

KEY FACTS

Official name: Estado Libre Asociado de Puerto Rico (Commonwealth of Puerto Rico)

Head of State: US President Barack Obama

Head of government: Governor Alejandro Javier García Padilla (PPD) (from 2 Jan 2013)

Ruling party: Partido Popular Democrático (PPD) (Popular Democratic Party) (from 2 Jan 2013)

Area: 8,897 square km (Puerto Rico comprises the main island plus two smaller islands (Vieques and Culebra) and numerous smaller islets.)

Population: 3.71 million (2011); (3,725,789; 2010, census figure)

Capital: San Juan

Official language: Spanish, English

Currency: US dollar (US\$) = 100 cents

Exchange rate: US\$1.00 per US\$ (fixed rate)

GDP per capita: US\$17,687 (2011)*

GDP real growth: -1.70% (2011)*

GDP: US\$65.40 billion (2011)*

Unemployment: 1340.00% (2009)*

Inflation: 3.60% (2011)*

Balance of trade: US\$20.16 billion (2009)*

* estimated figure

Puerto Rico



In November 2012 Puerto Rico voted – again – on whether to become a state of the US. Visitors to the Caribbean island could be forgiven for thinking that to be already the case. Many of the more obvious indicators and trappings of nationality, from road signs to dress codes, from department stores to architecture could indeed be described as ‘American’. But the underlying culture remained stubbornly Hispanic. Reportedly, over 80 per cent of Puerto Rico’s population speak little English.

Were Puerto Rico ever to become a fully fledged State of the Union, it would not all be plain sailing. Why? Debt, of course. An article in the London *Economist* compared Puerto Rico to Greece, the sick man of Europe. According to the *Economist*, Puerto Rico is more indebted than any of America’s states. Which, in 2013, was quite a statement. The territory’s total outstanding debt of US\$70 billion, corresponding to 70 per cent of gross domestic product (GDP), is a staggering US\$35,000 per head of population. The *Economist* attributed the island’s dire straits to its domination by a ‘vast, inefficient near Athenian public sector.’

Since the abolition, in 2006, of the tax breaks that made investment in Puerto Rico once so attractive, the economy has shrunk steadily. The economic downturn in the US has hit the island even harder. Described by one observer as the Caribbean’s ‘disenchanted island’, in the twenty-first century Puerto Rico’s population has been dropping. In 2012 unemployment reached 17 per cent and job

prospects began to look particularly bleak and not only for the young. Puerto Rican graduates had little option but to emigrate. In 2011 alone, the island lost a net 54,000 people, or nearly 1.5 per cent of its population, as young Puerto Rican graduates deserted its shores. Options for other young Puerto Ricans were more limited. The favourite option was that of joining the US armed forces.

Taking note of the problems encountered by his predecessor, Governor Alejandro Padilla, inaugurated in January 2013, has opted for austerity, with tax increases and a balanced budget. But Puerto Rico has deeply ingrained systemic problems that make an increase in productivity or growth look unlikely. Red tape abounds, labour costs are ridiculously high. Puerto Rico has become a nanny state with its colonial neighbour to the north. None of which makes for a thriving, innovative economy. Quite the contrary: Puerto Rico’s economy has shrunk by nearly 14 per cent since 2006 and its labour force participation is among the lowest in the world. Some economists estimate the outward flow has reduced the island’s GDP, now at US\$101 billion a year, by some US\$3 billion in the last decade, in part because of an increase in skilled Puerto Ricans leaving the island. Sales-and-use taxes, generated largely by consumers, shrank to US\$553 million in fiscal 2013, down from US\$797 million five years earlier. Sales of gasoline, electricity and cement dropped in July from a year earlier, according to government data released in August 2013. Non-farm

payroll employment that month dropped 3.7 per cent to 889,400 from a year earlier, according to the Federal Bureau of Labour Statistics.

Referendum – Result

The November referendum asked the electorate two-questions. First, whether they wanted to change the island's current status. Secondly, they were asked whether they would prefer independence, US statehood, or an option known as 'sovereign free association' under which the US would grant the island more autonomy.

In the event, Puerto Ricans indicated their preference (54 per cent to 46 per cent) for a non-binding referendum to change the island's status. And in answer to the second question they voted 61 per cent to become the 51st state, 33 per cent for a new pact with the US and just 5 per cent for independence. This was the first time there had been a vote in favour of statehood. However, almost one-third of the total votes cast left the answer to the second question blank and were not included in the vote tally. With those ballots counted, support for statehood was calculated to be closer to 45 per cent, analysts said.

