

TESTIMONY—BILL 31-0017 AND MARINE INDUSTRY OVERVIEW

31<sup>st</sup> Legislature's Committee on

Economic Development, Agriculture, and Planning

April 13, 2015

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5 Good morning Honorable Senator Janette Millin Young, Chairman of the  
6 Committee on Economic Development, Agriculture and Planning, Vice Chair,  
7 Novelle E. Francis Jr., Committee members, all Senators present, the listening and  
8 viewing audience, and particularly the members of the Virgin Islands Marine  
9 Economic Development Council who are listening.

10 My name is Percival E. Clouden, Chief Executive Officer of the Virgin  
11 Islands Economic Development Authority. I am here in response to a request by  
12 this body to present testimony on Bill No. 31-0017, an Act amending Virgin  
13 Islands Code title 3, chapter 19 by adding section 334 relating to the development  
14 of **marine tourism** in the United States Virgin Islands.

15 The VIEDA wholeheartedly supports the sponsor's efforts to seek  
16 improvements within our U.S. Virgin Islands maritime industries and stimulate  
17 sustainable employment opportunities for young Virgin Islanders. The VIEDA has  
18 determined that the marine industry has a key role to play in our overall economic  
19 development strategy. We have on staff a marine economic development advisor  
20 hired to develop a realistic plan with the Virgin Islands Marine Economic

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1 Development Council (Marine Council) for the creation of a sustainable marine  
2 technical school. He has also been tasked to monitor through our Bureau of  
3 Economic Research all data pertaining to visiting vessels as it pertains to marine  
4 tourism for the purpose of identifying growth potential. The Marine Council was  
5 established to align government agencies and private sector companies to enable  
6 effective dialogue essential for maritime industry growth.

7       Regarding Bill 31-0017, the focus is to provide the Department of Tourism  
8 with broad powers to develop and promote marine tourism.

9       Sections 334(a) and (b)(3) of Bill No. 31-0017 instruct the Commissioner of  
10 Tourism to develop broad marketing and strategic plans to utilize and increase the  
11 marketing of our marine assets and resources. Our Virgin Islands maritime  
12 industries have a strength and vibrancy which is built on experience; and while we  
13 support planning to maximize our maritime resources, we recommend that private  
14 and public sector representatives from our various maritime trades including boat  
15 builders, sports and game fishing, commercial fishing, dive industry, term charter  
16 industry, day sail businesses, inter-island ferry operators, harbor transportation,  
17 marine service providers and marine technical educators be invited to contribute to  
18 the development of this strategy.

19       Current marketing by the Department of Tourism already promotes sectors  
20 of our marine industry through advertising and support for marine activities to

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1 include regattas, promotion of local sailors, fishing tournaments, boat races,  
2 parades, and boat shows. Department of Tourism’s digital imagery currently  
3 showcases water-based activities such as swimming, boating, diving, jet skiing and  
4 paddle boarding, regardless of whether the target audience is nature lovers,  
5 heritage tourism seekers, or event and trade planners.

6 Section 334(b) (1 through 9) mandates that the Commissioner of Tourism  
7 hire and employ qualified marine marketers; establish broad programs and  
8 partnerships with public and private entities; assess any and all existing policies or  
9 programs; locate marine opportunities and maritime training programs; develop  
10 working waterfronts; promote the protection of natural resources; advise the  
11 Governor and all departments and agencies on maritime industries; and most  
12 important, identify funding sources in order to accomplish these many mandates.  
13 In order to make this legislation successful, the Legislature must identify an annual  
14 recurring funding source for these purposes, and develop specific criteria for the  
15 development of this Maritime Division and its staff so we may measure the success  
16 of the effort.

17 We are in support of a specific entity or division whose mandate is to focus  
18 on all aspects related to maritime industries, to include skills training and revenue  
19 generation, and suggest that the Department of Tourism may not be the correct  
20 agency under which to house this entity as our marine industries are more than

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1 tourism related, and those related issues fall under the mandate of other  
2 government agencies.

3 For example, the Department of Public Works Veterans Drive Water Front  
4 Project includes a landscaped median, sidewalks, and a promenade with a working  
5 waterfront with marine access, and will include harbor transportation. Our DPNR  
6 Division of Fisheries currently advises the Governor on the condition of our  
7 marine resources and wildlife habitats of the territory and assesses the impact of  
8 our natural resources from human activity. DPNR's Wildlife Division manages the  
9 activities of our 28 Virgin Islands refuges and promotes nature-oriented  
10 ecotourism. The Economic Development Authority unifies economic development  
11 programs and strategies throughout the territory and offers loans to small, growing  
12 businesses including Virgin Islands maritime businesses.

