GOVERNMENT OF THE VIRGIN ISLANDS

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Asia Trade Mission & Strained Economic Relations Between BVI And USVI

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PRESS CONFERENCE

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ASIA TRADE MISSION & STRAINED ECONOMIC RELATIONS BETWEEN BVI AND USVI

PRESS CONFERENCE STATEMENT

A pleasant good morning to the people of the Virgin Islands, Members of the Press Corps and Senior Public Servants.

This press conference is in keeping with my Government's commitment to democratic accountability in ensuring the public is aware of what is happening in government and any new developments of importance.

Before proceeding, I want to extend my deepest condolences to those families who have lost loved ones. I pray that God will give you peace.

Today I am very pleased to be joined by the Honourable Julian Fraser, Deputy Premier and Minister for Environment, Natural Resources and Climate Change. He is also the Third District Representative and senior Member of the House of Assembly.

In my statement this morning, I will very briefly touch on my recent trade mission to Asia, and then take a bit of time to place in its proper context the recent strains in economic relations between the United States Virgin Islands (USVI) and British Virgin Islands (BVI).

In terms of the trade mission to Asia, as you know, I recently led a delegation to Greater China and Malaysia.

I was joined by The Honourable Lorna Smith, OBE and the Honourable Marlon Penn. To be perfectly clear, financial services has traditionally been a non-partisan issue. I was most grateful for their presence and genuinely appreciated working together to promote the Virgin Islands as a jurisdiction. We were well facilitated by the Director of the BVI Hong Kong Office Dr. Ricardo Wheatley, his Deputy Ms. Siobhan Flax, and his team.

There has already been a great deal of media coverage on the trade mission so I will not get into great detail about the trip, except to say that my delegation's engagements in China reinforced the Virgin Islands' good reputation and leading position in the Chinese market. In Malaysia, we received a very warm official welcome as I was the first Premier of the Virgin Islands to make an official visit to that country.

The opening of economic relations between Malaysia and the Virgin Islands positions our financial services industry to offer corporate structures to Malaysian clients that facilitate their business needs.

The trade mission was aligned with my Government's strategy of expanding and diversifying the markets our jurisdictions serves as an international finance centre.

I want to take this opportunity to remind the public that financial services accounts for roughly 60% of government revenue, nearly two-thirds of the Budget. It largely

funds the delivery of public services such as education, healthcare, security and road maintenance; as well as payment of salaries and pensions every month. We cannot understate how important the financial services industry is to our economic interests and financial independence.

Protecting our financial services is a top priority for the Territory. Without financial services revenue we would no longer be able to meet our financial obligations which we have done ever since we balanced the Budget and got off British grant-in-aid in 1978 under the leadership of the late former Chief Minister and first Minister of Finance Dr. Willard Wheatley MBE LLD. We have never defaulted on any financial obligations over the course of the past 45 years. Our sovereign debt rating by Standard and Poor's demonstrates investor confidence in our economy and our ability to manage our own fiscal affairs. I do not intend to see financial services fail on my watch. Too much is at stake.

While the industry continues to be resilient in the face of political pressures, my Government has been proactive in taking decisive action to ensure the Virgin Islands as a jurisdiction remains a successful and competitive international finance centre in perpetuity based on adherence to international regulatory standards.

In this regard, I oppose the continuous calls by some Members of the UK Parliament for public registers of beneficial ownership to be imposed on the Virgin Islands via an Order in Council. It is under the leadership of the democratically elected arm of Government that the Territory has successfully grown and regulated the financial services industry over four decades. We are also committed and reliable partners of the UK in applying sanctions, combating financial crime, and immediately sharing beneficial ownership information to support investigations. Legitimate interest filters will make our regulatory region even more robust. At the local level we are more than capable of managing the growth and regulation of our financial services industry and should not be threatened for exercising our autonomy.

I will now turn to the recent issues that have arisen between the British Virgin Islands and US Virgin Islands which has caused alarm on both side of the channel.

