

**Government of Puerto Rico
DEPARTAMENT OF LABOR AND HUMAN RESOURCES
Bureau of Labor Statistics**



Puerto Rico Economic Analysis Report

2009-2010



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Secretary

Table of Content

	Page
I. Trends and Developments	
A. Economic Overview	3
B. Economic Performance by Sector	5
C. Economic Development Program	7
D. Labor Force Statistics	10
1. Labor Force Statistics	10
a. Labor Force Participation	10
b. Employment	12
c. Unemployment	12
d. Employment by Industry	14
e. Wages	15
E. Other Indicators	18
1. Insured Unemployment	18
a. Characteristics of the Insured Unemployed	18
b. Gender	19
c. Age	19
d. Industry	20
II. Projections	
A. Industry Projections	21
B. Occupational Projections	23
C. Population	26

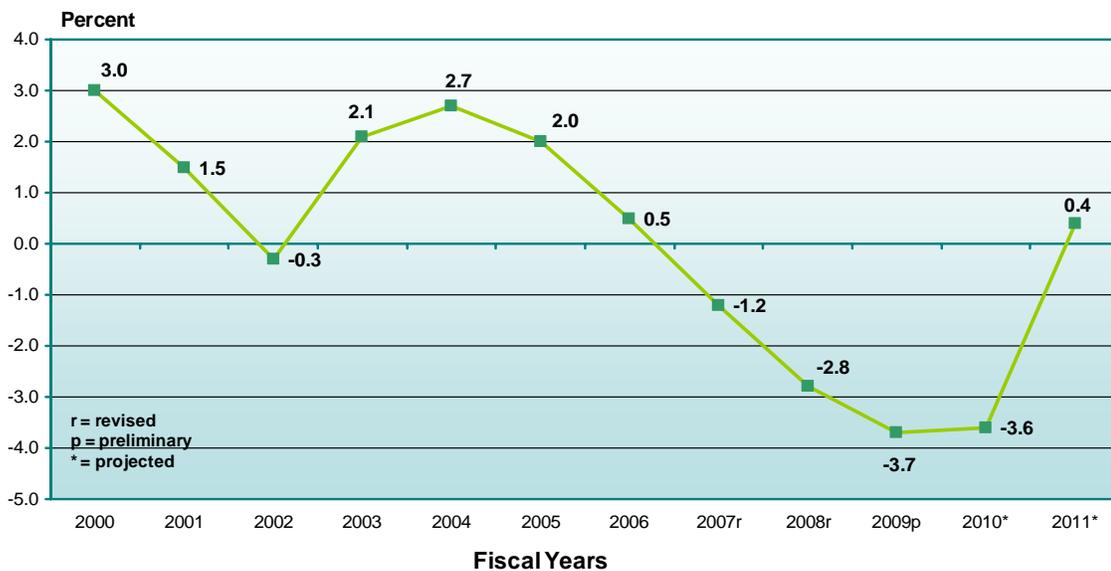
I. Trends and Development

A. Economic Overview

In Puerto Rico, the annual real Gross National Product (GNP) growth rates have slowed down considerably during the current decade, showing declines for the last three fiscal years. In FY06 real GNP grew by 0.5%, while in FY07 it declined by 1.2%. The reduction became sharper for FY08 and FY09, with drops of 2.8% and 3.7%, respectively. Although the economy of Puerto Rico is closely linked to the United States economy, the Island's current deep recession preceded the economic recession on the US mainland by four years. Most of the external factors that affect the Puerto Rico economy are determined by the policies and performance of the mainland economy. Among the variables contributing to the decrease in gross national product was the continuous contraction of the manufacturing and construction sectors and the current difficulties associated with the financial crisis resulted in lower short-term interest rates, but this did not translate into a significant improvement in the construction sector due to the high level of inventory of residential housing units.

Figure 1

Puerto Rico Real Gross National Product



Source: Puerto Rico Planning Board

In FY 2009 all components of the GNP showed contraction in real terms, specially the personal consumption expenditures, the gross domestic investment, and the external sector. The personal consumption expenditures, in real terms, registered \$9,239.5 million, a decreased of 2.4% (\$9,467.6 million or -0.5% in FY 2008). The real gross domestic investment totalized \$1,519.3 million or -11.1% (\$1,708.9 million or -7.7% in FY 2008). In fiscal year 2009, the real personal income was \$9,816.2 million and real personal income per capita was \$2,478. Personal income includes transfer payments to individuals in Puerto Rico under various social programs. Total U.S. federal transfer payments to individuals amounted to \$13,498.8 million in fiscal year 2009 (\$12,601.8 million in FY 2008). Entitlements for previously performed services or resulting from contributions to programs such as Social Security, Veterans' Benefits, Medicare, and U.S. Civil Service retirement pensions were 74% of the transfer payments to individuals in FY 2009. The remainder of the federal transfers to individuals is represented by grants, mostly concentrated in the Nutritional Assistance Program (Food Stamps) and Pell Grant scholarships (higher education).

