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V.I. Lawmakers Push Congress to Modernize Caribbean Trade Program as CBI Loses Relevance

The Senate Committee on Economic Development unanimously advanced legislation urging Congress & USTR to modernize the Caribbean Basin Initiative, citing declining duty-free use, limited USVI influence, and the need to reflect today's service-based economy

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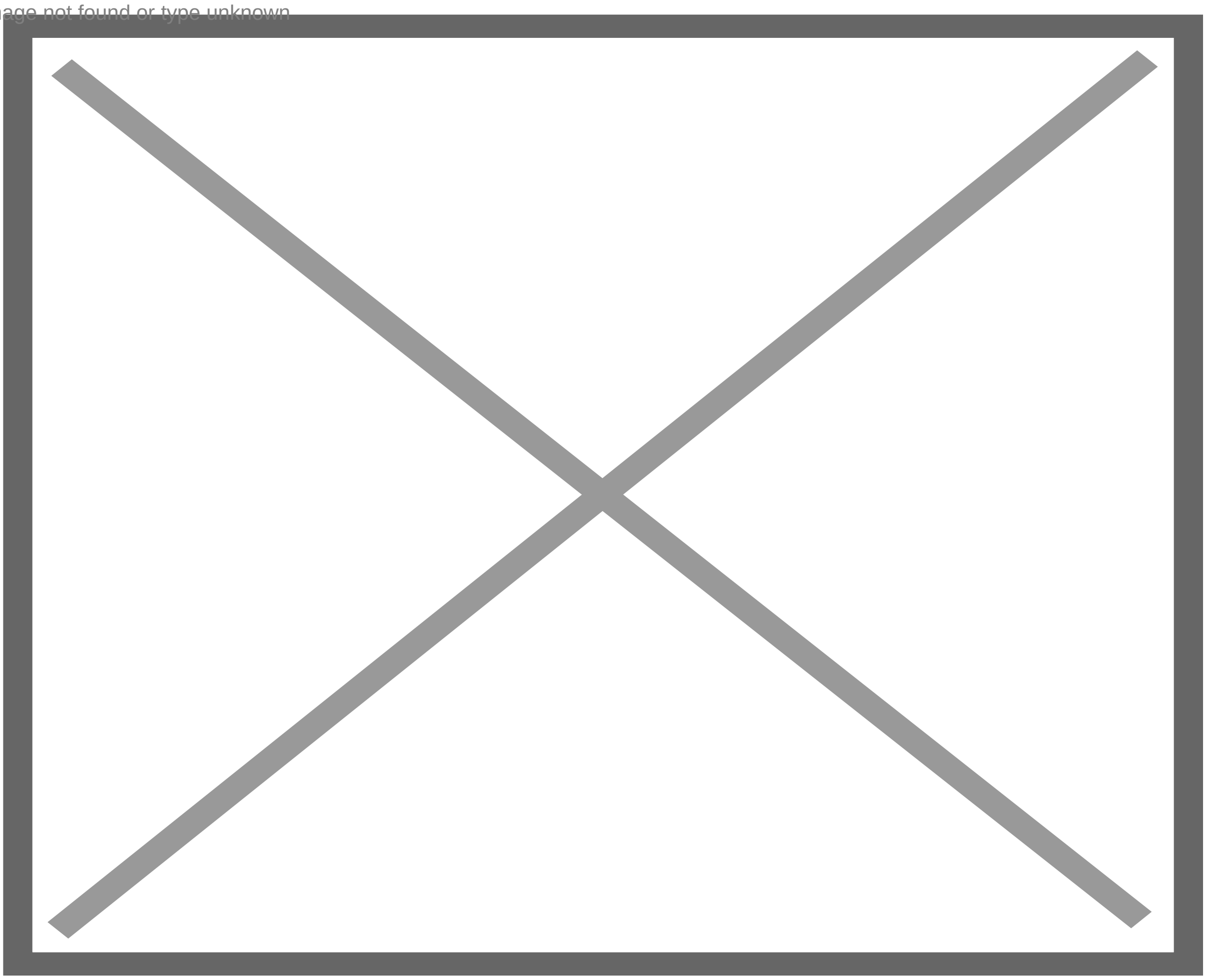

The V.I. Legislature has moved to press Washington for a sweeping overhaul of the Caribbean Basin Initiative, advancing legislation that lawmakers and economic leaders say is necessary to reverse decades of declining relevance in a trade program once central to Caribbean development.

On Wednesday, the Committee on Economic Development and Agriculture voted unanimously in favor of Bill 36-0194, a measure urging the U.S. Congress and the Office of the U.S. Trade

Representative to expand and modernize the Caribbean Basin Initiative (CBI) to better support economic growth in the U.S. Virgin Islands and across the wider Caribbean region. The bill was sponsored by Sen. Angel Bolques Jr. and now moves to the Committee on Rules and Judiciary for further consideration.

