

PUERTO RICO

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The Commonwealth of Puerto Rico is a vibrant bilingual and bicultural society of almost four million. Some economists characterise Puerto Rico's economy as 'fictitious' since it has relatively few natural resources and its economy relies on Federal Aid from the US Government, which depends on the industrialisation programmes and the tax incentives. The slowdown in the US economy has trimmed Puerto Rico's economic growth from 3% to around 2.2% annually. Important industries like pharmaceuticals, electronics, textiles, petrochemicals, processed foods, clothing and textiles have now surpassed agriculture (sugar cane, coffee, pineapples, plantains, bananas, livestock) as the primary economic activity, together with tourism (some five million visitors per year). Encouraged by duty-free access to the US and by tax incentives, US firms have invested heavily in Puerto Rico since the 1950s.

At less than three times the size of Rhode Island and located some 1,600 km east-southeast of Miami, the island's natural assets including an important location along the Mona Passage (a key shipping lane to the Panama Canal), one of the biggest and best natural harbours in the Caribbean (San Juan), many small rivers and high central mountains for water resources with a south coast relatively dry and a fertile coastal plain belt in north. There are small reserves of copper nickel, cobalt, iron, chromium, lead, gold and silver, mainly in the centre of the island. However, the island's modest mining industry is centred on non-metallic minerals, particularly stone, sand, salt and clay. Several large limestone quarries remain active, and sand and gravel resources are of increasing importance for construction and beach replenishment.

Traditionally, construction raw materials, in particular cement, sandstone and trap rock for aggregates, have contributed about 1% of GDP. However, the mining scene has been relatively quiet, as many parts of the island have been sterilised through legislation. For example, in 1996, over 280 ha in Puerto Rico's mining region in Adjuntas were designated as a Puerto Rican State Forest by the Department of Natural and Environmental Resources, and the mining law was amended in June 1995 to prohibit open-pit mining of metallic ores.

Puerto Rican Cement Co.'s (PRCC) dry process cement plant at Ponce, along with the smaller company, Essroc (formerly San Juan Cement) at Dorada, account for two-thirds of the total value of minerals produced in the country. In September 2002, Cemex SA de CV of Mexico, through its indirect wholly-owned subsidiary Tricem Acquisition Corp., completed the tender offer made for all outstanding shares of the common stock of Puerto Rican Cement Co. (PRCC) at US\$35 per share. Slightly more than five million shares of Puerto Rican Cement were tendered, making the value of the deal approximately

US\$250 million. Virtually all of the sales are based on ready-mix concrete, Portland cement, and hydrated lime. PRCC also makes paper and polypropylene packaging products with its multi-wall paper bags, sold only in Puerto Rico, used for its own cement along with animal foods and fertilisers. Essroc, headquartered in Nazareth, Pennsylvania and part of the Italcementi group of companies, has an annual production capacity of nearly 6.0 Mt making it the fifth-largest cement producer in North America.

Puerto Rico, the Caribbean's largest energy importer, has a refining capacity of 49,000 bbl/d at Caribbean Petroleum Corp.'s refinery at Bayamon. The island's main utility is the government-owned Puerto Rico Electric. According to *Platt's Global Energy*, Puerto Rico Electric Power Authority (PREPA) has boosted installed capacity to about 5,700 MW and supplies electricity based on a recent annual demand growth rate of 3-3.5%. In addition to increasing its own generating capacity by repowering older stations, PREPA has signed contracts with independent power producers (IPPs) such as the 507-MW EcoElectrica plant, owned by Edison Mission Energy and (formerly) Enron Corp.; fuelled by LNG from Trinidad, it supplies 17% of Puerto Rico's energy needs. Another is the 454-MW coal-fired AES Puerto Rico power plant in Guayama.

Liquefied natural gas has been imported from Trinidad since August 2000 to the new EcoElectrica regasification facility at Punta Guayanilla and a 25 Km natural gas pipeline has been proposed from it to thermal power plants.