Table 1

**Gross National Product- current prices
(million dollars-fiscal years)**

Indicator	2007r	2008r	2009p	2010*	Change					
					Absolute			Percentage		
					2008-2007	2009-2008	2010-2009	2008-2007	2009-2008	2010-2009
Gross Domestic Product	88,404.5	92,925.9	95,708.2	98,402.0	2,744.8	4,360.6	2,693.8	3.2	4.9	2.0
Gross National Product	59,520.5	61,527.0	62,758.9	63,866.0	1,830.8	2,224.1	1,107.1	3.2	3.8	-0.3
Personal Income	52,110.4	55,583.7	59,034.9	60,001.0	3,473.3	3,451.2	966.1	2.9	7.5	-0.6
Personal Consumption Expenditure	51,949.3	54,561.0	55,564.6	56,892.0	2,349.0	2,345.3	1,327.4	4.7	4.5	2.9

r - revised
p - preliminary
* - projected

Source: Puerto Rico Planning Board

Table 2

**Gross National Product- constant prices
(million dollars-fiscal years)**

Indicator	2007r	2008r	2009p	2010*	Change					
					Absolute			Percentage		
					2008-2007	2009-2008	2010-2009	2008-2007	2009-2008	2010-2009
Gross Domestic Product	10,803.7	10,669.2	10,411.5	10,178.0	-134.5	-257.7	-233.5	-1.2	-2.4	-2.2
Gross National Product	6,973.6	6,776.2	6,523.1	6,286.0	-197.4	-253.1	-237.1	-2.8	-3.7	-3.6
Personal Income	9,542.3	9,644.9	9,816.2	9,611.0	102.6	171.3	-205.2	1.1	1.8	-2.1
Personal Consumption Expenditure	9,513.0	9,467.6	9,239.6	9,114.0	-45.4	-228.0	-125.6	-0.5	-2.4	-1.4

r - revised
p - preliminary
* - projected

Source: Puerto Rico Planning Board

According to the Puerto Rico Planning Board's latest projections, which take into account the preliminary results for fiscal year 2009, the economic impact of a delay in the disbursement of funds from the American Recovery and Reinvestment Act of 2009 ("ARRA"), and other economic factors, the gross national product for fiscal year 2010 is forecasted to contract by 3.6%. The gross national product for fiscal year 2011, however, is forecasted to grow by 0.4%. The forecast for fiscal year 2010 took into account the estimated effects on the Puerto Rico economy of the Government's fiscal stabilization plan and the activity expected to be generated from the Government's local stimulus package. The revised forecast also considered the effect on the Puerto Rico economy of general and global economic conditions, the U.S. economy, and the volatility of oil prices, interest rates and the behavior of local exports, including expenditures by visitors.

B. Economy Performance by Sector

The dominant sectors of the Puerto Rico economy in terms of production and income are manufacturing and services. The manufacturing sector has undergone fundamental changes over the years as a result of increased emphasis on higher-wage, high-technology industries, such as pharmaceuticals, biotechnology,

computers, microprocessors, professional and scientific instruments, and certain high technology machinery and equipment. The service sector, which includes finance, insurance, real estate, wholesale and retail trade, transportation, communications and public utilities, and other services, plays a major role in the economy. It ranks second to manufacturing in contribution to gross domestic product and leads all sectors in providing employment.

Manufacturing is the major contributor to the gross domestic product. In FY 2009 this sector generated \$43,548.0 million or 45.5% of gross domestic product. The manufacturing in Puerto Rico basically concentrate in two major industries, pharmaceuticals and other chemical products, and machinery and metal products. There are several reasons that explain this sector's job shrinkage: the end of the phase-out of Section 936 of the U.S. Code, the net loss of patents on certain pharmaceutical products, the escalation of manufacturing production costs (particularly labor and electricity), the increased use of job outsourcing, and, currently, the effects of the global economic decline.

The service sector ranks second to manufacturing in its contribution to gross domestic product, and it is the sector with the greatest employment. In fiscal year 2009, the service sector generated \$41,028.4 million of gross domestic product, or 42.9% of the total. Wholesale and retail trade, information services, education and health services, professional and business services and real estate and rentals experienced growth in fiscal years 2007 to 2009, as measured by gross domestic product at current prices. Finance and insurance, transportation and warehousing, utilities, and leisure and hospitality experienced contractions in fiscal years 2007 to 2009, as measured by gross domestic product at current prices. From fiscal year 2007 to 2009, gross domestic product increased in the trade sector from \$7,223.0 million to \$7,469.2 million and in real estate and rentals from \$11,685.7 million to \$13,253.5 billion, and decreased in finance and insurance from \$6,694.3 million to \$4,951.8 million.

In the past decade, the construction industry had made significant contributions to the growth of economic activity due to its multiplier effect on the whole economy, although the construction industry represents a relatively small segment of the economy compared to other sectors. In FY 2009, the construction sector represented 1.8% of the gross domestic product (2.1% in FY 2008). In terms of real construction investment, it fell from \$639.0 million in FY 2008 to \$510.6 million in FY 2009 (-20.1% of annual change). During the period from FY 2007 to 2009, however, real construction investment decreased at an average annual rate of 14.7%. During the same time period, the total value of construction permits, in current dollars, decreased at an average annual rate of 9.8%. Public investment has been an important component of construction investment. During FY 2009, approximately 52.9% of the total investment in construction was related to public projects. Public investment in construction has been negatively affected by the Commonwealth's fiscal difficulties, while private investment in construction is still suffering from the credit conditions that prevailed during the last decade. Public investment was primarily in housing, schools (and school reconstruction programs), water projects, and other public infrastructure projects.

