

The Virgin Islands Consortium

Bolstered By Tourism And Increased Consumer Spending, Territory's GDP Increased For First Time In Five Years

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ST. THOMAS -- The U.S. Bureau of Economic Analysis (BEA) reported on Wednesday that after declining for four consecutive years, the U.S. Virgin Islands economy grew in 2015, bolstered by tourism and consumer spending. The estimates of gross domestic product for the USVI show that real GDP -- GDP adjusted to remove price changes -- increased 0.2 percent in 2015, after decreasing 1.0 percent in 2014.

The territory's gross domestic product is the total value of goods produced and services it provided during one year.

The analysis, seen [here](#), shows data going back to 2008, when the GDP grew by almost 1 percent; decreased in 2009 by over 6 percent; grew again in 2010 by almost 1 percent; and saw steep declines of over 8 percent and over 14 percent in 2011 and 2012 respectively.

"The growth in exports of services, which consists primarily of spending by tourists, reflected increases in air arrivals and hotel revenues," BEA said. The assessment serves as encouraging news for the Department of Tourism and vindication for its strategies

Growth in consumer spending, BEA says, was supported by an increase in compensation and by lower energy prices.

According to BEA, the small expansion in the territory's economy came even as government construction spending territory-wide decreased in 2015. BEA said territorial government spending on capital assets had been elevated in previous years due in part to the development of a fiber optic network (Virgin Islands Next Generation Network). According to Governor Kenneth Mapp, territorial spending on construction is expected to increase in 2017, as road projects territory-wide will commence. The Paul E. Joseph stadium, as well as the recently minted [horse racing agreement](#) between the Government of the Virgin Islands and VIGL Operations, LLC, are expected to boost the economy further.

Responding to the report, Mr. Mapp says he continues to be cautiously optimistic about the continued growth of the local economy, [echoing what he told The Consortium](#) during a press conference on Monday.

"There's no question that the financial condition of the government continues to improve," he said. "It does not improve at the pace we want it to improve, or the pace we expect it to improve."

Mr. Mapp considers it noteworthy that overall government spending was down in 2015, the first full year of his administration, despite continued hiring of new employees. He attributes increased consumer spending to salary increases for public employees, and the release of tax refunds from prior years.

In short, the governor concluded that the improved GDP numbers and the measured improvement to the Virgin Islands economy, motivates everyone to work a bit harder and smarter in building a better territory. And he singled out the efforts of the Department of Tourism and partners in the private sector which have resulted in larger numbers of overnight visitors, who have driven increased flights to the territory.

Gross Domestic Product by Industry and Compensation by Industry for 2014

The estimates of GDP by industry for the USVI show that both the government and private sectors contracted in 2014. The decline in the government sector reflected decreases in federal and territorial government employment. The decline in the private sector reflected a decline in goods-producing industries, including construction.

The compensation by industry estimates, which are measured in current dollars, show trends in compensation for major industries. Total compensation was flat in 2014, reflecting an increase in territorial government compensation that was offset by

decreases in the private sector and the federal government.

See the entire analysis through the link above.

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