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**Testimony by Mr. Shelley A. Moorhead, Special Advisor to the Governor for External Affairs, before the Committee on Economic Development, Agriculture & Planning of the 31<sup>st</sup> Legislature of the US Virgin Islands concerning the Impact the Opening of Cuba will have on the Territory**

September 28, 2015

Madame Chair, Honorable Senators and Committee members, esteemed colleagues, people of the Virgin Islands; I bid you good afternoon and express my gratitude for having been invited to provide testimony concerning the impact the re-opening of Cuba will have on the Virgin Islands Economy.

In your letter of invitation you inquired as to my "agency's plan to address" this development. In my capacity as Special Advisor to the Governor for External Affairs it is my duty and responsibility to foster diplomacy and to develop and maintain a host of diverse relationships with nations, political groupings and governmental organizations outside of the Territory with the express intent of benefitting the people, government and economy of the US Virgin Islands.

At present, the US Virgin Islands does not have a direct, diplomatic relationship with the Republic of Cuba. This is by and in large a result of our political status and our relationship to the United States. Our international relations are at best restricted and overseen by the US Department of State and subject to the policies and disposition of the same.

The Territory has since 1959 and thereafter been subject to the deterioration of relations between the United States Government and the Republic of Cuba and with no governmental authority to overstep US policy and engage Cuba independent of the US Government there has been very little interaction with our regional neighbor.

To illustrate the impact the US/Cuban relations has had upon the US Virgin Islands I'd like to offer a brief account of an encounter my predecessor had with Cuban diplomats abroad. In the year 1984 Dr. Carlye Corbin, then Minister of State for External Affairs of the Office of the Governor had been dispatched to South America by Governor Juan Luis to secure the Territory's associate membership in the United Nations Economic Commission for Latin America and the

Caribbean (ECLAC). During his lobbying efforts at an international conference to procure a motion that would allow for a vote on whether or not to approve the Territory's application for associate membership within ECLAC Dr. Corbin encountered opposition to our application from the Republic of Cuba. While Cuba's vote against allowing the Virgin Islands to become an associate member of ECLAC did not affect the body's decision to include the Territory as such, the Cuban diplomats were keen to place on the record our political status as a "colony" of the United States and to document our history as an enslaved people, our purchase by the United States, our existence as a political extension in the region of the same, and our lack of independence as disqualifiers for association with the body.

This happened some time ago, but since the beginning of the year the diplomatic relationship between the US and Cuba has bettered considerably. The Office of the Governor sees this as an opportunity to also better our relationship with the Cuban government and to strengthen the socioeconomic, cultural and historical ties between our two peoples and to also examine the potential for trade relations. These things of course subject to action by the US Congress, the reassessing of the Helms-Burton Act of 1996 and the disintegration of the trade embargo, none of which are estimate to occur in the immediate future.

Although we exist a relatively short distance from Cuba, our political allegiances are such that we still remain worlds apart. A direct flight from the Virgin Islands would have one in Havana in less than 2 hours; however, current laws would require A Virgin Islander to possess family or business ties or fit one of many approved US State Department qualifiers for travel allowance into Cuba, and still that individual would have to endure nearly and entire day's journey through accompanying stopover locations en route to a neighboring destination that is practically only a few hundred miles away.

Clearly, the impact of Cuba's "opening" will have a direct impact upon the economy of the US Virgin Islands and this will be realized most in our tourism sector and have trickle down effects. My colleagues Commissioner Beverly Nicholson Doty and Dr. Simon Jones-Hendrickson will speak directly to these areas. Many regional agencies, organizations, and governments have and are currently conducting studies on how this very same matter will affect economies and tourism in the region. I commend the Chair and the Committee on Economic Development, Agriculture & Planning on its forward thinking and on its endeavor through the process of law to mitigate the impact the opening of Cuban markets will have on the Territory's economy.

One area of concern to me with the opening of Cuban markets and the relatively low cost of labor there is the impact this will have upon the Territory's rum industry. Multinational rum companies, spirit manufacturers, distilleries and breweries in the region and around the world will be looking for partnerships in Cuba and this can potentially upset and the industry and affect markets much in a way that the "Diageo deal" impacted the same. This could result in a need for the Legislature of the Virgin Islands to again revisit and amend its agreements with Diageo and Cruzan Rum and perhaps find the need to provide additional subsidies.

The manner in which we prepare and respond to this development as a government and people will determine if to us this will be a blessing or a curse for the US Virgin Islands.

I am here also today to support my colleagues in their testimony, to answer any questions you may have of me with respect to the External Affairs of the Territory and to participate in the Committee's relative discussion on this matter.

Shelley A. Moorhead  
Special Advisor to the Governor for External Affairs