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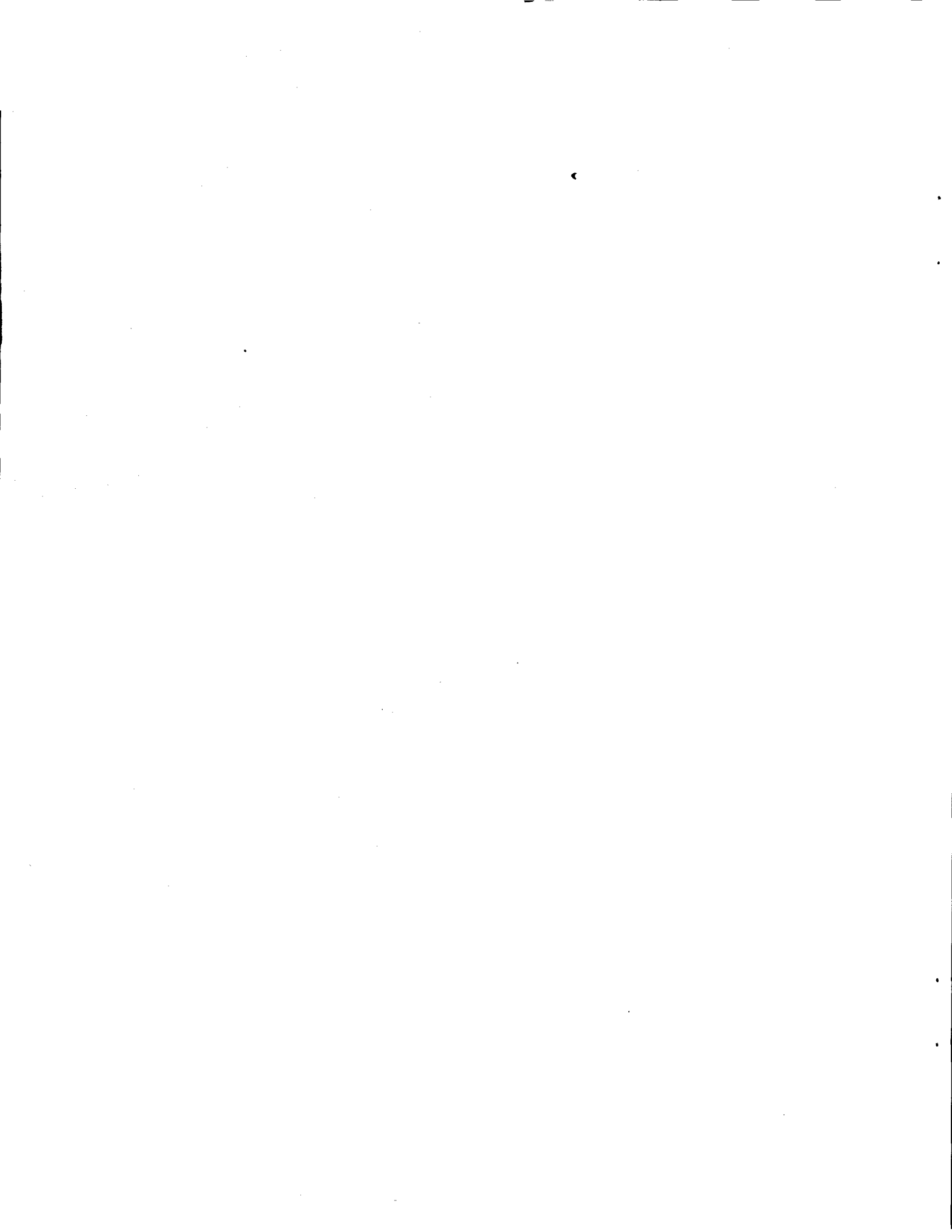
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ECONOMIC SURVEY OF PUERTO RICO

1995



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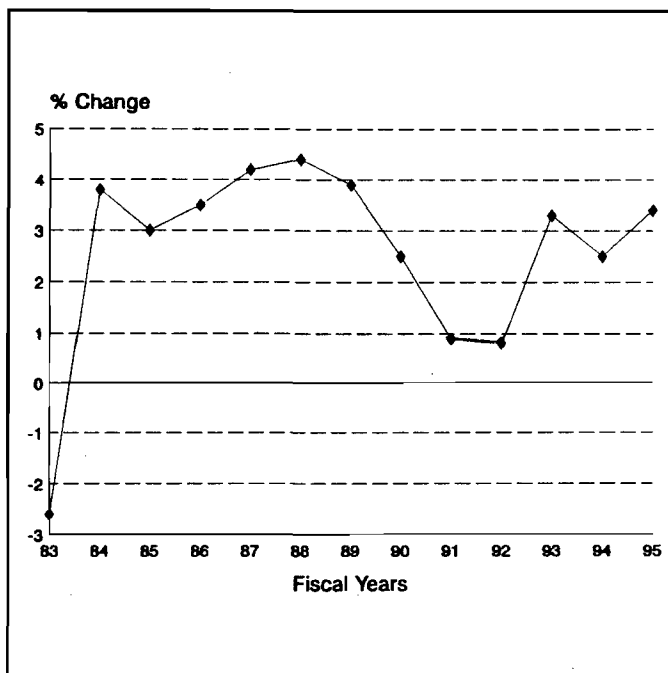
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PART ONE
THE EVOLUTION OF THE ECONOMY
FISCAL YEAR 1995

I. THE DOMESTIC ECONOMY

The economy of the Commonwealth of Puerto Rico experienced in 1995 the largest expansion of the past five years, with a real gross product (GP) increase of 3.4%. This expansion was accompanied by a substantial decrease in unemployment to 13.8%, the lowest rate registered since 1988 and by moderate inflation. Prices, as denoted by the Consumer Price Index, increased to 4% following a steady three year decrease (appendix, table 1-1). A surge in exports, infrastructure investments and tourism promotion were the main factors in fostering growth.

Figure 1 Puerto Rico: Real Gross Product



1. Macroeconomic Aggregates

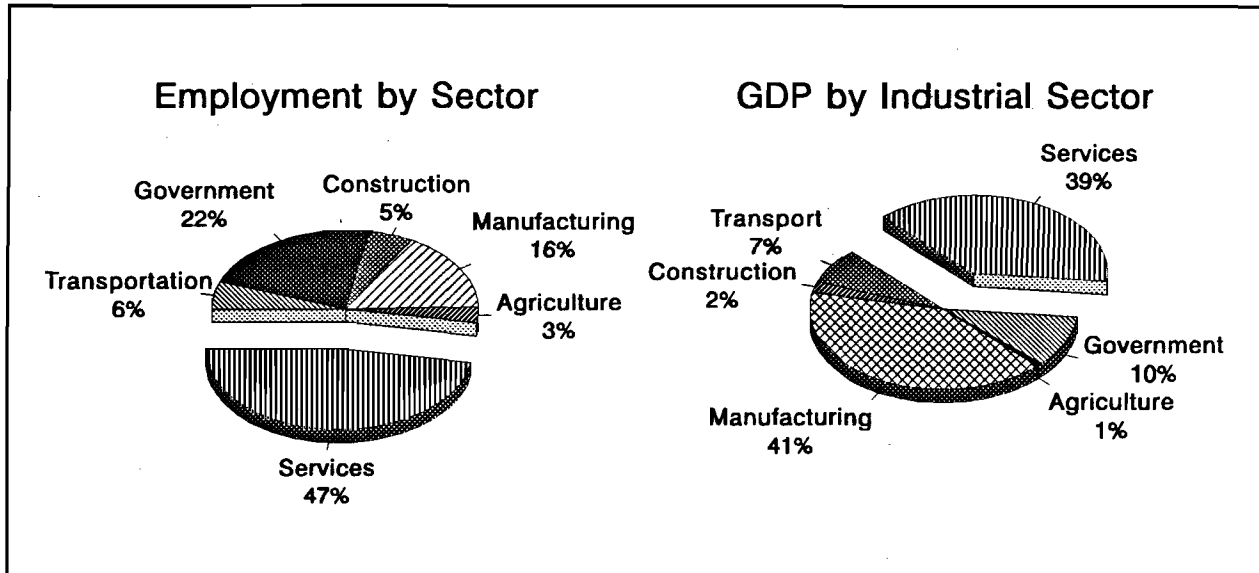
Puerto Rico's economic growth at a solid 3.4% in 1995, comes after the economic slowdown of 1991-92 when it grew at 0.9%.

