

REMARKS BY THE GOVERNOR OF THE
COMMONWEALTH OF PUERTO RICO
HONORABLE RAFAEL HERNANDEZ COLON
TO THE AMERICAN ASSOCIATION OF PORTS
AUTHORITIES

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Mr. C.S. Devoy, President of the American Association of Ports Authorities, distinguished association members from both North and South America, honored guests and ladies.

It is a privilege and a pleasure to welcome you to the Caribbean and Puerto Rico. We are proud you have chosen San Juan as your Convention site and hope that your stay among us will be both productive and pleasing.

Puerto Rico is an island. It is an Island on the edge of a great ocean. Puerto Rico is 550 miles by water from New York, and over 3,000 miles by water from Rotterdam.

The Atlantic Ocean and its dependent seas, which includes the Caribbean, cover over 41 million square miles. Within that 41 million squares miles there is a piece of mountain pushed up from the ocean floor that is 3,435 square miles in area. That is Puerto Rico. In a sense, the relationship between Puerto Rico and the Atlantic Ocean is not unlike that of earth's moon, paused on the edge of another immense sea we call space.

Now if man is to colonize the moon, he must first develop a transportation system to supply the future moon men. The survival and progress of the moon men would be in direct proportion to their capacity to move goods

between the moon and the earth or for that matter, other bodies of the universe. The same holds true for Puerto Rico. Puerto Rico can not progress much less survive unless it can reach across the immense "space", the ocean, that divides her from the rest of the world. Ships and shipping, then, are Puerto Rico's earthly lifeline to survival and to progress; in moon terms, ships are Puerto Rico's space shuttle.

By ships, we bring oil from Venezuela, Chile, Iran and Algeria. By ships, we import salt from the Bahamas, cars from Sweden, molasses from the Dominican Republic, albacor from the Canary Islands, books from Mexico and food from the United States.

By ships, we send intermediate chemicals to Belgium, vases to Venezuela, medicines to Italy, benzene to England, coals tars to Japan, chickens to Jamaica and finished consumer goods to the United States.

Shipping is as vital to Puerto Rico's economy as the sea is to fish. Some of you from continental nations may not understand the full impact of what I have jsut said. Let me explain in numbers. During fiscal year 1973, the Island's imports totalled 54 per cent of the gross Commonwealth product and exports accounted for 38 per cent of gross Commowearth product. Together, trade accounted

for 92 per cent of the Island's total gross product. In comparison, only 11 per cent of the gross national product of the United States was dependent on trade in fiscal year 1973.

Most of our trade, quite naturally, is with the United States with which we enjoy a common market. However, we are also looking to expand foreign trade, a subject I will talk about later. Twenty years ago most of the cargo from U.S. ports reached Puerto Rico in break bulk ships run by such companies as Bull Insular Lines, Alcoa Steamship Corp., Waterman Steamship Corp., and Lykes Lines. Then on March 1, 1958 Puerto Rico made American history. On that date, the first company to operate container shipping in Puerto Rico grew to become a major U.S. shipping line with container shipping service to U.S. ports on both coasts and Europe.

But problems began to set in. The ships used on the Puerto Rican route were not being replaced to provide faster and more efficient service. As cost mounted, the carriers petitioned for more and greater freight rate increase. Over the last two years alone, rates increased by over 47 per cent.

To solve the problem, my Administration decided to purchase or lease the ships, vans and dock facilities used

by the three major containerized companies serving Puerto Rico. We signed the contract with the last of the three earlier this month. With the shipping lines now under one management, we feel that the skyrocketing freight rates that were endangering our economic growth can be brought under control. In addition to stabilizing rates, government ownership of the lines should provide the cash flow necessary to modernize the fleet. These objectives are vital to the well being of the Puerto Rican consumer and the success of the Puerto Rican based manufacturer.

Government ownership of a maritime fleet can also be viewed as another incentive for manufacturers, who want to establish plants in Puerto Rico. This incentive will augment our basic tax exemption program, which is the heart of Operation Bootstrap, our industrialization plan.

In the early years of Operation Bootstrap, the Island offered tax exemption and low rent plant space to attract industry. We have since added training and technical assistance programs. The acquisition of the shipping lines is another step in this long struggle to lift Puerto Rico from poverty by attracting private investment. Our success in the past has convinced us of our need to continue with industrialization in the future. In 1950, for example, as Bootstrap was beginning, manufacturing

but necessary for the full exploitation of Puerto Rico's economic potential.

The Center as presently planned will have extensive facilities for warehousing, storage, assembly, packing, crating and light manufacturing: all the elements necessary for world trade. It is anticipated the Center will also include a Foreign Trade Zone. Such a zone presents important advantages and opportunities for both exporters and importers and will play a significant role in the total international trade picture.

In 1973, 5.4 million tons was shipped into and out of Puerto Rican ports. We contemplate that when the Center is fully operational the cargo shipped to and from Puerto Rico will double that amount.

This will require many more ships plying the Puerto Rico - United States routes and will require the establishment of shipping facilities to and from Caribbean, Central and South American ports which do not now exist. The development of Puerto Rico as a distribution center would attract cargocarrying ships, which are not now available because of insufficient haul, to these new trade routes.

All of this will have a considerable impact on our port facilities in Puerto Rico. We will expand our pier

wharfage, shortage area, security, and internal transportation. We anticipate that the port of San Juan will become one of the most active ports in the Western Hemisphere when our expansion efforts for increased trade with the United States and with foreign countries are completed.

Much effort has already been directed toward one aspect of that expansion. The government has placed greater emphasis in the past two years in developing more export trade with foreign countries, particularly those in and bordering on the Caribbean. Part of our expansion plans, includes membership in the Caribbean Development Bank, which is now pending approval of the Bank's Board directors.

As a consequence of our efforts, the volume of foreign export trade has increased for \$149 million in 1972 to \$377 million in 1974. This improvement has resulted from a more effective program in trade missions to foreign countries carried out by our Commerce Department. For the first time in Puerto Rico's trade history, a favorable trade balance with the Caribbean was achieved by the Island in 1973.

We are also pushing ahead with plans to build a deep water port to handle supertankers to give Puerto Rico

access to the world's cheapest oil markets. Such access is essential for two reasons: the Island's energy supply is totally dependent on oil and to assure supply to the Island's petrochemical industry, one of the world's largest. Success with the superport, coupled with the acquisition by the government of the shipping lines would also give a big boost in our efforts to attract a major ship-building industry to the Island.

As you see then we are no resting on past laurels, but planning and working to make Puerto Rico even stronger economically. We must do this because we are still faced with the challenge of lifting our people from poverty to prosperity.

We are working and planning so that the sea around us will not be the empty void of space, but an area of commercial and maritime activity unparalleled in the Island's history. "Muchas gracias" and you all enjoy your stay in Puerto Rico.