In theory adding a new state to the union is not difficult – Article Four of the Constitution states that all it takes is a simply majority vote in both houses of Congress. But... as a state, Puerto Rico would send fully fledged voting Senators and Congressmen to Washington DC, and that's the rub. While the party names are different, Partido Popular Democrático (PPD) (Popular Democratic Party) and Partido Nuevo Progresista (PNP) (New Progressive Party), they are in essence both Democrats, reports John Hudak, a governance studies fellow at the Brookings Institution. And with a Republican-controlled House of Representatives in 2013, there was little chance they would vote in favour of Puerto Rico becoming a state.

Risk assessment

Politics	Fair
Economy	Poor
Regional stability	Good

COUNTRY PROFILE

Historical profile

1493 The island was inhabited by some 100,000 Taíno Indians (an Arawak culture that also occupied most of Hispaniola and part of Cuba) at the time of the first European sighting by Columbus.

1508 Juan Ponce de León landed from Hispaniola and took control of the island. He named it San Juan.

1898 The island was ceded to the US by Spain at the end of the Spanish-American war. The US ruled it as an unincorporated territory.

1917 Puerto Ricans became citizens of the US.

1948 Puerto Rico elected Luis Muñoz Marín as its first governor.

1952 A new constitution designated Puerto Rico a self-governing commonwealth within the US.

1967 A plebiscite rejected the option of becoming a state of the US.

1993 The statehood option was rejected for a second time in a national referendum.

1998 The option of statehood was narrowly rejected in favour of maintaining the constitutional *status quo*.

2000 Sila María Calderón Serra became the first female governor. Partido Popular Democrático (PPD) (Popular Democratic Party) won the parliamentary elections.

2001 The Blue Riband Commission was empanelled to review large transactions made by the previous (Rosselló) administration.

2003 Closure of the US navy base on Vieques lost Puerto Rico an estimated US\$300 million per year in revenues.

2004 Aníbal Acevedo Vilá won gubernatorial elections.

2005 Although a referendum approved the proposal that the Senate and House of Representatives be replaced by a unicameral legislature, the House of Representatives allowed the legislation to lapse.

2006 The US Supreme Court turned down an appeal to give Puerto Ricans voting rights in presidential elections.

2008 Governor Acevedo called on the UN to back Puerto Rico's right of self-determination. In gubernatorial elections, Luis Fortuño (Partido Nuevo Progresista

(PNP) (New Progressive Party)) won 52.8 per cent of the vote.

2009 Luis Fortuño (PNP) was inaugurated as governor in January.

2010 A census for the United States, including Puerto Rico took part. Existing birth certificates were declared invalid and all citizens had to be issued with new ones in an effort to combat identity theft. Criminal organisations had targeted Puerto Rico where nationals have rights to US passports. The US State Department had discovered that around 40 per cent of fraudulent US passport applications were using birth certificates from Puerto Rico. US banking regulators shut down three Puerto Rican banks and sold their deposits to other financial institutions. The move cost the Federal Deposit Insurance Corporation (FDIC) US\$5.3 billion as the banks were insolvent and unable to trade due to large numbers of unsustainable loans. The US pharmaceutical company, Pfizer, closed its chemical plant in Puerto Rico with the loss of 6,000 jobs at a time of high unemployment.

2011 In March, the Republican controlled Congress voted to rescind the voting rights of representatives of among others, Puerto Rico, effectively disenfranchising its electorate in policies that directly affect them.

2012 On 19 August, in a referendum to amend the constitution, voters rejected the (cost cutting) proposal to reduce the number of seats in the legislature. An earthquake, of magnitude 7.6, struck in the Nicoya Peninsula (140km from San José) on 5 September; damage was not considered serious. General elections, and a referendum on the political status of Puerto Rico, were held on 6 November. The opposition PPD won 28 seats (out of 51) in the House of Representatives and the PNP 23; four other political parties failed to win any seats. In senate elections, the PPD won 18 seats (out of 27),

KEY INDICATORS

Puerto Rico

	Unit	2008	2009	2010	2011	2012
Population	m	*4.00	*4.00	3.73	*3.70	*3.71
Gross domestic product (GDP)	US\$bn	60.80	62.80	63.80	*65.40	0
GDP per capita	US\$	24,624	25,455	25,863	0	0
GDP real growth	%	-2.9	-4.0	-3.8	*-1.7	-
Inflation	%	9.6	0.3	2.5	*3.6	-
Unemployment	%	11.6	13.4	-	-	-
Exports (fob) (goods)	US\$m	*63,954.0	*60,808.0	-	-	-
Imports (fob) (goods)	US\$m	*44,929.0	*40,652.0	-	-	-
Balance of trade	US\$m	*19,025.0	*20,156.0	-	-	-
Exchange rate	per US\$	1.00	1.00	1.00	1.00	1.00
* estimated figure						

the PNP eight and the Partido Independentista Puertorriqueño (PIP) (Puerto Rican Independence Party) one. In gubernatorial elections, Alejandro García Padilla (PPD) won 47.9 per cent of the vote, incumbent Luis Fortuño (PNP) 47 per cent. García takes office on 2 January 2013. Two questions were posed in the referendum: should Puerto Rico continue its territorial status and (without regard for the answer to the first question) what should the alternative be. Three non-territorial alternatives to the current status were proposed – statehood, complete independency or nationhood in free association with the US. A majority of voters rejected continuing the current status and the majority favoured joining the US as a state of the union.

