



Official Name: Bermuda



PROFILE

Geography

Area: 58.8 sq. km. (22.7 sq. mi.).

Cities (2000 census): *Capital*--Hamilton (pop. 3,461). *Other city*--St. George (pop. 3,306).

Terrain: Hilly islands.

Climate: Semi-tropical.

People

Nationality: *Noun and adjective*--Bermudian(s).

Population (2010 est.): 64,566.

Annual growth rate (2009 est.): 0.31%.

Ethnic groups: Black 54.8%, white 34%, mixed and other 11.1%.

Religions (2000): Anglican 23%, Roman Catholic 15%, African Methodist Episcopal 11%, 7th Day Adventist 7%, Methodist 4%, other 40% (none or not stated).

Language: English.

Education: *Years compulsory*--to age 18. Bermuda placed third overall of six developed nations (including the U.S.) in the 2005 Adult Literacy and Life Skills Survey.

Health (2009 est.): *Infant mortality rate*--2.46 per thousand. *Life expectancy*--men 77.2 yrs., women 83.72 yrs.

Work force 38,263: professionals 19%; service workers/shop and market sales workers 19%; senior officials/managers 18%; clerks 17%; craft and related trade workers 10%; technicians/associated professionals 7%; plant and machine operators and

assemblers 5%; elementary occupations (mostly simple and routine tasks) 4%; agriculture and fisheries workers 2% (2008).

Government

Type: British Overseas Territory with significant autonomy.

Constitution: June 8, 1968; amended 1989 and 2003.

Branches: *Chief of State*--Queen Elizabeth II, British monarch (head of state, represented by a governor). *Head of Government*--Premier, Ewart Brown. *Legislative*--Senate (upper house, 11 members appointed by the governor, the premier, and the opposition); House of Assembly (lower house; 36 seats elected by popular vote). *Judicial*--Supreme Court.

Subdivisions: Nine parishes.

Political parties: Progressive Labor Party (PLP), United Bermuda Party (UBP), Bermuda Democratic Alliance (BDA).

Suffrage: Universal at 18.

Economy

GDP (current market prices, 2008): \$6.43 billion. *Sectors*--24% (\$1.543 billion) from international companies; 13% (\$876 million) from real estate and rental; 14% (\$923 million) from financial intermediation; 9% (\$597 million) from business activities; 6% (\$397 million) from education, health and social work; 6% (\$435 million) from wholesale, retail trade, and repair services; 5% (\$326 million) from public administration; 5% (\$370 million) from construction; 4% (\$308 million) from the hotel and restaurant sector; 4% (\$297 million) from transport and communications; and 1% each (\$309 million) for manufacturing, utilities supply and community/social/personal services.

GDP growth rate (2008): 4.6%.

Per capita nominal GDP (2009): \$91,477.

Annual inflation rate (January 2010): 3.2%.

Natural resource: Limestone, used primarily for building.

Agriculture: *Products*--semitropical produce, dairy products, flowers, honey.

Industry: *Types*--re/insurance, financial services, tourism, structural concrete products, paints, perfumes, furniture.

Trade: *Exports* (2008, includes re-exports)--\$24 million: pharmaceuticals, semitropical produce, light manufactures. *Imports* (2009)--\$1.051 billion: food, clothing, household goods, chemicals, live animals, machinery, transport, and miscellaneous manufactures. *Major suppliers*--U.S. (70%), Canada (7%), United Kingdom (4%), Caribbean countries (mostly oil from Netherlands Antilles) (2%), other (17%).

HISTORICAL HIGHLIGHTS

Bermuda is an archipelago consisting of seven main islands and many smaller islands and islets lying about 1,050 kilometers (650 mi.) east of North Carolina. The main islands--with hilly terrain and subtropical climate--are clustered together, connected by bridges, and are considered to be a geographic unit, referred to as the Island of Bermuda.

Bermuda was discovered in 1503 by a Spanish explorer, Juan de Bermudez, who made no attempt to land because of the treacherous reef surrounding the uninhabited islands.