During FY 2009, the number of construction permits decreased 20.7%, while the total value of construction permits dropped by 28% compared to FY 2008. For the first ten months of FY 2010, the total number of construction permits decreased by 16.7%, while the value of construction permits decreased by 30.2%. These figures are consistent with cement sales, which declined by 25.4% in FY 2009 and by 26.3% during FY 2010, reaching levels not seen in more than a decade. The considerable decline in cement sales could represent a major reduction in real construction investment expenditures.

C. Economic Development Program

The Department of Economic Development and Commerce, in coordination with other government agencies, is in the process of implementing the Strategic Model for a New Economy, which consists of a comprehensive, long-term, economic

development program aimed at improving Puerto Rico's overall global relevance, competitiveness, and business environment, and increasing private-sector capital formation and participation in the economy. These initiatives are centered on the dual mission of fostering multi-sector growth while reducing costs and barriers to business and investment, and are a medium-to-long-term counterpart to the Economic Plan and the Supplemental Stimulus.

The present administration is emphasizing the following initiatives to enhance Puerto Rico's competitive position:

- **Permitting Process.** The reengineering of Puerto Rico's permitting and licensing process which overhauls the existing permitting and licensing process in Puerto Rico in order to provide for a more efficient process that fosters economic development.
- **Labor Law Reform.** The administration seeks to encourage greater labor-force participation by providing the private sector with more flexibility in establishing feasible labor arrangements. One focus of the labor-market reform will be the modernization of Puerto Rico's regulatory framework.
- **Energy Policy.** At present, fluctuations in oil prices have a significant effect on Puerto Rico's overall economic performance. By implementing a new energy policy, the administration will seek to lower energy costs, reduce energy-price volatility, and establish environmentally sustainable energy production through a reduction in ecologically harmful emissions. The administration is facilitating the development of several initiatives, including the wheeling of energy, conservation efforts, and the installation of new renewable generation capacity, among others.

- Tax Reform. The administration is also focused on reforming the Commonwealth's tax system in order to improve its competitiveness by simplifying the tax code and optimizing the use of industrial incentives.
- Public-Private Partnerships. The Public-Private Partnerships (PPPs) represent an important tool for economic development, particularly in times of fiscal imbalance. PPPs are collaborations between government and non-governmental entities—such as private-sector, non-profit organizations, credit unions, and township corporations to develop infrastructure projects, manage government assets or provide services. The non-governmental partner takes on certain responsibilities and risks related to the development of the project in exchange for receiving the benefits of operating it.
- Sector Initiatives. To complement the previously mentioned initiatives there will be specific strategic initiatives with the objective of creating jobs and increasing economic activity across various sectors of the Puerto Rico economy. The Commonwealth has natural or structural competitive advantages in several areas, such as pharmaceutical and biotechnology manufacturing. These advantages provide opportunities for the development of regional clusters in high-tech manufacturing, research and development, tourism, renewable energy, international trade and professional services.
- Strategic/Regional Projects. The administration has also targeted strategic/regional projects that will generate investments in all the regions of the Island in order to foster balanced economic development.

D. Labor Force Trends and Developments

1. Labor Force Statistics

Table 3

Employment Status of the Civilian Non-institutional Population
Average Fiscal Years 2008 to 2010
(thousand of persons 16 years of age and over)

Employment Status	2010	2009	2008	Net Change	
				2010	2009
Civilian non-institutional population	3,093	3,057	3,036	36	21
Participation rate ¹	42.5	44.1	45.1	-1.6	-1.0
Labor Force	1,313	1,349	1,368	-36	-19
Employment	1,103	1,168	1,218	-65	-50
Unemployment	210	181	151	29	30
Unemployment rate ²	16.0	13.4	11.0	2.6	2.4

Source: Household Survey

1/ Percentage of the civilian population 16 years old and over in the labor force.

2/ Percentage of unemployed persons in the labor force.

a. Labor Force Participation

The Household Survey is designed so that each person age 16 and over who is neither in an institution (for example, correctional facilities and residential nursing and mental health care facilities) nor on active duty in the Armed Forces is counted and classified in only one group. The sum of the employed and the unemployed constitutes the civilian labor force. Persons not in the labor force combined with those in the civilian labor force constitute the civilian non-institutional population 16 years and over. In Puerto Rico the non institutional population has increased consistently through the decades. In FY 2010, it was estimated in 3,093,000 persons, representing a rise of 36,000 persons or 1.2%. From FY 2000 to 2010, this population showed an average increase of 296,000.

In FY 2010, the group not in the labor force represented 58% of the non institutional population; this is a larger proportion than the labor force which represented 42%. The labor force reflected a reduction of 36,000 persons in FY 2010. The present recessionary period has had a negative impact on the workforce. The fall in the labor force caused a decrease in the participation rate of 42.5%, representing a drop of 1.6 percentage points compared with FY 2009 (44.1%).

