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OIA-BEA ANNOUNCE RELEASE OF GROSS DOMESTIC PRODUCT (GDP) ESTIMATES FOR THE U.S. VIRGIN ISLANDS FOR 2008 AND 2009

WASHINGTON, D.C. – The Department of the Interior’s Office of Insular Affairs (OIA) and the Department of Commerce’s Bureau of Economic Analysis (BEA) are pleased to announce the release of the gross domestic product (GDP) estimates for 2008 and 2009 for the U.S. Virgin Islands. These estimates follow the initial GDP estimates for the U.S. Virgin Islands for 2002-2007 which were released in May 2010.

The release of GDP estimates for the U.S. Virgin Islands by the BEA, the federal agency responsible for national economic accounts, is the product of a technical assistance agreement between OIA and the BEA. As currently formulated, the BEA’s mandate for GDP calculations, release and updates covers the 50 states and the District of Columbia (DC) but does not include the U.S. insular areas. To produce GDP data for the territories in the same manner it does for the 50 states and DC, OIA entered into a technical assistance agreement with the BEA that covers the cost of its technical expertise and field work in the territories.

Over the course of the last year, the BEA has worked closely with local island staff to develop the first-ever, comprehensive mechanisms for calculating the GDP data for the U.S. Virgin Islands and the remaining insular areas.

The BEA relies heavily on the federal government’s current research and data to estimate the GDP for the 50 states, DC and the United States as a whole. Presently, ongoing initiatives to conduct such research do not include the insular areas. The recent OIA–BEA agreement is the only vehicle to generate these basic economic data that are readily available for the 50 states and DC. GDP estimates produced by the BEA are essential to better understand the territorial economies and how they evolve over time.

“I think this is a necessary step in the right direction and I believe strongly that once we formalize the collection of data and provide our insular governments with a sound sense of the economic activity that is generated on each island, governments will be better equipped to make informed decisions about their economic growth and development policies,” said Assistant Secretary Babauta.

“Going forward, our objective is to formalize the scope of the BEA’s mandate to include the territories. This inclusion is critical as island leaders are increasingly asked to do more with less in the face of stringent budget cuts. The goal is to provide data that is current, accessible and employable,” added Babauta.

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NEWS RELEASE



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THE BUREAU OF ECONOMIC ANALYSIS (BEA) RELEASES ESTIMATES OF GROSS DOMESTIC PRODUCT FOR THE U.S. VIRGIN ISLANDS

CHARLOTTE AMALIE, U.S. VIRGIN ISLANDS (June 13, 2011) -- Today, the Bureau of Economic Analysis (BEA) is releasing estimates of gross domestic product (GDP) for the U.S. Virgin Islands for 2008 and 2009.¹ This release also includes revised estimates for 2002 to 2007.² These estimates were developed under the Statistical Improvement Program funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior.

The estimates for the U.S. Virgin Islands show that real GDP -- GDP adjusted to remove price changes -- decreased 5.6 percent in 2009 after decreasing 1.3 percent in 2008 (see Table 3). For comparison, real GDP for the U.S. (excluding the territories) decreased 2.6 percent in 2009 after remaining unchanged in 2008.

In 2008 and 2009, the major industries in the private sector continued to be oil refining and tourism.³ Petroleum products accounted for the vast majority of imports and exports of goods and of inventory investment during this period; tourism accounted for almost all of exports of services.⁴

For 2008, the decrease in real GDP reflected an increase in imports of goods, primarily of petroleum products, and a decrease in consumer spending.⁵ These decreases were partly offset by an increase in inventory investment for petroleum products.

For 2009, real GDP declined for a second consecutive year, falling 5.6 percent. The drop in spending by tourists subtracted 1.5 percentage points from the 2009 change, decreasing 5.7 percent in 2009 after increasing 1.6 percent in 2008. A significant decrease in the number of visitors adversely impacted tourist-related services. Exports of petroleum fell in 2009, while consumer spending and fixed

¹ These estimates are based on limited source data and are subject to revision.

² On May 5, 2010, BEA released estimates of GDP for the period 2002 to 2007 for the U.S. Virgin Islands, as well as for American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam.

³ The Hovensa oil refinery, located on St. Croix, is one of the world's largest oil refineries.

⁴ In this news release, "consumer spending" refers to "personal consumption expenditures," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."

⁵ Imports are a subtraction in the calculation of GDP.

investment both continued to decline for the third consecutive year. These decreases were partly offset by a decrease in imports of goods.

