

TESTIMONY OF DR. HALDANE DAVIES  
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ISLANDS



BEFORE THE  
COMMITTEE ON GOVERNMENT OPERATIONS,  
VETERANS AFFAIRS AND CONSUMER  
PROTECTION

36TH LEGISLATURE  
OF THE UNITED STATES VIRGIN ISLANDS

EARLE B. OTTLEY LEGISLATIVE CHAMBERS  
ST. THOMAS, U.S. VIRGIN ISLANDS

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Good morning, to the Honorable Avery L. Lewis, Chairperson of the Virgin Islands of the United States 36<sup>th</sup> Legislature Committee on Government Operations, Veterans Affairs, and Consumer Protection, other Committee members, other members of the Legislature present, legislative staff, fellow testifiers, members of the media, persons in the viewing and listening audience, ladies and gentlemen. My name is Haldane Davies, and I am Director of the Bureau of Economic Research (BER), Government of the Virgin Islands of the United States.

The Bureau of Economic Research is commissioned by 3 V.I.C. § 4b to among other requirements:

1. Produce routine statistical reports on the socioeconomic indicators and the economy of the Virgin Islands.
2. Provide data for Government agencies to use for operational planning, federal grant applications, bond issues, database development, impact analysis, and forecasting.
3. Provide assistance in the areas of economic development planning, financing, special projects and information management.

I welcome the opportunity to provide testimony on Bill No. 36-0102, An act amending title 31 Virgin Islands Code, chapter 23 by re-enacting section 236b requiring the use of construction materials manufactured in the Virgin Islands, to the greatest extent practicable, for locally or federally funded projects with the Government of the Virgin Islands. This is an important step for the economy, where feasible, and I lend my support to the spirit and intent of the Bill. It has the potential to lessen revenue leakage and encourage the further development of locally available construction materials into ready-use products that keep the direct, indirect, and induced impact of monies expended on local and federal government funded projects within the Territory.

The economic strength of any country or territory is inextricably bound up in its ability to produce, use, and export goods and services as part of its balance of trade mechanism. In 2023, the USVI imported \$4.1B (down from \$4.8B in 2022) and exported \$3.9B in goods and services. In 2024, \$3.6B (same as in 2021) in goods and services was imported and \$2.8B exported. Although prices may vary with products produced in mass outside of the Territory, local purchasing can reduce transportation costs, avoid significant logistics and supply chain challenges, ensure more efficient and faster project timelines, avert costly

delays and rework, and get around geopolitical instability, while creating local jobs, supporting local suppliers, and fostering economic growth through the circulation of revenue within the local economy.

Higher exports than imports are an indicator of a stronger economy and the more we can do to provide sustainable manufacturing and production opportunities locally the stronger the economy will become. It leads to increased production, more jobs, a boost to the GDP, and greater economic stability. These indicators along with the flow of financial capital, employment rates, production levels, and the quality of imports also create a balanced approach to economic stability. Thus, development opportunities (local or foreign/global) through the USVI Economic Development Authority (EDA), UVI Research and Technology Park (RTPark), and collaboratively with Government and the Legislature should continually be encouraged and monitored for compliance.

Bill No. 36-0102 encourages strategic investments in workforce development, infrastructure improvement, resource and technology utilization, and business attraction, expansion, and retention in local manufacturing and production facilities. Allowing the tradition of locally designed and produced cement products to be used, and for artisans to pass on those skills from one generation to the next promotes historic preservation of design art, albeit with newer inventive approaches to production. In short, economic growth and stability is a multifaceted strategy focused on building a prosperous and high-quality environment for everyone in a community or nation.

From a social value perspective, purchasing locally produced construction materials such as aggregates, blocks, pavers, bricks, bollards, clay tiles, face stones, premix concrete, parking stops, earth, wood, hempcrete, recycled glass additive to concrete and asphalt, bamboo, and recycled glass and steel can harness and preserve craftsmanship, build community bonds, promote ethical sourcing, and sustain community resilience especially in times of disaster. It also promotes transparency in the processes used to produce the products and enhances community trust and confidence in the quality of product. Users can also interact directly with the manufacturer and provide meaningful feedback on product enhancement and delivery, as appropriate.

Environmentally, waste accumulation is less with locally produced construction materials. Packaging is less voluminous and the distance between production and use sites is significantly shorter, thus reducing the project's carbon footprint by utilizing less fuel and carbon emissions. Locally produced construction materials are usually more eco-friendly as they better adapt to the climate and increase durability and longevity of the end-product.

When contractors purchase locally produced products it builds a strong bond with the community, and they are usually viewed as contributors to the strength and resiliency of the economy. Their purchase not only provides a direct impact but also an indirect and induced impact that is felt many times within the community because of expanded spending of a single dollar many times over in the economy.

More specifically to the Bill, I suggest that the meaning of “cement” should also include products such as pavers, parking stops, and mortar, among others.

I further suggest that the following two additional clauses be considered for inclusion in the Whereas section of the Bill to read:

- (1) “Whereas locally produced construction materials are usually more eco-friendly as they better adapt to the climate and increase durability and longevity of the end-product;”
- (2) “Whereas locally produced construction materials could reduce the overall cost of imports, expand local production, increase the potential for exports, and strengthen the economic position of the Territory;”

The Bureau of Economic Research remains fully committed to doing its part to report on the impact of spending on the local economy. Ensuring that locally produced construction materials are utilized in projects funded by local and federal dollars, where allowable will strengthen the USVI economy and engage more individuals to produce other products that may not currently be available. The talents and gifts bestowed upon the people of this Territory should be kept alive and not allowed to fade into history. Collectively we can boost economic growth and strengthen the pillars of our economy.

Thank you, Senator Lewis, for your stewardship in holding this Hearing and for retaining the economic wellbeing of our Territory high on the agenda of the 36<sup>th</sup> Legislature. It is certainly an investment of time and resources that will pay great dividends now and in the future.

I welcome the opportunity to answer any questions regarding this important Hearing. Thank you for your attention.