The participation rate is an indicator of the propensity of the persons to participate in the labor market. The FY 2010 registered the lowest point, 42.5% since FY 1986 (42.5%) and declined 1.6 percentage points when comparing with FY 2009 (44.1%) and 2.6 percentage points comparing with FY 2008 (45.1%). There is a relationship between the participation rate and the economic activity. Due to various factors, among them, the flow for decades of federal incentives to the population under different programs has affected the participation rate in the labor force. There are some differences between the participation rate in the labor force of men and women. In FY 2010 the rate for women decreased by 1.7% and for men, 1.5%. The male participation rate showed sharp consecutive declines, from 52.9% in FY 2006 to 52.3% in FY 2010, the lowest male participation rate recorded in 45 years. The female rate also declined in the last years, from 38.5% in 2006 to 34.3% in FY 2010. Some factors that can influence the behavior of the participation rate of women are the changes in the civil status and the level of education.

In the Puerto Rico labor market, self-employment represents approximately 15% of total employment according to the Household Survey. Most of the self-employment is concentrated in the service and construction sectors. In FY 2010 the self-employment totalized 163,000 showing a decline of 10,000 comparing with FY 2009 (173,000) and 15,000 comparing with FY 2008 (178,000).

b. Employment

In the Household Survey, people are considered employed if they did any work at all for pay or profit during the surveyed week. This includes all part-time and temporary work, as well as regular full-time, year-round employment. In FY 2010, the number of employed persons reached a total of 1,103,000. According to the Survey, total employment began to decline on a yearly basis in June 2006. The local economy has lost 115,000 employees in the last two years, 50,000 in FY 2009 and 65,000 in FY 2010. Between FY 2000 and 2010, it showed an average reduction of 47,000 employments. Analyzing the differences between the employment of men and women in FY 2010, the employment of men decreased by 41,000 and for women, 24,000. This represents declines of 6.0% and 5.0%, respectively.

c. Unemployment

According to the Household Survey, persons are classified as unemployed if they do not have a job, have actively looked for work in the prior 4 weeks, and are currently available for work. In FY 2010, unemployment registered 210,000 or 29,000 jobseekers more than in 2009. The unemployment rate for FY 2010 was 16.0%, 2.6 percentage points higher than FY 2009 (13.4%). In FY 2010 the unemployment rate for men was 18.5% and 12.9% for women. This represents respective increases of 25.0% and 11.0% comparing with FY 2009.

d. Employment by Industry

The total non farm employment shows a decreasing pattern since FY 2006. In FY 2010 according to the revised data of the Establishment Survey, the employment totalized 942,000, reflecting a reduction of 5.1%. An over the year comparison reveals a 50,500 employees reduction. All industries, except Educational and Health Services (increased by 2,700) and Leisure and Hospitality (rose by 100), reported annual losses. The largest job losses in FY 2010 were in, Mining, Logging and Construction, -15,500; Government, -15,200; Trade, Transportation and Utilities, -7,400; and Manufacturing, -6,700.

Table 4

Total Non Farm Employment in Puerto Rico
Fiscal Years 2008 to 2010
In thousands

Industrial Group				Net Change	
	2010p	2009r	2008r	2010	2009
Total Non Farm	942.0	992.5	1,020.2	-5.1	-2.7
Mining, Logging and Construction	33.6	49.1	59.7	-31.6	-17.8
Manufacturing	90.0	96.7	104.1	-6.9	-7.1
Trade, Transportation and Utilities	169.0	176.4	181.3	-4.2	-2.7
Information	18.2	20.2	21.4	-9.9	-5.6
Financial Industries	46.7	48.4	48.5	-3.5	-0.2
Professional and Business Services	99.3	105.2	109.9	-5.6	-4.3
Educational and Health Services	112.7	110.0	108.6	2.5	1.3
Leisure and Hospitality	71.0	70.9	73.4	0.1	-3.4
Other Services	16.0	16.8	17.4	-4.8	-3.4
Government	285.5	300.7	297.7	-5.1	1.0

Source: Current Employment Survey (CES).
P= Preliminar R= revised

Between FY 2000 and FY 2010, the average decline in total employment was of 75,100. There have been changes in the sector's composition in the last years. Among them, the percentage representation of the construction sector in total employment, declined from 7.2% in FY 2002 to 3.6% in FY 2010. The payroll

employment in the construction sector during FY 2010 was 33,600, a reduction of 31.6% from FY 2009. In average terms, between FY 2002 and FY 2010 this employment decreased by 38,500.

The government sector is a significant employer in Puerto Rico. In FY 2010, this sector employed 285,500 workers and registered a decline of 5.1% comparing to FY 2009. The percentage representation of the government sector in total employment rose from 28.1% (FY 2000) to 30.3% (FY 2010).

The Trade, Transportation and Utilities sector is the second more important in employment terms. In FY 2010 totalized 169,000 registering a decline of 4.2% comparing to FY 2009. During the decade this sector has been presenting diminish, in average terms, of 14,300.

