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FOR LATIN AMERICA
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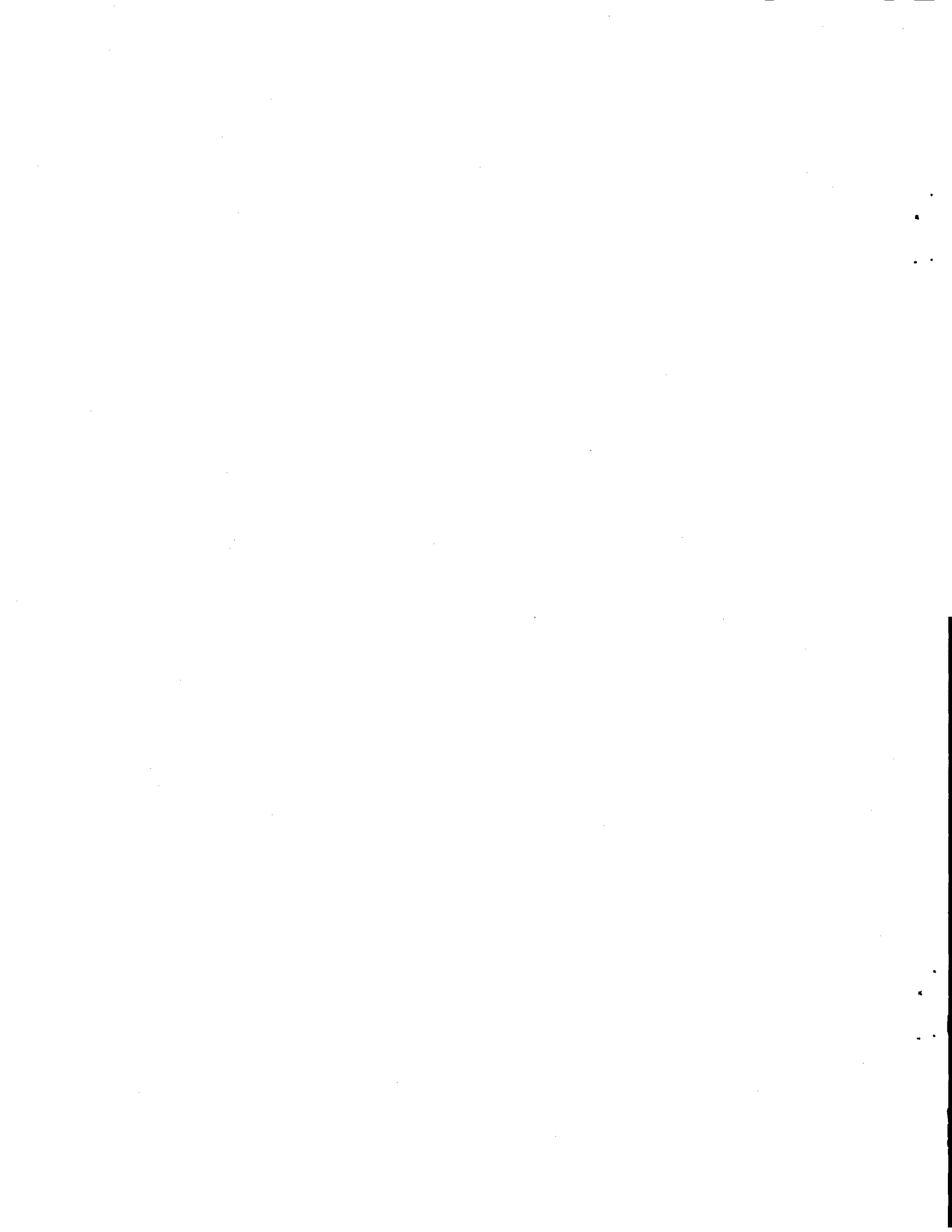


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ECONOMIC SURVEY OF PUERTO RICO

1994



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CONTENTS

Presentation

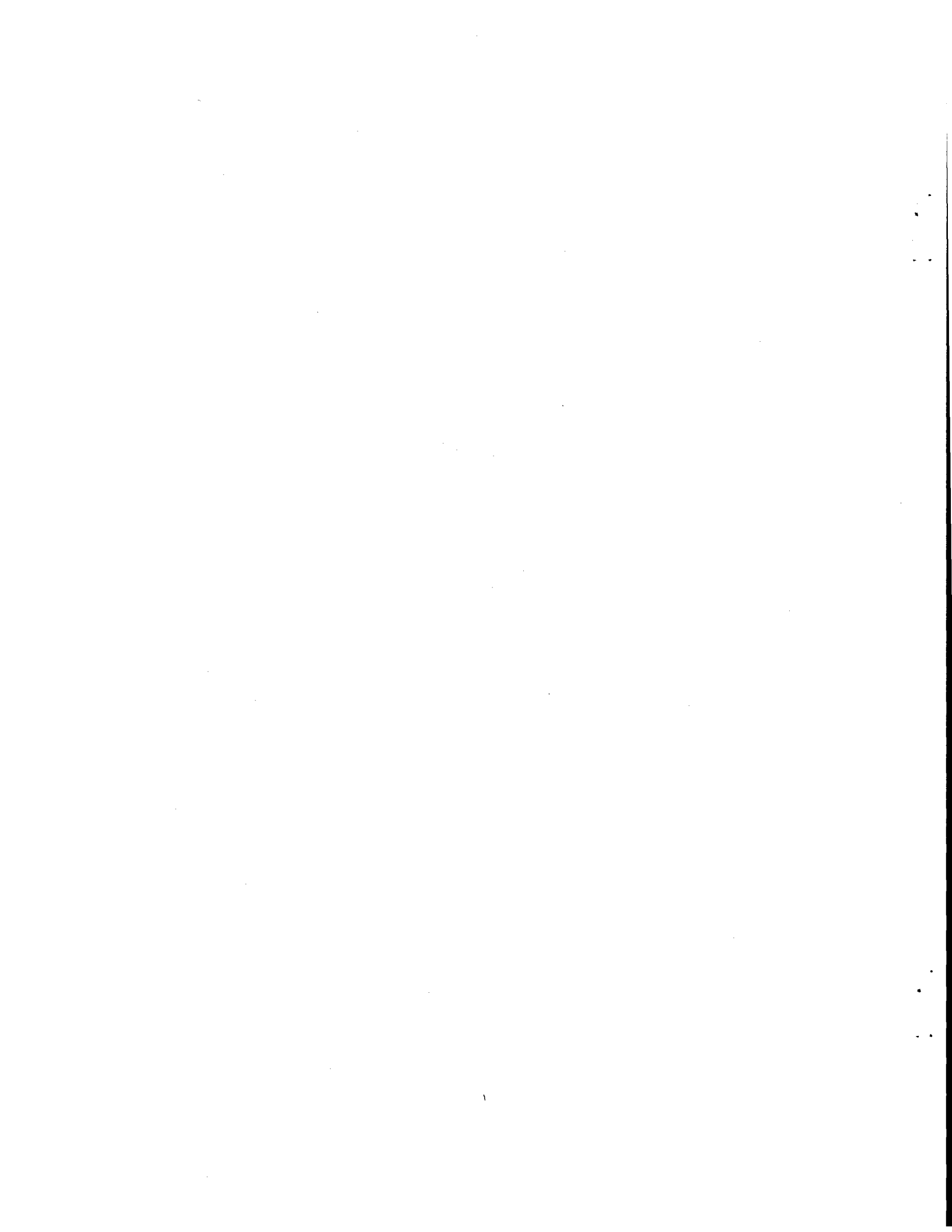
Part One:	The Evolution of the Economy, Fiscal Year 1994	5
I.	The Domestic Economy	5
1.	Macroeconomic Aggregates	5
2.	Sectoral Evolution	6
3.	Employment	7
4.	Prices and Incomes	8
5.	Public Finances	8
6.	Credit Markets	11
II.	International Transactions	12
Part Two:	Specific Issues	14
1.	Trade and Investment Links between Puerto Rico and the U.S.	14
2.	936 Funds Benefit the Caribbean	15
3.	New Economic Model	17

Part Three: Statistical Appendix

Table 1-1	Main Economic Indicators
Table 1-2	Gross Product
Table 1-3	Gross Domestic Product by Industrial Sector
Table 1-4	Gross Domestic Manufacturing Product
Table 1-5	Construction Activity Indicators
Table 1-6	Gross Agricultural Income
Table 1-7	Tourism
Table 1-8	Employment and Unemployment
Table 1-9	Consumer Prices
Table 1-10	Income and Wage Indicators
Table 1-11	Government Receipts
Table 1-12	Commonwealth Government Expenditures
Table 1-13	Transfers between Puerto Rico and the Federal Government
Table 1-14	Federal Transfers for Joint Projects and Operational Expenses
Table 1-15	Gross Public Debt of Puerto Rico
Table 1-16	Total Assets of Banking System
Table 1-17	Deposits in Commercial Banks
Table 2-1	Merchandise Exports
Table 2-2	Merchandise Imports
Table 2-3	Merchandise Trade by Area
Table 2-4	Balance of Payments

PRESENTATION

This is the fourth time the Washington Office of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) prepares a survey of the economy of Puerto Rico, following its admission as an associate member of ECLAC in May of 1990 by resolution 505(XXXIII). The structure of the survey follows, with some adaptations, the standard outline utilized for drafting the yearly surveys of the Latin American and Caribbean economies. It is divided in three parts: first, Puerto Rico's recent economic performance; second, some selected characteristics of its economy; and third, a statistical appendix.