13 Both the VIEDA and DOT leadership are members of the Virgin Island  
14 Marine Economic Development Council and sit alongside private marine sector  
15 representatives and government agency heads. In a short time, the Council has  
16 achieved several milestones aimed at returning a vital industry to the USVI which  
17 once brought over \$100 million in estimated annual revenue.

18 Our closest neighbors and family very often are the British Virgin Islands,  
19 and we both share many assets and limitations on a regional basis we benefit  
20 mutually by attracting businesses and travelers to our "corner of the Caribbean". In

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1 light of recent changes to US policy on visiting Cuba, and with other Caribbean  
2 countries vying for an ever larger share of the available business, an alignment and  
3 policy of “interdependence” with our neighbors in the marine industry is critical.

4  
5 **VI Marine Economic Development Council Efforts include:**

6  
7 **Six Passenger Rule Exemption:** In July of 2013, the V.I. Marine Economic  
8 Development Council, at their first meeting drafted a White Paper requesting an  
9 exemption to the USCG Six Passenger Rule which resulted from the Passenger  
10 Vessel Safety Act of 1993. In November, Congressman Shuster (R-PA) with the  
11 bi-partisan support of Senator Jay Rockefeller (D-WV), began the legislative  
12 process to secure an amendment for the U.S. Virgin Islands marine industry that  
13 passed in the House of Representatives in April 2014, passed the U.S. Senate in  
14 November, and was signed into law by President Obama on December 18.  
15 Through alternative compliance with British MCA standards, uninspected vessels.  
16 Passage of this legislation was the crucial first step towards our goal of reclaiming  
17 our place as the yachting capital of the world. Prior to 1993 and the imposition of  
18 a six passenger limitation on U.S. uninspected vessels, the U.S. Virgin Islands  
19 harbors were filled with hundreds of vessels, bringing into the local economy over  
20 \$100 million in annual revenue and hundreds of jobs. The six passenger limitation

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1 moved much of the industry and jobs to the BVI. With the passage of what is now  
2 Public Law 113.281, the USVI will now be able to once again compete fairly for  
3 charter yacht customers. In the short time since its passage, several vessels have  
4 return to homeport in the U.S.V.I. and an increase in traffic from  
5 term charter vessels in and out of the U.S.V.I. has been noted. BVI vessels are now  
6 benefitting as well by having regulations that do not restrict their passenger  
7 maximums to less than their own certification.

8  
9 **Swimming Programs:** The Marine Council has identified independent small  
10 programs all across the territory in an effort to grow these programs to become,”  
11 the first step in a curriculum designed to offer the island’s young people the  
12 required training and skills needed to obtain a lucrative and potentially lifelong  
13 vocation in the Virgin Islands marine and hospitality industries,” as was stated by  
14 our Marine Council member Capt. Jimmy Loveland who operates the successful  
15 Marine Vocation Program on both St. Thomas and St. Croix. The Council hopes  
16 to identify funding sources to help grow this and other established youth water-  
17 based programs on all four islands.

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1 Certification of Private Schools and Programs for Career and Technical

2 Education: Through Council members Rich Difede of Gold Coast Yachts and  
3 Eduardo Corneiro, former V.I. State Director of Career, Technical and Adult  
4 Education, the Marine Council offered support for Act 7495 which provides for the  
5 certification of private career and technical schools or programs by the VI Board  
6 for Career and Technical Education. This statutory change provides a mechanism  
7 for certification of skills training in various maritime industries for young Virgin  
8 Islanders and will allow experienced craftsmen and tradesman to participate in the  
9 training in their respective fields.

10  
11 Marine Trade Association is an idea whose time has come and the Marine  
12 Council is currently developing a strategy to best organize an association open to  
13 every maritime company in the territory. The goal of this trade organization is  
14 better governmental cooperation and first hand input on specific issues and  
15 economic challenges facing our maritime industry sectors.

16  
17 Sailing Regattas in the U.S. Virgin Islands have historically attracted top-notch  
18 International sailors to what many refer to as the 'legendary sailing waters of the  
19 United States Virgin Islands'. The St. Thomas International Regatta (previously  
20 known as the Rolex Regatta) is in its 42nd year, the St. John Coral Bay 33rd

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1 Thanksgiving Regatta was held last week, and the St. Croix International Regatta  
2 recently held its 22nd race series to name a few.

