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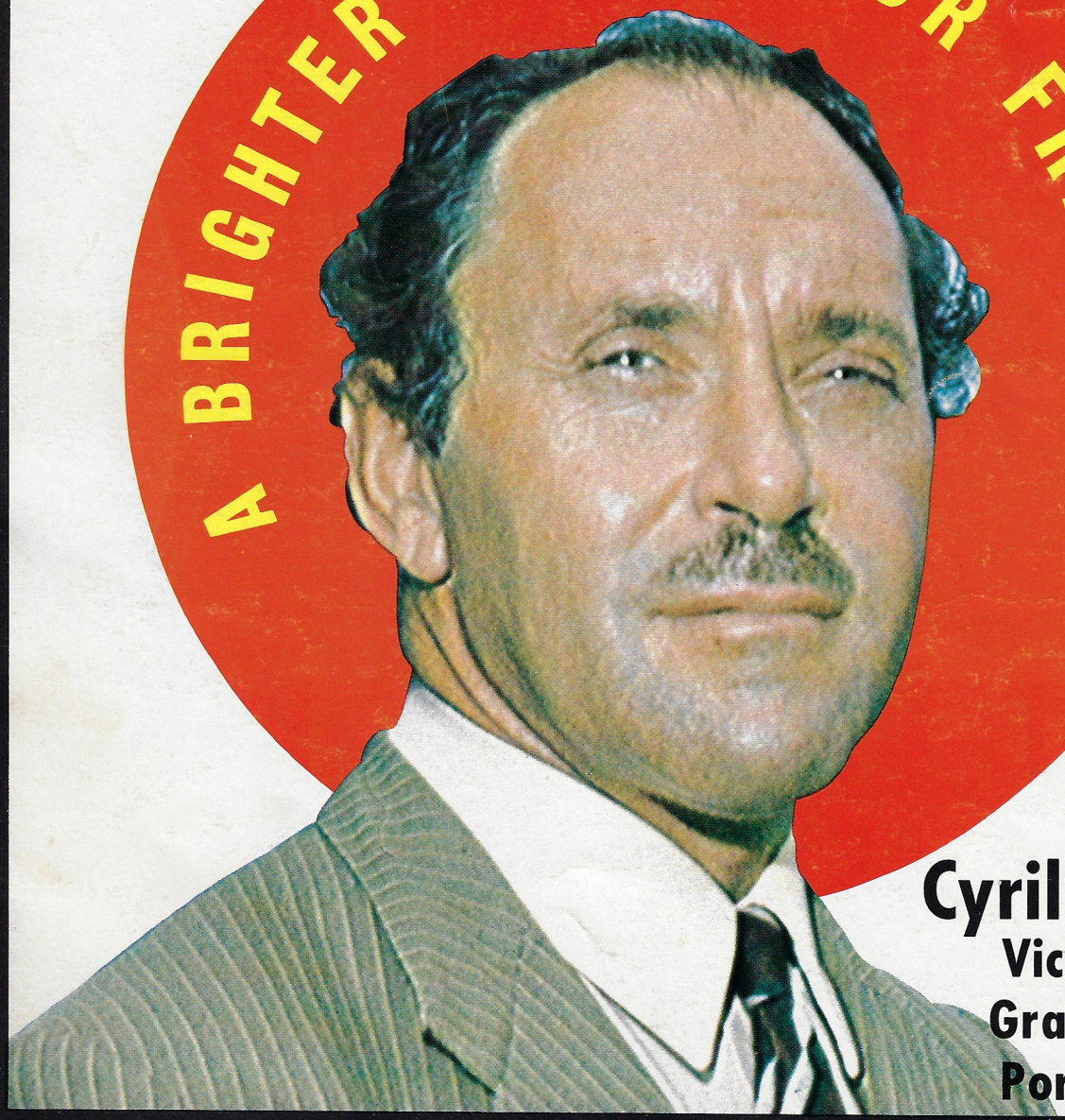
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THE BAHAMIAN REVIEW