Personal consumption increased by 5.1%, due for the most part due to an increase of 12.6% in consumption of durable goods. Government consumption rose by 4.3%, relative to 1.6% the previous year, which reflects the government's renewed effort at improving civil servant's salaries. Investment increased significantly, by 8.5%, (10% increase in fixed capital investments), largely in response to investments in machinery and equipment, and construction projects. Public sector investment included housing, schools, medical facilities, jails, electric and telephone lines and highway construction, while private investments were in telephone and gas services, housing, hotels and shopping centers. Finally, exports increased for the second straight year, by 3.5%, after a two year decrease in 92-93 (appendix, table 1-2).

2. Sectoral Evolution

The manufacturing sector, which in 1995 accounted for 41.9% of GDP, continued to be the main source of growth, expanding by 6.8% in 1995 (appendix, table 1-3). Pharmaceutical output grew at a lower rate than the average 12% expansion of the past three years, expanding by 7.6% in 1995. Conversely, machinery and apparel both experienced large surges in growth, 11% and 7%, after growing only 0.9% and dropping close to 5% the previous year, respectively. The services sector expanded at a rate close to 6% (appendix, table 1-4).

Figure 2 Puerto Rico: GDP and Employment by Industrial Sector, 1995



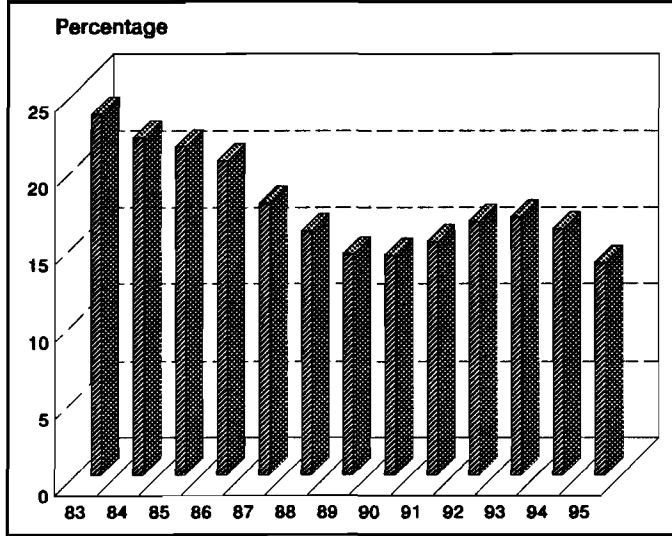
Construction experienced a large surge of 5.7%, relative to 1.6% in 1994. Investment in the construction industry grew over 10% to over \$3.2 billion. Public investment in construction increased sharply to 12.2%, while private investment expanded less, by 9% in 1995. Moreover, the value of permits for public construction skyrocketed by 145%, while permits for private construction value grew at 7% (appendix 1-5).

Agriculture rebounded somewhat from the drought of 1994, with an increase of almost 3%, ending five years of negative growth of output. However, principal crops, such as coffee and sugar fell 0.8%. Sugar continued to decrease significantly, with an 8% decline. By contrast, livestock products grew by 0.6%, after declining 2% in 1994, while vegetables showed an increase of 18% from a 5% drop the previous year (appendix, table 1-6).

Tourism experienced steady growth, though less than the previous year. The number of tourists visiting the Island increased by 1.6%, down from 4% growth in 1994, and expenditures increased by 5.7%. However, occupancy rates decreased slightly by 1% as there was an

increase in tourist hotel rooms of almost 7% (appendix, table 1-7).

Figure 3 Puerto Rico: Unemployment Rate



3. Employment

In response to the economy's expansion, 1995 saw the unemployment rate drop to 13.8%, the lowest rate since 1974. In 1995 alone, 40,000 jobs were created, the third consecutive year of increased employment. This was also the first year since 1990 that employment increased in the manufacturing sector, by 0.9% (appendix 1-8).

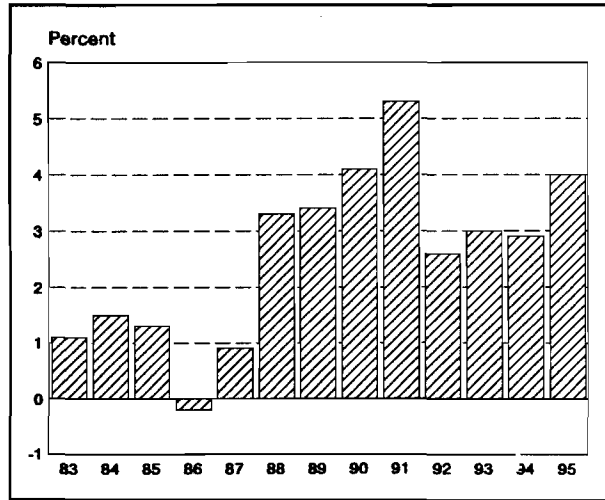
4. Prices and Incomes

The rate of inflation increased from 2.9% in 1994 to 4% in 1995. The acceleration can be largely attributed to a 9.4% rise in the price of food. Food prices have been steadily increasing since 1992. The prices for medical care and education along with transportation increased by 4.5% and 2.1%, respectively. Only the price of clothing fell, by 2.4% (appendix, table 1-9).

With the growth of the economy, personal income grew by 5.5%, compared to 4.1% the previous year. Further, real per capita personal income grew by 3.1% in 1995, as compared to the small 0.8% increase of 1994.

Transfer payments to individuals grew by 6.7%, with federal transfers in 1995 representing 29.5% of personal income (appendix, table 1-10).

Figure 4 Puerto Rico: Rate of Inflation

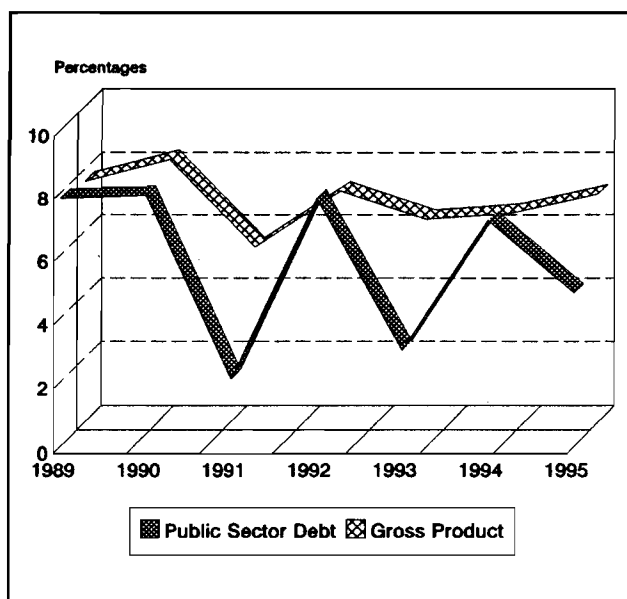


5. Public Finances

Government receipts increased by 8%, bringing revenues to over \$7.4 billion (appendix 1-11). The large increase in receipts can be largely attributed to the faster pace of economic growth as well as improved tax administration practices. Income tax revenues increased 12.9%, due mostly to an increase in corporate taxes of 18%.

In turn, government expenditures increased by 5.5%, slightly more than the 4.6% growth rate of the previous year. Employee compensation, which accounts for 52% of government outlays, increased by 9.8% in 1995 and was the main factor in the acceleration of expenditures (appendix, table 1-12). Transfers to individuals comprised 16.5% of government expenditures.

