

US Virgin Islands

RISK & COMPLIANCE REPORT

DATE: March 2018

Executive Summary - US Virgin Islands

Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions EU Tax Blacklist
Medium Risk Areas:	Compliance with FATF 40 + 9 Recommendations (mutual evaluation not yet completed)

Major Investment Areas:

Agriculture - products:

fruit, vegetables, sorghum; Senepol cattle

Industries:

tourism, watch assembly, rum distilling, construction, pharmaceuticals, electronics

Exports - commodities:

refined petroleum products

Imports - commodities:

crude oil, foodstuffs, consumer goods, building materials

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Section 1 - Background

During the 17th century, the archipelago was divided into English and Dutch territorial units. Sugarcane, produced by African slave labor, drove the islands' economy during the 18th and early 19th centuries. In 1917, the US purchased the Danish portion, which had been in economic decline since the abolition of slavery in 1848.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

US Virgin Islands is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

The US Virgin Islands has not yet undertaken a Mutual Evaluation relating to the implementation of anti-money laundering and counter-terrorist financing.

EU Tax Blacklist

The US Virgin Islands was placed on the EU tax blacklist on 13 March 2018.

EU White list of Equivalent Jurisdictions

The US Virgin Islands is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

The US Virgin Islands is not considered to be an Offshore Financial Centre

US State Dept Trafficking in Persons Report 2012

The U.S. Virgin Islands is a transit island for human trafficking. Traffickers use the island as a transit point for migrants from the Caribbean, who are then taken to the United States for commercial sexual exploitation. One case of Brazilian nationals attempting to use the U.S. Virgin Islands as a transit point for smuggling women into the United States and then forcing them into prostitution was stopped by U.S. authorities in June 2011.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	72

Section 3 - Economy

Tourism, trade, and other services are the primary economic activities, accounting for nearly 60% of the Virgin Island's GDP and about half of total civilian employment. The islands host nearly 3 million tourists per year, mostly from visiting cruise ships. The islands are vulnerable to damage from storms. The agriculture sector is small, with most food being imported. Industry and government each account for about one-fifth of GDP. The manufacturing sector consists of rum distilling, electronics, pharmaceuticals, and watch assembly. A refinery on St. Croix, one of the world's largest, processed 350,000 barrels of crude oil a day until it was shut down in February 2012, after operating for 45 years.

Federal programs and grants, totalling \$241.4 million in 2013, contributed 19.7% of the territory's total revenues. The economy declined in 2013, due to decreases in exports resulting from the loss of refined oil products. Nevertheless, the economy remains relatively diversified. Along with a vibrant tourism industry, rum exports, trade, and services will be major income sources in future years.

Agriculture - products:

fruit, vegetables, sorghum; Senepol cattle

Industries:

tourism, watch assembly, rum distilling, construction, pharmaceuticals, electronics

Exports - commodities:

rum

Imports - commodities:

foodstuffs, consumer goods, building materials

Section 4 - Government

Chiefs of State and Cabinet Members:

For further information - <http://www.house.gov/representatives/>

Legal system:

US common law

International organization participation:

IOC, UPU, WFTU (NGOs)

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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