PART ONE

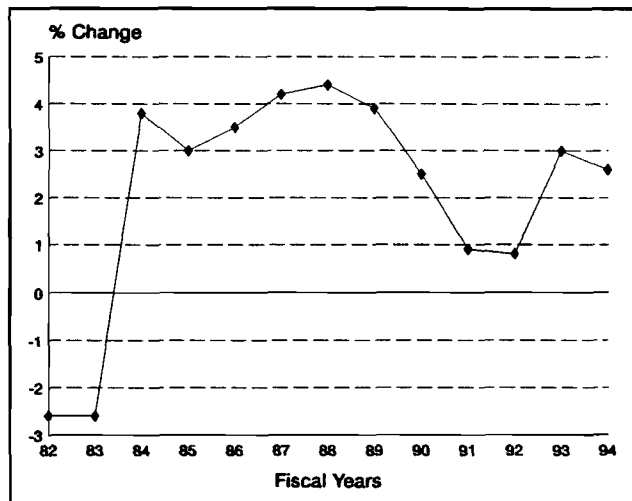
THE EVOLUTION OF THE ECONOMY FISCAL YEAR 1994

I. THE DOMESTIC ECONOMY

The economy of the Commonwealth of Puerto Rico continued to grow --though at a lower rate than the previous year-- with gross product (GP) expanding by 2.6% in 1994. The expansion was accompanied by low inflation and a slight increase in the level of employment. Prices, as measured by the consumer price index, decreased slightly from 3.0% in 1993 to 2.9% in 1994, while civilian unemployment fell somewhat, to 16.0%, its lowest level since 1991 (appendix, table 1-1).

After dropping for two consecutive years, merchandise exports surged and were a source of growth, largely in response to an acceleration of growth of the U.S. economy, Puerto Rico's main trading partner. By contrast, the oil spill of February 1994 near the tourist beaches, as the drought that hit the Island since October 1993, were detrimental factors in Puerto Rico's economic development during the year.

Figure 1 Puerto Rico: Real Gross Domestic Product



1. Macroeconomic Aggregates

After a strong 3% expansion in 1993, Puerto Rico's economy grew slightly less, by 2.6% in 1994, still showing signs of strength after the slowdown in 1991 and 1992 when it grew at rates of 0.2% and 0.8%, respectively.

All components of the Gross Product expanded during fiscal year 1994. Government consumption and exports experienced faster growth than in 1993, expanding by 2.2% and 2.7%, respectively. Merchandise exports were the leading source of growth increasing by \$138.1 million in 1994, a 4% growth in relation to the previous year.

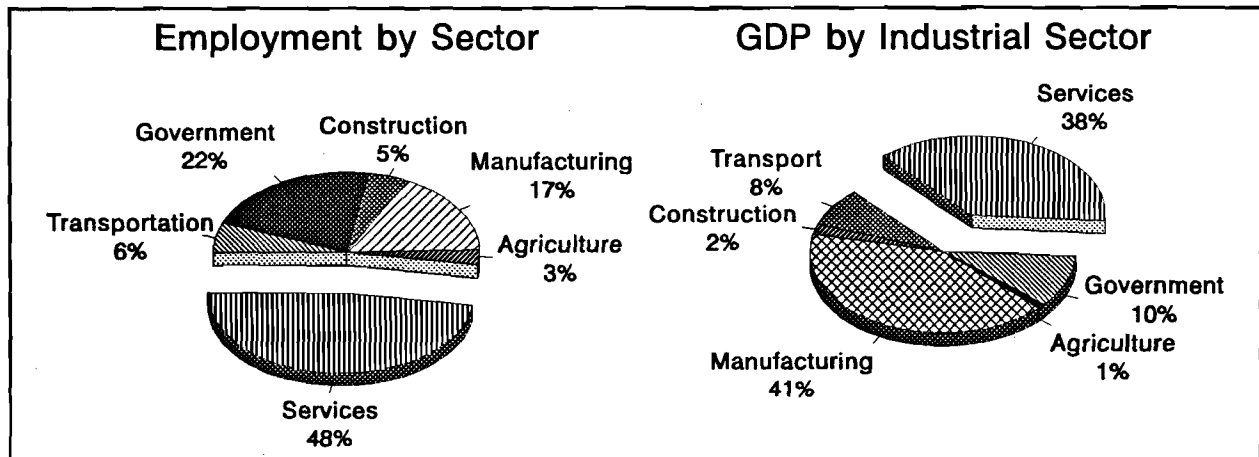
Private consumption grew at a slower pace than in 1993, at 3.7% in 1994 and investment by only 0.4%, after two years of robust growth, partly due to a decrease in growth of private investment (appendix, table 1-2).

2. Sectoral Evolution

The manufacturing sector, which accounted for 41.5% of Puerto Rico's gross domestic product in 1994 --compared to 28.6% in 1974-- continued being one of the main strengths of the Island's economy, expanding by 7% (appendix, table 1-3). Output of pharmaceuticals, which account for half of total manufacturing output, grew by 10.8% during the year, after expanding 12% in 1993. Machinery, however, increased by only 1.3% after a robust 9.7% growth in 1993. Finally, the services sector posted very strong growth for the second year in a row, expanding by 8.2% in 1994 (appendix, table 1-4).

Investment in the construction industry surged by 5.6% in 1994, to nearly \$3 billion, among the leading catalysts of Puerto Rico's economic growth. Private investment remained vigorous, increasing by 10.5%. In addition, the value of permits for private construction increased by an astounding 20.9%. By contrast, the value of public construction increased by only 1.7%, with the value of permits granted to public construction declining by 29%. Last, production and sales of cement grew by 4.3% and 4.6% respectively (appendix, table 1-5).

Figure 2 Puerto Rico: GDP and Employment by Industrial Sector



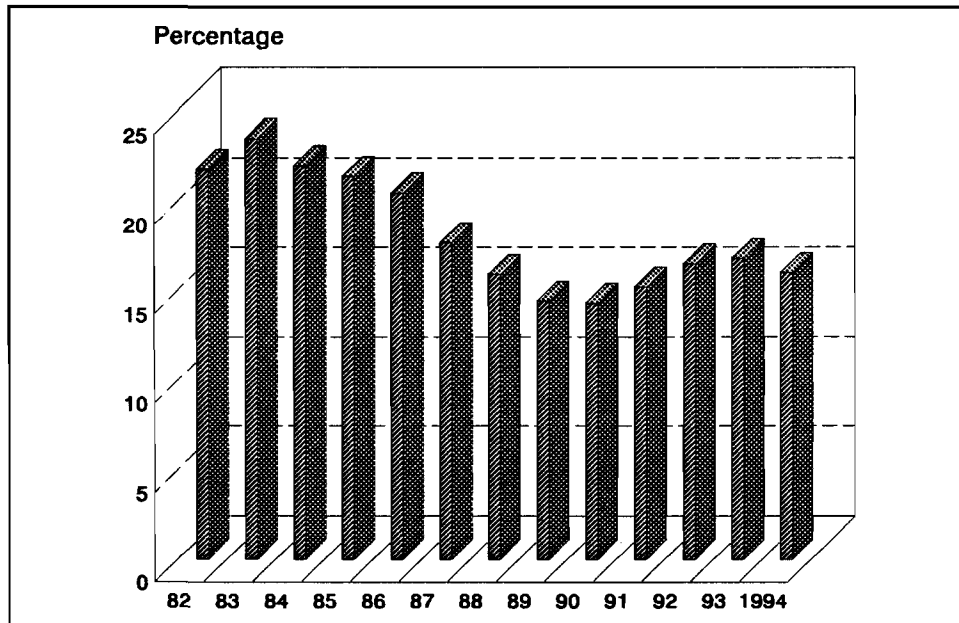
The drought that hit the Island in 1994 caused an estimated \$93.9 million loss in the agricultural sector. In fiscal year 1994, the gross value of the agricultural sector was \$687.1 million, a decrease of \$6.5 million or 0.9%, with respect to the previous year, and the fifth year of negative growth. All principal crops fell 2%, with sugar dropping by 20.5%. Fruits and vegetables decreased also by 10.7% and 1.1% respectively. By contrast, livestock products remained the same as last year (appendix, table 1-6).