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



Federal transfers to Puerto Rico amounted to over \$8.15 billion in 1995 (appendix, tables 1-13 and 1-14), with transfers to individuals totaling \$5.9 billion. Federal transfer payments to individuals are an important part of personal income, making up 21% of total personal income in 1995.

Transfers to individuals are broken down into 2 categories by the Puerto Rico Planning Board: "earned" and "granted". Earned transfers, which in 1995 made up 68% of transfers to individuals include veteran pensions, social security and medicare. This type of individual transfer increased at a rate of 8.3% in 1995, to over \$4 billion. Specifically, Social Security payments increased by 7% and Medicare by 15.9% in 1995.

Granted transfers given unilaterally, such as housing aid and nutrition programs, made up 32% of individual transfers. These increased by 5.7%, to reach slightly over \$1.9 billion in 1995. The Program for Nutritional Assistance increased 6.8% and housing assistance increased by 2.3%. Over time, earned transfers have become a bigger proportion of total transfers to individuals. In 1980 earned transfers amounted to 57% of federal transfers to persons while in 1995 they account for 68%.

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 other programs, 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 Medicare and Medicaid programs, is lower than that of the mainland.

Figure 6 Puerto Rico: Composition of Federal Transfers

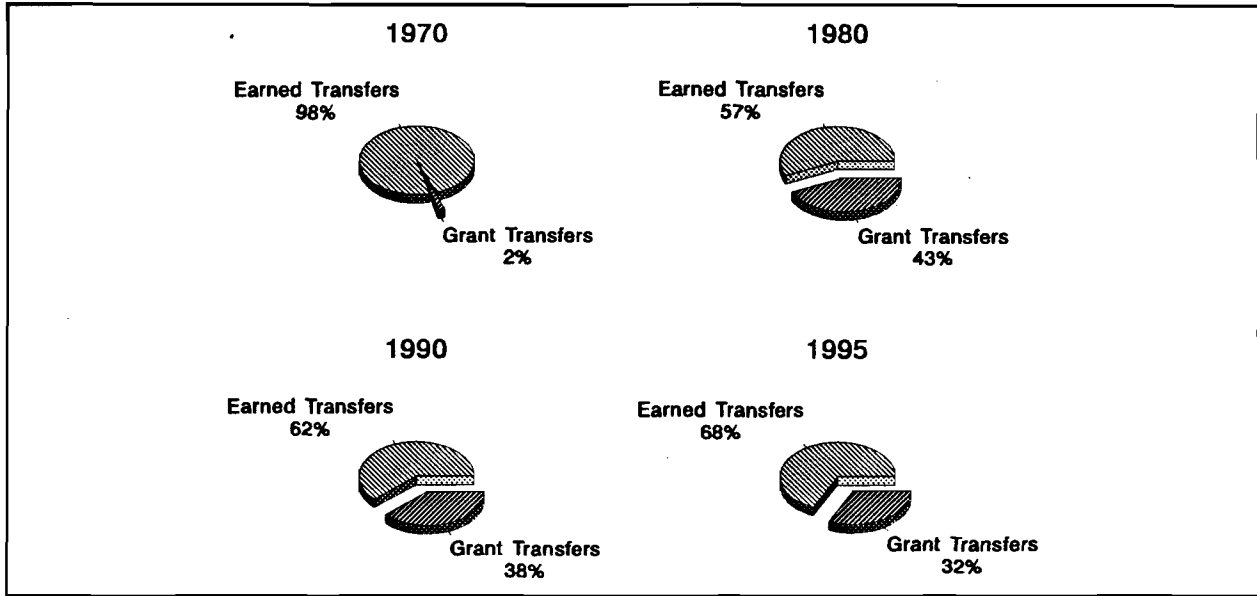
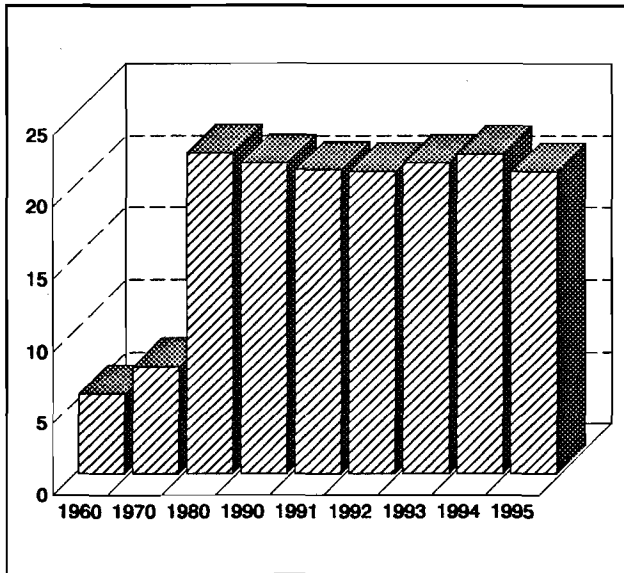


Figure 7 Puerto Rico: Federal Transfers as a Percentage of Personal Income



Finally, public debt in 1995 increased 4.8% to almost \$16 billion, lower than the previous year's growth of 7.1%. This occurred in response to the scant growth -- of less than 2% -- in the debt of public enterprises, which constitutes 69% of all debt. By contrast, the debt of the central government and municipalities grew 11% and 18%, respectively (appendix, table 1-15).

6. Credit Markets

In fiscal year 1995, the level of assets of the banking system in the Island amounted to \$40.1 billion, an increase of 8.6%. Both government bank and commercial bank assets increased by 9.4% and 27.6%, respectively.

Savings and loan assets plummeted by 97.1%, due to a change in banking laws which converted all but two Savings and Loan institutions into banks.

Total deposits in commercial banks increased by 16.7%, bringing the total to almost \$22.6 billion. Public funds increased moderately at a 4.8% growth rate, compared to the 15.4% increase of the previous year. However, private funds, which comprise 90% of total deposits surged by 17.5%, due mostly to increases in the rate of growth of savings accounts and CDs, by 18.9% and 52.2%, respectively. The increase in certificates of deposit (CDs) displaced savings accounts as the primary source of private funds, in response to the increase of interest rates. Section 936 funds, which in 1995 made up 22% of private funds, fell substantially by 10.1%¹ (appendix, table 1-17). This source of deposits has been steadily falling for the past 5 years due to changes in Section 936 investment incentives.

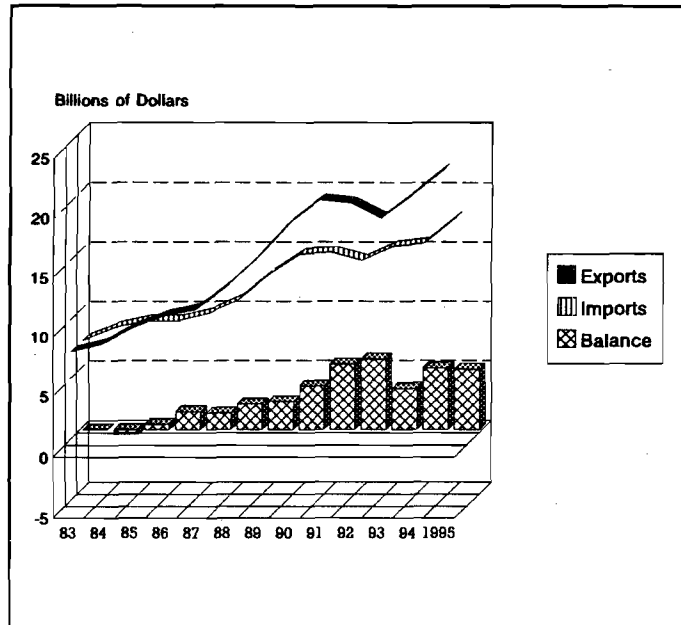
II. INTERNATIONAL TRANSACTIONS

In 1995, Puerto Rico's merchandise trade surplus was slightly under \$5 billion. As in the previous year, exports increased by over 9% as growth in the U.S. mainland sustained increased sales. Imports jumped by 13%, compared to only 1.6% in 1994. Imports consisted mainly of electrical machinery and chemical products, evidence of expansion in those sectors.

