

The Virgin Islands Consortium

Over 6,000 Displaced Workers Remain Unemployed In The Virgin Islands, According To Agency Report

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A report from the V.I. Bureau of Economic Development, which was requested by Governor de Jongh, that details the projected impact Atlantic Basin Refining (ABR) would have on the Virgin Islands if the 30th Legislature ratifies the Operating Agreement and the company was allowed to purchase the HOVENSA refinery, says there are over 6,000 displaced Virgin Islands workers who are currently seeking employment.

The report looks at the effects HOVENSA's closing in 2012 has had on the Virgin Islands economy, noting that the first year following the closure, the territory's Gross Domestic Product (GDP) -- which is the total value of goods produced and services provided in a country during one year--saw a precipitous decline of 13.7 percent and further in 2013 by

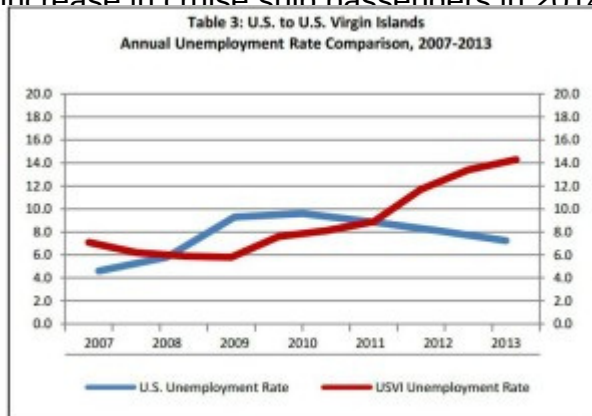
5.8, a result of declining refined products.

The report claims there are 6,000 plus Virgin Islanders who remain without work in the territory. The most [recent update](#) to the territory's unemployment numbers show St. Thomas-St. John District unemployment rising slightly by 0.7 percent to 13.4 percent, while St. Croix unemployment rates increased by 0.2 percent to 14.8 percent. Yet, these numbers do not take into account the countless others who have simply stopped looking for work, or have moved elsewhere to find employment.

"While tourism conditions are improving, employment opportunities in the Territory continue to be stagnant, as over 6,000 displaced workers remain unemployed," the report says. "When Territorial GDP peaked in 2007, the Territory-wide unemployment rate was less than 6 percent. As the global recession impacted the Virgin Islands followed by the refinery closure in early 2012, the all islands unemployment rate increased to 11.7 percent in 2012, then to 13.4 percent in 2013, as employment conditions continued to deteriorate in the Territory."

In the almost three years following HOVENSA's closure, many St. Croix residents have moved away seeking employment, businesses have closed because they were unable to sustain the hit while their energy bills rose, and private schools shuttered while others consolidated to stay afloat as the economy continues to struggle.

Even so, according to the report, the territory's economy has been showing signs of growth, particularly in the areas of scientific and technical services, health and social services, as well as the leisure and hospitality, and the food and services sectors. Furthermore, the report says tourism, the territory's main product, saw a 4 percent overall increase in cruise ship passengers in 2014, while St. Croix experienced a 7 percent



U.S. to U.S. Virgin Islands Annual

Unemployment Rate Comparison, 2007-2013

Before the Great Recession of 2008, the Virgin Islands unemployment rate was below that of the United States, according to the report (as depicted by the chart on the left side of your screen or beneath depending on reading device); however, when the recession struck and the Virgin Islands began feeling the impact, followed by "the change in residency and income sourcing rules that impacted the Virgin Islands Economic Development Commission beneficiaries," unemployment in the territory accelerated, more so in the manufacturing, construction and services sectors following HOVENSA's shuttering in early 2012, the report says.

Governor de Jongh has been pushing for the Agreement that his government signed with ABR to be ratified by the 30th Legislature, although some members of that body would rather the 31 Legislature take on the task, implying that more time is needed to go over the document which, once ratified, spans some 40 years.

"I think it is wrong and unfair that discussions and negotiations have been taking place for more than a year and the Senate is, once again, being given very short notice to consider this research and fully review this agreement with the potential of lasting up to 40 years," Senate President of the 30th Legislature, Shawn-Michael Malone [said in November](#). "I believe there should be hearings to allow the public to voice their opinions on this proposal, before the agreement is ratified."

Governor de Jongh countered, stating that those who say the ratification could wait were abdicating their responsibilities, and that the 31st Legislature will have other pressing matters awaiting them.

"The part I do not understand is, for those that say let's leave [the ABR agreement] to the next Governor, let's leave it to the next Legislature, is abdicating our responsibility," de Jongh said. "We're in these jobs until the dates the others take over. In my case, that's on January 5, 2015, the senators, I believe, it's a week later. Up until that point, we have a responsibility to this community to work as hard as possible to make sure that going forward, we put everything to best footing."

Besides ABR, Monarch Energy Partners has shown strong interest in obtaining the HOVENSA refinery, stating that it has over \$1.5 billion ready to start the process, and that it would [employ 1,500 to 1,600 workers](#), most of which would be former HOVENSA employees. Monarch Energy Partners also said it tried to get into the bidding process, but was not given access; however HOVENSA has maintained that the company placed its bid too late, a claim that Monarch disputes.

Image Credit: *Venture Beat*