The number of tourists visiting the Island increased by 4.0% in 1994, to reach 4,022,600 persons, largely due to the increase in cruise ships sailing in the region. Total expenditures by tourists grew 6.7%, amounting to \$1.7 billion, which represents 15.4% of all expenditures by tourists in the Caribbean --the highest among all Caribbean countries. Hotel occupancy rates increased to 70.3%, an increase of 0.7% from the previous year, though the number of rooms increased by 10.7%. The majority of tourists came from the United States (75%) and the rest mainly from Latin America and the Caribbean (appendix, table 1-7)

3. Employment

During fiscal year 1994, total average employment expanded to 1,011,000 persons, an increase of 1.3% in relation to 1993. The services sector experienced the largest gains, particularly insurance, financing and real estate. Other sectors that experienced growth in employment were transportation, communications and the government. By contrast, the construction and manufacturing sectors reduced their number of jobs, while agricultural employment remained the same. As a consequence, the unemployment rate fell from 16.8% in 1993 to 16.0% in 1994 (appendix, table 1-8).

Figure 3 Puerto Rico: Unemployment Rate



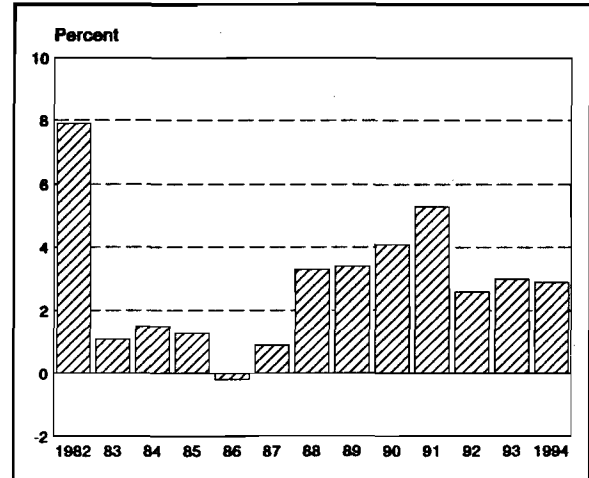
During the past decades, the structure of employment in the Island's economy has been changing. In 1994, the agricultural sector contributed 3.4% of total employment, compared to 21% in 1964. Also, the generation of jobs in both the manufacturing and construction sectors -which currently have 16.4% and 5.3% of total employment-- is less than that of previous years. The services and government sectors have shown an increase in employment and, account for 75% of all employment.

4. Prices and Incomes

The rate of inflation, remained almost the same, dropping to 2.9% in 1994 from 3% in 1993. During 1994, decreases in clothing prices of 2% and in transportation costs of 1.7% helped maintain inflation at levels below those experienced between 1988 and 1991. A 6.8% increase in food prices, and smaller increases in medical costs, education and leisure exercised upward pressure on inflation (appendix, table 1-9).

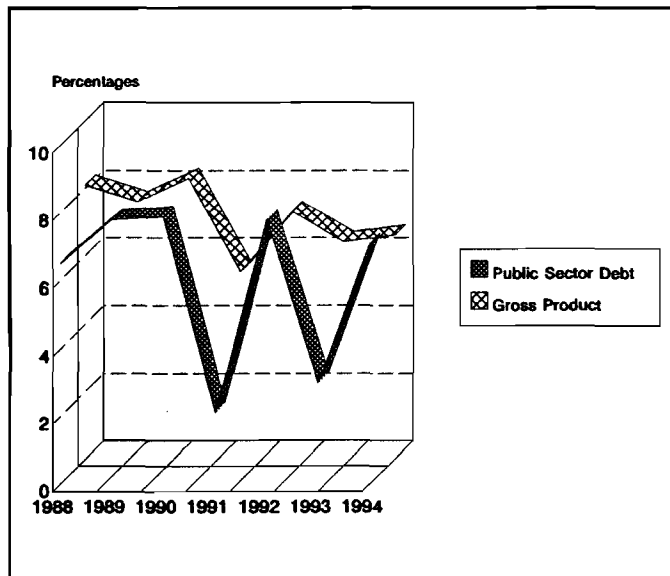
Personal income, which grew by 7.4% the previous year, expanded by 4.6% in 1994, as a consequence of slower growth in the production sector and in transfer payments. Transfer payments to individuals grew by 6% and real per capita income increased by 1% (appendix, table 1-10).

Figure 4 Puerto Rico: Rate of Inflation



5. Public Finances

Figure 5 Puerto Rico: Public Debt and Gross Domestic Product (growth rates)

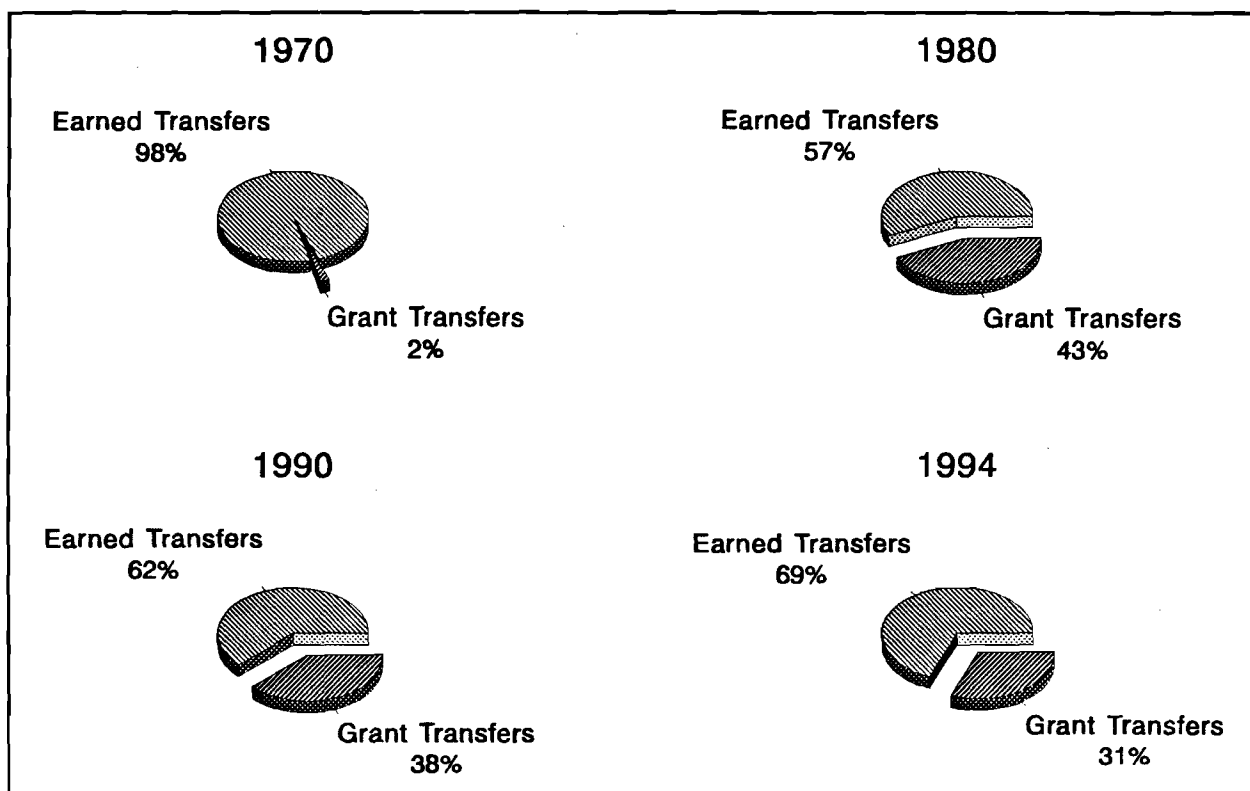


In 1994, government receipts increased sharply by 12.9%, surpassing the \$6 billion dollar level (appendix, table 1-11). Income tax revenues expanded by 19.2%, largely due to a 14.1% rise in corporate taxes, while excise taxes, grew by 12.4%.

Government expenditures increased by 4.6%, after a 6.5% increase in fiscal 1993. Employee compensations, which accounted for about 50% of all expenditures, grew 4.9% in 1994 (appendix, table 1-12). Transfers to individuals represented 16% of government expenditures, or \$1.29 billion.

Federal transfers to Puerto Rico amounted to \$7.8 billion, with transfers to individuals totaling \$5.7 billion (appendix, tables 1-13 and 1-14). Federal transfer payments, which rose sharply in the middle 1970's, still contribute in an important way to personal income. Federal transfers to individuals, which amounted to about 5.6% and 7.5%, of personal income in 1960 and 1970, respectively, have contributed over 20% of personal income in the past two decades. In 1994, federal transfers to individuals amounted to \$5728.1 million or 22% of personal income.