Manufacturing exports, which account for 99% of total exports increased by 9.6% in 1995. Chemical products, which make up 47% of manufactured exports, continued to experience growth but at less than half the rate of 1994. By contrast, both electric and non-electric machinery exports increased significantly compared to past performance of 21.9% and 18.2%, respectively (appendix, table 2-1).

Exports to the U.S. increased by 11% to over \$21 billion, while imports increased by only 8.7%, resulting in an increased trade surplus. Other main recipients of Puerto Rican exports are the Dominican Republic, Germany, the United Kingdom, Belgium and the Virgin

Figure 8 Puerto Rico: Merchandise Trade



¹ 936 funds 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).

Islands, with over \$1.4 billion worth of purchases. In addition, Puerto Rico is aggressively promoting its exports throughout Latin America.

Merchandise imports increased 13% in 1995, a substantial change from the negligible growth in 1994 of 1.6% (appendix, table 2-2). Puerto Rico imported \$12 billion from the U.S. in 1995. Other imports came from Japan, the United Kingdom, Dominican Republic, Venezuela and the Virgin Islands, amounting to over \$3.3 billion.

Overall in 1995, the deficit in the balance of goods and services, unilateral transfers and interest on the commonwealth and municipal government debt decreased by \$129 billion (appendix, table 2-4).

PART TWO

SPECIFIC ISSUES

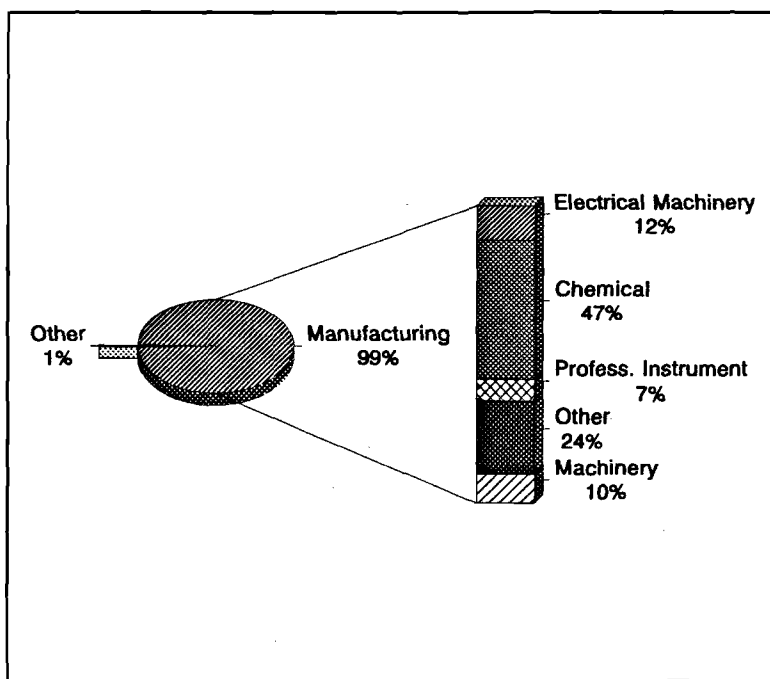
1. Trade and Investment Links Between Puerto Rico and the United States

The United States is Puerto Rico's primary trading partner with total trade amounting to \$33 billion. Exports to the U.S. represent 88.6% of all Puerto Rican exports, totaling over \$21 billion. Imports from the U.S. account for 64.6% of total imports, amounting to \$12.2 billion.

In this context, the leading force in Puerto Rico's trade is its manufacturing sector. Exports of chemical products --mostly drugs and pharmaceuticals-- represent 47% of the Island's exports. Puerto Rico supplies 25% of worldwide demand for drug products and 50% of U.S. pharmaceutical imports.

In addition to an active flow of goods between Puerto Rico and the mainland, capital flows from the U.S. are the major 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 and the Commonwealth's Industrial Incentives Act. However, capital from section 936 has been steadily diminishing for the last 5 years though it still represents 22% of total private funds.

Figure 9 Puerto Rico: Composition of Exports, 1995

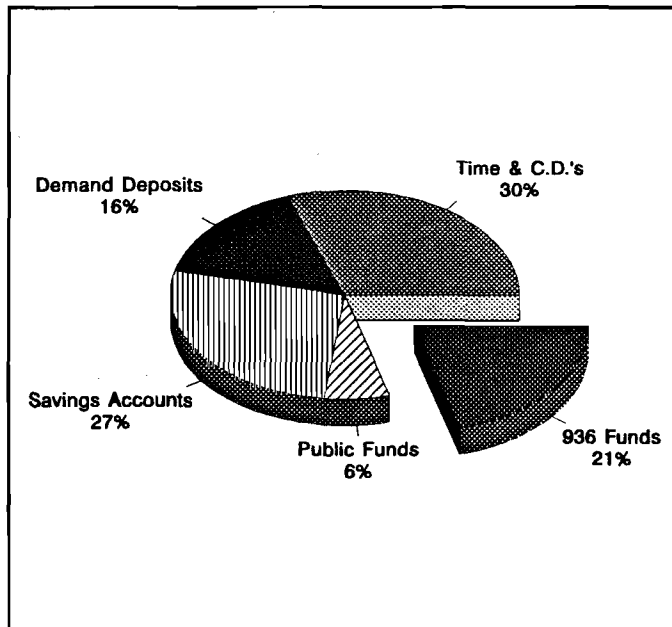


On August 20, 1996, President Clinton signed into law, bill H.R. 3448, known as the Small Business Job Protection Act of 1996. H.R. 3448 terminates Section 936 over a period of ten years. Only existing companies doing business in Puerto Rico will be eligible to take advantage of the credit for the ten year period. Elimination of Section 936 benefits has generated an intense debate on the relative importance of 936 corporations in the Puerto Rican

economy, the impact of the elimination of Section 936 on the Island's economy, and the appropriate policies to be implemented.

To date, 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. Also, Puerto Rico's Tax Incentives Act has historically granted tax exemption to both active and passive earnings. The current 936 tax provisions, ammended by 1993 legislation, offer companies two choices in credits: a smaller credit on their Puerto Rico income, or a credit on their 'economic activity' which includes wages and fringe benefits paid and capital depreciation². To further promote the retention of profits in the Island, Puerto Rico imposes a 'tollgate tax' applicable upon repatriation of profits.

Figure 10 Puerto Rico: Commercial Bank Deposits, 1995



Low effective tax rates, competitive wages relative to the mainland and free trade with it have attracted capital investment to the Island. 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 employment and investment.

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,

² The income credit fell from 100% in 1993 to 60% in 1994, 55% in 1995 and it will be 50% in 1996, 45% in 1997 and 40% in 1998 onwards.

