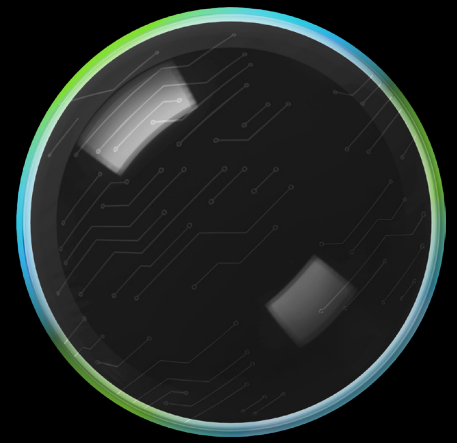




# Synopsis of the Government of Bermuda's Economic Development Strategy

June 22, 2023



The Ministry of Economy and Labour of the Government of Bermuda releases its latest economic development initiatives in a comprehensive Economic Development Strategy (EDS).

On June 15, 2023, the Government of Bermuda released a strategy document identifying key initiatives that will be pursued to generate economic activity and employment growth in Bermuda. The EDS initiatives span a wide range of areas including international business (IB), the local economy, infrastructure projects, and emerging opportunities in technology and the digital economy, amongst others.

The individual initiatives, as stated, are high-level and the EDS can, accordingly, be read as the strategy framework within which public and private sector resources can be focused to develop specific and executable measures to drive growth. The EDS identifies Bermuda's existing strength as a high-quality IB jurisdiction as a point of leverage. It acknowledges the importance of supporting the existing sectors that are the biggest employers, while developing new areas of economic activity and diversification. Each of the initiatives falls under one of five strategic priorities (see Appendix for the strategic initiatives detailed in the EDS):

1. Local and International Business Retention and Expansion
2. Business Attraction and Investment Promotion
3. Entrepreneurship and Small Business Development
4. Continued Execution of the Economic Recovery Plan
5. People

## Deloitte Perspectives on the EDS

### Prioritization

Whilst each of the individual initiatives within the EDS has merit, the scope of the EDS is far-reaching and the initiatives are numerous. The process of developing actionable plans to execute initiatives will require concerted effort by the Government and the private sector, with heavy reliance on the various government and private sector agencies. **Deloitte recommends a prioritization of the initiatives based on the following criteria:**

- **Ease of execution**
- **Anticipated value of economic impact**
- **Anticipated speed of economic impact**

### Foundational Success Factors

The EDS identifies several initiatives around immigration reform as an economic lever. **Deloitte views immigration reform as a foundational success factor that will enable or disable the success of most initiatives in the EDS.** The ability of Bermuda companies (local and IB) to efficiently attract and retain scarce talent drives their success and their impact on the economy. Deloitte specifically views policy reforms that drive the retention and expansion of the working and residential population of Bermuda to be critical.

The EDS also acknowledges the importance of making Bermuda an easy place to do business, identifying initiatives in company and real estate ownership, attracting infrastructure investment, enacting regulatory reform, and enhancing engagement between the Government and the business community. Deloitte views these initiatives to also be foundational to the achievement of the EDS. Such measures enhance Bermuda's ability to attract new investment and stimulate activity across all sectors. **Deloitte sees these initiatives, hand-in-hand with immigration reforms, as having the potential to transform the economy.**

### Tourism

Tourism is not included as a separate priority within the EDS, which instead refers to the current National Tourism Plan developed in 2018. The EDS does cite the importance of the accommodation and food services sectors as significant drivers of employment and a source of significant growth potential. **Deloitte views the expansion of hotel rooms and guest accommodation capacity as critical to growth in this sector and to the achievement of initiatives to drive IB.** Deloitte views a positive, high-end experience by business visitors as complementary to maintaining and growing a world-class IB sector.

### Infrastructure Opportunities

The EDS identifies initiatives to attract investment and innovation in Bermuda's infrastructure, including initiatives around subsea cables, hotels, space and satellites, renewable energy, and the city of Hamilton. Specifically, the Hamilton Waterfront is identified as an asset with significant untapped potential. Deloitte believes that any such infrastructure projects that are large in scale will require private capital to be feasible.