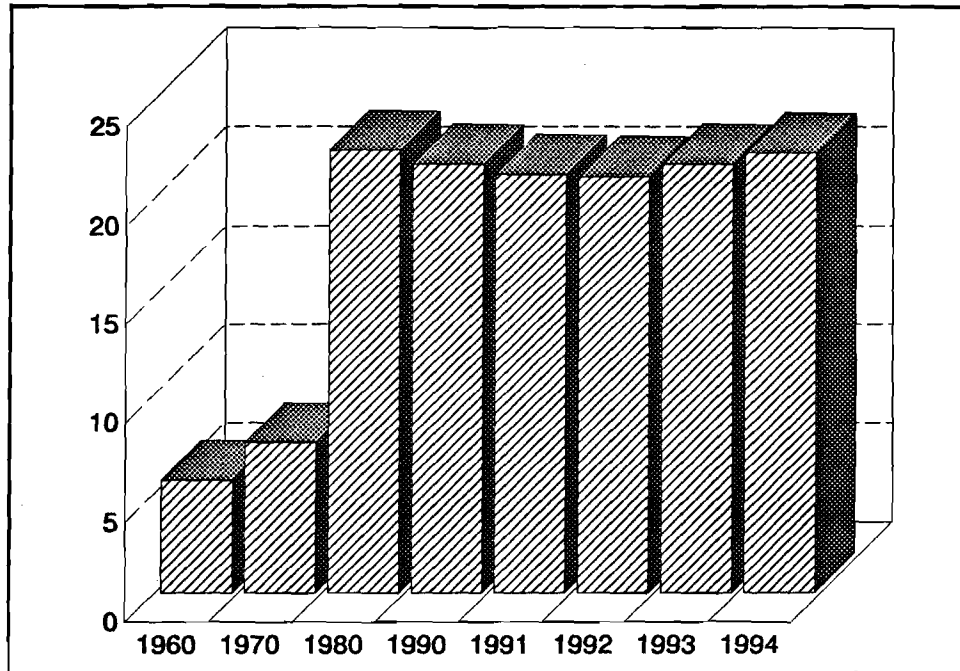
Figure 6 Puerto Rico: Composition of Federal Transfers



However, the composition of transfers to individuals has been changing over time. The Puerto Rico Planning Board classifies transfer payments in two categories: "earned transfers" and "granted transfers". Earned transfers include payments received by persons for previous rendered services or previous payments to the Federal Government. It includes, for instance, veterans' pensions and Social Security payments with the latter, representing the main part of the transfers. On the other hand, granted transfers consists of transfers given unilaterally such as the nutritional program, scholarships, and housing aid. The nutritional program is the major component of grant transfers.

In 1994, earned transfers represented 69% of transfers to individuals, while granted transfers amounted to 31%. More importantly, the relative participation of earned transfers has been increasing steadily. In 1980, for instance, earned transfers amounted to 57% of federal transfers to persons, while by 1990, they reached more than 60%.

Figure 7 Puerto Rico: Federal Transfers as a Percentage of Personal Income



Puerto Rico's participation in federal income support and health care programs differs from the Mainland. In certain programs, such as social security, unemployment insurance, and child nutrition, Puerto Ricans are treated as residents of the United States. In others, such as Aid to Families with Dependent Children and Adult Assistance, there are differences because federal funding is capped and benefits are lower. In health care programs, the level of funding for Puerto Rico, in both federal Medicaid and Medicare programs, is lower than that of the mainland.

Finally, Puerto Rico's debt, including that of the Commonwealth, the municipalities, and public corporations, increased to \$15.3 billion in 1994, a 7.1% rise from the previous year. Public enterprises accounted for 71% of the total debt (appendix, table 1-15).

6. Credit Markets

In fiscal year 1994, the level of assets of the banking system in the Island amounted to \$42.4 billion dollars, a slight increase of 0.7%, after a substantial drop of 13.8% in the previous year. Assets of both savings and loans and commercial banks expanded by 3.9% and 10.1%, respectively, with the former growing to \$18.8 billion, representing 44.4% of total assets in the banking sector. Meanwhile, government bank assets fell by 5.1% and international bank assets dropped also by 16.7%.

Total deposits in commercial banks increased to \$19.3 billion dollars, a growth of 3.5% relative to the previous period. Public funds increased sharply by 15.4%, after a 0.6% rise in 1993, while private funds, which represented 93.3% of total deposits, increased only 2.8%. Section 936 funds, with \$5.2 billion in deposits and representing 20.8% of total private deposits in commercial banks, continue being an important source of deposits though their relative share has been declining since 1990. In 1994, these deposits fell by 5% relative to 1993.¹

The second source of funds for the commercial banks are savings accounts, which displaced certificate of deposits since 1993, and representing, in 1994, 20.2% of total private deposits in commercial banks. The fall of certificate of deposits reflects the reductions in interest rates. (appendix, table 1-17).

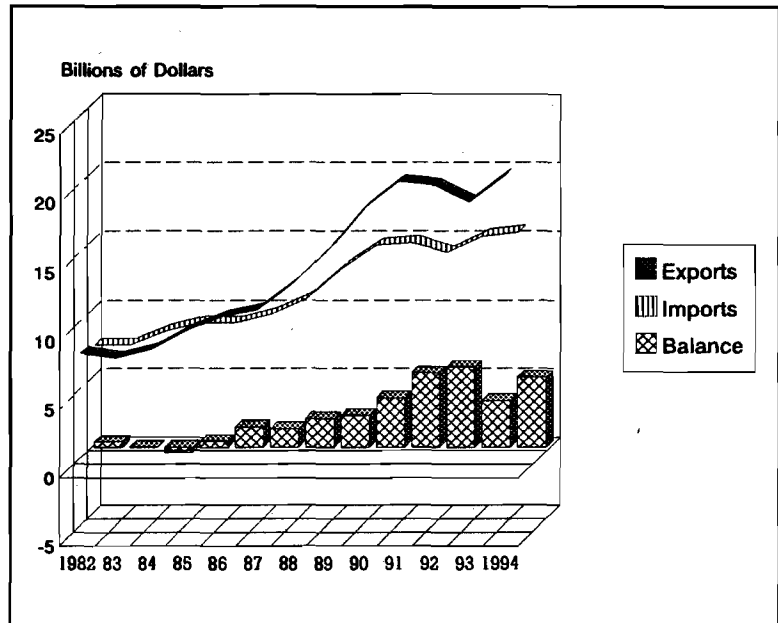
¹ The 936 funds, as they are called, are profits retained by corporations in Puerto Rico in response to the Commonwealth's industrial and tax incentives and incentives granted under Section 936 of the U.S. Internal Revenue Code (the Possessions Tax Credit).

II. INTERNATIONAL TRANSACTIONS

In 1994, Puerto Rico's merchandise trade surplus increased to over \$5 billion in response to a faster expansion of exports than of imports. Exports rose by 9.9%, due to strong growth rate in the Mainland, the Island's main trading partner while imports increased by only 1.6%.

Manufacturing exports, which account for 99.2% of total exports, increased 9.8% in 1994. Chemical products, about half of manufacturing exports, rose by 19.2% as a result of a 24.4% expansion in pharmaceuticals which account for 79% of chemical exports. Also, exports of machinery except electric and of petroleum products increased after two years of negative growth, while those of electrical machinery continued last year's strong pace expanding by 14.6% (appendix, table 2-1).

Figure 8 Puerto Rico: Merchandise Trade



By contrast, import growth slowed down to 1.6%, after an increase of 6.5% the previous year. With the exception of machinery, electrical machinery and transport equipment, all other manufacturing imports remained weak (appendix, table 2-2).

Exports to the U.S. registered an 11.5% growth, representing 87.4% of the total exports of fiscal year 1994. The other main purchasers of Puerto Rico's exports are the Dominican Republic, Germany, United Kingdom, Belgium and France, with nearly \$1.6 billion worth of purchases. In turn, the U.S. supplied 67.2% of all imports into the Island, with Japan, Venezuela, the Dominican Republic and the United Kingdom following far behind.

In fiscal year 1994, Puerto Rico's deficit in the balance of goods and services, unilateral transfers, and interest on the commonwealth and municipal government debt dropped by \$98.2 million (appendix, table 2-4).

PART TWO

SPECIFIC ISSUES

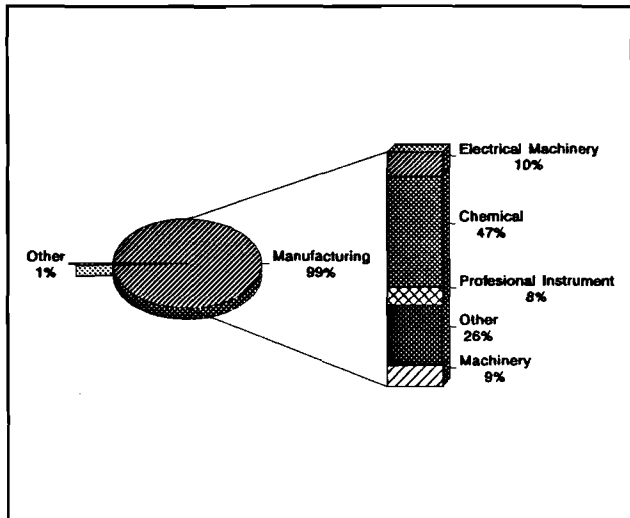
1. Trade and Investment Links Between Puerto Rico and the United States

The United States is Puerto Rico's primary trading partner with total trade amounting to \$38.4 billion in 1994. Exports to the United States represented 87.4% of all exports, totaling \$21.8 billion, while imports accounted for 67.2% of Puerto Rico's total imports, amounting to \$16.7 billion, which makes Puerto Rico one of the top ten purchasers of U.S. exports.