In 1609, a group of British colonists led by George Somers was shipwrecked and stranded on the islands for 10 months. Their reports aroused great interest about the islands in England, and in 1612 King James extended the Charter of the Virginia Company to include them. Later that year, about 60 British colonists arrived and founded the town of St. George, the oldest continuously inhabited English-speaking settlement in the Western Hemisphere. When representative government was introduced to Bermuda in 1620, it became a self-governing colony.

Due to the islands' isolation, for many years Bermuda remained an outpost of 17th-century British civilization, with an economy based on the use of the islands' endemic cedar trees for shipbuilding and the salt trade. Hamilton, a centrally located port founded in 1790, became the seat of government in 1815.

Slaves from Africa were brought to Bermuda soon after the colony was established. The slave trade was outlawed in Bermuda in 1807, and all slaves were freed in 1834. Today, about 61% of Bermudians are of African descent.

The establishment of a formal constitution in 1968 bolstered internal self-government; debate about independence ensued, although a 1995 independence referendum was defeated. The government re-opened the independence debate in 2004.

GOVERNMENT AND POLITICAL CONDITIONS

Bermuda is the oldest self-governing overseas territory in the British Commonwealth. Its 1968 constitution provides the island with formal responsibility for internal self-government, while the British Government retains responsibility for external affairs, defense, and security. The Bermudian Government is consulted on any international negotiations affecting the territory. Bermuda participates, through British delegations, in the UN and some of its specialized and related agencies.

Government Structure

Queen Elizabeth II is head of state and is represented in Bermuda by a governor, whom she appoints. Internally, Bermuda has a parliamentary system of government.

The premier is head of government and leader of the majority party in the House of Assembly. The cabinet is composed of ministers selected by the premier from among members of the House of Assembly and the Senate.

The 36-member House is elected from 36 electoral districts (one representative from each district) for a term not to exceed 5 years. The Senate, or reviewing house, serves concurrently with the House and has 11 members--five appointed by the governor in consultation with the premier, three by the opposition leader, and three at the governor's discretion.

The judiciary is composed of a chief justice and associate judges appointed by the governor.

For administrative purposes, Bermuda is divided into nine parishes, with Hamilton and St. George considered autonomous corporations.

Political Conditions

Bermuda's first political party, the Progressive Labor Party (PLP), was formed in May 1963 with predominantly black adherents. In 1965, the two-party system was launched with the formation of the United Bermuda Party (UBP), which had the support of the majority of white voters and of some black voters. A third party, the Bermuda Democratic Party (BDP), was formed in the summer of 1967 with a splinter group from the PLP as a nucleus; it disbanded in 1970. It was later replaced by the National Liberal Party (NLP), which has since disbanded. In the fall of 2009 several UBP parliamentarians broke away from the party and in November formed a third party, the Bermuda Democratic Alliance (BDA).

Bermuda's first election held on the basis of universal adult suffrage and equal voting took place on May 22, 1968; previously, the franchise had been limited to property owners. In the 1968 election, the UBP won 30 House of Assembly seats, while the PLP

won 10 seats and the BDP lost the 3 seats it had previously held. The UBP continued to maintain control of the government, although by decreasing margins in the Assembly, until 1998 when the PLP won the general election for the first time.

Following a bitter and divisive general election on December 18, 2007--which many predicted would be very close--the PLP under Premier Ewart Brown was returned to power with the same number of seats as it had going into the election. The opposition UBP lost its third successive election. The UBP elected member of parliament Kim Swan as opposition leader and Cole Simons as deputy. Mr. Swan is a first-time member of parliament whose previous public service was as a UBP senator.

Unsatisfied aspirations, particularly among young blacks, led to a brief civil disturbance in December 1977, following the execution of two men found guilty of the 1972-73 assassinations of Governor Richard Sharples and four others. In the 1980s, the increasing prosperity of Bermudians, combined with limited land area, caused a housing shortage. Despite a general strike in 1981 and economic downturn in the early 1980s, Bermuda's social, political, and economic institutions remained stable.

The PLP and UBP have both discussed the possibility of complete independence. An independence referendum called by a sharply divided UBP in the summer of 1995 was resoundingly defeated and resulted in the resignation of the premier and UBP leader, John Swan. Just over 58% of the electorate voted in the independence referendum, with over 73% voting against independence and only 25% in favor.

