

Economic Development Strategy 2023 - 2027

Strategic Priority 1: Local and International Business Retention and Expansion



GOVERNMENT OF BERMUDA

Ministry of Economy and Labour



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Bermuda Economic Growth and Development Strategy



The Economic Development Strategy (the Strategy) provides a framework that will guide Bermuda to sustainable economic growth and development. The Strategy contains strategic priorities and initiatives which will provide direction and drive the work plans of Bermuda's economic development organisations which fall under the Ministry of Economy and Labour.

The framework will help ensure that future economic initiatives align with strategic priorities. The initiatives in the Strategy will contain specific actions that will chart a path for Bermuda's economic prosperity. The synergised approach of working with Bermuda's economic development organisations and business community aims to ensure that time and resources are effectively utilised to maximise results.

The five Strategic Priorities are:

- 1. Local and International Business Retention and Expansion**
2. Business Attraction and Investment promotion
3. Entrepreneurship and Small Business Development
4. Continued Economic Recovery Plan Execution
5. People

Strategic Priority 1: Local and International Business Retention and Expansion

This Government focuses on ensuring the right conditions for businesses to set up, grow and operate successfully. Existing businesses form an essential part of the fabric of our community and are critical to economic stability. As a result, the retention and expansion of current businesses is a priority, with the strategic focus being placed on companies that fall within industries classified as economic drivers, employment drivers and growth opportunities.

Strategic Initiative: Support and Enable Growth of Economic Drivers

Bermuda's three most significant economic sectors are International Business, Real Estate Activities, and Financial and Insurance Activities.

Strategic focus on retention and expansion of business activity in these key economic drivers will lead to increased productivity and economic growth. These industries also enable more significant levels of economic activity in other sectors of the economy.

The International Business sector is the largest industrial sector in the Bermudian Economy and currently represents 28.1% of all economic activity in Bermuda. In 2021 gross value added of International Business Activity totalled just under \$1.8 billion. The five-year average growth rate for the sector is 2.4%. Key international business activity includes reinsurance, asset management and insurance management.



Action Items:

- Ensure legal and regulatory frameworks support growth and industry expansion;
- Work with industry to determine expansion barriers, mitigate risk and reduce external global threats; and
- Identify key fund formation law firms and alternative asset allocators, with access to key markets and cultivate stronger relationships and marketing in those jurisdictions.

The Real Estate Activities sector is the second largest industrial sector in Bermuda. The Government plans to increase the number of available residential units as follows:

- Seventy-seven (77) and derelict units will be priced under the Rent Geared to Income-based scheme for low to middle-income families, which is capped at 35% (25% rent & 10% savings) of the total household income.
- The first phase of the Morgan's Point project will add 101 units within 2-3 years, with the capacity to scale up.
- The Approved Residential Schemes are development proposals that are either entirely comprised of residential units or a mix of commercial space and residential units.
- The Government will seek to expand the eligibility for Approved Residential Schemes from solely the Economic Empowerment Zones to the entire City of Hamilton.

Action Items:

- Support the expansion of residential dwellings in Economic Empowerment Zones;
- Expand the eligibility for Approved Residential Schemes from solely the Economic Empowerment Zones to the entire City of Hamilton;
- Increase inventory of affordable public housing;

- Encourage and support housing developments in residential zones highlighted in the Bermuda Plan and other geographical area-specific plans; and
- Continue to support and facilitate schemes that promote new home ownership.

The Financial and Insurance sector is the third largest sector within Bermuda's Economy. It represents 13.1 % of Bermuda's domestic economy. Finance services are the engine that powers all forms of industry. The Government's plans include:

- developing and implementing a revised banking model that reflects its uniqueness and is consistent with Bermuda's reputation as a quality international financial centre.
- creating a digital bank to diversify the banking services and products available on the island in which Bermudians will have an ownership stake.
- sustaining Bermuda's reputation as a preferred jurisdiction to establish and maintain trusts (and increasingly, family offices).

