



School of Business

Caribbean Basin Initiative Testimony - Bill No. 35-0194 of

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Economic Development and Agriculture
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Fritz E. Lawaetz Legislative Conference Room
St. Croix
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INTRODUCTION

Good day, Chairman Frederick, Senator Bolques, other members on the Committee on Economic Development and Agriculture, other members of the thirty-sixth legislature present, other testifiers, members of the press, persons in the viewing and listening audiences, ladies and gentlemen. My name is Dr. Kendra L. Harris, Dean of the School of Business at the University of the Virgin Islands. It is my pleasure to come before you to lend a few words of support for Bill No. 35-0194 which is an act urging the United States Congress and the Office of the United States Trade Representative to expand and modernize the Caribbean Basin Initiative (CBI) which further supports economic growth and development in the Virgin Islands and the wider Caribbean region.

TESTIMONY

Based on at least one calculation, the region's GDP is projected to be \$157.07 billion in 2026. According to the latest data, there has been consistent year-over-year increases in imports to the US from CBI countries since 2016. In 2022, the total imports were \$1.876 billion. Given these facts, these discussions regarding support for the CBI are quite necessary.

I provide my testimony as primarily an articulation of a few insights with respect to trade agreements relative to the macro-economic environment overall and their applicability to the United States Virgin Islands in particular. I do so from the perspective of my business background and exposure as it relates to this subject and some limited insights gained from investigating this subject with respect to how the CBI has been operational in the USVI.

My background affords me a keen appreciation for the potential positive economic impact of trade agreements for geographic regions, business, and commerce. This knowledge in conjunction with my lived experiences in the territory over the past several years illuminate for me how vulnerable the United States Virgin Islands can be with respect to economic and trade policy swings and uncertainty.

My authentic understanding is evidenced in part by the fact that as Dean of the School of Business at the University of the Virgin Islands, I stewarded the latest iteration of the creation of an Executive MBA program which focused on the academic and practical business aspects of logistics and supply chain, in large part because we in the School of Business appreciate our “island” realities literally and figuratively. I must take a minute to thank Mr. Kenneth Alleyne, who is a native Virgin Islander, military veteran, current businessman in the logistics and supply chain space in the territory, and one of the graduates of that inaugural Executive MBA class, for his insight into the Caribbean Basin Initiative.

To state the obvious, the US Virgin Islands are situated in a quasi-remote region in the Caribbean. Although we are a US territory, the islands are hundreds of miles from the mainland. On the one hand our *survival* is based on robust import and export activity for the exchange of goods and services between us and other entities. This remote access affects the availability and very importantly, the cost of its goods and services for its citizens. On the other hand, our unique positioning in the Caribbean region creates infinite opportunities for us to facilitate the movement of goods and services within the region, to the US mainland, and to other points in the world, which makes us a tremendous asset for the mainland.

Hence the Caribbean Basin Initiative (subsequently expanded as the Caribbean Basin Trade and Partnership Act) serves as a catalyst for leveraging our trading and distribution logistics abilities. According to the Center for Strategic and International Studies (a non-partisan think tank), the impact of the CBI is that overall trade between the US and the region grew significantly. Given that the US is the Caribbean region’s major trading partner, and the substantive trading dollars represented by the region, this is no small detail.

Past evaluation of the CBI has revealed that it does have some challenges. As an example, it has historically had primary focus on goods and services. However, we know that the service sector, tourism for one, is a substantive aspect of Caribbean commerce. Another challenge is ensuring that all trading partners (e.g., CARICOM) perceive that there is equity in the agreements.

Fortunately, there are myriad recommendations that have been made to mitigate the challenges. An analysis of the goods and services sector has revealed that there is great upside potential for improvements with (1) logistics and value-added distribution, (2) food/seafood processing and cold-chain services, (3) niche manufacturing and assembly, and (4) services exports associated with trade flows such as repair/return logistics, quality testing and compliance.

That said, I support the efforts to not only maintain the Caribbean Basin Initiative but to identify ways to continue to strengthen it.

Thank you for the opportunity to speak before this august body. I will now answer any questions.