The payroll employment in the manufacturing sector during FY 2010 was 90,000, a decline of 6.9% compared with FY 2009. The proportion of the manufacturing sector in the total employment fell from 14.1% in FY 2000 to 9.6% in FY 2010, maintaining the decreasing tendency. The total employment in the manufacturing sector has diminished in average by 52,900 from FY 2000 to FY 2010.

e. Wages

The Occupational Employment Survey 2009, in terms of employment and wages by major occupational group, presents that the office and administrative support occupational group had the highest employment coverage with 185,710 workers, which represent 19.3% of total employment. Management was the occupational group with the highest mean and median wage per hour (\$31.80 and \$25.74, respectively).

The top ten (10) highest paying occupations in 2009 were professional and managerial. The highest mean wage was reached by anesthesiologists with \$53.11 per hour. Other occupations with high mean wages per hour were: chief executives

with \$51.91, and industrial production managers with \$48.50. The ten (10) occupations with the highest employment shows that retail salespersons was the occupation with the highest employment with 40,290 workers (4.2% of total employment). The mean wage for this occupation was \$8.50 per hour.

The industrial groups and the percent of distribution they represent of total employment shows Services (including health and educational services) was the industrial group with the highest employment: 355,810 (37.0%) workers. Public administration follows with 217,260 (22.6%) workers; and wholesale and retail trade with 161,800 (16.8%). These three (3) industrial groups combined represent 76.4% of total employment.

Respect to the ten (10) industries with the highest estimated employment, Public administration was the industry with the highest number of workers with 217,260 that represents 22.6% of total employment. Educational services, and Administrative and support services, follow with 88,060 (9.2%) and 61,880 (6.4%) workers, respectively.

Tabla 5

Employment and Wages by Major Occupational Group, 2009

Occupations	Employment		Wages	
	Total	Percent Distribution	Hourly Mean	Annual Mean
Totals	962,030		\$12.35	\$25,690
Office and administrative support occupations	185,710	19.3	10.92	22,720
Sales and related occupations	103,260	10.7	10.01	20,830
Production occupations	74,670	7.8	10.40	21,640
Education, training, and library occupations	69,740	7.2	15.17	31,550
Food preparation and serving related occupations	65,820	6.8	8.21	17,080
Protective service occupations	64,210	6.7	10.85	22,570
Transportation and material moving occupations	55,160	5.7	9.45	19,650
Construction and extraction occupations	52,940	5.5	9.52	19,790
Healthcare practitioner and technical occupations	46,290	4.8	15.42	32,070
Business and financial operations occupations	43,390	4.5	16.87	35,090
Building and grounds cleaning and maintenance occupations	43,070	4.5	8.34	17,350
Retail salespersons	40,290	4.2	8.50	17,690
Installation, maintenance, and repair occupations	34,500	3.6	12.72	26,460
Management occupations	34,490	3.6	31.80	66,140
Security guards	29,410	3.1	8.03	16,710
Cashiers	27,740	2.9	7.54	15,670
Office clerks, general	27,340	2.8	9.67	20,110
Secretaries, except legal, medical, and executive	26,680	2.8	9.45	19,660
Janitors and cleaners, except maids and housekeeping cleaners	25,980	2.7	8.12	16,880

Source: Occupational Employment Survey (OES)

Table 6

Highest Paying Occupations, 2009

Occupation	Hourly Mean	Annual Mean
Physicians and surgeons, all other	\$60.76	\$126,380
Anesthesiologists	\$53.11	110,470
Chief executives	\$51.91	107,980
Industrial production managers	\$48.50	100,880
Engineering managers	\$45.17	93,960
Obstetricians and gynecologists	\$43.54	90,560
Psychiatrists	\$42.30	87,980
Electronics engineers, except computer	\$41.56	86,440
Judges, magistrate judges, and magistrates	\$40.07	83,350
Dentists, general	\$39.68	82,530

Source: Occupational Employment Survey (OES)

E. Other Indicators

1. Insured Unemployment

Tabla 7

Unemployment Insurance Benefits ¹

Item	2009	2008	2007
Weeks Claimed	3,087,944	2,287,004	2,118,045
Claimants	670,565	462,549	416,006
Exhausters	62,067	48,438	46,820

¹ Revised in July 2010.

a. Characteristics of the Insured Unemployed

The increment in overall unemployment is reflected by the upward trend in total weeks claimed since 2007 (2,118,045) to 2009 (3,087,944) weeks. The same pattern is observed in the number of claimants registered climbing from 416,006 two years ago to 670,565 in 2009. The number of exhausters however, presented a contrasting pattern as it declined from 46,820 in 2007 to 62,067 in year 2009 unemployed.

