



## NEWS RELEASE



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### **THE BUREAU OF ECONOMIC ANALYSIS (BEA) RELEASES ESTIMATES OF THE MAJOR COMPONENTS OF GROSS DOMESTIC PRODUCT FOR THE U.S. VIRGIN ISLANDS**

CHARLOTTE AMALIE, U.S. VIRGIN ISLANDS (July 6, 2010) – Today, the Bureau of Economic Analysis (BEA) is releasing its first set of estimates of the major components of gross domestic product (GDP) for the U.S. Virgin Islands.<sup>1</sup>

Objectively gauging changes in economic activity is difficult in the absence of comprehensive economic metrics, such as the GDP. Until now, a framework did not exist to estimate the GDP of the U.S. Virgin Islands. The Statistical Improvement Program, funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior, has made it possible for BEA to develop formal methodologies for measuring the GDP of the U.S. Virgin Islands.

On May 5, 2010, BEA released estimates of *total* GDP for American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. The estimates for the U.S. Virgin Islands showed that from 2002 to 2007, real GDP -- GDP adjusted to remove price changes -- grew at an average annual rate of 2.9 percent.<sup>2</sup> (For comparison, the average annual growth rate for the United States (excluding the territories) was 2.8 percent over this period.)

The estimates released today supplement the estimates of total GDP for the U.S. Virgin Islands that were released in May. The accompanying tables present estimates for the major components of GDP, including consumer spending, private fixed investment, private inventory investment, net exports, and government spending.<sup>3</sup> Also included in this release are estimates of the major components of gross domestic income.

The estimates of the major components of GDP highlight the impact that the oil refining industry had on the U.S. Virgin Islands' economic growth over the period 2002 to 2007. Changes in exports, imports, and investment (including inventory investment) associated with the oil refining industry accounted for much of the year-to-year variation in real GDP growth over this period. Other notable factors were changes in territorial government spending and in consumer spending.

<sup>1</sup> These estimates are based on limited source data and are subject to revision.

<sup>2</sup> Summary GDP statistics for the U.S. Virgin Islands are presented on page 3 of this news release.

<sup>3</sup> "Consumer spending" refers to "personal consumption expenditures," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."

In constructing the estimates for the U.S. Virgin Islands, BEA used methodologies consistent with the methods used to estimate U.S. GDP. Information from the Economic Census of Island Areas was used to establish levels of GDP for the years 2002 and 2007. Annual series were then developed and used to estimate GDP for the intervening years. Because the U.S. Virgin Islands is not included in most of the major surveys used by BEA to estimate U.S. GDP, the support of government leaders in the U.S. Virgin Islands and the assistance provided by the Bureau of Economic Research, the Virgin Islands Bureau of Internal Revenue, and the Virgin Islands Department of Labor were critical to the successful production of the estimates presented in this release.

Moving forward, the agreement between OIA and BEA will extend and improve the estimates of GDP for the U.S. Virgin Islands. BEA currently plans to release estimates for both 2008 and 2009 in the spring of 2011.

BEA's national, international, regional, and industry statistics; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

## U.S. Virgin Islands (USVI)

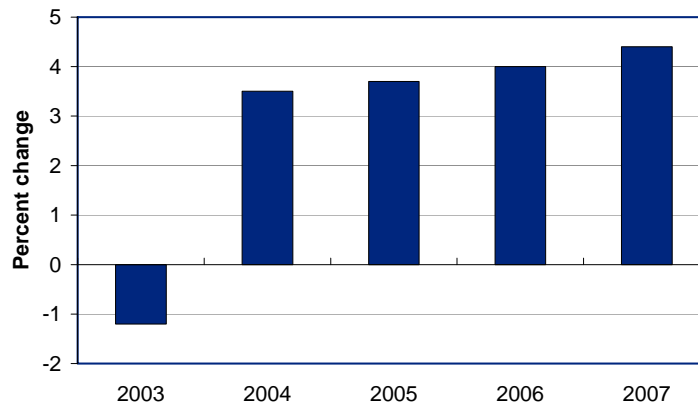
From 2002 to 2007, real GDP of the USVI grew at an average annual rate of 2.9 percent. Real GDP decreased in 2003, and then grew at increasing rates from 2004 to 2007. The major factors underlying the strong economic growth were the oil refining industry, tourism, and territorial government spending. The Hovensa oil refinery, located on St. Croix, is one of the world's largest oil refineries.