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

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

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

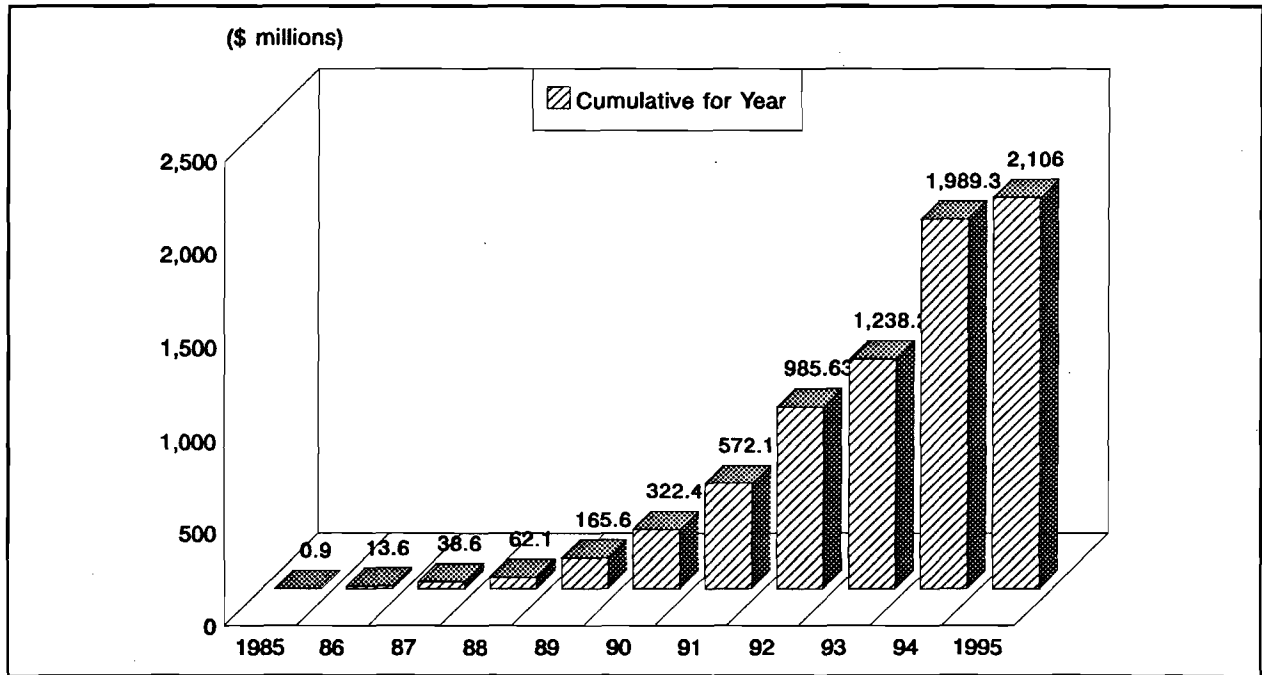
-For those tax-payers using cost-sharing methods to calculate 936 profits, deductions on Puerto Rico income taxes up to a 9% effective tax rate.

representing significant savings in financing costs. In this way, 936 funds provide a large pool of available credit for financing development projects. These 936 funds account for over one fifth of all commercial bank deposits.

2. 936 Funds Benefit the Caribbean

In 1987 the Commonwealth of Puerto Rico initiated the Caribbean Development Program (CDP), a comprehensive plan to make 936 funds available for financing economic development and infrastructure projects in the Caribbean. The CDP has promoted 185 projects in 14 countries in the Caribbean Basin. The projects have created over 37,000 jobs and represent an investment of over \$2.1 billion. Section 936 funds have financed \$1.28 billion in manufacturing, infrastructure, tourism, petroleum and gas, services and agribusiness investments. These funds became an important source of financing in the region (second only to those from the InterAmerican Development Bank), especially in small scale loan financing. However, the availability of financing for Caribbean Basin projects under section 936 of the Internal Revenue Code was reduced in 1993 as a consequence of changed legislation.

Figure 11 Puerto Rico: Investment Promoted in CBI Countries (936 and other investments)

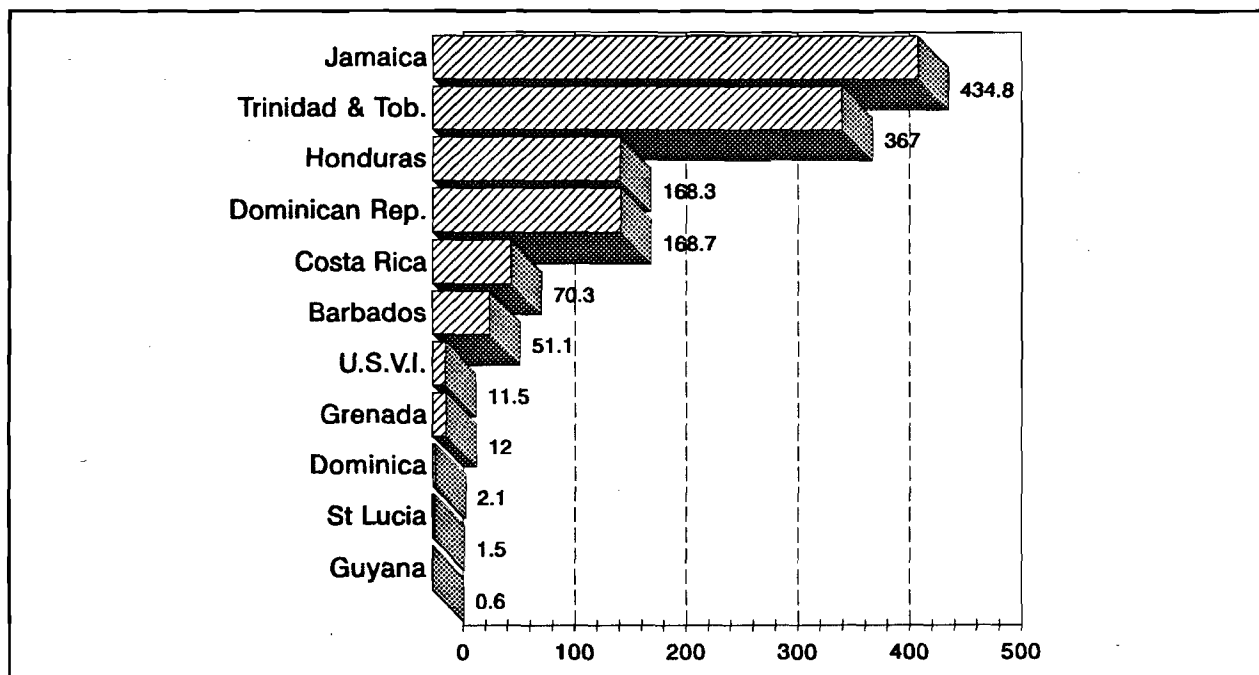


The CDP has three main objectives: first, the promotion of production sharing plants between Puerto Rico and the Caribbean Basin countries; second, the use of 936 funds in

qualified projects; and third, the implementation of technical assistance and collaboration programs.

As a result of section 936 financed projects, overall links within the Caribbean have increased. The volume of exports between Puerto Rico and the Caribbean Basin countries increased 33% in the last 7 years, making Puerto Rico a hub in the Caribbean regional economy.

Figure 12 Puerto Rico: 936 Funds Promoted for CBI Countries, 1990-1995
(millions of dollars)



PART THREE
STATISTICAL APPENDIX

Table 1-1
Puerto Rico: Main Economic Indicators

	1991	1992	1993	1994	1995
Growth Rates					
Real Gross Product	0.9	0.8	3.3	2.5	3.4
Rate of inflation	5.3	2.6	3.0	2.9	4.0
Wages	-	5.5	5.9	5.8	3.7
Percentages					
Unemployment rate	15.2	16.5	16.8	16.0	13.8
Millions of dollars					
Merchandise exports	21323.0	21051.2	19790.7	21752.6	23811.3
Merchandise imports	15904.3	15387.3	16385.9	16654.2	18816.6
Balance on goods & services, unilateral transfers, and interest.	-2696.0	-3370.1	-3686.3	-3832.1	-3961.1
Thousands					
Population	3527	3547	3580	3622	3686

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

Table 1-2
Puerto Rico: Real Gross Product

	1991	<u>Growth Rates</u>		1994	1995 ^a
		1992	1993		
Global Supply	0.2	0.8	1.2	2.9	4.7
Gross Product	0.9	0.8	3.3	2.5	3.4
Imports	-0.2	0.7	0.0	3.6	5.7
Global Demand	0.2	0.8	0.4	3.4	4.9
Consumption	-1.0	1.9	4.2	3.7	5.0
Private	-1.2	3.7	5.0	4.2	5.1
Government	-0.5	0.2	1.1	1.6	4.3
Investment	-7.7	6.9	8.6	3.3	8.5
Fixed	1.7	-1.2	8.3	1.9	10.2
Construction	3.6	-2.7	2.2	0.1	9.0
Machinery	-0.3	0.3	14.6	3.5	11.3
Inventory Change	-	-	-	-	-
Exports	3.6	-3.3	-4.2	2.4	3.5