Eventual independence from the United Kingdom (U.K.) has been a goal of the PLP since the party's inception in 1963. In February 2004 then-Premier (and PLP party leader) Alex Scott announced his decision to commence an open and objective debate on the subject of independence. The government-appointed Bermuda Independence Commission held hearings island-wide where there was considerable focus on the mechanics of deciding independence, whether through an independence referendum, a general election, or some combination of the two. However, several recent polls indicated little support for independence.

Currently citizens of Britain's overseas territories, including Bermuda, are entitled to British citizenship. The British Overseas Territories Bill, passed in February 2002, provides automatic acquisition of British citizenship, including automatic transmission of citizenship to their children; the right of abode, including the right to live and work in the U.K. and the European Union (EU); the right not to exercise or to formally renounce British citizenship; and the right to use the European Union/European Economic Area (EU/EEA) channel at the airport. The U.K. has indicated that citizens of an independent Bermuda would no longer be automatically entitled to British citizenship and the EU benefits that accrue to it by this method.

There are no conditions attached to the grant of British citizenship to the overseas territories, a fact of particular importance to Bermuda where the issue of independence is being debated. A 1999 U.K. government White Paper states: "The new grant of British citizenship will not be a barrier, therefore, to those Overseas Territories choosing to become independent of Britain. Our Overseas Territories are British for as long as they wish to remain British. Britain has willingly granted independence where it has been requested; and we will continue to do so where this is an option."

Principal Government Officials

Head of State--Queen Elizabeth II

Governor--Richard Gozney

Premier--Ewart Brown

Bermuda's interests in the U.S. are represented by the United Kingdom, whose **embassy** is at 3100 Massachusetts Avenue, NW, Washington, DC 20008; tel: 202-588-6500; fax: 202-588-7870. Bermuda also has an office at "Liberty Place," Suite 350, 325 7th Street NW, Washington, DC 20004.

The Bermudian Government's Department of Tourism has offices in London, New York, and Toronto.

ECONOMY

Bermuda has enjoyed steady economic prosperity since the end of World War II, although the island has experienced a recession since 2007, paralleling the global economic recession. Bermuda enjoys one of the highest per capita incomes in the world. Its economy is based primarily upon international business and tourism. In 2009, international business and tourism accounted for 74% of the total balance of payments current account receipts of foreign exchange. However, the role of international business in the economy is expanding, whereas that of tourism is generally contracting.

Bermuda is an important regional and global offshore financial center with a robust financial regulatory system. The Bermuda Monetary Authority (BMA) is designated as the supervisory and enforcement authority. The government cooperates with the United States and the international community to prevent money laundering and terrorist financing and continues to update its legislation and procedures in conformance with international standards. It is the third-largest reinsurance center in the world and the second-largest captive insurance domicile, with firms based in the jurisdiction writing significant volumes of business in the U.S. and U.K.

In 2009, 15,392 international companies were registered in Bermuda, many U.S.-owned. They are an important source of foreign exchange for the island, and spent an estimated \$2 billion in Bermuda in 2009. The growing importance of international business is reflected in its share of GDP. This sector provided \$1.543 billion in total output (current market prices), which represents 24% of total GDP, the same as in 2007. International business is no longer the island's largest employer, with 4,433 estimated jobs in 2009, down from 4,761 in 2008. Provisional estimates for 2009 state that there were 4,758 jobs in wholesale and retail and repair services and 4,680 jobs in hotels and restaurants.

Historically important for employment and tax revenue, Bermuda's tourism industry had been experiencing difficulties for many years. The travel industry, particularly the airline sector, has been declining for decades. A total of 559,042 visitors arrived in 2009, a decline of over 100,000 people for the year compared to the 663,767 visitors in 2007, although a slight increase over the 555,162 visitors in 2008. Occupancy rates decreased in 2009 by eight percentage points, with hotel occupancy for the year at 51.1%, down from 59.1% in 2008. Visitors contributed an estimated \$331.3 million to the economy in 2009, down from \$401.8 million in 2008. This compares to \$475 million in 1996.