2013

Political structure

Constitution

The local government consists of executive, legislative and judicial branches. Puerto Rico has 78 municipal governments.

Detailed laws governing the status and relationship of the Commonwealth of Puerto Rico with the US cover, among other aspects: military conscription, tax and trade, social security, citizenship, constitutional changes and internal autonomy. There is universal suffrage from aged 18 years.

Form of state

Puerto Rico is an overseas commonwealth territory and freely associated state of the US.

Both the constitution of Puerto Rico and the US constitution are applicable. Puerto Rican nationals are US citizens but do not vote in US presidential elections.

The executive

The Head of State is the president of the US.

Executive power is exercised by the governor, elected by popular vote every four years, who leads a cabinet of 15 ministers.

National legislature

The bicameral Asamblea Legislativa (Legislative Assembly) includes the Cámara de Representantes (Chamber of Representatives), with 51 members, elected for four-year terms, 40 elected in single-seat constituencies and 11 by proportional representation from a national list. Up to an additional three seats can be allocated to allow the opposition to have one-third of the seats.

The Senado (Senate) has 28 members, elected for four-year terms – 16 members elected in two-seat constituencies and 11 by proportional representation from a national list and one additional seat to allow

the opposition to have one-third of the seats.

Legal system

The civil and commercial codes; penal, procedural, public (including constitutional) laws are fashioned after US models.

Last elections

6 November 2012 (parliamentary, gubernatorial and referendum)

Results: House of Representatives: Partido Popular Democrático (PPD) (Popular Democratic Party) won 28 seats out (out of 51) and the Partido Nuevo Progresista (PNP) (New Progressive Party) 23; four other political parties failed to win any seats.

Senate: PPD won 18 seats (out of 27), the PNP eight and the Partido Independentista Puertorriqueño (PIP) (Puerto Rican Independence Party) one; three other political parties failed to win any seats.

Gubernatorial: Alejandro García Padilla (PPD) won 47.9 per cent of the vote, Luis Fortuño (PNP) 47 per cent, Juan Dalmau Ramírez (PIP) 2.5 per cent; all other candidates each won less than 1 per cent. Referendum: two questions were posed (1) should PR continue with its current territorial status and (2) (without regard for the answer to the first question), choose between three non-territorial alternatives to the current status, either: statehood; complete independency; or nationhood in free association with the US. Question one 54 per cent voted no; question two, 61.1 per cent favoured statehood, 33.3 per cent for sovereign free association state (with the US) and 5.5 per cent for independence.

Next elections

November 2016 (gubernatorial and parliamentary)

Political parties

Ruling party

Partido Nuevo Progresista (PNP) (New Progressive Party) (from 2 Jan 2009); Partido Popular Democrático (PPD) (Popular Democratic Party) (from 2 Jan 2013)

Main opposition party

Partido Popular Democrático (PPD) (Popular Democratic Party)

Population

3.71 million (2011); (3,725,789; 2010, census figure)

Population

Around three million Puerto Ricans live in the US.

The population is forecast to reach 4.5 million by 2025.

Last census: 1 April 2010: 3,725,789

Population density: 436 inhabitants per square km. Urban population: 76 per cent (World Bank 2002).

Annual growth rate: 0.9 per cent (2003); projected 0.7 per cent 2002–15.

Ethnic make-up

There is a fusion of three main cultures: native Indian, European and African.

The Spanish *conquistadores* initially came to the New World without wives or family and married into the native population, producing the *mestizo* (Spanish and Taíno) and the *mulatto* (Spanish and African) groups.

The Spanish settlers brought in African slaves to work in the sugar cane plantations. When migration restrictions were relaxed, more Spanish came, together with a large contingent of Corsicans and a small number of Irish.

Thousands of mainland Americans have established themselves in Puerto Rico and migrants have also come from the Dominican Republic, Canada, Europe, Asia, Cuba and South and Central America.

Religions

99 per cent of the population are Christians (85 per cent Roman Catholic). Religion has traditionally played an important role in the island's history. The religious groups have been instrumental in fostering community co-operation and providing health and educational services.

Education

Six years of elementary (primary) school are followed by three years of junior high school and three years of senior high school. All teaching is conducted in Spanish, although English is a compulsory subject at all levels. There are 34 post-school educational institutions, both government and private. The State University has three main campuses and six colleges. Special training programmes are provided in technical and vocational schools, as well as on-the-job training for labour skills for which a workforce does not exist.