The modern BVI and USVI have been economically interdependent for many decades. Our tourism sectors are reliant upon our respective Territories for sustained growth. The BVI side has historically relied upon the Cyril E. King International Airport as a gateway for tourists to transit to and from the BVI via air and ferry. In the marine sector, USVI charter boat companies rely on the BVI for excursions, entertainment and natural attractions. However, there have been challenges over the years in regard to balance and equity.

It must be kept in mind that the BVI's Commercial Recreational Vessel Licencing Act that governs the operation of the charter industry was passed in 1992. The legislation has not been updated or fees revised in 33 years and we have not kept pace with the appropriate increases needed to meet Government's growing administrative costs. Nor have fees logically corresponded to the prosperity that yacht charters have enjoyed based on strong demand for access to BVI waters of many years.

For example, when a Charter company receives a booking for a yacht charter, the charge to the customer can average between $50,000 and $100,000 a week. This is being earned weekly over the course of 12 to 13 weeks while these vessels on a daily basis are enjoying the use of our waters, beaches, and fishing grounds as a central feature of their packages. All we collect on the BVI side is an annual fee of a few hundred dollars per vessel for the commercial vessel licence approved to traverse our waters. The USVI charter industry contributes just shy of $100 million to USVI economy. So, there is a huge economic imbalance between us in the marine sector.

In recognition of this, the BVI Government began taking steps to modernise our legislation to bring balance to the economic benefits gained from USVI charters vessels utilizing our waters and natural assets.

We held extensive consultations between 2023 and 2024 with our local marine industry stakeholders. In total, 22 amendments were proposed across three pieces of legislation.

In fact, Government accepted a number of the industry's proposals, including the proposed new price of the Commercial Recreational Vessel Licence for non-BVI vessels.

In addition to local consultations, I traveled to St. Thomas where I attended a meeting of the Inter-Virgin Island Council (IVIC) in which the proposed changes to our legislation were shared with Governor Albert Bryan and his delegation.

Subsequent to that IVIC meeting, I again went to St. Thomas and held a bilateral meeting with Governor Bryan where I shared updates and revisions to the initial proposals.

An Amendment Bill was then drafted to reflect the proposed changes for consideration by the House of Assembly. The Bill was given its first reading about two weeks ago which made it a public document that the public can now review and recommend any further changes before the Bill goes through its other stages.

After the first reading, it was always the intention to arrange another IVIC meeting for further engagement with Governor Bryan and his Administration, but scheduling provided challenging.

However, before a meeting could be secured, my Ministerial colleagues and I learned online of Governor Bryan's letter to the President of the USVI Senate that requested an emergency session to be called to consider his proposal for a 25% tariff on imported goods from the BVI and the levying of a transit fee on travelers passing through the US Virgin Islands to and from the BVI.

The news took me by surprise because Governor Bryan has been a true friend of the BVI. During our darkest hour, he was there to support us against direct rule for which I will always be grateful.

However, on the issue of our Territory's economic relations, I believe dialogue would have been the best course of action to raise any concerns.

The US Virgin Islands is our closest neighbours and figuratively and literally family. My Governments genuinely believes in the shared prosperity of the Greater Virgin Islands.

We want both sides to succeed, but as I outlined earlier, the economic imbalance that currently exists heavily favours the US Virgin Islands.

All I am seeking is an appropriate balance so that the economic benefits of using BVI waters are fairly shared.

We are not seeking to cripple the USVI marine industry. We are confident that they will be able to do well, even with fee increases.

I would be more than happy to discuss the issue in greater detail with Governor Bryan who I genuinely consider a friend. This is why I have invited him here to Tortola to discuss his concerns in person so we can ensure all factors have been considered.

There is also scope for us to consider how in a balanced and complementary way we can also optimize other economic opportunities of mutual benefit to our respective Territories through.

For example, we are currently not maximising the full economic potential of the Greater Virgin Islands market for events tourism and inter-Virgin Islands vacation packages. These hold the possibility of boosting marine and economic activity in our marine sectors.

As I close, I want to stress once again that the USVI and BVI are a family. The familial ties are as real as the economic and business linkages that exist.

We have a mutual interest in both sides doing well economically and we are committed to that. My colleagues and I are ready to engage.

Thank you for your attention.