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USVI GDP Sees 2.8 Percent Growth in 2021 Powered by Increase in Exports of Crude Oil and Petroleum Products

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An aerial shot of the refinery on St. Croix's south shore. By. ERNICE GILBERT, V.I. CONSORTIUM

The real gross domestic product for the U.S. Virgin Islands experienced a growth of 2.8 percent in 2021, a marked improvement after a decrease of 1.9 percent in 2020, according to statistics shared by the U.S. Bureau of Economic Research on Tuesday.

The report was released as part of the Statistical Improvement Program, funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior.

The reported GDP growth in 2021 was primarily due to increases in exports and personal consumption expenditures, however, these were slightly offset by decreases in private inventory investment, private fixed investment, and government spending. Imports, an element subtracted in the GDP calculation, also saw a decrease, according to the bureau.

“This robust growth of the USVI’s economy underscores the Bryan-Roach Administration’s commitment to boost the Territory’s economy and strengthen Virgin Islands families,” Governor Albert Bryan said in statement to the media. “By making good on past due obligations owed to Virgin Islands workers, the administration continues strengthening our financial stability and the continued growth of the USVI economy.”

The Covid-19 pandemic continued to impact the USVI economy in 2021, as federal government response and relief measures were implemented. These included financial support authorized under the CARES Act of 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act of 2021, and the American Rescue Plan Act of 2021. Expenditures facilitated by these payments are reflected in the GDP estimates.

Exports showed a significant growth of 94.9 percent, reflecting increases in both goods and services, with exports of crude oil and petroleum products being primary contributors. Despite a decrease in cruise arrivals due to the pandemic, visitor arrivals were higher overall in 2021 than in 2020, with air visitor arrivals showing a staggering 97 percent increase.

Government assistance payments contributed to a 0.6 percent increase in personal consumption expenditures. However, private fixed investment witnessed a steep fall of 36.8 percent due to declines in business spending on construction and equipment.

On the government front, spending decreased by 1.2 percent, primarily due to a decrease in federal government expenditure. In 2020, spending was bolstered to support reconstruction of federal facilities damaged during the 2017 hurricanes Irma and Maria.

Looking back at 2020, the year saw a 1.9 percent decrease in real GDP. Newly available GDP by industry data showed that the decline stemmed from the private sector. Goods-producing industries decreased by 15.3 percent, with a significant drop in construction activity. Despite these setbacks, the government sector experienced growth of 11.0 percent.

Revisions were made to previously released estimates for 2018–2020 to include updated data sources, with the revised estimates exhibiting a similar growth pattern to the previous ones.

The BEA highlighted that due to lags in the availability of data for various components of GDP, the 2021 statistics are preliminary estimates. They promised to release updated estimates as additional data become available.