Bermuda has little in the way of exports or manufacturing; almost all manufactured goods and foodstuffs must be imported. The value of imports rose from \$551 million in 1994 to \$1.051 billion in 2009. The U.S. is Bermuda's primary trading partner, with \$803 million in U.S. imports in 2008. The U.K., Canada, and the Caribbean countries (mainly the Netherlands Antilles) also are important trading partners. Exports from Bermuda, including imports into the small free port that are subsequently re-exported, decreased from \$35 million in 1993 to \$25 million in 2009.

Duty on imports is a major source of revenue for the Government of Bermuda. In 2009-2010, the government obtained \$225.4 million, or 24%, of its revenue base from import duties. Heavy importation duties are reflected in retail prices. Even though import duties are high, wages have kept up for the most part with the cost of living. Poverty was until very recently practically

nonexistent; however, in 2007, 11% of the population was below the low-income threshold of \$27,046 per year. Although Bermuda imposes no income, sales, or profit taxes, it does levy a real estate tax.

Bermuda is home to immigrants from other countries. According to the 2000 census, 79% of the population is Bermuda-born and 21% is foreign-born. U.K. immigrants comprise 28% of the immigrant population; U.S., 20% (although the U.S. Consulate estimates that the figure is closer to 40%); Canada, 15%; Caribbean, 12%; and Portugal/Azores, 10%. A new census will be conducted in May 2010. In February 1970, Bermuda converted from its former currency, the pound, to a decimal currency of dollars pegged to the U.S. dollar.

FOREIGN RELATIONS AND U.S.-BERMUDIAN RELATIONS

The United Kingdom is formally responsible for Bermuda's foreign and defense policy. U.S. policy toward the U.K. is the basis of U.S.-Bermudian relations. In the early 20th century, as modern transportation and communication systems developed, Bermuda became a popular destination for wealthy U.S., British, and Canadian tourists. While the tariff enacted in 1930 by the U.S. against its trading partners ended Bermuda's once-thriving agricultural export trade--primarily fresh vegetables to the U.S.--it helped spur the overseas territory to develop its tourist industry, which is second only to international business in terms of economic importance to the island.

During World War II, Bermuda became a significant U.S. military site because of its location in the Atlantic Ocean. In 1941, the U.S. signed a lend-lease agreement with the U.K. giving the British surplus U.S. Navy destroyers in exchange for 99-year lease rights to establish naval and air bases in Bermuda. The bases consisted of 5.8 square kilometers (2.25 sq. mi.) of land largely reclaimed from the sea. The U.S. Naval Air Station was on St. David's Island, while the U.S. Naval Air Station Annex was at the western end of the island in the Great Sound.

Both bases were closed in September 1995 (as were British and Canadian bases), and the lands were formally returned to the Government of Bermuda in 2002.

The Government of Bermuda has begun to pursue some international initiatives independent of the U.K. in recent years pursuant to a General Entrustment Agreement. Bermuda signed a cultural memorandum of understanding with Cuba in 2003. The island also joined the Caribbean Community (CARICOM) as an associate member in 2003.

The U.S. Coast Guard (USCG) provided search and rescue assistance immediately following Hurricane Fabian in September 2003, but Bermuda declined subsequent offers of reconstruction assistance from the U.S. and U.K., preferring to accept assistance from its Caribbean neighbors. The USCG continues to provide search and rescue assistance as needed.

Bermuda executed its first Tax Information Exchange Agreement (TIEA) in 1986 in a treaty between the United States, the United Kingdom, and Bermuda. Bermuda has numerous similar arrangements with other jurisdictions. On January 12, 2009, the United States and the Government of Bermuda signed a Mutual Legal Assistance Treaty (MLAT), authorizing authorities in the U.S. and Bermuda to request and obtain assistance from each other in criminal investigations and prosecutions and related administrative and other proceedings. The MLAT provides for cooperation between the U.S. and Bermuda in combating a wide variety of crimes, including economic crimes and money laundering, by facilitating the collection of evidence needed by authorities in one country but located within the other country.

In 2009 the Government of Bermuda offered asylum to four former Uighur Guantanamo Bay detainees, without consulting the

U.K., on the basis that the decision was an internal immigration matter. The U.K. countered that security is a matter for which it has jurisdiction. As a result, the U.K. is reviewing the General Entrustment Agreement.