The push to modernize the Caribbean Basin Initiative comes amid findings in a recent U.S. Trade Representative report to Congress showing a steady decline in the program's effectiveness. The report found that U.S. imports from CBI countries have fallen sharply over the past two decades, while use of duty-free preferences has dropped significantly, signaling what lawmakers described as structural weaknesses in a trade framework that has not kept pace with modern economic realities.

The CBI, enacted in 1983, provides duty-free access to the U.S. market for goods produced in eligible Caribbean countries. But proponents of Bill 36-0194 argue that the initiative no longer reflects modern economic realities. Introducing the measure, Sen. Bolques said the Caribbean has "evolved dramatically" since the program's creation, while the CBI "remains locked in a trade framework built for a very different era."

Bolques cited sharp declines that mirror findings highlighted in a recent federal report on the operation of the CBI. According to his testimony, U.S. imports from CBI countries fell from 2 percent to 0.4 percent between 2005 and 2024, and only 27.7 percent of eligible exports now make use of CBI trade preferences. Rather than functioning as a catalyst for growth, he described the program as suffering from a "structural failure."

Those conclusions align with the U.S. Trade Representative's most recent report to Congress, which found that utilization of duty-free CBI benefits has steadily eroded, even as new U.S. tariff policies and global trade shifts further narrowed the advantage once offered by the program. That report also underscored how falling preference use has weakened export competitiveness across the Caribbean, including sectors such as apparel, energy, and agriculture, while placing added pressure on small producers.

Sen. Bolques argued that the CBI is no longer driving "regional diversification," "supporting small business development," or "building economic resilience in the Caribbean." He further noted that the U.S. Virgin Islands is uniquely disadvantaged under the current structure. While the territory is affected by regional trade rules, it is not a beneficiary under the Caribbean Basin Trade Partnership Act, leaving it without formal bargaining power or a direct voice in shaping the program.

"We are governed by a regional trade system that we cannot formally shape and do not have an official voice in," Bolques said, urging that the USVI be included as a beneficiary or stakeholder under an updated CBI framework.

Under Bill 36-0194, lawmakers are calling for a modernization that reflects today's economy, expanding eligibility to include digital services, renewable energy, climate-resilient infrastructure, advanced manufacturing, and small business development. For Bolques, the objective is clear: "It is time for our legal and policy status within the CBI to align with the economic reality we live in every single day."

A lineup of invited testifiers echoed those concerns. Eric Sonnier, executive director of the University of the Virgin Islands Research and Technology Park, told senators that Caribbean economies have become predominantly service-based, with growth increasingly driven by tourism, professional services, and business support sectors. Many opportunities, he said, are "no longer tied to physical exports alone," reinforcing the need for a reimagined trade framework.

Sonnier agreed that the CBI "must evolve to reflect how economic growth and trade now occur in practice," a position consistent with federal findings that the program's design has not kept pace with modern trade patterns.

Sandra Setorie, executive director of the Public Services Commission, testified that the bill aligns with a shared commitment to economic diversification. A "reengineered" CBI, she said, could "enhance regional collaboration, technological innovation, and position the Virgin Islands as a key participant in the evolving Caribbean and global economic landscape."

Support also came from Haldane Davies, director of the Bureau of Economic Research, who referenced the U.S. government's National Security Strategy, which emphasizes the importance of a stable and prosperous Western Hemisphere. Davies suggested that revitalizing the CBI could be "central to the growth and stability of the region," framing economic development as a matter of broader strategic interest.

Economist Justin Ram, chief executive officer of Justin Ram Advisory, argued that the legislation seeks to modernize "an existing framework that is underperforming due to outdated design rather than flawed intent." He pointed to declining CBI utilization as evidence of structural barriers, including complex rules of origin, high compliance costs that disproportionately affect small producers, and limited export capacity.

"I want to make it clear that the evidence strongly favors reform," Ram said, adding that the urgency is heightened by "recent changes in U.S. tariff policy that narrowed preference margins," a concern also raised in the USTR's report to Congress.

Committee members expressed broad support. Chair Sen. Hubert Frederick described the measure as a "hybrid opportunity" with tangible benefits for the territory. "This is what we need to do as a community if we're gonna get out of this malaise that we feel that we can't get out," he said.

Sen. Alma Francis Heyliger called the legislation "very much needed," noting that the Virgin Islands has reached a point where it must expand its engagement with the Caribbean to fully realize regional benefits. Sen. Novelle Francis said the conversation was "long overdue," adding, "We're in a position to make an argument to have a seat at the table."

As the hearing concluded, Frederick summarized the effort ahead: "What we're trying to weave here is a very delicate web, but it's necessary."

With unanimous committee support, Bill 36-0194 now advances to the Committee on Rules and Judiciary, as lawmakers push to align territorial trade policy with economic realities already documented at the federal level and felt daily across the Virgin Islands.