The Virgin Islands Consortium

USVI's Gross Domestic Product Fell 1.7 Percent In 2017

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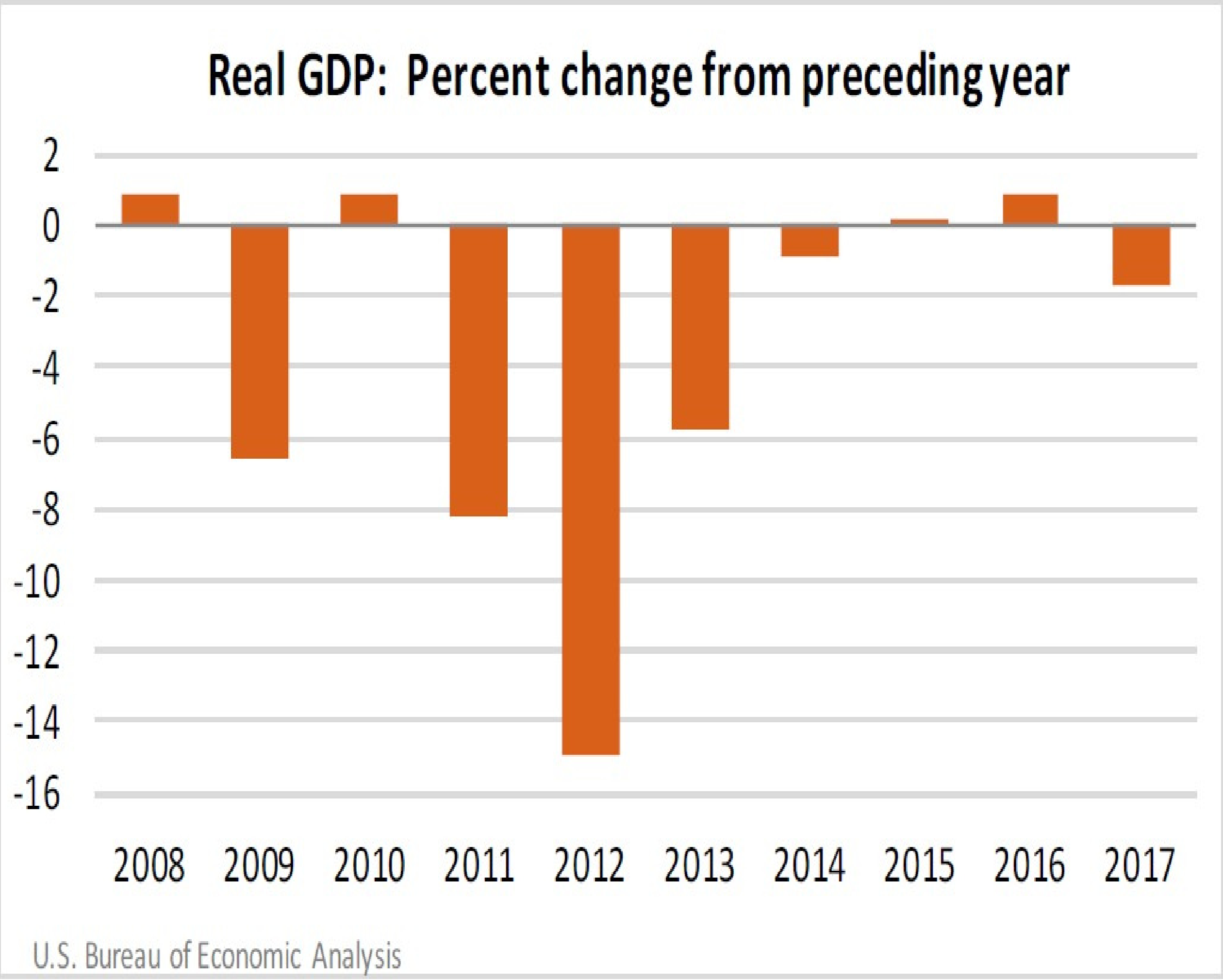

The U.S. Bureau of Economic Analysis (B.E.A.) on Monday released its estimates for the U.S. Virgin Islands' gross domestic product (G.D.P.), providing a clear picture of the impact Hurricanes Irma and Maria had on the territory.

The territory's real G.D.P., which had increased .09 percent in 2016, saw shrinkage of 1.7 percent in 2017, according to the U.S. B.E.A. For comparison, real G.D.P. for the United States (excluding the territories) increased 2.2 percent in 2017 after increasing 1.6 percent in 2016.

B.E.A. said the USVI economy reflected decreases in exports of services and consumer spending. These decreases were partly offset by an increase in investment spending, B.E.A. said.

Exports of services, which consists primarily of spending by tourists, decreased 16.0 percent, after increasing for 5 consecutive years. Tourism arrivals decreased 24.1 percent; arrivals fell significantly in the months following Hurricanes Irma and Maria, according to B.E.A.

Consumer spending also decreased, reflecting widespread declines in household purchases of goods and services, including motor vehicles, food, housing and electricity, and health care.

Partly offsetting these declines was growth in investment spending, by both the private sector and by government. Private sector inventory investment increased, reflecting increased storage capacity at an oil storage terminal on St. Croix. Construction spending by the territorial government increased, reflecting hurricane recovery work.

Federal government spending also increased significantly due to disaster response activities, including a U.S. Army Corps of Engineers' mission to install temporary roofs on homes, schools, and the St. Thomas airport.

Gross Domestic Product by Industry and Compensation by Industry for 2016

The B.E.A. said the estimates of G.D.P. by industry for the U.S.V.I. show that the private sector was the source of the growth in real G.D.P. in 2016. The growth in “other services” reflected the reopening of an oil storage terminal on St. Croix; a new operator took ownership of the facility previously owned by Hovensa and began receiving shipments of petroleum.

The compensation by industry estimates, which are measured in current dollars, show trends in compensation for major industries. Total compensation increased in 2016, reflecting growth in wages for “other services.”

According to B.E.A., moving forward, an agreement between it and the Office of Insular Affairs will extend and improve the estimates of G.D.P. for the U.S.V.I. The information provided by the U.S.V.I. government will continue to be critical to the successful production of these estimates, B.E.A. added.

BEA currently plans to release G.D.P. estimates for 2018 beginning in the summer of 2019. G.D.P. by industry and compensation by industry estimates for 2017 will also be released at the same time.