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THE NATIONAL MONTHLY NEWS MAGAZINE OF THE BAHAMAS

A BRIGHTER WORLD FOR FREEPORT



Cyril Bernard
Vice President
Grand Bahama
Port Authority

NASSAU, FREEPORT, FAMILY ISLANDS

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Freeport Girds For Second Round of Commercial and Industrial Growth

In less than a decade, a combination of ingenuity and enterprise has transformed a stretch of pristine pine land on once-isolated Grand Bahama Island into an industrial and resort community unique in the Western Hemisphere. Almost overnight, literally, Freeport/Lucaya became an exciting place to visit, a pleasant place to live and a profitable place to do business.

A second stage of development has begun under the direction of The Grand Bahama Port Authority, Limited, which guided the destiny of this community since its inception. The Port Authority is a private company of which 92.5 per cent is owned by Benguet Consolidated, Inc., a highly diversified Philippine company listed on the New York Stock Exchange. The remaining 7.5 per cent of Port Authority stock is owned by the Government of the Commonwealth of the Bahamas.

Today's objective is to build Freeport on the existing framework that is the legacy of the early-years' construction boom, expanding its economic base and diversifying the economy to stimulate more long-term job opportunities.

In the long run, this new era of development may eclipse anything in the past.

The task of guiding this growth and expansion programme for Freeport's future has been given to Cyril George Bernard, a 51-year-old, London-born, retired Royal Artillery major. He is no stranger to assignments that require diligence and initiative. His current assignment, according to Port Authority President John T. Kimball, is very succinctly, "to bring new business and industry to this island and to the Bahamas."

It is a special assignment—broad in scope—and Mr. Bernard, a Port Authority vice president who was intimately involved in the early days of Freeport, is the first to admit that it can not be accomplished overnight. But, he believes a good start has been made and offers some impressive evidence to support his confidence in the future of the community.

Major Bernard, or Bernie as he is known to his associates, came to Freeport in 1960 after 20 years of service in Her Majesty's Royal Artillery. He saw service in some of the difficult campaigns of North Africa and Europe. The retired officer discusses rather casually his part in the fighting against German Field Marshal Erwin Rommel and the fierce battles at Monte Cassino in Italy and on other famous European battlegrounds.

He retired, he explains, in 1960 to seek a new career in business. Before his separation from service was completed, he had landed a job as office manager for Freeport Bunkering Company's ship refuelling station in Freeport. Although he had never been in the Bahamas, foreign posts were not new to Mr. Bernard.

In 1962, two years after he came to Freeport, Mr. Bernard left the bunkering company to become the Port Authority's company secretary.

Lessons of the past will provide Mr. Bernard with a degree of patience in his new assignment. He is well aware that programmes of such broad scope move very deliberately, if slowly, just as the first stage of Freeport's development moved deliberately, if slowly.

He can recall acutely the initial difficulty the Port Authority had in getting the community established. "Freeport's growth and progress never have been steady and constant," he explains. "We have had our peaks and valleys, just as any other company or community, and we will, in all probability, continue to have them.

"To some of us, in the early days, it seemed that Freeport would never make it. In May, 1962, for example, we had only 60 Licensees—and this was after seven years of hard work by a large number of devoted people. This hard work finally began to pay off, however, and by 1966 we had 660 licensees, and three years later we had more than 1,600."

Mr. Bernard is the first to admit that Freeport today is in a transitional period, but he bristles with annoyance when anyone adopts a gloomy viewpoint toward the community's future. "Even an elementary knowledge of economics is sufficient to see what has happened," he says. "Between 1966 and 1969, the majority of the 1,000 licenses issued were builder-investor licenses for the construction of duplexes, single-family housing and small apartment buildings.

"During those boom years, Freeport virtually doubled itself in terms of residential buildings. However, it did not broaden its economic base sufficiently to provide permanent jobs for the people needed to fill the dwellings being built. Construction workers were literally building apartment buildings for construction workers at the end of this period. This was a state of affairs, common sense tells us, which had to come to an end sooner or later. As a result, Freeport was left with its present surplus of apartments. The general business recession in the United States did not make matters any better," he added.