Action Items:

- Ensure there are legal and regulatory frameworks in place to support growth and industry expansion;
- Work with industry to mitigate external global threats to the jurisdiction;
- Determine expansion barriers and work to mitigate risk;
- Develop a marketing strategy for trust business expansion; and
- Continue to progress banking reform initiatives.

Strategic Initiative: Support and Enable Growth of Employment Industries

Employment industries are economic sectors within the local economy that drive employment. The top five employment sectors in 2022 include:

1. International Business Activity (4,642 jobs)
2. Wholesale and Retail Trade (3,957 jobs)
3. Public Administration (3,883 jobs)
4. Accommodation and Food Services (3,269 jobs)
5. Human Health and Social Work (2,473 jobs)

Collectively these five sectors created 18,224 jobs in 2022 and accounted for 57.5% of all jobs in the local economy. Job retention and expansion in these sectors are critical for domestic job growth. While Bermuda seeks to attract new business, a significant portion of job growth will come from expanding existing businesses in the economy.

Similarly to many others around the world, Bermuda's retail market is going through a transformation in which E-commerce has become mainstream and is the preferred option for many consumers.

Action Items:

- Establish a working group to conduct an assessment of the market and make policy or legislative recommendations on an ongoing basis;
- Identify warning flags;
- Increase retailer's e-commerce capabilities and complete BEDC's online marketplace;
- Remove any potential barriers to business development; and
- Offer individual business assistance.

The Accommodations and Food Service sector created 3,269 jobs in 2022. This sector accounts for 10.3% of jobs in the economy. Economic activity in this sector is primarily fueled by tourism. The Bermuda Tourism Authority (BTA) will grow tourism while also ensuring a focus on seasonality, price-value perceptions, and balanced visitor volume (air vs cruise).

Action Items:

The BTA will:

- Work with transport to improve domestic transport capabilities;
- Work with transport on the expansion of air routes and cruise calls;
- Develop a robust year-round calendar;
- Increase visitor attraction through signature events;
- Increase marketing campaigns to encourage locals to vacation on the island; and
- Increase marketing campaigns in key overseas jurisdictions.

Strategic Initiative: Focus on Growth Opportunities and New Industries

The Agricultural, Forestry and Fishing Sector represent 0.3% of all economic activity in the Bermudian Economy. In 2021 gross value added of the sector's activity totalled just under \$22 million. The five-year annual average growth rate for the sector is 1.7%. Local agriculture and fishing provide some food for domestic consumption; however, the vast majority of food consumed in Bermuda is imported.

The goal is to shift from importing 80% of goods to producing more local goods to allow dollars to remain local, enabling our economy to grow while ensuring a sustainable food supply.

The Integrated Agriculture Strategy will assist with increasing domestic food production and also aims to increase the agricultural sector's contribution to Bermuda's Gross Domestic Product (GDP).

Action Items:

- Execution of the Integrated Agriculture strategy;
- Onboard Agriculture specialist to support and assist with agricultural development;
- Provide direct support to farmers and examine what other measures may be taken to support existing agriculture activity;
- Revise and update the existing Crop and Dairy Industry Strategies; and
- Redevelop the Agricultural Service Center as a modern facility to support all facets of the local agriculture sector.

The Blue economy is defined as the sustainable use of ocean resources for economic growth, improved livelihoods, and increased jobs while preserving the health of ocean ecosystems. Essentially, this is how a country can sustainably capitalise on its ocean resources while ensuring its continued availability for future generations.

Led by the Government of Bermuda, the Bermuda Ocean Prosperity Programme (BOPP), in collaboration with the Bermuda Institute of Ocean Sciences and the Waitt Institute, has vowed to identify sustainable economic growth possibilities for ocean industries like fishing and tourism, as well as create a binding marine spatial plan to manage Bermuda's ocean environment sustainably. BOPP has organised the output of all the expert analyses and stakeholder input into the following four goals:

- I. Facilitate sustainable fisheries.
- II. Expand sustainable marine tourism.
- III. Produce cleaner, cheaper energy.
- IV. Increase blue investment in Bermuda.

