



April 15, 2026

Senator Carla Joseph
Chair, Committee on Rules and Judiciary
36th Legislature, Capital Building
Charlotte Amalie, St. Thomas, VI 00802

Dear Senator Joseph:

I write in support of Bill No. 36-0194, an Act urging the United States Congress and the Office of the Trade Representative to expand and modernize the Caribbean Basin Initiative (CBI) to further support economic growth and development in the United States Virgin Islands and the wider Caribbean.

The CBI is important to the continued economic and financial stability of the USVI, especially considering the Government Employees Retirement System's dependence on the securitization of the rum cover over proceeds in addition to other exports that enjoy duty free access to the US Mainland under the initiative. Excise taxes on rum imported to the United States from other Caribbean countries also benefit the Territory. Over the period of 1994-2023, the USVI received approximately \$4.3 billion in rum cover over funds, an average of \$143 million per year, ranging from \$32.9 million in 1994 to \$224.3 million in 2023.

The current trade preferences, which allow for duty-free access to the U.S. market for many goods, are set to expire in 2030. If action is not taken by Congress, the USVI risks losing vital trade advantages that currently support our local industries, government revenue, and overall economic stability. The existing program needs to be modernized to better reflect 21st-century economic and security realities. Thus, the Bill and associated amendments, which reflect the input of local and regional stakeholders seek to transform the CBI from a unilateral, goods only agreement into a more stable, resilient, inclusive, and collaborative partnership with more benefits and incentives for the U.S. Caribbean territories.

By recommending the reauthorization of the CBI, we would be helping to further stabilize our economy and empowering the USVI and the region to grow stronger, more self-reliant, and more competitive in the global arena and market. Our territory needs continued investment and the opportunity to build a prosperous future for our people.

Respectfully,

Haldane Davies, PhD
Director, Bureau of Economic Research



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