

Bryan Responds to Federal Tariffs, Highlights VI's Trade Advantages and Inflation Concerns

Governor Bryan warns tariffs could raise consumer prices in the Virgin Islands but points to the territory's customs exemption and manufacturing incentives as tools to attract investment and protect the economy.

Economy / **Published On April 04, 2025 05:53 AM /**

Staff Consortium **April 04, 2025**

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Governor Albert Bryan Jr. By. GOVERNMENT HOUSE

Governor Albert Bryan Jr. responded Thursday to President Donald Trump's newly imposed federal tariffs, acknowledging the potential financial strain the measure could place on Virgin Islands families while emphasizing the territory's unique opportunity to attract manufacturing investment and stimulate economic growth.

Speaking in light of the 10 percent baseline tariff announced by the White House earlier this week, Governor Bryan warned that while the policy may boost domestic production, it also carries the risk of inflation and rising consumer prices for communities like the U.S. Virgin Islands, which heavily rely on imported goods.

“The administration’s push to strengthen domestic manufacturing is a direction I fundamentally agree with,” Governor Bryan said. “But it must be pursued in ways that do not place additional financial pressure on communities like ours. That’s why I’m especially concerned about how these tariffs could add to the inflationary pressures already confronting Virgin Islands families and businesses.”

Though the new tariffs are federal in scope, Governor Bryan clarified that they are not directly applicable to the territory due to its unique standing outside of the U.S. Customs Zone. The Virgin Islands maintains its own customs system and applies a six percent duty on most imported goods, rather than being subject to mainland U.S. tariffs.

In addition to this distinction, Governor Bryan noted that goods manufactured in the Virgin Islands from imported raw materials can be shipped to the U.S. mainland without incurring tariffs or taxes. “This means products finished in the Virgin Islands qualify as Made in the USA, which gives us a distinct and powerful incentive for companies looking to avoid costly tariffs while still accessing the U.S. market,” Bryan explained.

“This is a moment to promote the Virgin Islands as a smart and strategic location for manufacturing and value-added production,” he added. “We have an opportunity to turn global challenges into local growth.”

A central component of the governor’s strategy is the South Shore Trade Zone, created through legislation he signed into law. The Zone is intended to drive economic diversification by supporting warehousing, light manufacturing, and export-related business on St. Croix. According to the administration, the Zone is designed to reduce the territory’s dependency on imports, attract new private-sector investment, and create local jobs.

“This is precisely the kind of economic infrastructure that positions us to lead, not just respond,” Bryan said. “The Trade Zone is a tool we can use to build resilience, encourage innovation, and diversify our economy for the future.”

Despite these advantages, Governor Bryan acknowledged the vulnerability of the Virgin Islands to external market forces and supply chain disruptions. “For a territory that imports the vast majority of its consumer goods, any added cost or delay in supply chains can have a real and immediate impact on our residents,” he said. “Even if the federal tariffs don’t apply directly here, the ripple effects—such as increased costs for goods sourced through affected mainland suppliers—will eventually reach our households and businesses.”

Governor Bryan committed to continued monitoring of the evolving trade environment and said his administration would remain in close contact with federal officials to advocate for the territory’s interests.

“Our top priority remains improving the quality of life for the people of this territory,” the Governor said. “We are committed to protecting working families and small businesses from rising costs. But we also recognize the need to be proactive and visionary in how we grow and strengthen our economy. This moment presents a clear opportunity to do both.