These goals are designed to work together—delivering on one will benefit the others.

Action Items:

- Execution of the Blue Ocean Prosperity Plan;
- Complete the multi-phase Bermuda Ocean Prosperity Programme (BOPP) public consultation process;
- Develop and finalise the Marine Spatial Plan as a legal tool to manage the use of our ocean resources;
- Produce and implement the Marine Development Act; and
- Complete the Blue Investment Facilities development process to drive investment and growth of Bermuda’s Blue and Green Economy Strategy.

Building on decades of investment in human capital, business expertise and innovative culture, Bermuda will seek to play a leading role in **climate risk finance**. As with tropical storms, wildfire, flood and other climate-driven insured risks, Bermuda can play a critical role in helping high-risk regions bolster their financial resilience to the rising tide of climate peril.

Action Items:

- Establish a working group to execute Bermuda’s climate risk finance strategy;
- Host Climate Risk Finance Summits;
- Continue to pursue climate risk finance opportunities in key global markets; and
- Engage law firms and asset management companies looking to invest in climate risk products.

Bermuda is rapidly becoming a global leader in **technology sectors**, including fintech and insurtech. The island has pioneered a robust regulatory and legislative framework governing digital asset businesses that is attractive to companies looking for a quality ecosystem to test ideas, develop products and grow internationally.

Action Items:

- Raise awareness of Bermuda’s framework and develop a consistent jurisdictional messaging for use across the sector at events and in meetings;
- Develop relationships with key technology law firms, consulting firms, incubators, accelerators and FinTech companies in target jurisdictions to raise awareness of Bermuda’s digital asset framework and strong and agile regulatory regime;
- Enhance support from the Government by expanding start-up concierge services and continued evolution of regulatory framework; and
- Raise awareness of Bermuda’s innovation sandbox and option to beta test cleantech solutions and initiatives (Climate Finance and Capital Solution).

Strategic Initiative: Support and Enable Growth of Economic Empowerment Zones

Economic Empowerment Zones (EEZs) are designated geographical areas where special programmes are implemented to empower economically disadvantaged communities and to assist disadvantaged persons in achieving equal opportunity. It is achieved through developing and implementing a system of policies to close the gaps of inequity that exist in certain designated geographical areas compared to other areas in Bermuda.

There are currently three Economic Empowerment Zones across Bermuda. The Northeast Hamilton Economic Empowerment Zone (NEHEEZ) is located centrally, with the St. George’s Economic Empowerment Zone (SGEEZ) in the east and the Somerset Economic Empowerment Zone (SEEZ) in the west. The BEDC continues to broaden the areas considered for Economic Empowerment Zones.

The proposed area for expansion of North East Hamilton to South East Hamilton (SEH) comprises approximately six city blocks plus the cargo docks. The total area of the proposed SEH zone is approximately 41 acres, with 33 acres of developable land.

Action Items:

- Develop a robust marketing strategy to attract businesses, investors, and developers to the zones as enablers of regeneration and development;
- Expand the NEHEEZ to South East Hamilton;
- Support the development of entrepreneurial skills and access to financial tools for entrepreneurs to ensure zone businesses achieve sustainability and growth; and
- Collect data regularly and make it publicly available as a tool for engagement, investment and decision-making.

Strategic Initiative: **Ensuring Bermuda Is Business Friendly**

Recognising the impediments that limit a business's ability to thrive and survive is crucial to ensuring Bermuda remains a jurisdiction of choice. Creating certainty in a business environment will work to ensure business confidence is maintained.

Business stakeholders must have certainty and clarity, sectoral and individual levels in the business community must be adequately engaged, and there must be a mechanism to identify challenges and support businesses.

Action Items:

- Regular engagement with all sectors of the business community to identify and reduce barriers to business growth;
- Support business development in key industries and make concierge services available to businesses looking to expand and grow;
- Ensure businesses are aware of relevant policy and legislative changes, labour market information, tax information, and support services; and
- Reduce outdated regulations that may hamper business expansion.