Revisions

Estimates for 2002 to 2007 that were released on May 5, 2010 have been revised in order to incorporate improvements to source data and estimation methodologies; these improvements include the following:

- Incorporating newly available gross business receipts data from the U.S. Virgin Islands Bureau of Internal Revenue. These data were used to estimate consumer spending on services for years in which economic census data were not available. These data were also used to estimate consumer spending on certain types of goods, most notably jewelry.
- Incorporating improved source data for expenditures in the U.S. Virgin Islands by foreign residents and for expenditures on foreign travel by U.S. Virgin Islands residents. The resulting revisions were offsetting between consumer spending and net exports of services; GDP was not impacted.
- Incorporating newly available source data for government spending, including territorial government financial statements for fiscal year 2008 and data for federal military compensation.

The revised estimates did not alter the previously published overall growth over the period. From 2002 to 2007, real GDP increased at an average annual rate of 2.9 percent; in the previously published estimates, the rate of change also was 2.9 percent. Percent changes in real GDP from the preceding year -- revised and as published in last year's release -- are shown in Table 7.

Methodology

In constructing the estimates for the U.S. Virgin Islands, BEA used methodologies consistent with the methods used to estimate U.S. GDP. Information from the Economic Census of Island Areas was used to establish benchmark levels of GDP for the years 2002 and 2007. For other years, annual series were developed and used to estimate GDP. Because the U.S. Virgin Islands is not included in most of the major surveys used by BEA to estimate U.S. GDP, the support of government leaders in the U.S. Virgin Islands and the assistance provided by the Bureau of Economic Research, the Virgin Islands Bureau of Internal Revenue, and the Virgin Islands Department of Labor were critical to the successful production of the estimates presented in this release.

BEA's national, international, regional, and industry statistics; the <i>Survey of Current Business</i> ; and BEA news releases are available without charge on BEA's Web site at www.bea.gov . By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

U.S. Virgin Islands
Table 1. Gross Domestic Product

	Line	[Millions of dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	3,295	3,456	3,817	4,457	4,546	4,853	4,219	4,243
Personal consumption expenditures	2	1,613	1,703	1,836	2,065	2,246	2,247	2,235	2,267
Private fixed investment	3	436	303	354	446	490	435	391	361
Change in private inventories	4	-73	27	33	-5	-30	-540	180	210
Net exports	5	497	658	814	1,138	879	1,636	316	253
Exports	6	4,809	6,520	8,604	11,632	12,730	14,141	18,412	10,787
Goods	7	3,911	5,575	7,587	10,556	11,628	13,002	17,255	9,696
Services	8	898	945	1,017	1,076	1,102	1,139	1,157	1,091
Imports	9	4,312	5,861	7,790	10,495	11,850	12,505	18,095	10,534
Goods	10	4,140	5,651	7,547	10,243	11,615	12,251	17,861	10,310
Services	11	172	210	243	252	235	254	234	225
Government consumption expenditures and gross investment	12	822	765	779	814	960	1,074	1,098	1,152
Federal	13	84	93	109	110	117	126	134	150
Territorial	14	739	671	670	704	843	949	964	1002

NOTE. Detail may not add to total because of rounding.

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Table 2. Real Gross Domestic Product, Chained Dollars

	Line	[Millions of chained (2005) dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	4,200	4,159	4,299	4,457	4,635	4,836	4,775	4,509
Personal consumption expenditures	2	1,781	1,829	1,906	2,065	2,189	2,076	1,882	1,879
Private fixed investment	3	496	336	375	446	462	397	348	322
Change in private inventories	4	-161	49	46	-5	-26	-414	105	200
Net exports	5	1,093	1,206	1,191	1,138	1,122	1,732	1,397	1,035
Exports	6	9,293	10,835	11,540	11,632	11,029	11,069	11,269	10,212
Goods	7	8,277	9,879	10,503	10,556	9,974	10,014	10,197	9,207
Services	8	933	967	1,041	1,076	1,057	1,057	1,073	1,012
Imports	9	8,200	9,629	10,349	10,495	9,907	9,337	9,872	9,177
Goods	10	7,985	9,395	10,092	10,243	9,675	9,092	9,646	8,954
Services	11	209	234	256	252	232	251	216	219
Government consumption expenditures and gross investment	12	878	782	807	814	869	957	952	984
Federal	13	97	106	116	110	110	112	116	132
Territorial	14	778	676	692	704	759	845	835	852
Addenda:									
Population (thousands) ¹	15	110.0	110.7	111.5	111.5	113.7	114.7	115.9	117.0
Per capita real GDP (chained dollars)	16	38,182	37,570	38,556	39,973	40,765	42,162	41,199	38,538