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 *

	<u>Millions of Dollars: fiscal years</u>					<u>Percent Share</u>		<u>Growth Rates</u>				
	1991	1992	1993	1994	1995	1980	1995	1991	1992	1993	1994	1995 ^a
Gross Domestic Product	32287.0	34630	36923	39536.1	42363.7	100.0	100.0	5.5	7.3	6.4	6.6	7.2
Agriculture	449.3	420	411.3	377.2	365.6	2.3	1.0	3.5	-6.5	-2.1	-8.3	-3.1
Manufacturing	12661.3	14183	15428	16584.5	17718.7	36.3	41.9	41.8	12.0	7.4	7.0	6.8
Construction & Mining	770.2	798.3	873.8	907.2	959.1	2.8	2.3	7.0	3.6	4.8	1.6	5.7
Transportation	2670.7	2830.4	3009	3114.5	3263.8	8.5	7.9	8.2	6.0	5.8	3.3	4.8
Trade	4832.1	4990.2	5303.1	5641.6	5895.1	15.4	14.3	2.2	3.3	7.1	6.2	4.5
Finance, Insurance, & Real Estate	4307.6	4595.9	489.6	5160.2	5451.2	10.1	13.1	10.6	6.7	4.3	6.1	5.6
Services	3321.6	3582.2	3908.9	4284.4	4545.5	8.6	10.8	10.2	7.8	9.6	8.2	6.1
Government	3522.0	3672.0	3881.3	4071.2	4470.5	12.9	10.3	5.5	4.3	5.7	4.9	9.8

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>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Gross Manufacturing Product	12661.3	14186.0	15427.6	16584.4	17718.7	4.4	12.0	8.8	7.5	6.8
Pharmaceuticals	5762.8	6459.5	7248.6	8157.9	8781.3	15.5	12.1	12.2	12.5	7.6
Machinery & metal products	2803.7	2934.6	3225.9	3254.7	3618.1	-12.5	4.7	9.9	0.9	11.2
Food products	2031.7	2413.1	2456.1	2554.5	2586.5	13.5	18.8	1.8	4.0	1.3
Apparel	491.2	536.1	548.3	522.2	558.5	1.1	9.1	2.3	-4.8	7.0
Petrochemicals & other										
Chemical products	388.0	432.0	618.6	658.2	676.0	1.2	11.3	43.2	6.4	2.7
Cement, stone, clay and glass product	184.4	186.8	192.2	204.1	203.4	4.2	1.3	2.9	6.2	-0.3
Tobacco products	159.2	188.5	175.9	171.5	154.9	-6.7	18.4	-6.7	-2.5	-9.7
Petroleum & petroleum prod.	101.2	257.7	125.4	142.8	122.1	-50.6	154.6	-51.3	13.9	-14.5
Textiles	42.5	45.4	46.0	45.2	45.7	1.7	6.8	1.3	-1.7	1.1
Other	696.6	729.2	799.4	851.8	972.2	2.8	4.7	9.6	6.6	14.1
Other Indicators										
Electricity consumption ^b										
industrial	3555.9	3445.8	3521.9	3735.0	3804.3	4.1	-3.1	2.2	6.1	1.9
comercial	4630.9	5082.1	5270.7	5635.1	5825.4	7.5	9.7	3.7	6.9	3.4

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>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Value of Construction	2633.2	2644.3	2827.4	2942.4	3252.2	5.6	0.4	6.9	4.1	10.5
Private	1170.2	1114.1	1262.2	1424.7	1549.9	7.4	-4.8	13.3	12.9	8.8
Public	1463.0	1530.1	1565.2	1517.6	1702.3	4.2	4.6	2.3	-3.0	12.2
Value of Permits Granted	996.8	877.7	1006.6	1075.9	1432.0	12.8	-11.9	14.7	6.9	33.1
Private	762.3	687.0	723.3	874.7	937.6	17.9	-9.9	5.3	20.9	7.2
Residential	407.4	352.1	384.3	406.0	522.2	19.8	-13.6	9.1	5.6	28.6
Non-Residential	354.9	334.9	339.0	468.8	415.4	15.8	-5.6	1.2	38.3	-11.4
Public	234.6	190.7	283.3	201.2	494.4	-0.9	-18.7	48.6	-29.0	145.7
Residential	55.2	15.3	111.3	67.7	157.2	28.7	-72.3	627.5	-39.2	132.2
Non-Residential	179.4	175.4	172.0	133.6	337.2	-7.5	-2.2	-1.9	-22.3	152.4
Cement^b										
Production	30.4	29.7	30.5	31.8	32.8	-0.7	-2.3	2.7	4.3	3.1
Sales	30.4	30.1	30.5	31.9	33.0	-1.6	-1.0	1.3	4.6	3.4

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>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995
Gross Value	725.1	722	693.6	670.7	689.7	-0.3	-0.4	-3.9	-3.3	2.8
Principal crops	69.4	80.1	81	79.3	78.7	-1.1	15.4	1.1	-2.1	-0.8
Sugar	17.2	15.5	15.1	13.1	12	-1.1	-9.9	-2.6	-13.2	-8.4
Coffee	50.6	63.1	64.7	65.2	65.6	-1.7	24.7	2.5	0.8	0.6
Other	1.6	1.5	1.3	1.1	1	23.1	-6.3	-13.3	-15.4	-9.1
Livestock products	415.2	415.4	405.9	397.1	399.5	-2.4	0.0	-2.3	-2.2	0.6
Milk	199.6	195.6	191.2	187.3	194.9	-1.0	-2.0	-2.2	-2.0	4.1
Eggs	22.5	24	23.9	21.8	22.7	21.0	6.7	-0.4	-8.8	4.1
Beef & Pork	82.6	83.6	77.2	74.8	66.1	-20.0	1.2	-7.7	-3.1	-11.6
Poultry	85.3	87.6	90.3	93.1	94.5	10.0	2.7	3.1	3.1	1.5
Other	25.2	29.3	23.3	22.2	21.2	3.3	16.3	-20.5	-4.7	-4.5
Vegetables & Legumes	99.8	85.9	72.5	68.5	81.2	0.2	-13.9	-15.6	-5.5	18.5
Fruits	41.7	38.4	34.7	29.3	26.1	14.2	-7.9	-9.6	-15.6	-10.9
Others	99.1	102.1	99.4	99.0	104.3	3.3	3.0	-2.6	-0.4	5.4

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>				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Visitors										
Number ^a	3504.3	3730	3869	4022.6	4085.8	2.3	6.4	3.7	4	1.6
Expenditure ^b	1435.7	1519.7	1628.1	1728.3	1826.1	5.1	5.9	7.1	6.7	5.7
Hotel										
Occupancy Rate %	69.9	67.8	69.9	70.1	69.4	-5.3	-3.0	2.9	0.3	-1.0

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>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995
Civilian Population ^b	2515.0	2536.0	2563.0	2608.0	2654.0	1.7	0.8	1.1	1.8	1.8
Labor Force	1152.0	1170.0	1201.0	1203.0	1219.0	2.5	1.6	2.6	0.2	1.3
Participation Rate %	45.8	46.2	46.9	46.1	45.9					
Unemployment Rate %	15.2	16.5	16.8	16.0	13.8					
Agricultural Employment	35.0	34.0	34.0	34.0	34.0	-2.8	-2.9	0.0	0.0	0.0
Non Agricultural	942.0	941.0	964.0	977.0	1020.0	1.6	-0.1	2.4	1.3	4.4
Non Agricultural										
Manufacturing	164.0	164.0	168.0	165.0	172.0	-2.4	0.0	2.4	-1.8	4.2
Construction	55.0	55.0	58.0	54.0	57.0	0.0	0.0	5.5	-6.9	5.6
Services	448.0	449.0	467.0	486.0	498.0	6.4	0.2	4.0	4.1	2.5
Transportation & Public Utilities	58.0	54.0	54.0	53.0	60.0	-3.3	-6.9	0.0	-1.9	13.2
Government	217.0	219.0	217.0	224.0	233.0	-2.3	0.9	-0.9	3.2	4.0