In this context, the leading force in Puerto Rico's trade is its manufacturing sector, particularly exports of chemical products such as drugs and pharmaceuticals. Puerto Rico provides close to 25% of the worldwide demand for drug products and fifty percent of U.S.' pharmaceutical imports.

In addition to an active flow of goods between Puerto Rico and the mainland, capital flows from the latter are the primary source of investment in Puerto Rico. A substantial flow of capital to Puerto Rico has been fostered by legislation such as Section 936 of the U.S. Internal Revenue Code (the Possessions Tax Credit) and the Commonwealth's Industrial Incentives Act.

Figure 9 Puerto Rico: Composition of Exports 1994



Under Section 936, U.S. corporations can obtain tax credits against federal taxes attributable to the income earned from business operations and certain financial investments in Puerto Rico.² Also, Puerto Rico's Tax Incentives Act has historically granted tax exemption

² Specifically, U.S. corporations which meet certain requirements are eligible to obtain a 100% offsetting tax credit against U.S. federal income taxes for earnings from their operations in Puerto Rico. To qualify for credit, a firm must earn in Puerto Rico at least 80% of its gross income, for a three-year period preceding the end of the taxable year. In addition, at least 75% of the corporation's income must come from the active conduct of trade or business in Puerto Rico, with up to 25% of income allowed from passive investments such as bank deposits, notes and bonds.

to both active and passive earnings. As further inducement for the retention of profits in the island, Puerto Rico imposes a "tollgate tax" applicable upon repatriation of profits.

Low effective tax rates, competitive wages relative to the mainland, and free trade with it, have attracted capital investment to the Island and spurred economic growth. In addition, due to the tax incentives granted under section 936, many corporations operating in Puerto Rico with tax-exempt status retain and deposit their profits in Puerto Rico, contributing to the generation of investment and employment.

Due to the attractiveness of tax incentives, the corporations making these deposits in the Island accept a lower rate of return on their earnings. Hence, financial institutions in Puerto Rico can lend 936 funds at reduced interest rates, one to two points below market rates, representing significant savings in finance costs. In this way, 936 funds provide a large pool of available credit for financing investment projects and development finance.

Figure 10 Puerto Rico: Trade by Area

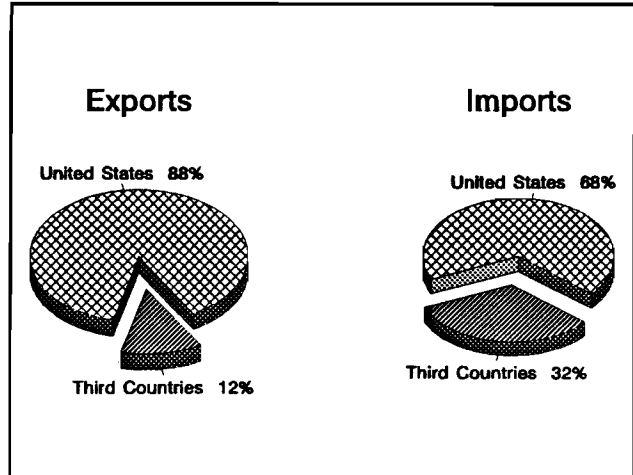
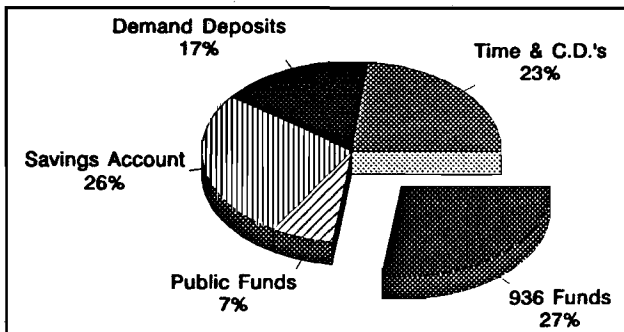


Figure 11 Puerto Rico: Commercial Bank Deposits, 1994



The 936 funds constitute the most important source of liquidity for financial intermediaries. These funds represent about one third of total commercial bank deposits and have helped to create a unique banking system.

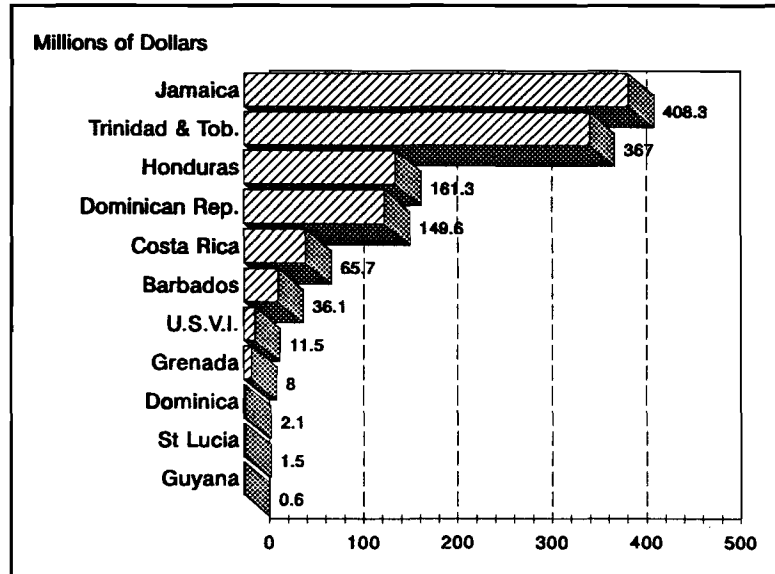
2. 936 Funds Benefit the Caribbean

In 1987, the Commonwealth of Puerto Rico initiated the Caribbean development program (CDP), a comprehensive plan to make Section 936 funds available for financing economic development and infrastructure projects in the Caribbean. The CDP has promoted 173 projects in 14 countries in the Caribbean Basin. These projects have created more than 36,870 jobs in the Caribbean and represent a total investment of over \$2.0 billion. Of this total, \$1.2 billion has been financed through 936 funds.

The CDP has three main objectives: first, the promotion of production sharing plants between Puerto Rico and the Caribbean Basin countries; second, the use of 936 funds in qualified projects; and third, the implementation of technical assistance and collaboration programs.

Funds have been channeled to finance projects in telecommunications, tourism infrastructure, manufacturing, food processing and agriculture. Last, overall links with Caribbean Basin countries have increased. The volume of exports between Puerto Rico and the Caribbean Basin countries increased 47% in the last 8 fiscal years, while imports have also increased by 47% in the same period. These developments are making of Puerto Rico a hub in the Caribbean regional economy.

Figure 12 Puerto Rico: 936 Funds Promoted for CBI Countries, 1990-1994



The availability of financing for Caribbean Basin projects under 936 of the Internal Revenue Code was reduced as a consequence of changes in the legislation. The new 936 provisions, effective January 1, 1994, offer 936 companies two choices: first, a smaller tax credit on their Puerto Rico income or second, a credit on their "economic activity" which includes capital investment and Puerto Rico income tax payments but, is mainly compensation.³

³ The new income credit fell from 100 percent in 1993 to 60 percent in 1994; 55 percent in 1995; 50 percent in 1996; 45 percent in 1997; and 40 percent from 1998 on.

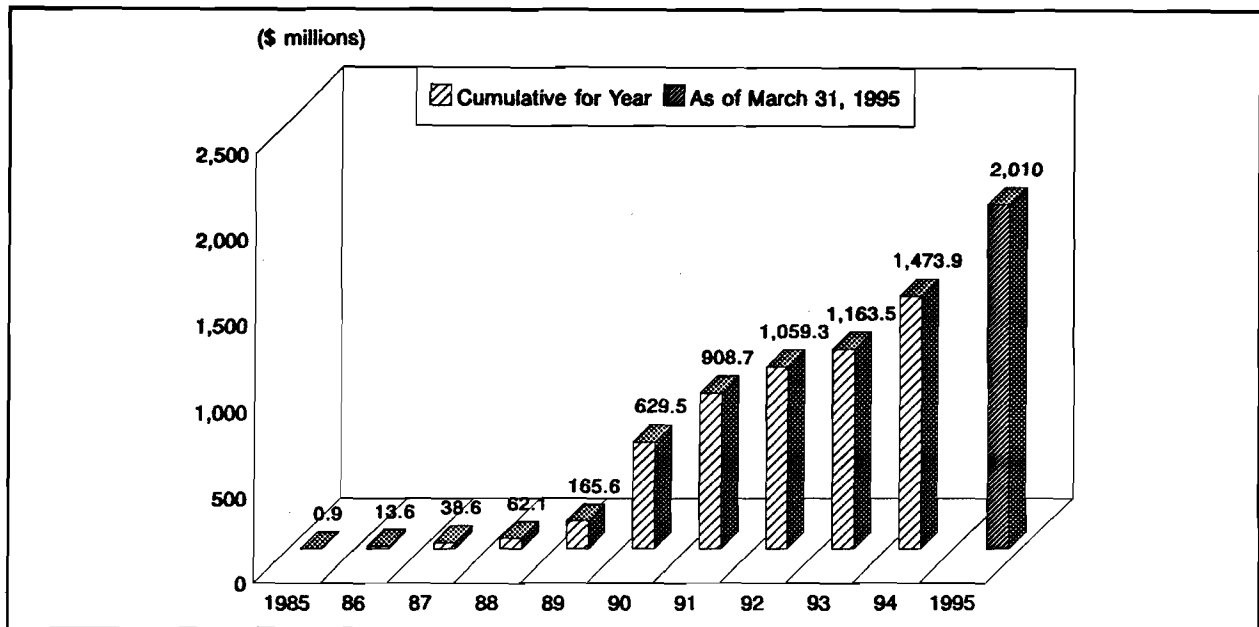
The "economic activity credit" would be capped as follows:

- Up to 60 percent of wages, defined as wages up to \$48,960 plus fringe benefits up to 15 percent of those wages.