An estimated 8,000 registered U.S. citizens live in Bermuda, many of them employed in the international business community. There also are a large number of American businesses incorporated in Bermuda, although no actual figures are available. Despite the trend of American businesses moving to Bermuda, Bermuda maintains that the island is not a "tax haven" since it taxes both local and foreign businesses equally.

U.S. visitors are critical to the island's tourism industry, but overall the number of U.S. visitors to Bermuda has been declining. In 2009, 459,467 Americans visited. Another 2,222 Americans sailed to the island via private yacht in 2009, a drop from 3,014 in 2008. Air arrivals in particular have dropped, down to 172,648 in 2009, compared to 189,388 in 2008. To some extent that shortfall has been made up by an increase in American cruise ship visitors--286,819 in 2009 compared to 260,289 in 2008.

Areas of opportunity for U.S. investment are principally in the re-insurance and financial services industries, although the former U.S. base lands also may present long-term investment opportunities.

Principal U.S. Officials

Consul General--Grace W. Shelton

Deputy Principal Officer/Consul--Jacquelyn Rosholt

Management Officer--Douglas Boudreau

The U.S. Consulate General is located at "Crown Hill," 16 Middle Road, Devonshire, just outside the City of Hamilton; tel: 441-295-1342; fax: 441-295-1592; web site: <http://hamilton.usconsulate.gov/>.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program advises Americans traveling and residing abroad through Country Specific Information, Travel Alerts, and Travel Warnings. **Country Specific Information** exists for all countries and includes information on entry and exit requirements, currency regulations, health conditions, safety and security, crime, political disturbances, and the addresses of the U.S. embassies and consulates abroad. **Travel Alerts** are issued to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas that pose significant risks to the security of American travelers. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country because the situation is dangerous or unstable.

For the latest security information, Americans living and traveling abroad should regularly monitor the Department's Bureau of Consular Affairs Internet web site at <http://www.travel.state.gov>, where the current **Worldwide Caution**, **Travel Alerts**, and **Travel Warnings** can be found. **Consular Affairs Publications**, which contain information on obtaining passports and planning a safe trip abroad, are also available at <http://www.travel.state.gov>. For additional information on international travel, see <http://www.usa.gov/Citizen/Topics/Travel/International.shtml>.

The Department of State encourages all U.S. citizens traveling or residing abroad to register via the **State Department's travel registration** website or at the nearest U.S. embassy or consulate abroad. Registration will make your presence and whereabouts known in case it is necessary to contact you in an emergency and will enable you to receive up-to-date information on security conditions.

Emergency information concerning Americans traveling abroad may be obtained by calling 1-888-407-4747 toll free in the U.S. and Canada or the regular toll line 1-202-501-4444 for callers outside the U.S. and Canada.

The **National Passport Information Center** (NPIC) is the U.S. Department of State's single, centralized public contact center for U.S. passport information. Telephone: 1-877-4-USA-PPT (1-877-487-2778); TDD/TTY: 1-888-874-7793. Passport information is available 24 hours, 7 days a week. You may speak with a representative Monday-Friday, 8 a.m. to 10 p.m., Eastern Time, excluding federal holidays.

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 800-CDC-INFO (800-232-4636) and a web site at <http://wwwn.cdc.gov/travel/default.aspx> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. The CDC publication "Health Information for International Travel" can be found at <http://wwwn.cdc.gov/travel/contentYellowBook.aspx>.

Further Electronic Information

Department of State Web Site. Available on the Internet at <http://www.state.gov>, the Department of State web site provides timely, global access to official U.S. foreign policy information, including **Background Notes** and **daily press briefings** along with the directory of **key officers** of Foreign Service posts and more. The Overseas Security Advisory Council (OSAC) provides security information and regional news that impact U.S. companies working abroad through its website <http://www.osac.gov>

Export.gov provides a portal to all export-related assistance and market information offered by the federal government and provides trade leads, free export counseling, help with the export process, and more.

STAT-USA/Internet, a service of the U.S. Department of Commerce, provides authoritative economic, business, and international trade information from the Federal government. The site includes current and historical trade-related releases, international market research, trade opportunities, and country analysis and provides access to the **National Trade Data Bank**.