**Summary Statistics for the USVI**

	2002	2003	2004	2005	2006	2007	2002-2007 AAGR <sup>1</sup>
GDP (millions of dollars)	3,085	3,248	3,605	4,240	4,298	4,580	8.2%
Real GDP (millions of chained 2005 dollars)	3,996	3,949	4,088	4,240	4,411	4,604	2.9%
Population <sup>2</sup>	110,026	110,740	111,459	111,470	113,689	114,743	0.8%
Real GDP per capita (chained 2005 dollars)	36,319	35,660	36,677	38,037	38,799	40,124	2.0%

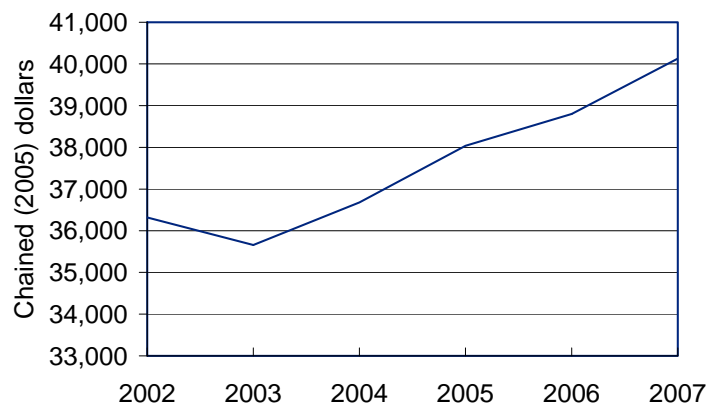
1. Average annual growth rate. 2. Source: 2008 U.S. Virgin Islands Annual Economic Indicators.

**Real GDP Growth**



From 2002 to 2007, the population of the USVI increased at an average annual rate of 0.8 percent, and real GDP per capita increased at an average annual rate of 2.0 percent.

**Per Capita Real GDP**



**U.S. Virgin Islands**  
**Table 1. Gross Domestic Product**

	Line	[Millions of dollars]					
		2002	2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	<b>3,085</b>	<b>3,248</b>	<b>3,605</b>	<b>4,240</b>	<b>4,298</b>	<b>4,580</b>
<b>Personal consumption expenditures</b>	2	<b>1,121</b>	<b>1,176</b>	<b>1,255</b>	<b>1,414</b>	<b>1,592</b>	<b>1,657</b>
<b>Private fixed investment</b>	3	<b>435</b>	<b>311</b>	<b>357</b>	<b>445</b>	<b>498</b>	<b>409</b>
<b>Change in private inventories</b>	4	<b>-93</b>	<b>27</b>	<b>13</b>	<b>-5</b>	<b>-55</b>	<b>-533</b>
<b>Net exports</b>	5	<b>803</b>	<b>978</b>	<b>1,213</b>	<b>1,588</b>	<b>1,330</b>	<b>2,000</b>
Exports	6	5,106	6,831	8,993	12,073	13,170	14,496
Goods	7	3,911	5,575	7,637	10,626	11,708	13,062
Services	8	1,195	1,257	1,356	1,446	1,462	1,434
Imports	9	4,304	5,853	7,781	10,485	11,840	12,496
Goods	10	4,140	5,651	7,547	10,243	11,615	12,251
Services	11	164	202	234	241	225	244
<b>Government consumption expenditures and gross investment</b>	12	<b>819</b>	<b>756</b>	<b>768</b>	<b>798</b>	<b>933</b>	<b>1,047</b>
Federal	13	80	84	98	94	90	100
Territorial	14	739	671	670	704	843	947

**U.S. Virgin Islands**  
**Table 2. Real Gross Domestic Product, Chained Dollars**

	Line	[Millions of chained (2005) dollars]					
		2002	2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	<b>3,996</b>	<b>3,949</b>	<b>4,088</b>	<b>4,240</b>	<b>4,411</b>	<b>4,604</b>
<b>Personal consumption expenditures</b>	2	<b>1,287</b>	<b>1,299</b>	<b>1,324</b>	<b>1,414</b>	<b>1,547</b>	<b>1,524</b>
<b>Private fixed investment</b>	3	<b>496</b>	<b>345</b>	<b>378</b>	<b>445</b>	<b>469</b>	<b>373</b>
<b>Change in private inventories</b>	4	<b>-184</b>	<b>51</b>	<b>27</b>	<b>-5</b>	<b>-45</b>	<b>-386</b>
<b>Net exports</b>	5	<b>1,410</b>	<b>1,503</b>	<b>1,594</b>	<b>1,588</b>	<b>1,557</b>	<b>2,088</b>
Exports	6	9,600	11,124	11,933	12,073	11,454	11,415
Goods	7	8,253	9,849	10,550	10,626	10,054	10,077
Services	8	1,241	1,286	1,389	1,446	1,402	1,330
Imports	9	8,189	9,621	10,339	10,485	9,896	9,327
Goods	10	7,985	9,395	10,092	10,243	9,675	9,092
Services	11	200	226	246	241	221	240
<b>Government consumption expenditures and gross investment</b>	12	<b>870</b>	<b>766</b>	<b>787</b>	<b>798</b>	<b>866</b>	<b>952</b>
Federal	13	93	96	102	94	88	92
Territorial	14	775	670	686	704	777	859