Literacy rate: 93.7 per cent male, 94 per cent female; adult rates (World Bank).

Compulsory years: Six to 16

Health

HIV/Aids

It is estimated that there are 7,397 people living with HIV/Aids.

Life expectancy: 79 (estimate 2005)

Birth rate/Death rate: 12.88 births and 7.54 deaths per 1,000 population (2005)

Child (under 5 years) mortality rate (per 1,000): 9.28 per 1,000 live births (2005)

Welfare

The US social security system is in operation, together with Puerto Rico's own health, unemployment, and workers' compensation schemes. Employer contributions to the unemployment and social security funds are compulsory. Despite a high per capita national income, about

60 per cent of the population were recorded as living below the official US poverty line, and 45 per cent of the population received federal food stamps. Federal medical aid is also provided. These provide an important cushion against the effects of unemployment, to which a further safety valve is supplied by emigration. There are more Puerto Ricans living in New York than in San Juan.

Main cities

San Juan (capital, population estimated at 402,141 in 2012), Bayamón (194,115), Carolina (166,579), Ponce (142,317), Guaynabo (81,400), Caguas (79,550).

Languages spoken

Spanish is the primary language of the vast majority of Puerto Ricans. English as an important second language is taught in public and private schools from first grade through to tertiary institutions. Government affairs are conducted in Spanish while English is the language of commerce.

Official language/s

Spanish, English

Media

Press

Dailies: The three main dailies widely circulated include *El Vocero de Puerto Rico* (www.vocero.com), *El Nuevo Día* (www.elnuevodia.com) and *Primera Hora* (www.primerahora.com). Other regional dailies and those published from San Juan are *El Impacto* (www.elimpacto.com) and *El Vocero* (www.vocero.com). In English *San Juan Star* (www.thesanjuanstar.com) *Puerto Rico Herald* (www.puertorico-herald.org) (published by the statehood campaign) and *Caribbean Business* (<http://pal.prwow.com>).

Weeklies: *Caribbean Business*.

Business: A multilingual, regional publication *América Economía* (www.americaeconomia.com) is the leading magazine.

Periodicals: In Spanish *La Estrella de Puerto Rico* (www.periodicolaestrella.com), *El Expresso* (www.elexpresso.com), *La Esquina* (www.laesquina.com), *El Periódico* (www.elperiodico.com), Bilingual (Spanish and English) publications include *El Boricua* (www.elboricua.com) featuring people and culture, *An(with a wavy line on top)il* (www.plazaboricua.com).

Broadcasting

Radio: There are over 20 public and commercial radio stations, broadcasting news, music and special interest programmes. Spanish is the typical broadcast language including Radio Puerto Rico (www.radiopr740.com) and Sistema102

(www.sistema102.com); there is one local radio station broadcasting in English, WOSO (www.woso.com).

Television: The public broadcast service TUTV (www.tutv.puertorico.pr) transmits educational and international material. Other, commercial stations, Telemundo (<http://tv.telemundo.yahoo.com>), Telecinco (www.wapa.tv) and Univision (<http://univision.centennialpr.net>) broadcast a wide variety of programmes in Spanish.

Around 115 national commercial radio stations and nine television stations broadcast. There are satellite TV broadcasts from several international sources.

Economy

The economy of Puerto Rico is influenced and affected by the US economy, from which it derives much of its commercial investment and federal aid. Over 45 per cent of GDP is generated by the manufacturing sector, much of which is hi-tech industries, including capital-intensive industries and knowledge intensive industries, such as pharmaceuticals, electronics and biotechnology. The service sector, which generates over 50 per cent of GDP is dominated by financial services (15 per cent of GDP alone) and includes construction, transport, communications, utilities and public services. Over five million visitors arrive each year – in 2008 tourism generated a record US\$6.32 billion, which fell in 2009 to US\$5.88 billion, before recovering in 2010 with a contribution to GDP of US\$6.01 billion. Tourism employs 5.5–6.0 per cent of the work force. Agriculture accounts for less than 1 per cent of GDP.

Major improvements to Puerto Rico's business environment include the slashing of capital gains taxes and lowering operating costs for manufacturing plants. Puerto Ricans do not pay federal income taxes, and the local authorities have discretion to design tax incentives to attract foreign direct investment (FDI). The government has lobbied for permanent tax exemption status, saying this would be the best way to secure the Commonwealth's fiscal autonomy from the US federal government. With approximately 50 per cent of the economy supported by special exemptions for foreign firms, the repeal of tax incentives would severely undermine Puerto Rico's ability to compete with its Caribbean neighbours, prompting concern that the economy could collapse. Regional agreements such as the North American Free Trade Agreement (Nafta) made countries such as Mexico attractive low wage, tariff free alternatives to Puerto Rico.