Mr. Bernard maintains that the economic slump in the once-booming construction business is a temporary matter which can be remedied by better long-range planning and a comprehensive new programme aimed at reviving and stimulating the economy and giving it new direction.

In a fashion recalling his military training, Major Bernard has divided his objectives into theatres—the United States, Canada and Europe. He has set about developing programmes to attract industry and investment from each of these major areas. His first step was to assess Freeport's assets. His next step was to develop a comprehensive marketing plan designed to sell the advantages of Freeport as an operating base for major industry and commerce, rather than small non-Bahamian entrepeneurs.

Mr. Bernard counted off some of the advantages Freeport/Lucaya has over many others as an operating base for prospective commerce and business. "For one business, one feature of Freeport may be more important than others, while for another business, the combination of Freeport's attractions will be important."

He divided the advantages of business location in Freeport/Lucaya into several categories:

TAX HAVEN: "The Bahamas is acknowledged as a tax haven around the world," Mr. Bernard explained. "It has no income, business, sales, franchise or profits taxes. These benefits vary according to the tax laws of foreign governments relating to the investor.

"The Hawksbill Creek Agreement grants certain other tax concessions to licensed businesses in Freeport. There is a contractual guarantee that at least until 1990 there will be no personal income taxes, no corporate profits taxes, no capital gains taxes or levies on capital and no personal or real property or inventory taxes.

"Other guarantees are given in the Hawksbill Creek Agreement on customs duties. At least until 2054, no excise or import duties will be levied on equipment or materials used by licensed businesses. Only goods for personal use or consumption are dutiable," Mr. Bernard explained. "These are real and substantial benefits for any business or industry considering location in Freeport."

MARKET PROXIMITY: Freeport's location on the edge of the Gulf Stream, one of the main shipping lanes between North America, the Caribbean and Europe, makes the city a natural location for businesses selling into these markets, the development leader explained. Freeport can be the gateway to the Americas, a place to take the pulse of the American market, for manufacturers or exporters from over the world.

TRANSPORTATION: Freeport is served regularly on shipping routes from the Americas, the United Kingdom, Europe and the Orient. Eleven scheduled passenger and cargo airlines, plus many charter carriers, provide convenient, efficient service to the United States, Canada, the Caribbean, Central and South America, Europe and the Orient.

Since it first opened to deep-draft, ocean-going ships in November of 1959, Freeport Harbour has been the hub of the Freeport enterprise. This modern harbour has a general depth of 30 feet at mean low water. Warehousing and storage areas are ample to meet present needs, and sites are available to expand these facilities to meet future needs. Wharfs accommodate regular freight carrying vessels, roll-on/roll-off type ships, and containerized ships.

"All modern ship services are offered at Freeport Harbour, including very favourable rates on fresh water and fuel. A ship bunkering terminal, which is now a part of Bahamas Oil Refinery Company, has the latest rapid refuelling installations," Mr. Bernard said.

Businessmen are also interested in the freight service offered by the M.V. Freeport, a 14,000-ton luxury cruise ship with extensive facilities for transporting 43 roll-on/roll-off trailers. It operates several times a week to Miami and twice weekly to Nassau, providing Grand Bahama with a modern, efficient, dependable, high-density freight service that lowers the cost of goods shipped to and from Freeport.

Freeport International Airport, one of the largest privately-owned airports in the world, has been expanded five-fold since 1963 and ample land is available to meet foreseeable future needs, according to Mr. Bernard.

At peak periods, Freeport International handles a flight every 45 seconds. Passenger traffic in and out totals close to one million persons annually. Again, Freeport's location gives it a unique advantage. The island is flat, and flying hazards are few. Aviation experts say that weather conditions are comparable with the best in the world and flight delays are few. The most modern flight safety equipment is installed at the airport, and airport facilities and staff are constantly being upgraded.



Bernard Davis, a Bahamian, new to Cyril Bernard's staff, consults Mr. Bernard on a license application.