- Plus, up to 15 percent depreciation for qualified short-life property, defined as property depreciated over three to five years; 40 percent for medium-life property, depreciated over seven to ten years; and 65 percent for long-life property, depreciated over more than 10 years.

- Plus, for those taxpayers using a cost-sharing method to calculate 936 profits, deductions on Puerto Rico income taxes up to a 9 percent effective tax rate.

**Figure 13 Puerto Rico: Investment Promoted in CBI Countries
(936 and other investments)**



3. New Economic Model

A New Economic Model was announced on January 20, 1994, as part of a broad initiative by the Governor of Puerto Rico to promote competitiveness and productivity in all sectors of the economy and to transform the economy into a significant competitor in the global market.

Within this "New Model" infrastructure spending is singled out as the main goal to promote economic development, amounting to \$7.5 billion in total investment. Several strategic projects have been identified in the following areas: water and sewer; power; ports and airports; ground transportation; communications; solid waste disposal and development of the tourist area in the north east. In addition to infrastructure, the current administration has already taken steps in downsizing, in tax reform to promote private investment, and in a privatization program and deregulation.

For instance, the administration has received bids to sell the Sugar Corporation; the Pineapple Program; several state owned hotels and the maritime shipping company. Also, commercial offices have been established in Panama and Mexico, as well as a Foreign Trade Board is functioning in the Island.

Finally the Economic Development Bank of Puerto Rico established Serviexport to promote exports of services and the Enterprise Development Initiative to attract and develop in Puerto Rico emerging companies with growth potential.





PART THREE

STATISTICAL APPENDIX

Table 1-1
Puerto Rico: Main Economic Indicators

	1990	1991	1992	1993	1994
Growth Rates					
Real Gross Product	2.5	0.9	0.8	3.0	2.6
Rate of inflation	4.1	5.3	2.6	3.0	2.9
Wages	-	-	5.5	5.4	6.5
Percentages					
Unemployment rate	14.3	15.2	16.5	16.8	16.0
Millions of dollars					
Merchandise exports	19305.4	21323.0	21051.2	19790.7	21752.6
Merchandise imports	15721.6	15904.3	15387.3	16385.9	16654.2
Balance on goods & services, unilateral transfers, and interest.	-3296.1	-2696.0	-3370.1	-3432.3	-3334.1
Thousands					
Population	3513	3538	3564	3600	3653

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

Table 1-2

Puerto Rico: Real Gross Product

	1990	Growth Rates		1993	1994 ^a
		1991	1992		
Global Supply	4.8	0.2	0.8	1.2	2.9
Gross Product	2.5	0.9	0.8	3.0	2.6
Imports	6.4	-0.2	0.7	-0.1	3.1
Global Demand	4.8	0.2	0.8	1.2	2.9
Consumption	2.3	-1.0	1.9	3.8	3.4
Private	2.0	-1.2	3.7	4.5	3.7
Government	3.2	-0.5	0.2	0.7	2.2
Investment	1.4	-7.7	6.9	9.2	0.4
Fixed	2.8	1.7	-1.2	8.2	2.9
Construction	4.9	3.6	-2.7	2.2	2.5
Machinery	0.7	-0.3	0.3	14.3	3.2
Inventory Change	-	-	-	-	-
Exports	9.4	3.6	-3.3	-4.1	2.7

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

Table 1-3

Puerto Rico: Gross Domestic Product by Industrial Sector ^a

	<u>Millions of Dollars: fiscal years</u>					<u>%Share</u>		<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^b	1980	1994	1990	1991	1992	1993	1994 ^b
Gross Domestic Product	30603.8	32287.0	34630	36848	39264.8	100.0	100.0	8.3	5.5	7.3	6.4	6.6
Agriculture	434.1	449.3	420	408	411.2	2.3	1.0	-2.0	3.5	-6.5	-2.9	0.8
Manufacturing	12125.8	12661.3	14183	15239	16308.9	36.3	41.5	8.9	4.4	12.0	7.4	7.0
Construction & Mining	719.9	770.2	798.3	836.4	850.1	2.8	2.2	8.7	7.0	3.6	4.8	1.6
Transportation	2468.1	2670.7	2830.4	2994.8	3092.5	8.5	7.9	6.6	8.2	6.0	5.8	3.3
Trade	4728.3	4832.1	4990.2	5343.7	5675.8	15.4	14.5	8.1	2.2	3.3	7.1	6.2
Finance, Insurance, & Real Estate	3895.8	4307.6	4595.9	4791.4	5085.2	10.1	13.0	3.9	10.6	6.7	4.3	6.1
Services	3015.3	3321.6	3582.2	3926.5	4249.3	8.6	10.8	11.7	10.2	7.8	9.6	8.2
Government	3337.2	3522.0	3672.0	3881.3	4071.2	12.9	10.4	4.7	5.5	4.3	5.7	4.9

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Numbers do not add up to statistical discrepancy.

b. Preliminary data.

Table 1-4
Puerto Rico: Gross Domestic Manufacturing Product

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994*	1990	1991	1992	1993	1994*
Gross Manufacturing Product	12125.8	12661.3	14182.9	15238.5	16308.9	8.9	4.4	12.0	7.4	7.0
Pharmaceuticals	4989.6	5762.8	6459.5	7235.9	8016.7	13.9	15.5	12.1	12.0	10.8
Machinery & metal products	3204.6	2803.7	2934.6	3218.5	3259.4	7.1	-12.5	4.7	9.7	1.3
Food products	1790.6	2031.7	2413.1	2403.9	2588.0	16.3	13.5	18.8	-0.4	7.7
Apparel	485.8	491.2	536.1	535.8	524.1	-0.9	1.1	9.1	-0.1	-2.2
Petrochemicals & other										
Chemical products	383.3	388.0	432.0	444.5	454.3	-7.4	1.2	11.3	2.9	2.2
Cement, stone, clay and glass product	177.0	184.4	186.8	191.4	194.6	1.8	4.2	1.3	2.5	1.7
Tobacco products	170.7	159.2	188.5	177.7	192.5	4.0	-6.7	18.4	-5.7	8.3
Petroleum & petroleum prod.	204.7	101.2	257.7	185.3	180.9	-24.6	-50.6	154.6	-28.1	-2.4
Textiles	41.8	42.5	45.4	46.1	46.6	-15.0	1.7	6.8	1.5	1.1
Other	677.7	696.6	729.2	799.4	851.8	3.0	2.8	4.7	9.6	6.6
Other Indicators										
Electricity consumption ^b										
industrial	3414.8	3555.9	3445.8	3521.9	3735.0	1.7	4.1	-3.1	2.2	6.1
comercial	4306.2	4630.9	5082.1	5270.7	5635.1	2.4	7.5	9.7	3.7	6.9

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

b. Millions of Kilowatts per hour (KWH)

Table 1-5
Puerto Rico: Construction Activity Indicators

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Value of Construction	2493.4	2633.2	2644.3	2827.4	2986.2	8.1	5.6	0.4	6.9	5.6
Private	1089.3	1170.2	1114.1	1262.2	1394.1	12.3	7.4	-4.8	13.3	10.5
Public	1404.1	1463.0	1530.1	1565.2	1592.1	5.0	4.2	4.6	2.3	1.7
Value of Permits Granted	883.3	996.8	877.7	1006.6	1075.9	1.5	12.8	-11.9	14.7	6.9
Private	646.6	762.3	687.0	723.3	874.7	6.8	17.9	-9.9	5.3	20.9
Residential	340.2	407.4	352.1	384.3	406.0	-2.7	19.8	-13.6	9.1	5.6
Non-Residential	306.4	354.9	334.9	339.0	468.8	19.9	15.8	-5.6	1.2	38.3
Public	236.8	234.6	190.7	283.3	201.2	-10.6	-0.9	-18.7	48.6	-29.0
Residential	42.9	55.2	15.3	111.3	67.7	2.9	28.7	-72.3	627.5	-39.2
Non-Residential	193.9	179.4	175.4	172.0	133.6	-13.1	-7.5	-2.2	-1.9	-22.3
Cement ^b										
Production	30.6	30.4	29.7	30.5	31.8	3.7	-0.7	-2.3	2.7	4.3
Sales	30.9	30.4	30.1	30.5	31.9	2.7	-1.6	-1.0	1.3	4.6

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

b. Thousands of bags, 94lbs.