Always susceptible to external shocks due to the reliance on imports, particularly

petroleum products, the economy suffered with negative GDP growth beginning in 2007, at -1.2 per cent (down from 0.5 per cent in 2006). Growth fell further to -2.9 per cent in 2008 as the global economic crisis cut visitor numbers while energy and food imports rose in price; by 2009 the economy was in deep recession with growth of -4 per cent, which remained negative in 2010 at -3.8 per cent. Improvement in 2011 only decreased the negative growth to an estimated -1.7 per cent. Inflation peaked in 2008 at 9.6 per cent before dropping back to 0.3 per cent in 2009 as domestic spending slumped, in 2010 inflation returned to 2.5 per cent and increased to an estimated 3.6 per cent in 2011. High unemployment, which is categorised as a long-term problem, reached 16.5 per cent in 2009.

External trade

As an overseas commonwealth territory of the United States, the US has authority over interstate trade, commerce and customs administration. Puerto Rico is part of the North American Free Trade Agreement (Nafta).

Since Nafta was signed, the level of exported manufactured goods has fallen as Mexico, with its lower unit costs, has become a major supplier to the US and Canada. However, while low paid jobs were lost to Mexico there was an increase in pharmaceutical and hi-tech manufacturing in Puerto Rico.

The US accounts for over 75 per cent of imports and exports. Most trade is intra-company shipments, as parts from US companies are imported and finished goods are exported in return. This flow of materials and products creates profits for private companies and jobs for workers in Puerto Rico and the US.

With few natural resources the balance of payments is still reliant on US federal aid and tax incentives.

Imports

Principal imports include petroleum and derivatives, chemicals, capital machinery and electronic components, textiles and yarns, raw and processed foodstuff, building materials and manufacturing raw materials.

Main sources: US (typically 50 per cent of total), Ireland (20 per cent), Nigeria (5 per cent).

Exports

Principal exports include chemicals, pharmaceuticals, medical products and equipment, finished goods, electronics, clothing, tuna and other fish products, beverages, tropical fruit, dairy and meat.

Main destinations: US (typically 76 per cent of total), Germany (5 per cent), The Netherlands (3 per cent).

Agriculture

The agricultural sector is small-scale and only contributes 0.3 per cent to GDP while employing 2 per cent of the workforce. Only 10 per cent of land is suitable for agriculture. An additional 25 per cent of the island is composed of uplands, partially suited for agricultural purposes. Dairy and livestock farming is of increasing importance.

Farming on the island has changed considerably since the 1940s and 1950s, when traditional small-scale farming methods prevailed and sugar cane, coffee and tobacco were the dominant crops. Of these, only coffee has survived, but it lags behind milk and poultry production. Milk production accounts for 34 per cent of total gross farm income. Changes in consumer preferences are slowly taking place as the population ages.

Around 90 per cent of food requirements are met by imports. Almost all of Puerto Rico's farm output is consumed locally, although small quantities of coffee are exported to Europe and Japan. Some fruit and vegetables, mangoes, tomatoes and onions also go to Europe.

Agriculture has been traditionally based on sugar, coffee, pineapples, plantains, bananas, livestock products and poultry. Sugar production declined during the 1980s, partly due to the closure of the Central Cambalache sugar mill in 1982. Coffee production meets only three-quarters of local demand but half of production is exported. Livestock production has not displayed the same rate of decline as arable agriculture, but is still insufficient to meet local demand. The cost of imported feed represents a major constraint on development.

Although fishing is conducted on a relatively small scale, it is nevertheless important. Puerto Rico used to be a major tuna supplier to the USA but in recent times has faced a number of problems such as increased competition from south-east Asia. The annual production of processed fish is around 4,000 tonnes.

Industry and manufacturing

The industrial sector forms the mainstay of the economy, contributing approximately 42 per cent to GDP and employing 11 per cent of the workforce. Financial services produce 17 per cent of GDP and trade accounts for 11.6 per cent, other industries produce less than 10 per cent of GDP. Most of the island's manufacturing output is shipped to mainland US. Industrialisation has been the focus of government economic policy since the late 1940s when a programme known as 'Operation Bootstrap' was launched. In 1950, there were 82 industrial plants in Puerto Rico, but by 1965 there were

around 1,000. Since then industrial development has tended to be more capital intensive and dependent upon highly skilled labour.

Production is centred on food processing, textiles, petrochemicals, rum distilling, pharmaceuticals, metal fabrication and assembly of electrical/electronic components.

Most of the assembly industries are US-owned and are heavily dependent on the US market. Manufacturers exporting goods to the US benefit from being within the US Customs zone, with the US dollar as the local currency, and US legal protection of intellectual property – particularly useful for IT industries.