3  
4 **NPS Regulations:** The organizers of sailing events are challenged by several  
5 National Park Service (“NPS”) regulations when an event enters or is nearby to  
6 NPS. For example, the requirement of insurance liability assignment as to  
7 whether an individual vessel must name the NPS as a third party liability or if the  
8 organizers may through their general event policy name the NPS as an overall third  
9 party liability, such as is done in an NPS Special Use Permit.

10

11 **Special Visa Waiver and Sports Waiver:** Members of the Council representing  
12 Marine Sports, specifically regattas and sailboat racing, have petitioned the U.S.  
13 Customs and Border Patrol for a special U.S. Visa Sports Waiver for our visiting  
14 competitors. Governor Kenneth Mapp has requested assistance from the U.S.  
15 Department of Interior for a Visa Waiver for Caribbean and sports event visitors to  
16 the territory to encourage and ease travel and trade in the territory.

17 Since 9/11, non-US competitors have been unable to enter the U.S. Virgin Islands  
18 on either private vessels or airplanes for the purpose of competing in sailing events  
19 without a U.S. Visa which is both expensive and time consuming to obtain. This  
20 regulation has been particularly onerous to our youth who, prior to the tightening

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1 of Homeland Security regulations, competed throughout the Caribbean region,  
2 which is comprised of 28 independent nations, none of whom are large enough to  
3 accommodate a U.S. Consulate.

4 Even young people from the British Virgin Islands, who frequently travel to the  
5 U.S. Virgin Islands for sports events, are impacted by this policy. They can only  
6 enter the U.S. Virgin Islands by public transportation and are frequently late to  
7 events due to long processing times at CBP in St Thomas. In order to compete in St  
8 Croix, young people from the BVI can only travel by public transportation, with a  
9 round trip cost of approximately \$300. Normally, a parent would load 6 to 8 young  
10 people, and their boats, on a private vessel and arrive in St Croix 4 to 7 hours later,  
11 at minimal cost.

12 Attendance at the St. Croix annual regatta has dropped by 60%, which is the  
13 number of boats which formerly came from Antigua, Tortola, St Martin, Barbados  
14 and Trinidad to compete in our annual event. These crews sail in on the boats they  
15 compete in – but without U.S. visas, they cannot enter the territory.

16 The tourism traffic generated by these racing events is significant as our natural  
17 resources of clear waters and steady winds, and our attraction as a U.S. destination  
18 within the cycle of regional sailing events, allows the U.S. Virgin Islands to remain  
19 a player in a very competitive niche. The result is a perfect combination for  
20 successful premier sailing events with the crews, their incoming guests, our

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1 residents and the economic activity for our establishments. The Marine Council  
2 continues to seek clarification of the liability issue and the federal government's  
3 allowance of a Visa Waiver.

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5 **Moorings for Recreational Use and Dive Moorings:** With leadership of Council  
6 members DPNR Chief Roy Pemberton and Dive Master Michele Pugh,  
7 development of a private/public partnership has begun to advance a plan for  
8 installation and regular maintenance of recreational and day moorings. Gear has  
9 been identified to assist with repairs and replacement and additional gear is  
10 required. Permitting and Funding is required for this initiative and dive operators  
11 have expressed interest in a public/private effort. These moorings are critical to  
12 maintain environment and an Eco- Tourism friendly dive industry.

13

14 **Other Issues:** Marine council members continue to strategize on identification and  
15 disposal of abandoned vessels, increased vessel fees, identification of services  
16 including marine sanitation device pump out and trash collection.

17 In closing, we encourage further development of this legislation with the input  
18 from the various maritime private sector partners and related government agencies.

19 We suggest the use of the Virgin Islands Marine Economic Development Council  
20 as a principal route to communicate with our marine industry sectors and

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1 encourage the formation of a V.I. Marine Trade Association. We suggest that all  
2 government agencies be encouraged to promote greater cooperation with this  
3 segment of our private sector in an effort to remove barriers to doing business and  
4 to stimulate economic growth. Finally, we suggest that a unified set of marine and  
5 maritime statistics be regularly collected, using an agreed methodology by our  
6 Department of Licensing and Consumer Affairs, the Bureau of Internal Revenue,  
7 and the Bureau of Economic Research to monitor the growth rate and contribution  
8 of our maritime industries.

9 The United States Virgin Islands is not the only country chasing the global  
10 opportunities in the marine sectors, and to remain competitive, we need to integrate  
11 collaboration of our marine industries, our V.I. government, our federal  
12 government, and academia to remove barriers and provide the skills training  
13 required to see our maritime industries grow.