1. Source: 2009 U.S. Virgin Islands Annual Economic Indicators

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Table 3. Percent Change From Preceding Year in Real Gross Domestic Product

	Line	[Percent]						
		2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	-1.0	3.4	3.7	4.0	4.3	-1.3	-5.6
Personal consumption expenditures	2	2.7	4.2	8.4	6.0	-5.2	-9.3	-0.2
Private fixed investment	3	-32.3	11.6	18.8	3.6	-13.9	-12.5	-7.3
Change in private inventories	4	.....	.....	.....	.....	.....	.....	.....
Net exports	5	.....	.....	.....	.....	.....	.....	.....
Exports	6	16.6	6.5	0.8	-5.2	0.4	1.8	-9.4
Goods	7	19.3	6.3	0.5	-5.5	0.4	1.8	-9.7
Services	8	3.6	7.7	3.3	-1.8	0.0	1.6	-5.7
Imports	9	17.4	7.5	1.4	-5.6	-5.8	5.7	-7.0
Goods	10	17.6	7.4	1.5	-5.6	-6.0	6.1	-7.2
Services	11	12.0	9.0	-1.6	-7.9	8.2	-13.7	1.4
Government consumption expenditures and gross investment	12	-10.9	3.2	0.8	6.8	10.1	-0.6	3.3
Federal	13	9.6	9.4	-5.2	0.7	1.8	3.5	13.4
Territorial	14	-13.2	2.3	1.8	7.8	11.3	-1.1	2.0

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Table 4. Contributions to Percent Change in Real Gross Domestic Product

	Line							
		2003	2004	2005	2006	2007	2008	2009
Percent change:								
Gross domestic product	1	-1.0	3.4	3.7	4.0	4.3	-1.3	-5.6
Percentage points:								
Personal consumption expenditures	2	1.31	2.07	3.91	2.85	-2.59	-4.86	-0.10
Private fixed investment	3	-4.22	1.01	1.71	0.37	-1.51	-1.21	-0.66
Change in private inventories	4	3.12	-0.05	-1.08	-0.51	-10.43	17.34	3.00
Net exports	5	1.54	-0.36	-1.00	-0.06	16.72	-12.38	-8.66
Exports	6	25.48	13.35	1.97	-14.78	1.06	6.50	-32.76
Goods	7	24.50	11.29	1.12	-14.33	1.06	6.10	-31.24
Services	8	0.98	2.06	0.85	-0.45	0.00	0.40	-1.51
Imports	9	-23.94	-13.72	-2.97	14.71	15.66	-18.88	24.09
Goods	10	-23.30	-13.17	-3.07	14.26	16.08	-19.67	24.17
Services	11	-0.64	-0.55	0.10	0.46	-0.42	0.79	-0.07
Government consumption expenditures and gross investment	12	-2.71	0.69	0.16	1.33	2.13	-0.14	0.85
Federal	13	0.24	0.26	-0.14	0.02	0.05	0.10	0.41
Territorial	14	-2.95	0.44	0.30	1.31	2.09	-0.23	0.44

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Table 5. Percent Change From Preceding Year in Prices for Gross Domestic Product and Price Indexes for Gross Domestic Product

	Line	2002	2003	2004	2005	2006	2007	2008	2009
		[Percent]							
Gross domestic product	1	.....	5.9	6.8	12.6	-1.9	2.3	-11.9	6.5
Personal consumption expenditures	2	.....	2.8	3.4	3.8	2.6	5.5	9.7	1.6
		[Index numbers, 2005=100]							
Gross domestic product	3	78.5	83.1	88.8	100.0	98.1	100.4	88.4	94.1
Personal consumption expenditures	4	90.6	93.1	96.3	100.0	102.6	108.2	118.7	120.7

Table 6. Gross Domestic Income

	Line	[Millions of dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic income	1	3,295	3,456	3,817	4,457	4,546	4,853	4,219	4,243
Compensation of employees	2	1,704	1,697	1,798	1,945	2,086	2,196	2,241	2,170
Taxes on production and imports less subsidies	3	61	100	122	143	146	153	139	105
Gross operating surplus	4	1,530	1,659	1,897	2,369	2,313	2,505	1,839	1,967

NOTE. Detail may not add to total because of rounding.

Table 7. Revisions to Percent Change in Real GDP

	Line	2003	2004	2005	2006	2007
		Percent change:				
Revised	1	-1.0	3.4	3.7	4.0	4.3
Previously published	2	-1.2	3.5	3.7	4.0	4.4
Percentage points:						
Revision	3	0.2	-0.1	0.0	0.0	-0.1