BONDED CUSTOMS: For companies considering using Freeport as an overseas sales centre or as a forward base for transhipping, merchandise can be held in bonded warehouses with Bahamian customs duties uncollected before the goods are shipped to markets in the Western Hemisphere. These companies realize a considerable savings, since money is not tied up in customs duties on stored merchandise. If the goods are sold in the Bahamas, the duties are paid when the goods are removed from bonded warehouses. From Freeport, goods can be shipped quickly to customers.

COMMUNICATIONS: Since so much business depends on efficient communications, Freeport has a decided advantage over many other areas, explains Mr. Bernard. The city has an entirely automatic telephone system and the most up-to-date telephone switching centre in the Bahamas-Caribbean area.

External communications are maintained by the Government-owned Bahamas Telecommunications Corp., which also administers modern telegraph and teletype services. With few exceptions, Freeport has almost instant telephone communications with anywhere in Europe or the Western Hemisphere. Overseas communications will be expanded considerably in 1972 with the scheduled laying of a submarine cable under the

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Gulf Stream from West Palm Beach, Florida, to Grand Bahama and New Providence. Direct dialling will then be available to the United States and at reduced rates.

BANKING AND FINANCIAL INSTITUTIONS: Of particular importance to business, Mr. Bernard explains, is the wide range of financial institutions which serve the growing needs of the business community and residents of Freeport. Many of these banks are branches of or are associated with the major financial institutions of the world.

Seven commercial banks are now in operation or are soon to open in Freeport. They are: Bank of Montreal (Bahamas and Caribbean) Ltd.; Bank of Nova Scotia; Barclays Bank International Limited; Canadian Imperial Bank of Commerce; Chase Manhattan Bank; First National City Bank; and the Royal Bank of Canada.

Other financial institutions include the following private and merchant banks and savings institutions: Bahamas International Trust Co. (Freeport) Ltd.; Bahamas International Trust Co. Ltd.; Bank of the Caribbean, Ltd.; Bank of Freeport (Bahamas) Ltd.; Bank of Nova Scotia Trust Co. (Bahamas) Ltd.; Butlers Bank Ltd.; Commonwealth Industrial Bank Limited; Finance Corporation of the Bahamas Ltd.; International Credit Bank (Bahamas) Ltd.; Mercantile Bank and Trust Co. Ltd.; Roy West Banking Corporation Limited; and Trust Corporation of Bahamas Limited.

PUBLIC UTILITIES: Ample supplies of electrical power and fresh water are becoming increasingly important as business and industry expands, Mr. Bernard emphasized.

"Freeport has some decided advantages over other locations in the Caribbean and even over the United States in this regard. It is seldom that one picks up an American newspaper or watches television that he doesn't read about or see these problems," he added.

"Freeport Power Company provides this community with an electrical power system that is highly dependable with high service standards. Planning and design of the system provides both reserves and expansion capabilities to meet the demands of the growing resort and industrial community and the special requirements of such operations as the Bahamas Oil Refining Company. Most recent additions to the power supply system have been a 20,000-kilowatt gas-turbine and a 40,000-kilowatt steam generating plant, giving Freeport Power 120,000-kilowatt total capacity or five times the capacity existant in 1968. Freeport Power has the resources to expand as the demand warrants it," Mr. Bernard said.

"Water is equally important, for both life and business. A vast supply of fresh water underlies Grand Bahama, and one study indicates that our water resources could easily support a resident population of 250,000 persons. An average rainfall of more than 50 inches annually and proper utilization of the land area assure sufficient open space to recharge the acquifer.

"The water system, operated by The Grand Bahama Utility Company, presently distributes more than five million gallons of water daily from five main pumping stations, each of which is fed by its own well field. The system can be expanded to distribute 48 million gallons of water daily from its underground resources. Planning and design of the water system have been carried forward to protect water resources for the future," he added.