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

	1990	1991	1992	1993	1994	1995 ^a
Consumer Price Index ^b	4.1	5.3	2.6	3.0	2.9	4.0
Food	6.8	6.8	5.3	6	6.8	9.4
Housing	3.4	3.9	0.4	2.3	1.2	1.1
Clothing	-2.8	-1.0	-3.6	-3.4	-2	-2.4
Transportation	2.5	8.3	1.4	2.6	-1.7	2.1
Medical Costs	5.5	5.2	7.1	5.8	2.9	4.5
Education & Leisure	5.3	4.6	0.3	-2.1	1	4.5
Other	5.0	3.2	0.3	0.4	2.6	0.7

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>				
	1991	1992	1993	1994	1995
Income					
Per capita disposable					
Personal Income ^a	-1.5	2.2	5.5	0.8	3.1
Wages					
Manufacturing ^b	-	5.5	5.9	5.8	3.7

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 1-11
Puerto Rico: Government Receipts

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Recurrent Receipts	5788.2	5900.2	6095.0	6882.2	7437.9	0.2	1.9	3.3	12.9	8.1
From State Sources	3748.5	3752.1	3972.3	4682.6	5035.1	7.1	0.1	5.9	17.9	7.5
Income Taxes	2331.5	2347.5	2412.4	2870.1	3239.7	12.9	0.7	2.8	19.0	12.9
Individual	1123.7	1122.3	1241.9	1409.8	1578.3	9.6	-0.1	10.7	13.5	12.0
Corporate	941.9	1032.5	987.4	1123.1	1326.8	11.6	9.6	-4.4	13.7	18.1
Other ^a	265.9	192.7	183.1	337.2	334.7	35.0	-27.5	-5.0	84.2	-0.7
Excise Taxes	951.2	982.3	1099.2	1236.0	1293.8	-3.5	3.3	11.9	12.4	4.7
Other Taxes ^b	244.7	127.8	137.1	126.9	122.5	12.7	-47.8	7.3	-7.4	-3.5
Non-Taxable receipts ^c	221.0	294.4	323.7	449.5	379.1	-4.8	33.2	10.0	38.9	-15.7
Non-State Sources	2039.7	2148.1	2122.7	2199.5	2402.7	-10.3	5.3	-1.2	3.6	9.2
Federal Grants	1731.4	1845	1852.2	1877.9	2089.3	-11.4	6.6	0.4	1.4	11.3
Other ^d	308.3	303.1	270.4	321.7	313.5	-3.6	-1.7	-10.8	19.0	-2.5

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

a. Withheld to non-residents, Toll gate tax, certificate of deposit, interest subject to 17%, interest on dividends.

b. Property taxes, inheritance and gift taxes, licenses

c. Lottery proceeds, permits, fees, other income.

d. U.S. Customs duties and U.S. excise taxes on off-shore shipments are returned to Puerto Rico by the U.S. Treasury after deducting collection costs.

Table 1-12

Puerto Rico: Commonwealth Government Expenditures

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Total Expenditures	7038.2	7346.8	7822.4	8180.1	8632.1	5.9	4.4	6.5	4.6	5.5
Purchases of Goods & Services	5049.0	5315.1	5644.3	5894.1	6380.0	6.0	5.3	6.2	4.4	8.2
Employee Compensation	3522.0	3672.0	3881.3	4071.2	4470.5	5.5	4.3	5.7	4.9	9.8
Other Purchases	2015.1	2239.3	2423.3	2416.2	2579.4	6.1	11.1	8.2	-0.3	6.8
Capital Expenditures	488.1	596.2	660.3	593.3	669.8	2.9	22.1	10.8	-10.1	12.9
Debt Service	419.8	393.5	415.2	393.2	396.4	15.6	-6.3	5.5	-5.3	0.8
Residents	188.6	160.7	148.0	185.8	107.8	17.6	-14.8	-7.9	25.5	-42.0
Non-Residents	231.2	232.8	267.6	269.1	288.6	14.1	0.7	14.9	0.6	7.2
Subsidies	355.3	342.5	316.5	347.3	274.9	-6.2	-3.6	-7.6	9.7	-20.8
Transfers to Individuals	1008.4	1118.3	1238.5	1331.1	1424.6	7.9	10.9	10.7	7.5	7.0
Residents	998.3	1105.9	1223.2	1315.2	1408.9	7.7	10.8	10.6	7.5	7.1
Non-residents	10.1	12.4	15.3	15.9	15.7	23.2	22.8	23.4	3.9	-1.3
Transfers to Federal Government	205.8	177.4	176.4	178.7	156.2	-1.5	-13.8	-0.6	1.3	-12.6
Contributions to Unemployment Fund	205.8	177.4	176.4	178.7	156.2	-1.5	-13.8	-0.6	1.3	-12.6

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

a. Preliminary data.

Table 1-13

State Governments, and other non-residents

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Total Receipts	4973.2	5107.8	5477.7	5954.2	6347.8	2.1	2.7	7.2	8.7	6.6
Federal government	4708.5	4903.4	5279	5627.7	6019.9	1.3	4.1	7.7	6.6	7.0
Transfers to individuals	4633.2	4817.8	5186.1	5532.1	5936.1	1.2	4.0	7.6	6.7	7.3
Social Security Benefits	2242.5	2315.1	2462.8	2721.9	2911.9	9.1	3.2	6.4	10.5	7.0
Medicare	414.9	487.1	516.6	570.4	661.3	12.7	17.4	6.1	10.4	15.9
Veterans	369.9	383.1	404.5	414.0	438.9	6.0	3.6	5.6	2.3	6.0
Nutritional Assistance	915.6	956.7	975.1	994.9	1062.6	4.0	4.5	1.9	2.0	6.8
Other^b	690.4	675.9	827.1	831.0	867.7	-25.3	-2.1	22.4	0.5	4.4
Subsidies to Industry	75.3	85.5	92.8	95.5	83.8	5.2	13.5	8.5	2.9	-12.3
State government	18.0	29.3	32.9	22.6	21	2.9	62.8	12.3	-31.3	-7.1
Other non-residents	246.6	175.1	165.9	303.9	306.8	20.3	-29.0	-5.3	83.2	1.0
Total Payments	1856.8	1981.1	2089.2	2269.9	2235.5	3.1	6.7	5.5	8.6	-1.5
Federal government	1839.4	1912.1	2020.6	2114.5	2216.5	4.8	4.0	5.7	4.6	4.8
Transfers from Individuals	863.8	917.9	980	1032.3	1097.3	5.7	6.2	7.6	5.3	6.3
Transfers from Industry	18.8	24.2	25.8	31.6	49.3	16.8	28.7	6.6	22.5	56.0
Employer's contribution	714.3	760.7	806.7	839.7	885.7	5.8	6.5	7.2	4.1	5.5
Unemployment Insurance	242.6	209.3	208.1	210.8	184.3	-1.7	-13.7	-0.6	1.3	-12.6
Other non-residents	17.4	65	62.4	149.3	13.9	-61.5	298.9	-1.2	139.3	-90.7

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

	<u>Millions of Dollars</u>					<u>Growth Rates</u>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Total	1480.4	1453.2	1612.2	1678.8	1802.6	4.5	-1.8	11.1	1.4	7.4
Commonwealth										
Central Government	860.5	818.3	920.1	959.3	1080.7	12.0	-4.9	12.4	-1.9	12.7
Public Enterprises	269.3	275.6	278.0	277.5	274.4	-13.4	2.3	0.9	-1.0	-1.1
Municipalities	144.2	146.3	171.3	163.0	173.5	-16.7	1.5	19.2	3.7	6.4
Other	206.4	213.0	242.7	279	274.1	24.9	3.2	13.9	15.0	-1.8

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>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Total	12824.3	13821.7	14242.2	15257.5	15993.6	2.1	7.8	3.0	7.1	4.8
Commonwealth	3113.6	3401.9	3603.4	3833.5	4266.0	-2.6	9.3	5.9	6.4	11.3
Municipalities	415.2	499.2	536.5	618.1	732.4	6.5	20.2	7.5	15.2	18.5
Public Enterprises ^b	9095.5	9920.6	10102.3	10805.9	10995.2	1.3	9.1	1.8	7.0	1.8

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

a. Preliminary data.

b. Highway authority and the University of Puerto Rico are included in the Commonwealth Government.