Table 1-6

Puerto Rico: Indicators of Agricultural Output

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Gross Value	727.4	725.1	722	693.6	687.1	-0.3	-0.3	-0.4	-3.9	-0.9
Principal crops	70.2	69.4	80.1	81	79.4	-15.4	-1.1	15.4	1.1	-2.0
Sugar	17.4	17.2	15.5	15.1	12.0	-22.7	-1.1	-9.9	-2.6	-20.5
Coffee	51.5	50.6	63.1	64.7	66.3	-11.7	-1.7	24.7	2.5	2.5
Other	1.3	1.6	1.5	1.3	1.1	-40.9	23.1	-6.3	-13.3	-15.4
Livestock products	425.4	415.2	415.4	405.9	405.9	1.5	-2.4	0.0	-2.3	0.0
Milk	201.6	199.6	195.6	191.2	189.7	2.8	-1.0	-2.0	-2.2	-0.8
Eggs	18.6	22.5	24	23.9	25.7	-17.0	21.0	6.7	-0.4	7.5
Beef & Pork	103.3	82.6	83.6	77.2	73.2	3.6	-20.0	1.2	-7.7	-5.2
Poultry	77.4	85.3	87.6	90.3	93.1	-4.0	10.2	2.7	3.1	3.1
Other	2.0	25.2	29.3	26.7	27.6	18.4	3.3	16.3	-8.9	3.4
Vegetables & Legumes	99.6	99.8	85.9	72.6	71.8	0.7	0.2	-13.9	-15.5	-1.1
Fruits	36.5	41.7	38.4	34.7	31.0	-6.4	14.2	-7.9	-9.6	-10.7
Others	95.9	99.1	102.1	99.4	99.0	7.4	3.3	3.0	-2.6	-0.4

Source: ECLAC, on the basis of data from Puerto Rico Department of Agriculture.

a. Preliminary data.

Table 1-7

Puerto Rico: Tourism

						<u>Rates of Growth</u>				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Visitors										
Number ^a	3425.8	3504.3	3730	3869	4022.6	6.4	2.3	6.4	3.7	4
Expenditure ^b	1366.4	1435.7	1519.7	1628.1	1736.6	9.0	5.1	5.9	7.1	6.7
Hotel										
Occupancy Rate %	73.8	69.9	67.8	69.9	70.3	-0.8	-5.3	-3.0	2.9	0.7

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Thousands of people.

b. Millions of dollars.

Table 1-8

Puerto Rico: Employment and Unemployment

	<u>Thousands</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Civilian Population ^b	2473.0	2515.0	2536.0	2563.0	2608.0	1.6	1.7	0.8	1.1	1.8
Labor Force	1124.0	1152.0	1170.0	1201.0	1203.0	1.4	2.5	1.6	2.6	0.2
Participation Rate %	45.5	45.8	46.2	46.9	46.1					
Unemployment Rate %	14.3	15.2	16.5	16.8	16.0					
Agricultural Employment	36.0	35.0	34.0	34.0	34.0	-2.7	-2.8	-2.9	0.0	0.0
Non Agricultural	927.0	942.0	941.0	964.0	977.0	-1.5	1.6	-0.1	2.4	1.3
Non Agricultural										
Manufacturing	168.0	164.0	164.0	168.0	166.0	1.8	-2.4	0.0	2.4	-1.2
Construction	55.0	55.0	55.0	58.0	54.0	1.9	0.0	0.0	5.5	-6.9
Services	421.0	448.0	449.0	467.0	478.0	0.5	6.4	0.2	4.0	2.4
Transportation & Public Utiliti	60.0	58.0	54.0	54.0	55.0	13.2	-3.3	-6.9	0.0	1.9
Government	222.0	217.0	219.0	217.0	224.0	1.4	-2.3	0.9	-0.9	3.2

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data

b. 16 years and over

Table 1-9

Puerto Rico: Consumer Prices

	1989	1990	1991	1992	1993	1994 ^a
Consumer Price Index ^b	3.4	4.1	5.3	2.6	3.0	2.9
Food	4.9	6.8	6.8	5.3	6	6.8
Housing	1.1	3.4	3.9	0.4	2.3	1.2
Clothing	0.4	-2.8	-1.0	-3.6	-3.4	-2
Transportation	5.2	2.5	8.3	1.4	2.6	-1.7
Medical Costs	5.1	5.5	5.2	7.1	5.8	2.9
Education & Leisure	1.7	5.3	4.6	0.3	-2.1	1
Other	3.8	5.0	3.2	0.3	0.4	2.6

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board

a. Preliminary data.

b. 1967 = 100

Table 1-10
Puerto Rico: Income and Wage Indicators

	<u>Growth Rates</u>				
	1990	1991	1992	1993	1994
Income					
Per capita disposable Personal Income ^a	5.4	-1.5	2.2	5.5	1
Wages					
Manufacturing ^b	-	-	5.5	5.4	6.5

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Constant prices.

b. Average weekly wages(Puerto Rico Planning Board).

Table 1-13

**Puerto Rico: Transfers between Puerto Rico and the Federal Government
State Governments, and other non-residents**

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Total Receipts	4870.9	4973.2	5107.8	5595	6151.0	13.6	2.1	2.7	9.5	9.9
Federal government	4648.5	4708.5	4903.4	5396.2	5823.1	13.9	1.3	4.1	10.1	7.9
Transfers to individuals	4576.9	4633.2	4817.8	5303.4	5728.1	14.0	1.2	4.0	10.1	8.0
Social Security Benefits	2055.0	2242.5	2315.1	2658.8	2931.9	5.9	9.1	3.2	14.8	10.3
Medicare	368.1	414.9	487.1	516.6	569.6	14.9	12.7	17.4	6.1	10.3
Veterans	349.1	369.9	383.1	409.0	445.7	3.5	6.0	3.6	6.8	9.0
Nutritional Assistance	880.1	915.6	956.7	975.1	994.9	3.2	4.0	4.5	1.9	2.0
Other^b	924.6	690.4	675.9	743.8	786.0	64.2	-25.3	-2.1	10.0	5.7
Subsidies to Industry	71.6	75.3	85.5	92.8	95.0	4.7	5.2	13.5	8.5	2.4
State government	17.5	18.0	29.3	32.9	22.6	10.1	2.9	62.8	12.3	-31.3
Other non-residents	205.0	246.6	175.1	165.9	305.4	7.6	20.3	-29.0	-5.3	84.1
Total Payments	1800.7	1856.8	1981.1	2105	2295.6	8.2	3.1	6.7	6.3	9.1
Federal government	1755.5	1839.4	1911.7	2036.5	2139.7	6.3	4.8	3.9	6.5	5.1
Transfers from Individuals	817.4	863.8	917.5	987.4	1041.6	6.8	5.7	6.2	7.6	5.5
Transfers from Industry	16.1	18.8	24.2	25.8	31.6	6.6	16.8	28.7	6.6	22.5
Employer's contribution	675.2	714.3	760.7	815.2	855.7	6.6	5.8	6.5	7.2	5.0
Unemployment Insurance	246.9	242.6	209.3	208.1	210.8	4.2	-1.7	-13.7	-0.6	1.3
Other non-residents	45.2	17.4	69.4	68.6	156.0	258.7	-61.5	298.9	-1.2	127.4

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

b. Includes Scholarships, student loan interest subsidies, U.S. civil service retirement pensions, housing assistance, assistance to families in disaster areas, transfers to private non profit institutions and other transfers.

