to avoid again spending the people's money, only to end up working for a distant foreign power and having their leaders try to sell them on the idea that they are lucky for the privilege.

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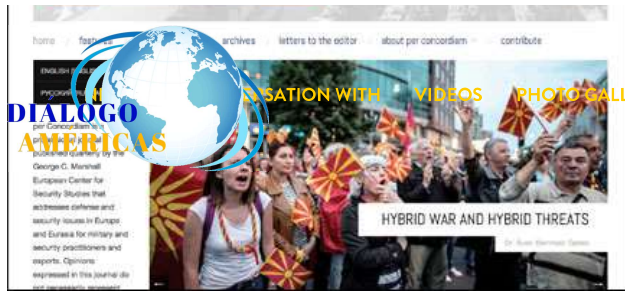
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