WEATHER AND LIVING AMENITIES: "The climate is almost ideal, and it puts an emphasis on a variety of outdoor recreational activities found in few other areas," observed Mr. Bernard. "The resort industry has provided a number of facilities which might not normally be found in a business or industrial community. Such activities as golf, water sports, tennis and clubs for almost every activity are found in Freeport. Entertainment and dining are superb.

"A new $500,000 YMCA complex with playing field and an Olympic-size swimming pool have been opened within the past year, as has the new 341-seat Regency Theatre of the Freeport Players Guild. Concert artists and other entertainers from the United States, Canada and Europe appear regularly in Freeport, giving the city a varied cultural life.

"Abundant housing, ranging from single-family units, duplexes and multi-family dwellings to high rise-apartments and condominiums, give Freeport residents a choice of accommodations. Prices vary according to location, size and style.

"We have an excellent education system. The emphasis is on a sound academic education, with the young men and women being prepared to go abroad for further study, to Nassau for technical education or to enter the work force.

"A wide variety of medical services is available in Freeport, ranging from general practicitioners to specialists in many fields.

"All of these things are important to the company considering establishing in Freeport. Employees and their families find Freeport a good place to live and work, and this is very important to business and industry today," explained Mr. Bernard.

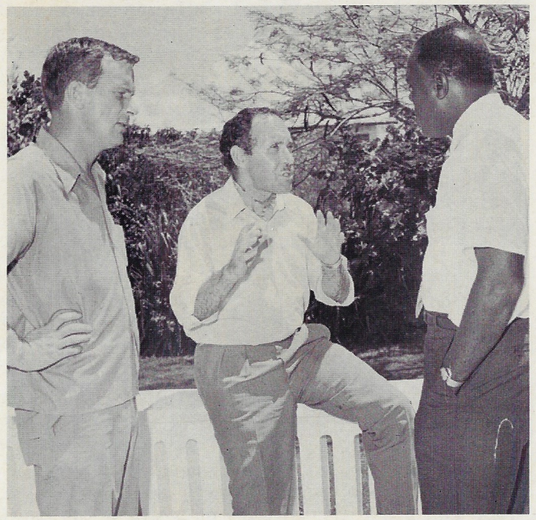
LABOUR: "This is another of the areas of particular importance to prospective business and industry. Businessmen are pleased to know that Bahamians, both male and female, respond quickly to opportunities for training which elevate them into skilled or semi-skilled crafts and trades and into responsible positions in business and industry.

"Businesses and industry coming into Freeport accept the fact that they must satisfactorily demonstrate to Government that they are willing to employ, train and promote Bahamians where possible to all levels of employment. We suggest that a new business coming to Freeport establish its manpower requirements and training programmes at an early date with the Bahamas Government.

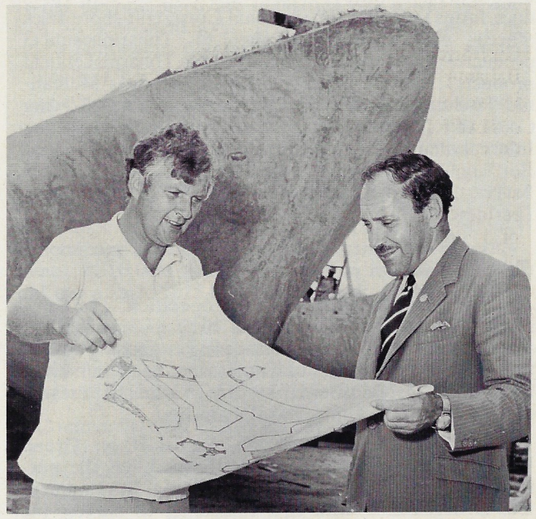
"Most international businesses understand these requirements, for many operate in countries with labour rules and regulations very similar to those in the Bahamas," Mr. Bernard explained.

"Finally," said Bernard, "many potential investors in Freeport want to know the Government's attitude toward further development. I quote from a speech by the Minister of Development, who declared at the dedication of the BORCO plant:

"Our Government and our country are committed, firmly and irrevocably, to the system of free enterprise



Saturday lunchtime finds Cyril Bernard (center) entertaining Government Administrator Stafford Gomez (right) and John Samson, president Samson Marine Design Company, which is constructing 10 fishing boats at Running Mon Marina.