The US Commerce Department's Foreign Trade Zones Board has approved the conversion of all the island's industrial parks into free trade zones (FTZs). This, together with Puerto Rico's generous incentives package and skilled workforce has in the past made the island a prime destination for companies looking to expand or relocate. However, competition, from Mexico in particular, has had an adverse effect.

The island's agricultural industry makes an important contribution to the economy through the food industry services of prepared food and retail sales.

The pharmaceutical industry is crucial to Puerto Rico; 16 of the top 20 pharmaceutical drugs in the US are manufactured in Puerto Rico and all the leading US manufacturers are represented, some with major investments. In May 2010, the US pharmaceutical company, Pfizer, closed its chemical plant in Puerto Rico with the loss of 6,000 jobs at a time of high unemployment. There is heavy investment by US computer and electronics companies, footwear and rubber goods manufacturers. The K-Mart Corporation, the US retailing group, is well represented in Puerto Rico.

Tourism

The tourist board guides visitors towards niche market activities, including adventure, beach resorts, culture and ecotourism. There are many outdoor activities and natural wonders including zip lines (face-down, horizontal rappelling) over the forest canopy, scuba diving, horse riding and kayaking. There are several tourist resorts that include a range of hotels, some with amenities such as casinos. The historic district of Ponce has over 1,000 restored buildings.

Visitor arrivals are typically over 3.6 million people per annum and travel and tourism contributes over 6 per cent of GDP. The sector provides employment to around 5 per cent of the workforce

(64,000 jobs), the level of which is closely aligned with the rhythm of visitor arrivals. Cruise ship passenger arrivals fell in 2011 by 4.5 per cent, down from 769,938 (January–July) in 2010 to 735,066 for the same period in 2011.

In May 2012, the UN World Tourism Organisation (UNWTO) announced that Puerto Rico was the second most popular destination in the Caribbean (after Dominican Republic and ahead of Cuba).

Mining

Activity in this area is extremely small – production is centred on non-metals such as stone, sand, salt and clay.

There are small unquantified reserves of copper, nickel, cobalt, iron, chromium, lead, gold and silver.

There are no known hydrocarbon reserves and all needs are met by imports. Oil imports were 189,980 barrels per day (bpd) in 2008.

An oil refinery, operated by Caribbean Petroleum (GulfPR), sited in Bayamón and able to process 48,000bpd, is not currently operational.

Liquefied natural gas (LNG) imports were 708 million cubic metres (cum) in 2007, mainly from Trinidad and Tobago. A re-gasification terminal and power plant in Punta Guayanilla, Peñuelas, are owned and operated by the independent energy company EcoEléctrica.

All coal imports are used in the coal-fired power plant in Guayama. Consumption of coal increased markedly after its completion in 2002 and production of electricity reached full power.

Energy

Total installed generating capacity was 5.4 gigawatts in 2006. The Puerto Rico Electric Power Authority (Prepa) is responsible for generating, transmitting and distributing practically all electricity used. It is the second-largest municipally-owned US utility. Over 90 per cent of all energy is produced from petroleum sources. The independent energy company EcoEléctrica provides electricity from its liquefied natural gas (LNG) fired power plant to the power grid. Over 85MW is provided by hydropower. Many companies still maintain their own generators as essential back-up.

Banking and insurance

The Puerto Rican commercial banking system had comprised about 17 banks with around 300 branches in 2009. On 30 April 2010, US banking regulators shut down three Puerto Rican banks and sold their deposits to other financial institutions. The move cost the Federal Deposit Insurance Corporation (FDIC) US\$5.3 billion as the banks were insolvent and

unable to trade due to large numbers of unsustainable loans.

Major US banks include Citibank, Chase Manhattan and First National Bank of Boston. Foreign banks include Royal Bank of Canada, Bank of Nova Scotia, Banco Central de Madrid, Banco Bilbao Vizcaya and Banco de Santander.

Banco Popular de Puerto Rico, Puerto Rico's largest bank, continues to expand into US Hispanic markets.

Central bank

There is no central bank.

Such functions as fiscal agent for the Commonwealth of Puerto Rico and its public entities, and the provision of development loans to the public as well as the private sector, are undertaken by the Government Development Bank for Puerto Rico (GDB).

Time

GMT minus four hours

Geography

Puerto Rico comprises the main island, together with the small offshore islands of Vieques and Culebra and many other smaller islets, lying about 80km (50 miles) east of Hispaniola (Haiti and the Dominican Republic) in the Caribbean Sea. Roughly 160km long by 48km wide, Puerto Rico is the smallest and most westerly of the Greater Antilles. The centre of the island is composed of dead volcanoes, the highest of which, the Cordillera Central, has an elevation of 1,325 metres. To the north of the mountains lies a belt of broken limestone country, and then a fertile coastal plain. The whole island is well supplied with rivers. Only about 1 per cent of the country remains forested and is largely reserved.