Tabla 8

***Characteristics of the Insured Unemployed
Puerto Rico
Fiscal Year 2009-2010
Gender and Age***

Gender	Average	Percent
Total	56,129	100.0
Male	31,803	56.7
Female	24,326	43.3
Age		
Total	56,129	100.0
<22	2,543	4.5
22-24	5,096	9.1
25-34	18,654	33.2
35-44	13,845	24.7
45-54	9,992	17.8
55-59	3,177	5.7
60-64	1,918	3.4
>65	904	1.6

Source: B.L.S. – P.R. Department of Labor and Human Resources
Research and Statistics Division

b. Gender

In FY 2010 the gender distribution of the sample was 31,803 males or 56.7% and 24,326 females or 43.3% of the total (56,129). This has been a consistent pattern for the past years as the number of unemployed men collecting unemployment insurance benefits is usually higher than for women.

c. Age

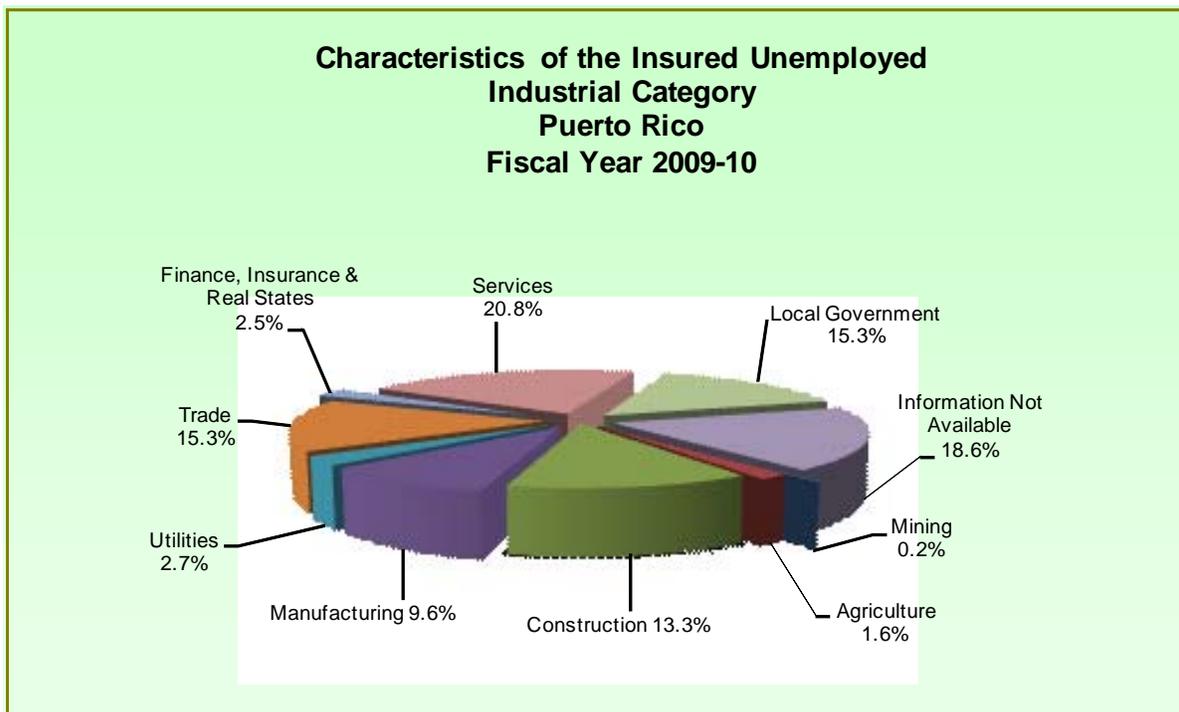
In relation to age of both sexes, persons between 25 to 34 years comprised the most significant group with an average of 33.2% for the FY 2010 (32.0% in FY

2009). It was followed by the age cohort between 35 to 44 years representing 24.7% of all claimants (24.0% in FY 2009). The group with the smallest representation was 65 years or more with 1.6% (1.4% in FY 2009).

d. Industry

The industry reporting the greatest workers loss was Services, as it holds 20.8% of all claimants in FY 2010 (22.5% in FY 2009). In Services category, restaurants and entertainment declined as people reduce leisure activities from their immediate priorities. Trade industry (16.6% in FY 2009) and Local Government (11.5% in FY 2009), both represented 15.3% of all unemployed claimants. Construction recorded 13.3% (14.2% in FY 2009), and Manufacturing, 9.6% (11.8% in FY 2009) of the total claimants.

Figure 3



II. Projections

A. Industry Projections

The industries are classified by sector and those are: Good-Producing and Service-Providing. The Goods-Producing sector is composed by Agriculture, Forestry, Fishing and Hunting; Mining; Construction; and Manufacturing. The service sector includes Wholesale and Retail Trade; Transportation and Utilities; Information; Financial Activities; Professional and Business Services; Education and Health Services; Leisure and Hospitality; Other Services (except Government); and Government. The industry projections for the 2006-2016 period indicate an increase of 42,739 new jobs. This increase is mainly expected from the Service sector.

The major industries expected to create new jobs for 2016 are: Education and Health Services with 20,144 jobs; Professional, Scientific, and Technical Services with 19,737 jobs; Leisure and Hospitality with 9,004 jobs; Trade, Transportation and Utilities with 8,478 jobs; Information with 2,455 jobs; Finance Activities with 1,710 jobs; Construction with 1,233 jobs; Others Services (except Government) with 674 jobs; and Manufacturing with 521 jobs. The Education and Health Services industry group shows the highest projected growth for 2016. Among these, Ambulatory Health Care Services; Hospitals; Social Assistant; and Nursing and Residential Care Facilities show the highest increment. Government; Agriculture, Forestry, Fishing and Hunting; and Mining, Quarrying, and Oil and Gas Extraction projected a loss in employment for the period 2006-2016.