Table 1-16

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

	<u>Millions of Dollars</u>					<u>Rates of Growth</u>				
	1991	1992	1993	1994	1995 ^a	1991	1992	1993	1994	1995 ^a
Total	33006.8	35316.6	34847.2	36966.4	40132.5	-4.8	7.0	-1.3	6.1	8.6
Commercial Banks	20426.3	22674.5	23156.4	24883.5	31761.9	-1.6	11.0	2.1	7.5	27.6
Savings & Loans	5367.6	4197.0	4380.2	4551.3	132.0	-22.6	-21.8	4.4	3.9	-97.1
Government Banks	7212.9	8445.1	7310.6	7531.6	8238.6	3.4	17.1	-13.4	-5.1	9.4

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>				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Total Deposits	17238.3	18684.3	18687.6	19350.6	22572.7	-6.8	8.4	0.0	3.5	16.7
Public Funds	786.8	1116.7	1123.8	1297.1	1359.5	-16.7	41.9	0.6	15.4	4.8
Commonwealth Govt.	753.9	1088.2	1107.9	1275.3	1255.3	-18.6	44.3	1.8	15.1	-1.6
U.S.A. Govt. & others	32.9	28.5	15.9	21.8	104.2	80.8	-13.4	-44.2	37.1	378.0
Private Funds	16451.5	17567.6	17563.8	18053.5	21218.2	-6.3	6.8	0.0	2.8	17.5
Demand Deposits	1873.9	2618.2	2879.2	3207.1	3579.9	-0.9	39.7	10.0	11.4	-37.8
Savings Account	2964.7	4123.2	4631.6	5101.5	6066.5	15.9	39.1	12.3	10.1	18.9
Time & C.D.'s	5444.1	5152.4	4536.4	4503.2	6855.7	-12.1	-5.4	-12.0	-0.7	52.2
936 Funds	5696.5	5673.8	5516.6	5241.7	4711.1	-13.3	-0.4	-2.8	-5.0	-10.1

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>				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Total Exports	21323.0	21051.2	19790.7	21752.6	23811.3	10.5	-1.3	-6.0	9.9	9.5
Agriculture	114.2	111.3	78.4	85.9	112.6	8.0	-2.5	-29.6	9.6	31.1
Mining	26.2	20.8	16.0	62.5	13.6	14.4	-20.6	-23.1	290.6	-78.2
Manufacturing	21104.9	20877.2	19657.0	21576.8	23653.9	10.6	-1.1	-5.8	9.8	9.6
food	2635.6	3006.3	3016.6	2902.4	2830.4	-2.5	14.1	0.3	-3.8	-2.5
apparel & textiles	809.6	826.2	877.7	838.8	903.7	1.5	2.1	6.2	-4.4	7.7
chemical products	9482.8	9169.8	8532.2	10168.3	11170.3	13.6	-3.3	-7.0	19.2	9.9
drugs & pharmaceuticals	7534.7	7255.5	6420.0	7987.7	8868.2	17.0	-3.7	-11.5	24.4	11.0
Petrol refining & related products	602.3	362.9	266.9	295.4	302.8	-6.6	-39.7	-26.5	10.7	2.5
machinery, except electric	2804.6	2667.6	1909.7	1938.7	2292.2	37.8	-4.9	-28.4	1.5	18.2
electrical machinery	1909.2	1170.5	1976.3	2265.2	2761.4	0.0	-38.7	68.8	14.6	21.9
professional & scientific instruments	1456.2	1706.9	1608.5	1690.4	1664.1	21.6	17.2	-5.8	5.1	-1.6
Other manufacturing ^a	1404.6	1367.0	1469.1	1477.6	1729	-3.5	-2.7	7.5	0.6	17.0
Other ^b	77.7	41.9	39.4	27.4	31.2	-14.9	-46.1	-6.0	-30.5	13.9

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>				
	1991	1992	1993	1994	1995	1991	1992	1993	1994	1995
Total Imports	15904	15387.3	16385.9	16654.2	18816.6	1.2	-3.3	6.5	1.6	13.0
Agriculture	182.1	161.1	178.0	287.9	323.5	-27.7	-11.5	10.5	61.7	12.4
Mining	885.7	595.4	573.0	501.5	609.0	32.6	-32.8	-3.8	-12.5	21.4
Manufacturing	14697	14486.2	15491.6	15720.9	17755.5	0.8	-1.4	6.9	1.5	12.9
food	2021.0	2028.4	2020.7	2000.3	2011.2	-3.0	0.4	-0.4	-1.0	0.5
apparel & textiles	689.7	761.8	733.3	707.8	789.3	5.1	10.5	-3.7	-3.5	11.5
chemical products	3689.7	3462.1	3688.8	3109.3	3637.8	3.6	-6.2	6.5	-15.7	17.0
drugs & pharmaceuticals	2296.0	2066.0	2244.6	1500.9	1682.6	4.1	-10.0	8.6	-33.1	12.1
Petrol refining & related products	1240.0	1047.8	1027.3	890.1	989.7	-4.8	-15.5	-2.0	-13.4	11.2
machinery, except electric	1157.9	1020.8	1013.9	1128.4	1250.5	14.7	-11.8	-0.7	11.3	10.8
electrical machinery	1374.1	1467.1	1852.8	2441.4	3140.3	-5.8	6.8	26.3	31.8	28.6
transport equipment	843.2	916.7	1227.8	1490.2	1821.8	-12.0	8.7	33.9	21.4	22.3
professional & scientific instruments	525.9	632.9	747.4	691.9	776.2	0.4	20.3	18.1	-7.4	12.2
other manufacturing ^a	3155.1	3448.6	3179.6	3261.5	3338.7	4.6	9.3	-7.8	2.6	2.4
Other ^b	139.9	144.6	143.1	143.9	128.6	-38.7	3.4	-1.0	0.6	-10.6

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

	<u>Exports</u>			<u>Imports</u>			<u>Trade Balance</u>		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
Total	19790.8	21752.6	23811.3	16385.8	16654.2	18816.6	3405	5098.4	4994.7
U.S.	17049.7	19003.8	21106.9	11335.8	11188.7	12158.1	5713.9	7815.1	8948.8
Third countries	2559.0	2622.0	2539.6	4994.6	5337.0	6351.5	-2435.6	-2715	-3812
Virgin Islands	182.1	126.8	164.8	55.4	128.5	307	126.7	-1.7	-142.2

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>				
	1991	1992	1993	1994	1995
Merchandise Trade Balance	2532.7	2830.3	2494.8	4264.7	4622.5
Exports (goods)	22475.9	22506.3	22028	23753.5	26049.9
Imports (goods) ^a	19943.2	19150.1	18442.2	19487.4	21427.4
Real Services (net)	-81.2	-17.6	-27.8	83.9	1985.8
Travel	746.4	784.2	852	931.5	992.7
Transportation	-827.6	-801.8	-879.6	-873.3	-993.1
Factor income (net)	-9936.3	-11478.5	-12296.3	-13365.5	-15283.9
Investment income	-9973.2	-11485.6	-12447.4	-13621.8	-14665.6
Miscellaneous services	-434	-500.1	-587.2	-633	-618.3
Operating expenditures of federal agencies in P.R.	627.3	666.1	777.7	744.2	761.1
Net interest of the Commonwealth and Municipal Government	-156.4	-158.9	-189.1	-197.7	-210
Unilateral Transfers (net) ^b	4788.9	4770	5201.5	5552.4	6149.6
Balance ^c	-2696.0	-3370.1	-3686.3	-3832.1	-3961.1

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.