**U.S. Virgin Islands**

**Table 3. Percent Change From Preceding Year in Real Gross Domestic Product**

	Line	[Percent]				
		2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	-1.2	3.5	3.7	4.0	4.4
<b>Personal consumption expenditures</b>	2	1.0	1.9	6.8	9.4	-1.5
<b>Private fixed investment</b>	3	-30.4	9.5	17.8	5.4	-20.6
<b>Change in private inventories</b>	4	.....	.....	.....	.....	.....
<b>Net exports</b>	5	.....	.....	.....	.....	.....
Exports	6	15.9	7.3	1.2	-5.1	-0.3
Goods	7	19.3	7.1	0.7	-5.4	0.2
Services	8	3.6	8.0	4.1	-3.1	-5.1
Imports	9	17.5	7.5	1.4	-5.6	-5.8
Goods	10	17.6	7.4	1.5	-5.6	-6.0
Services	11	13.0	8.9	-1.8	-8.2	8.7
<b>Government consumption expenditures and gross investment</b>	12	-11.9	2.8	1.3	8.5	9.9
Federal	13	3.3	5.6	-7.8	-5.8	4.1
Territorial	14	-13.6	2.4	2.7	10.4	10.6

**U.S. Virgin Islands**

**Table 4. Contributions to Percent Change in Real Gross Domestic Product**

	Line					
		2003	2004	2005	2006	2007
<b>Percent change:</b>						
<b>Gross domestic product</b>	1	-1.2	3.5	3.7	4.0	4.4
<b>Percentage points:</b>						
<b>Personal consumption expenditures</b>	2	0.35	0.70	2.31	3.24	-0.57
<b>Private fixed investment</b>	3	-4.24	0.90	1.72	0.60	-2.40
<b>Change in private inventories</b>	4	3.93	-0.67	-0.63	-1.06	-10.29
<b>Net exports</b>	5	1.93	1.97	0.04	-0.43	15.50
Exports	6	27.45	16.52	3.17	-15.96	-1.08
Goods	7	26.09	13.49	1.69	-14.87	0.66
Services	8	1.36	3.03	1.49	-1.09	-1.74
Imports	9	-25.52	-14.54	-3.13	15.52	16.58
Goods	10	-24.82	-13.99	-3.25	15.04	17.03
Services	11	-0.70	-0.55	0.12	0.48	-0.45
<b>Government consumption expenditures and gross investment</b>	12	-3.15	0.62	0.28	1.69	2.16
Federal	13	0.08	0.15	-0.20	-0.13	0.09
Territorial	14	-3.24	0.48	0.48	1.83	2.07

**U.S. Virgin Islands**

**Table 5. Percent Change From Preceding Year in Prices for Gross Domestic Product and Price Indexes for Gross Domestic Product**

	Line	2002	2003	2004	2005	2006	2007
		[Percent]					
Gross domestic product	1	.....	6.6	7.2	13.4	-2.6	2.1
Personal consumption expenditures	2	.....	4.0	4.7	5.5	2.9	5.7
		[Index numbers, 2005=100]					
Gross domestic product	3	77.2	82.3	88.2	100.0	97.4	99.5
Personal consumption expenditures	4	87.1	90.6	94.8	100.0	102.9	108.7



**U.S. Virgin Islands**  
**Table 6. Gross Domestic Income**

	Line	[Millions of dollars]					
		2002	2003	2004	2005	2006	2007
<b>Gross domestic income</b>	1	3,085	3,248	3,605	4,240	4,298	4,580
<b>Compensation of employees</b>	2	1,684	1,673	1,769	1,911	2,043	2,154
<b>Taxes on production and imports less subsidies</b>	3	61	100	122	143	146	153
<b>Gross operating surplus</b>	4	1,340	1,474	1,714	2,186	2,108	2,272