Table 1-14

Puerto Rico: Federal Transfers for Joint Projects and Operational Expenses

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total	1417.3	1480.4	1453.2	1615.2	1637.7	16.2	4.5	-1.8	11.1	1.393
Commonwealth										
Central Government	768.2	860.5	818.3	920.1	902.8	-3.8	12.0	-4.9	12.4	-1.88
Public Enterprises	310.8	269.3	275.6	278.0	275.1	104.2	-13.4	2.3	0.9	-1.043
Municipalities	173.1	144.2	146.3	174.4	180.8	21.3	-16.7	1.5	19.2	3.6697
Other	165.3	206.4	213.0	242.7	279	30.2	24.9	3.2	13.9	14.957

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

Table 1-15

Puerto Rico: Gross Public Debt

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Total	12565	12824	13822	14242	15258	7.9	2.1	7.8	3.0	7.1
Commonwealth	3195.9	3113.6	3401.9	3603.4	3833.5	7.7	-2.6	9.3	5.9	6.4
Municipalities	389.9	415.2	499.2	536.5	618.1	-2.4	6.5	20.2	7.5	15.2
Public Enterprises ^b	8978.9	9095.5	9920.6	10102	10806	8.4	1.3	9.1	1.8	7.0

Source: ECLAC, on the basis of data from the Government Development Bank for Puerto Rico.

a. Preliminary data.

b. Highway authority and th

Table 1-16

Puerto Rico: Total Assets of the Banking System
(30 June)

	<u>Millions of Dollars</u>					<u>Rates of Growth</u>				
	1990	1991	1992	1993	1994 ^a	1990	1991	1992	1993	1994 ^a
Total	34667	33007	35317	34847	36966	1.8	-4.8	7.0	-1.3	6.1
Commercial Banks	20761	20426	22675	23156	24884	2.6	-1.6	11.0	2.1	7.5
Savings & Loans	6932.1	5367.6	4197.0	4380.2	4551.3	-1.4	-22.6	-21.8	4.4	3.9
Government Banks	6974.2	7212.9	8445.1	7310.6	7531.6	2.6	3.4	17.1	-13.4	-5.1

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

Table 1-17

Puerto Rico: Deposits in Commercial Banks
(30 June)

	<u>Millions of Dollars</u>					<u>Rates of Growth</u>			
	1990	1991	1992	1993	1994 ^a	1991	1992	1993	1994 ^a
Total Deposits	18500.3	17238.3	18684.3	18687.6	19350.6	-6.8	8.4	0.0	3.5
Public Funds	944.2	786.8	1116.7	1123.8	1297.1	-16.7	41.9	0.6	15.4
Commonwealth Govt.	926.0	753.9	1088.2	1107.9	1275.3	-18.6	44.3	1.8	15.1
U.S.A. Govt. & others	18.2	32.9	28.5	15.9	21.8	80.8	-13.4	-44.2	37.1
Private Funds	17556.1	16451.5	17567.6	17563.8	18053.5	-6.3	6.8	0.0	2.8
Demand Deposits	1890.2	1873.9	2618.2	2879.2	3207.1	-0.9	39.7	10.0	11.4
Savings Account	2557.6	2964.7	4123.2	4631.6	5101.5	15.9	39.1	12.3	10.1
Time & C.D.'s	6195.2	5444.1	5152.4	4536.4	4503.2	-12.1	-5.4	-12.0	-0.7
936 Funds	6569.5	5696.5	5673.8	5516.6	5241.7	-13.3	-0.4	-2.8	-5.0

Source: ECLAC, on the basis of data from the Puerto Rico Planning Board.

a. Preliminary data.

Table 2-1
Puerto Rico: Merchandise Exports

	<u>Millions of Dollars: fiscal years</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total Exports	19305.4	21323.0	21051.2	19790.7	21752.6	18.0	10.5	-1.3	-6.0	9.9
Agriculture	105.7	114.2	111.3	78.4	85.9	31.3	8.0	-2.5	-29.6	9.6
Mining	22.9	26.2	20.8	16.0	62.5	377.1	14.4	-20.6	-23.1	290.6
Manufacturing	19085.5	21104.9	20877.2	19657.0	21576.8	18.1	10.6	-1.1	-5.8	9.8
food	2703.0	2635.6	3006.3	3016.6	2902.4	13.8	-2.5	14.1	0.3	-3.8
apparel & textiles	798.0	809.6	826.2	877.7	838.8	2.1	1.5	2.1	6.2	-4.4
chemical products	8344.6	9482.8	9169.8	8532.2	10168.3	23.8	13.6	-3.3	-7.0	19.2
drugs & pharmaceuticals	6440.6	7534.7	7255.5	6420.0	7987.7	28.5	17.0	-3.7	-11.5	24.4
Petrol refining & related products	645.0	602.3	362.9	266.9	295.4	42.4	-6.6	-39.7	-26.5	10.7
machinery, except electric	2034.6	2804.6	2667.6	1909.7	1938.7	11.6	37.8	-4.9	-28.4	1.5
electrical machinery	1908.3	1909.2	1170.5	1976.3	2265.2	20.7	0.0	-38.7	68.8	14.6
profesional & scientific instruments	1197.2	1456.2	1706.9	1608.5	1690.4	11.7	21.6	17.2	-5.8	5.1
Other manufacturing ^a	1454.8	1404.6	1367.0	1469.1	1477.6	8.6	-3.5	-2.7	7.5	0.6
Other ^b	91.3	77.7	41.9	39.4	27.4	-13.2	-14.9	-46.1	-6.0	-30.5

Source: ECLAC, on the basis of data from Puerto Rico Planning Board.

a. Includes tobacco, wood, paper, rubber, leather, stone, metal products, transportation equipment and others.

b. Repair services and merchandise not classified.

Table 2-2

Puerto Rico: Merchandise Imports

	<u>Millions of Dollars; fiscal years</u>					<u>Growth Rates</u>				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
Total Imports	15721.6	15904.3	15387.3	16385.9	16654.2	12.0	1.2	-3.3	6.5	1.6
Agriculture	251.7	182.1	161.1	178.0	287.9	16.3	-27.7	-11.5	10.5	61.7
Mining	668.1	885.7	595.4	573.0	501.5	49.0	32.6	-32.8	-3.8	-12.5
Manufacturing	14573.6	14696.6	14486.2	15491.6	15720.9	12.4	0.8	-1.4	6.9	1.5
food	2082.8	2021.0	2028.4	2020.7	2000.3	1.6	-3.0	0.4	-0.4	-1.0
apparel & textiles	656.0	689.7	761.8	733.3	707.8	2.3	5.1	10.5	-3.7	-3.5
chemical products	3562.8	3689.7	3462.1	3688.8	3109.3	22.6	3.6	-6.2	6.5	-15.7
drugs & pharmaceuticals	2206.3	2296.0	2066.0	2244.6	1500.9	33.8	4.1	-10.0	8.6	-33.1
Petrol refining & related products	1302.8	1240.0	1047.8	1027.3	890.1	11.8	-4.8	-15.5	-2.0	-13.4
machinery, except electric	1009.7	1157.9	1020.8	1013.9	1128.4	4.4	14.7	-11.8	-0.7	11.3
electrical machinery	1459.4	1374.1	1467.1	1852.8	2441.4	25.8	-5.8	6.8	26.3	31.8
transport equipment	958.7	843.2	916.7	1227.8	1490.2	-12.5	-12.0	8.7	33.9	21.4
professional & scientific instruments	523.9	525.9	632.9	747.4	691.9	48.5	0.4	20.3	18.1	-7.4
other manufacturing ^a	3017.5	3155.1	3448.6	3179.6	3261.5	15.0	4.6	9.3	-7.8	2.6
Other ^b	228.2	139.9	144.6	143.1	143.9	-44.9	-38.7	3.4	-1.0	0.6

Source: ECLAC, on the basis of data from Puerto Rico Planning Board

a. Includes tobacco, wood, paper, rubber, leather, stone, metal products and others.

b. Repair services and merchandise not classified.

Table 2-3

Puerto Rico: Merchandise Trade by Area
Millions of Dollars; fiscal years

	<u>Exports</u>			<u>Imports</u>			<u>Trade Balance</u>		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Total	21051.2	19790.8	21752.6	15387.3	16385.8	16654.2	5663.9	3405	5098.4
U.S.	18410.3	17049.7	19003.8	10483.5	11335.8	11188.7	7926.8	5713.9	7815.1
Third countries	2395.6	2559.0	2622.0	4872.4	4994.6	5337.0	-2476.8	-2435.6	-2715
Virgin Islands	245.3	182.1	126.8	31.4	55.4	128.5	213.9	126.7	-1.7

Source: ECLAC, on the basis of data from Puerto Rico Planning Board.

Table 2-4

Puerto Rico: Balance of Payments

	<u>Millions of dollars</u>				
	1990	1991	1992	1993	1994
Merchandise Trade Balance	1445.1	2532.7	2830.3	2494.8	4264.7
Exports (goods)	20644.0	22475.9	22506.3	22028	23753.5
Imports (goods) ^a	19198.9	19943.2	19150.1	18442.2	19488.8
Real Services (net)	-146.2	-81.2	-17.6	-27.8	83.9
Travel	736.4	746.4	784.2	852	939.6
Transportation	-882.6	-827.6	-801.8	-879.8	-855.7
Factor income (net)	-9279.4	-9936.3	-11478.5	-12296.3	-13365.5
Investment income	-9472.5	-9973.2	-11485.6	-12271.7	-13336.6
Miscellaneous services	-235.6	-434	-500.1	-612.8	-656.9
Operating expenditures of federal agencies in P.R.	581.4	627.3	666.1	777.7	830.3
Net interest of the Commonwealth and Municipal Government	-152.7	-156.4	-158.9	-189.5	-202.3
Unilateral Transfers (net) ^b	4684.4	4788.9	4770	5306	5682.6
Balance ^c	-3296.1	-2696.0	-3370.1	-3432.3	-3334.1

Source: ECLAC, on the basis of data from Puerto Rico Planning Board.

a. Adjusted merchandise imports.

b. Includes private remittances, federal government, U.S. state governments, and transfers from other non residents.

c. Includes goods and services, unilateral transfers, and interest of the Commonwealth and municipal governments.