Table 9
Puerto Rico - Industry Employment Projections
Employment Outlook by Major Industry, 2006-2016

Industry Title	Employment	Forecast	Change (2006-2016)	
	2006	2016	Employment	Percent
Total Employment, All Jobs	1,172,860	1,215,599	42,739	3.64
Goods-Producing Industries	185,128	185,788	660	0.36
Agriculture, Forestry, Fishing and Hunting	11,310	10,291	-1,019	-9.01
Mining, Quarrying, and Oil and Gas Extraction	1,256	1,181	-75	-5.97
Construction	62,058	63,291	1,233	1.99
Manufacturing	110,504	111,025	521	0.47
Service-Providing Industries	850,106	881,508	31,402	3.69
Trade, Transportation and Utilities	186,468	194,946	8,478	4.55
Information	22,581	25,036	2,455	10.87
Financial Activities	49,993	51,703	1,710	3.42
Professional, Scientific, and Technical Services	108,167	127,904	19,737	18.25
Education and Health Services	164,951	185,095	20,144	12.21
Leisure and hospitality	74,161	83,165	9,004	12.14
Other Services (Except Government)	19,260	19,934	674	3.50
Government	224,525	193,725	-30,800	-13.72
Total Self-Employed and Unpaid Family Workers	137,626	148,303	10,677	7.76

Figure 4
Puerto Rico - Industry Employment Projections
Fastest-Growing Industries*, 2006-2016



*Industries with a minimum of 1,000 jobs in 2006.

Figure 5
Puerto Rico - Industry Employment Projections
Industries Gaining the Most New Jobs, 2006-2016



B. Occupational Projections

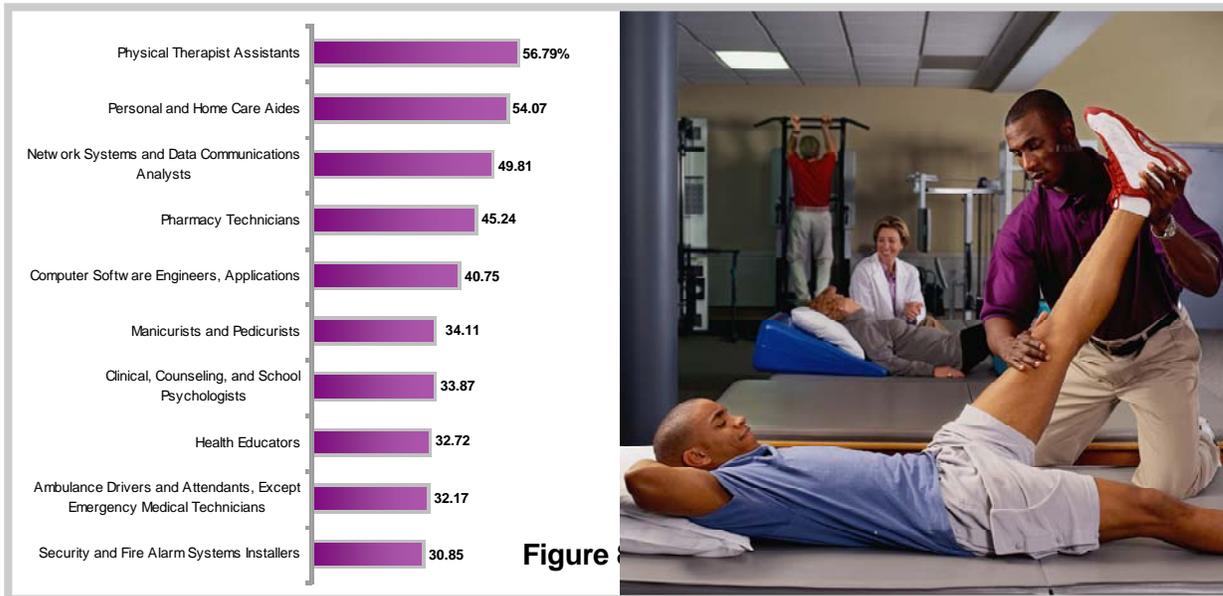
Puerto Rico expects a raise in employment of 3.64% or 42,739 through the ten years projection period (2006-2016). Approximately 33,391 job openings are forecasted each year. From there, 25,890 will replace employees and 7,501 are due to growth.