Mr. Bernard and Owen Le Tissier of Samson Marine Design Company discuss expansion plans at the boat yard, with the hull of one of the ferro-cement boats in the background.

as it is exemplified by the nations of the western world. This means that investors, large and small, from Abaco to Inagua, can be reassured that their investments are, and always will be, as safe here now as they ever were. It was this climate that encouraged and fostered the birth and healthy and vigorous growth of the industries we see around us."

Mr. Bernard cited several other factors on the asset side of Freeport's balance sheet. It now has a broad economic base which includes heavy and light industry, commercial and service business, and it has a dynamic tourist industry which serves as the backbone of the economy.

Freeport has a well organized and efficient infrastructure. Broad, paved boulevards put any area of Freeport just minutes away from any other area. Zoning is planned so that industrial and commercial areas in the western and central areas don't encroach on tourist and residential areas. Planners are mindful of protecting the environment. The Port Authority and Lucaya Service Company are investing several hundred thousand dollars in improving the city with landscaping and safety lighting.

Commenting further on the economic base upon which Freeport can now build, Mr. Bernard called attention to the base industries which now operate in Freeport.

Bahamas Oil Refining Company (BORCO) was completed and operation was begun in August of 1970 as a joint venture by New England Petroleum Corporation and Standard Oil Company of California. BORCO has invested nearly $100 million in the facility and has purchased 486 acres for a planned expansion of the refinery which now can process 250,000 barrels of crude oil daily.

In August, 1971, BORCO officials announced plans for a $50 million expansion, increasing throughput to 450,000 barrels daily. Major Bernard believes that a variety of satellite petrochemical industries will develop over the years as the refinery expands.

Bahama Cement Company, a wholly-owned subsidiary of U.S. Steel, has invested $75 million in Freeport. Using the almost-pure calcium carbonate limestone of Grand Bahama, the company produces more than five million barrels of cement annually, mostly for export.

Syntex Corporation has invested more than $7.5 million in a Freeport plant which processes chemical ingredients for its pharmaceutical products. The plant contains manufacturing, laboratory and administrative facilities. The Freeport plant began producing the steroid compound for oral birth control pills early in 1968, with a staff that included employees from 15 countries. The final product is shipped by air from Freeport to world markets.

Todhunter-Mitchell & Co., Ltd., has created the island's first distillery and blending and bottling plant, handling a wide variety of spirits. The company distributes to the Caribbean and North American markets, as well as within the Bahamas. It recently purchased an additional building for warehousing its products.

"Many other companies have manufacturing, distributive and service facilities in Freeport," explained Mr. Bernard. He named several of them: Freeport Trading Co. (import-export, ship chandlering); Bahama Enterprise Trading Companies Overseas Ltd. (BETCO Ltd.) (perfumes); Caribbean Bottling Co., Ltd. (Coca-Cola and other beverages); Caribbean Paint Manufacturing Co., Ltd. (paints and finishes); Catalytic West Indies, Ltd. (engineering and design); Enterprise Trading Co. Overseas Ltd. (import-export);

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Greater Freeport Industries Ltd. (bakery, dairy products, tourist facilities); Hydroponic Gardens Ltd. (produce farms); Jaeger International Corp. (off-shore sales office); Key Pharmaceuticals Ltd. (pharmaceutical products); The Knox Company, Ltd. (pharmaceutical products); Leader Beverages Ltd. (bottling); Mercantile Trading Limited (import-export); NEPCO Towing Co. Ltd. (harbour tugs); Pan American Consulting International Ltd. (engineering and design); Topeco Bottling Co. (Killarney Limited) (Pepsi Cola and other beverages); and Western Hemisphere Corporation Ltd. (perfumes).

Other developments within recent weeks are important to the growth of Freeport.