Hemisphere

Northern

Climate

Tropical with extremes of heat tempered by constant sea winds. Temperatures are 28–30 degrees Celsius (C) in summer, and 21–26 degrees C in winter. Rainfall is heaviest in the second half of the year, especially June–October. Puerto Rico lies in the 'hurricane belt'.

Dress codes

Suits and ties are customary for businessmen since almost all offices are air conditioned. A jacket and tie may be required in first class restaurants. The Hispanic Caribbean *guayabera*, a long decorated shirt, is worn increasingly commonly.

Entry requirements

US entry requirements apply.

Passports

Required by all, valid for six months from date of entry.

Visa

Required by all, except nationals of Canada and Visa Waiver Scheme countries in possession of machine-readable passports; otherwise, visas must be applied for. Visits, for both tourism and business, and visas are valid for up to 90 days. A return/onward ticket is also required. Further information can be found at <http://travel.state.gov>.

Currency advice/regulations

There are no restrictions on the import or export of local and foreign currencies, subject to declaration of amounts in excess of US\$10,000.

Health (for visitors)

The standard of health care in both government and private hospitals is high, but expensive.

Mandatory precautions

None

Advisable precautions

Hepatitis A occurs in the northern Caribbean. There is also a risk of rabies. Travellers should consider vaccination before travelling. Dengue fever, transmitted by mosquitoes, is endemic in rural areas. Its initial symptoms may be similar to influenza. Bilharzia parasites may be present in rivers.

No special precautions are necessary for food and drink.

Hotels

There are several modern business hotels in San Juan. There are also *paradores*, government-owned inns, that are of a reasonable standard. Fifteen per cent tip usual.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 6 Jan (Epiphany), 10 Jan (Eugenio Maria De Hostos' Birthday), 22 Mar (Emancipation Day), 4 Jul (US Independence Day), 25 Jul (Constitution Day), 26 Jul (José Celso Barbosa's Birthday), 11 Nov (Veterans' Day), 19 Nov (Discovery of Puerto Rico Day), 25 Dec (Christmas Day).

Each town celebrates a festival or fiesta in honour of a local patron saint. These can last up to 10 days.

Variable dates

Eugenio Maria de Hostos' Birthday (second Mon in Jan), Martin Luther King's Birthday (third Mon in Jan), Washington's Birthday (third Mon in Feb), Good Friday, José de Diego Day (Apr), Memorial Day (last Mon in May), Luis Muñoz Rivera's Day (Jul), Labour Day (first Mon in Sep), Columbus Day (second Mon in Oct), Thanksgiving Day (fourth Thu in Nov).

Working hours

Banking

Mon–Fri: 0830–1430. (Some banks 0830–1700; some banks open Sat.)

Business

Mon–Fri: 0800–1700.

Government

Mon–Fri: 0800–1630.

Telecommunications

Puerto Rico's telecommunications system is fully integrated with that of the US.

Telephone/fax

Direct dialling and fax facilities are available at all main hotels.

Mobile/cell phones

The main providers of mobile phone services are Centennial, Cingular, MoviStar, Suncom, Verizon and Sprint PCS.

Electricity supply

120V AC

Social customs/useful tips

Despite links with the US and the almost universal ability in the business community to understand English, the use of Spanish by the visitor is appreciated.

Hotel and restaurant staff, and taxi drivers, may expect tips of 15–20 per cent. Service charges are rarely included in restaurant bills.

Puerto Rico combines the lifestyle and social customs of the modern US and the traditional Spanish-speaking Caribbean.

Security

Poverty and unemployment have helped to contribute to a growing crime rate, particularly in San Juan. As in all cities, it is unwise to leave articles unattended in parked cars or hotel rooms.

Getting there

Air

There are direct flights from Europe. Latin American countries are connected via Miami. There are also numerous other connections via New York. Other US cities are also well connected to Puerto Rico.

International airport/s: Luis Muñoz Marín (SJU), 14km east of San Juan; duty-free shop, restaurants, bank, post office, shops, car hire.

Airport tax: None

Surface

Main port/s: San Juan, Ponce and Mayagüez.

Getting about

National transport

Air: Several local airlines operate flights within Puerto Rico, as well as island-hopping trips. Charter services are available.

Road: An extensive network of modern roads and highways link all main centres.

Buses: Regular bus (*guagua*) services operate in San Juan from central terminal at Plaza Colón.

Buses are scarce after 2100.

Taxis: Officially regulated, independently owned *públicos* (publicly shared) taxis have 'P' or 'PD' at the end of a licence

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plate and run regular routes from established points, picking up and dropping off passengers along the way. They are an inexpensive way of reaching urban areas and provincial towns less accessible by public transport.

Water: There is a ferry service linking the islands of Culebra and Vieques to the port of Fajardo, on the east coast of Puerto Rico.

