



COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR THE U.S. VIRGIN ISLANDS; TARGETED COMPETITIVE INDUSTRY STUDY AND 2015 PLAN SESSION

Submitted by Semele George on Tue, 12/23/2014 - 12:00am

Governor John P. de Jongh, Jr. recently convened a meeting of the Virgin Islands Comprehensive Economic Development Strategy (CEDS) Committee to receive formal presentations related to the Targeted Competitive Industry Study by Jon Roberts of TIP Strategies, Inc. and the 2015 CEDS Plan Report by Lauritz Mills of Sygma PCS. The meeting was held at Government House on St. Thomas. The CEDS consists of plans and projects that are to be submitted to the U.S. Department of Commerce Economic Development Administration (EDA) for possible federal grant funding support.

The opportunities include alternative energy grants, business development assistance, expansion of information technology systems, and assistance improving public utilities. Examples of CEDS identified project that was federally funded is the \$98 million Virgin Islands Next Generation Network (viNGN) funded from the U.S. National Telecommunications and Information Administration (NTIA) to develop broadband across the territory and EDA funding for the Research & Technology Park to create economic growth and export opportunities in communications, financial, business, and information technology services in the Virgin Islands. In FY 2013, EDA provided \$3.4 million in grant funding to support the Virgin Islands Economic Development Authority Revolving Loan and Business incubator programs along with funding awarded to the Bureau of Economic Research that funded the Targeted Industry and 2015 CEDS Plan reports.

Speaking before a number of community and economic development leaders representing the public, private and educational sectors within the Virgin Islands, Jon Roberts discussed the Targeted Competitive Industry Study methodology that utilized interviews from 81 local businesses; a quantitative assessment based on a shift-share analysis and an industry trend and site location factors. The presentation included industry employment concentrations by location quotient, a ratio of jobs in the Virgin Islands as compared to similar jobs in the U.S., occupational employment along with median hourly earnings, a jobs by skill level compared to the U.S. and the availability of workforce training that documented a deficit in jobs with middle skills that requires a high school diploma and certification that was extensively discussed by the CEDS Committee members. An online survey of the perception of the business climate identified energy costs and government efficiency and effectiveness are critical factors.

Governor de Jongh acknowledged energy costs as compared to the U.S. are high but are comparable to Caribbean economies like Jamaica and requested Roberts reevaluated the cost of energy of the territory in the report. Roberts concluded the presentation by recommending target industries based on time frame, from 6 months to long term, and priority, economic benefit, effect on St. Croix, employment and long term viability. Local industry sectors with the highest growth potential are in financial services, business process outsourcing, high-value manufacturing, transportation and logistics, IT, Agribusiness, and tourism. The presentation ended with a discussion related to the strategic considerations that considered current legacy industries, national growth sectors trends and emerging industries recommending IT, workforce development and certificate training to improve middle skills jobs in the territory.

Following the Targeted Competitive Industry Study presentation, Ms. Lauritz Mills, Principal of SygmaPCS, initially focused the presentation on the uses of the CEDS to bring together public and private sectors to create an economic roadmap, analyze the economy, and guiding the establishment of goals and objectives, developing and implementing a plan of action, identifying investment priorities and funding sources. She remarked the CEDS is a continuing economic development planning process developed with a broad-based participation from the public and private sector to set forth goals and objectives necessary to solve economic development problems.

The 2015 CEDS Plan report includes measures related to economic growth and prosperity including output growth, job growth, educational attainment, median income, per capita income, and poverty levels along with Virgin Islands assets were presented and discussed by CEDS Committee members. Mills concluded the presentation by discussing



the outcomes of the public hearings on all four islands and the business and innovation roundtable that identified the territory's strengths and weaknesses, priorities for the economy, vision, goals, and objectives. Both reports were approved by the CEDS committee and will be circulated for public review then submitted to the U.S. Economic Development Administration.

Also at the meeting, Labor Commissioner Albert Bryan and Richard Difede, Chairman of the Virgin Island Workforce Development Board and Gold Coast Yachts, discussed current labor market and workforce conditions in the territory with valuable comments from VI Economic Development Authority CEO Percival Clouden who discussed the agency's recently released book that showcased 35 local entrepreneurs that participated in a workshop facilitated by Mr. Andrew Morrison, Small Business Camp and Incubator President and Consultant, that utilized EDA grant funding.

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