A boat building yard is now in operation. The Samson Marine Design Company has 10 ferro-cement boats under construction and is considering expanding operations into commercial and pleasure boat buildings, according to Mr. Bernard. This yard has created employment for a number of Bahamians.

The timber industry, which flourished on Grand Bahama before Freeport was established, has the possibility of new life. The Grand Bahama Development Co. is negotiating with two companies to harvest the pulp wood and to pull the pine stumps from the earlier timber operation for the extraction of the accumulated resins. The pine stumps accumulate resins for several years after the trees are cut.

Some 300 tons of these stumps have been pulled and barged to the Hercules Powder Company at Brunswick, Georgia, for processing and testing. Initial tests indicate that the quality of the turpins is acceptable for further development.

The pine stump operation could result in the establishment of a processing plant on Grand Bahama and employment of as many as 100 Bahamians in the operation, Bernard explained.

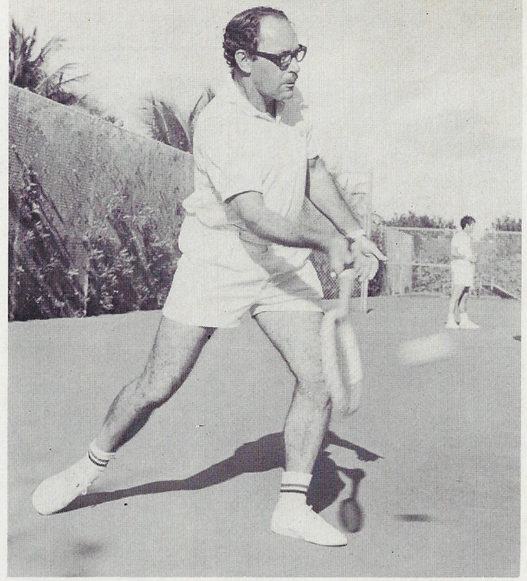
Late in August, one of his primary goals was realized — the establishment of a major air freight service from Europe. The new service, Transmeridian Air Cargo Limited, provides air cargo distribution through Freeport from the United Kingdom, Europe, the Middle East, the Orient and Africa to the Bahamas, the United States, the Caribbean and Latin American countries.

Combined with the roll-on/roll-off freight facilities provided by the M.V. Freeport, Transmeridian is the first step in establishing Freeport as a major transhipment area, Bernard believes.

In the import-export area, the Port Authority is negotiating an agreement with Societe Commerciale de l'Ouest Africaine, a major European company with headquarters in Paris. The company has operations throughout Europe, Africa and other countries.

Until now, according to Mr. Bernard, SCOA's only Western Hemisphere operation has been a small interest in a Freeport trading company. In September, SCOA and City Pharmacy announced the purchase of Solomon's Mines, which has outlets in Freeport and Nassau.

Under the agreement being negotiated by SCOA and the Port Authority, SCOA plans to establish a major base in Freeport for its Western Hemisphere trading operations. Its management hopes to build a network of businesses and stores in the Caribbean and North America.



After hours at a desk each week, Cyril Bernard enjoys a game of tennis, a challenging, stimulating and active sport. Bernard says, "On a court one entirely forgets the world of business and concentrates only on the game at hand. It is possibly for this reason that I enjoy tennis so much. My wife is an excellent player and it is something we can enjoy together."

The company is cooperating with the Port Authority in a major expansion of the International Bazaar, already a 10-acre complex of international shops and a major tourist attraction.

These are the economic advantages and commercial activities upon which Mr. Bernard hopes to base Freeport's second phase of growth. After this assessment, his next move was to develop a marketing plan.

"In the early days of Freeport's development, we could sit back and wait for the businessman or potential investor to contact us. It was new, many were interested, and for a long time, we had all we could do to handle the unsolicited responses. Today, we still get many unsolicited inquiries, but we have decided that the time has come to solicit more aggressively the kind of business we want by taking our story directly to selected prospects," explains Mr. Bernard.