City transport

Taxis: Special tourist taxis (*Taxi Turístico*) operate between the airport and main tourist areas around San Juan. They operate on a zonal basis and charge set fares. Commercial taxis are metered and can be hired by the hour.

Buses, trams & metro: There are good bus services (*guaguas*) in San Juan. Services outside the capital are less reliable. A metro system *Tren Urbano* (Urban Train) provides regular services running through the San Juan metropolitan area.

Car hire

The major car hire companies are represented. Parking is in short supply.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international dialling code (IDD) for Puerto Rico is +1, followed by area code (787) and subscriber's number.

Chambers of Commerce

Puerto Rico Chamber of Commerce, PO Box 9024033, San Juan 00902 (tel: 721-6060; fax: 723-1891; e-mail: camarapr@camarapr.net).

West of Puerto Rico Chamber of Commerce, PO Box 9, Mayagüez 00681 (tel: 832-3749; fax: 832-4287).

Banking

Banco Comercial de Mayagüez, Mayagüez 00708 (tel: 834-3717).

Banco de Ponce, Plaza Degetau, Ponce 00731 (tel: 842-8000).

Banco Popular, M. Rivera Avenue and Bolivia Street, Hato Rey, San Juan (tel: 765-9800; fax: 764-1706).

Banco Santander de Puerto Rico, 207 Ponce de León Avenue, Hato Rey, San Juan (tel: 759-7070; fax: 751-3639).

Government Development Bank for Puerto Rico, PO Box 42001, San Juan 00940-2001 (tel: 726-2525).

Central bank

Government Development Bank for Puerto Rico, PO Box 42001, San Juan 00940-2001 (tel: 722-2525; fax: 721-5496; e-mail: gdbcomm@bgf.gobierno.pr).

Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington DC 20551 (tel: (+1-202) 452-3000; fax: (+1-202) 452-3819).

Travel information

National tourist organisation offices

Puerto Rico Tourism Company, La Princesa Building, 2 Paseo La Princesa, PO Box 902-3060, Old San Juan 00902 (tel: 721-2400; fax: 725-4417).

Ministries

Department of Agriculture, PO Box 10163, San Juan (tel: 721-2120; fax: 723-9747).

Department of Economic Development and Commerce, F.D. Roosevelt Ave 355, 4th Floor, Hato Rey, 00918 (tel: 764-1175 fax: 765-7709).

Department of Education, PO Box 190759, 00919 (tel: 758-4949; fax: 250-0275).

Department of Justice, PO Box 191, 00912 (tel: 721-2900; fax: 724-4770).

Department of Labour and Human Resources, 505 Munoz Rivera Avenue, 00918 (tel: 754-5353; fax: 753-9550).

Department of Natural and Environmental Resources, PO Box 5887, 00906 (tel: 724-8774; fax: 723-4255).

Department of the State, PO Box 3271, 00902 (tel: 722-2121; fax: 725-7303).

Department of the Treasury, PO Box 4515, 00902 (tel: 721-2020; fax: 723-6213).

Department of Transportation and Public works, PO Box 41269, 00940 (tel: 722-2929; fax: 728-8963).

Government of Puerto Rico Economic Development Administration, PO Box 362350, San Juan 00936 (tel: 758-4747; fax: 764-1415).

Office of the Governor, La Fortaleza, 00901 (tel: 721-7000; fax: 721-7483).

Other useful addresses

Caribbean Development Programme, Puerto Rico Department of State, PO Box 3271, San Juan, 00912 (tel: 721-1751; fax: 723-3304).

Legislative Assembly, Capitol Building, 00901 (tel: 724-5200; fax: 724-2428).

Puerto Rico Bankers' Association, 820 Banco Popular Center, San Juan, 00918 (tel: 753-8630; fax: 754-6077).

Puerto Rico Industrial Development Company (FOMENTO), FD Roosevelt Ave, Hato Rey, San Juan, 00918; PO Box 362350, San Juan, PR 00936-2350 (tel: 758-4747; fax: 754-9640; internet site: <http://www.pridco.com>).

Puerto Rico Manufacturers' Association, PO Box 192410, San Juan, 00919 (tel: 759-9445; fax: 756-7670).

Puerto Rico Ports Authority, PO Box 362829, San Juan (tel: 723-2260; fax: 724-6444).

San Juan Convention Bureau, Ashford Avenue 1110, San Turce, 00907 (tel: 725-2110).

Supreme Court, Supreme Court Building, 00901 (tel: 723-6033; fax: 725-4910).

Internet sites

Puerto Rico Tourism Company: <http://www.gotopuertorico.com>

Urban transit: <http://www.urbanrail.net>

Welcome to Puerto Rico:

<http://www.topuertorico.com>

Yellow and White Pages: <http://www.escapetopuertorico.com/ypages>