Deloitte believes the initiatives within the EDS designed to make Bermuda more business-friendly will make Bermuda more attractive to outside capital and therefore facilitate the achievement of large-scale infrastructure initiatives. ***Deloitte views the redevelopment of the Hamilton Waterfront as an opportunity that could be transformational for the city of Hamilton and for the country as a whole.***

### **Bermuda's Workforce**

The EDS identifies numerous initiatives designed to ensure there is a skilled local workforce, equipped to meet the evolving requirements of IB and the local economy, including changes brought on by technology. These initiatives include the continued pursuit of the objectives within the National Workforce Development Strategy and the Youth Employment Strategy, as well as the creation of a National Certification and Apprenticeship program. ***Deloitte believes such measures and others are key to ensuring Bermudians are qualified to participate fully in all sectors of the economy, including IB, professional services, financial services, technical trades, tourism and hospitality, and entrepreneurship.***

### **New Industries**

The EDS identifies several new or emerging sectors as areas of focus, including agriculture, the Blue Economy, climate risk financing, and technology (digital assets, insurtech, digital banking). Deloitte sees innovation as a cornerstone of Bermuda's historical success as an IB jurisdiction and believes that diversification is important to the overall economy. ***Deloitte believes the stated initiatives and all other opportunities for diversification should be pursued based on their relative prioritization (value, speed and ease of implementation).***

### **Threats to the Jurisdiction**

The EDS identifies the need to mitigate external threats to the jurisdiction. Whilst no specific external threats are mentioned in the EDS, Deloitte would envisage significant changes in global tax and regulatory regimes to be key

examples. Deloitte advocates measures to understand and mitigate all such external threats. Early preparation in the way of scenario analysis, consultation with experts and active dialogue with market participants are recommended to best position the jurisdiction for all known and emerging threats.

The EDS mentions jurisdictions that compete with Bermuda without naming them. ***Deloitte perceives some competing jurisdictions to present a significant threat to Bermuda due to their ability to attract IB investment, infrastructure investment, the attractiveness of their tourism product and their ease of doing business.*** Deloitte advocates that Bermuda should maintain and protect its reputation as the highest quality, best regulated IB jurisdiction. Deloitte also believes that many of the measures in the EDS, once executed, will undoubtedly enhance Bermuda's competitive position.

On the question of internal threats, the EDS identifies the aging population, emigration and the anticipated shrinking of the Bermuda workforce as significant issues. Deloitte agrees that these present significant risks to the economy, and identifies the level of government debt as an additional, internal threat. Deloitte would expect the achievement of the key initiatives of the EDS to have a significant positive impact on government revenues and, as a consequence, enable the government to begin to pay down the debt.

It is Deloitte's view that the combination of external and internal threats make the success of the key EDS priorities an imperative for the jurisdiction. Whilst no timeframes are provided for the execution of individual initiatives, Deloitte believes that the full economic impact from the key initiatives will lag their execution dates by months or possibly years, depending on the initiative. ***Accordingly, Deloitte advocates that all key initiatives should be approached with a sense of urgency.***

## **Conclusion**

The EDS is an ambitious and far-reaching strategy framework through which public and private sector resources can be deployed to support specific initiatives. To ensure optimal economic impact from the EDS, ***Deloitte believes that:***

- ***The initiatives should be prioritized to bring those with the highest potential into focus***
- ***The Government should drive the execution of the highest priority initiatives with a sense of urgency***
- ***The public and private sectors should work together in the spirit of partnership to drive the initiatives and mitigate jurisdictional risks together***
- ***Immigration reform and making Bermuda more open will accelerate progress of multiple initiatives simultaneously***

Whilst the EDS is broad in its scope, Deloitte believes such breadth is important to support the creation of employment and economic opportunities for all constituents of Bermuda's working and resident populations. Deloitte views IB, the local economy and tourism to be highly interdependent components of the overall economy which need to succeed in tandem to achieve long-term economic prosperity.



# Appendix

## **Strategic Priority 1: Local and International Business Retention and Expansion**

- Strategic Initiative: Support and Enable Growth of Economic Drivers
- Strategic Initiative: Support and Enable Growth of Employment Industries
- Strategic Initiative: Focus on Growth Opportunities and New Industries
- Strategic Initiative: Support and Enable Growth of Economic Empowerment Zones
- Strategic Initiative: Ensuring Bermuda is Business Friendly

## **Strategic Priority 2: Business Attraction and Investment Promotion**

- Strategic Initiative: Leverage Bermuda's Current Value Proposition
- Strategic Initiative: Utilise Existing Businesses as Ambassadors
- Strategic Initiative: Attract Investment in Infrastructure
- Strategic Initiative: Enhance and Promote High-net-worth Services

## **Strategic Priority 3: Entrepreneurship and Small Business Development**

## **Strategic Priority 4: Continued Execution of the Economic Recovery Plan**

- Strategic Initiative: Development and Execution of Project Plans

## **Strategic Priority 5: People**

- Strategic Initiative: Execution of National Workforce Development Strategy
- Strategic Initiative: Execution of Youth Employment Strategy
- Strategic Initiative: Execution of Personal Employment Plans
- Strategic Initiative: Creation of a National Certification and Apprenticeship Board
- Strategic Initiative: Build Technological Expertise Within the Local Workforce
- Strategic Initiative: Increasing the Working Population

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