In late 1970, a comprehensive advertising programme was organized by the Marketing Department of the Port Authority. It was aimed at various segments of the economy — industry, commerce, investment and tourism. Each advertisement told a separate story about Freeport — its fine services for industry, its excellent tourist facilities, the friendly people and the unsurpassed living conditions. The ads were placed in key publications in the United States, Canada and Europe — including Time magazine, The New York Times, The Financial Times of London and The Wall Street Journal.

Each ad included a coupon which could be mailed to the Port Authority for additional information. The response surprised even Port Authority management.

More than 10,000 responses were received in less

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than six months. These were carefully classified and referred to the appropriate department of the Port Authority or to other Freeport organizations for follow-up action.

Industrial, investment and commercial inquiries received a letter from the Port Authority president inviting the recipient to study seriously the possibility of a Freeport base. Accompanying the letter was complete information on Freeport and its assets and the Bahamas Government's "Prospectus for Industrial Development in the Bahama Islands."

"We wanted any prospective investor to be informed of the unique assets of all of the Commonwealth of the Bahamas," explained Mr. John T. Kimball, Port Authority president.

The inquiries provided Mr. Bernard a substantial list of companies and individuals who had shown at least an initial interest in becoming a part of Freeport and of the Bahamas.

He promptly added two Bahamians to his staff. Among the duties of Daniel Colebrook and Bernard Davis are to follow up each inquiry. It is a time-consuming job but one Mr. Bernard believes will pay off handsomely in the long run.

Bernard's stepped-up programme of communication with potential investors also included direct personal contact. He and top Port Authority officials flew to the United States early this year to present the Freeport story to a major company interested in locating here.

Within the past month, Mr. Bernard has flown to Canada to talk to potential investors there, and he has made several trips to the United Kingdom and Europe. Many potential investors have been brought to Freeport to see the city first hand.

It is a time-consuming operation, and the proportion of inquiries which finally result in a business locating in Freeport is naturally low. But, Mr. Bernard is an optimist and he realizes that getting just one major industry to select Freeport as its base can be worth all the effort.

On a yellow legal pad on his well-organized desk, Mr. Bernard has listed more than a score of other business possibilities — inquiries from individuals asking for detailed information on Freeport. Some of these, he frankly admits, are simply "pie in the sky," but others, he is confident, will ultimately become part of Freeport.

Even these, however, take long months of negotiations before a final agreement to locate in Freeport is reached.

He cites other areas such as agriculture and commercial fishing which have been relatively inactive in the Freeport area and which have potential. These possibilities are being explored as diligently as the business and industrial development program.

The mail order business is another area under investigation, according to Mr. Bernard. Two Bahamian merchants, he said, are studying a plan to sell high-quality European goods direct to American purchasers through a mail order operation here.

"There is no question that we have a firm base on which to build in Freeport," declares Mr. Bernard. "What we now need are industries which will provide jobs — permanent jobs. These jobs we seek will provide a continuous flow of wages and services in Grand Bahama. That is what our economy needs now."

Mr. Bernard has some impressive statistics on exactly what new industry means to a community. He cites statistics compiled by the U.S. Chamber of Commerce.

"While these figures were compiled in the States," he explains, "they have application here. Every 100 new factory or plant jobs means 65 more job openings in non-manufacturing posts, three more retail establishments, $710,000 additional personal income annually and more than $225,000 in new bank deposits.

"Additional people are also added to the social stream, creating new households and permitting school expansion. In general, the community grows and prospers and so does its people," he explained.

Commercial and industrial expansion activities keep Mr. Bernard very busy. He arrives at his office early, leaves late and plays much less tennis than he would like. He enjoys a game of golf and keeps trim through regular exercise and swimming.

He concedes that most of his waking moments are devoted to thinking of new ways to develop Freeport. "We know that the solution to our problems — and who doesn't have problems — lies in ourselves," he observes.

"In Freeport, we have great resources, both man-made and human, of great variety and potential. We have to imaginatively search out and develop these resources to the utmost. With the proper effort, we will get the expansion and economic activity that will involve increasing numbers of Bahamian people and provide greater opportunity for all," he concluded. ■