Figure 6
Puerto Rico - Occupational Employment Projections
Employment Outlooks by Major Occupational Group, 2006-2016

SOC Title ^{1/}	2006 Employment ^{2/}	2016 Projected Employment ^{3/}	Change (2006-2016)		Average Annual Openings		
			Employment ^{4/}	Percent ^{5/}	Due To Growth ^{6/}	Due To Replacement ^{7/}	Total ^{8/}
Total, All Occupations	1,172,860	1,215,599	42,739	3.64	7,501	25,890	33,391
Management, Business & Financial Occupations	113,917	114,799	882	0.77	351	2,187	2,538
Management Occupations	72,614	72,384	-230	-0.32	192	1,504	1,696
Business and Financial Operations Occupations	41,303	42,415	1,112	2.69	159	683	842
Professional & Related Occupations	193,664	202,782	9,118	4.71	1,673	4,068	5,741
Computer and Mathematical Occupations	10,126	11,110	984	9.72	124	248	372
Architecture and Engineering Occupations	14,465	15,403	938	6.48	115	320	435
Life, Physical, and Social Science Occupations	10,706	10,864	158	1.48	56	285	341
Community and Social Services Occupations	18,693	17,266	-1,427	-7.63	40	299	339
Legal Occupations	6,446	6,593	147	2.28	35	117	152
Education, Training, and Library Occupations	75,595	74,655	-940	-1.24	344	1,618	1,962
Arts, Design, Entertainment, Sports, and Media Occupations	11,097	11,518	421	3.79	70	278	348
Healthcare Practitioners and Technical Occupations	46,536	55,373	8,837	18.99	889	903	1,792
Service Occupations	227,684	248,160	20,476	8.99	2,577	5,728	8,305
Healthcare Support Occupations	11,652	13,357	1,705	14.63	181	146	327
Protective Service Occupations	65,819	70,209	4,390	6.67	879	1,632	2,511
Food Preparation and Serving Related Occupations	71,850	78,175	6,325	8.80	686	2,477	3,163
Building and Grounds Cleaning and Maintenance Occupations	53,342	56,191	2,849	5.34	298	940	1,238
Personal Care and Service Occupations	25,021	30,228	5,207	20.81	533	533	1,066
Sales and Related Occupations	135,532	145,170	9,638	7.11	1,024	4,028	5,052
Office and Administrative Support Occupations	201,058	195,840	-5,218	-2.60	518	4,091	4,609
Farming, Fishing, and Forestry Occupations	9,350	9,352	2	0.02	12	235	247
Construction and Extraction Occupations	85,032	86,868	1,836	2.16	215	1,396	1,611
Installation, Maintenance, and Repair Occupations	42,134	45,120	2,986	7.09	323	695	1,018
Production Occupations	90,574	93,520	2,946	3.25	559	1,760	2,319
Transportation and Material Moving Occupations	73,915	73,988	73	0.10	249	1,702	1,951

Figure 7

**Puerto Rico - Occupational Employment Projections
Top 10 - Fastest-Growing Occupations*, 2006-2016**



*This graph includes occupations with a minimum of 200 jobs in 2006.

**Puerto Rico - Occupational Employment Projections
Top 10 - Occupations Gaining the Most New Jobs, 2006-2016**



Figure 9

**Puerto Rico - Occupational Employment Projections
Top 10 - Declining or Slow-Growth Occupations, 2006-2016**



C. Population

Activity in a market economy is highly determined by population change. Puerto Rico's future economic development depends on the population's participation in the labor force during the coming years. Population projections for the 2005 to 2025 period indicate labor shortages over the next lustrums as a slow overall growth rate is expected.

This reduced rhythm of expansion is reflected by declining percentage rates from 11.0% in 2010 to 1.8% in 2015, 1.3% in 2020 and 0.7% in 2025. This decline in population could mean shortage of human capital in some occupational areas.

Contrary to the overall declining trend is the expansion rate of the aging population. In fact, the Islands' population is growing older. This trend is supported by statistics showing an increase of persons 50 years and over which in 2005 presented an increase of 11.8% over year 2000. This expansion is expected to continue all the way through year 2025, the last projected lustrum. As the baby boomers cohort ages,

and the number of younger individuals decreases, a shortage of skilled labor will likely surface.

A study conducted by the AARP office in Puerto Rico (2009) indicates that the biggest challenge facing Puerto Rico employers will be retaining and recruiting skilled and qualified employees.

An important finding is that seven in ten (69%) Puerto Rican workers indicate it is likely that they will put off complete retirement. The concept of traditional retirement seems to be fading as workers 55 years old and over expect to work at their current jobs as long as possible or as a consultant on as needed basis. Others anticipate working part time.

This trend will help lessen, to a certain degree, the effect of scarcity of skill workers. Nonetheless, the economy will require a skilled labor force and sufficient jobs to prevent further instability.

Tabla 10

***Puerto Rico
Population Projections
Years 2000 - 2025***

Age	Census	Projection to July 1				
	2000	2005	2010	2015	2020	2025
Total	919,725	895,841	888,436	869,264	853,703	834,845
15 - 19	313,436	304,610	300,894	288,586	286,644	270,425
20 - 24	301,191	305,098	297,380	295,141	283,186	284,719
25 - 29	305,098	286,133	290,162	285,537	283,873	279,701
Net Change 2000 to:						
	2005	2010	2015	2020	2025	
15 - 19	-8,826	-12,542	-24,850	-26,792	-43,011	
20 - 24	3,907	-3,811	-6,050	-18,005	-16,472	
25 - 29	-18,965	-14,936	-19,561	-21,225	-25,397	
Per Cent Change 2000 to:						
	2005	2010	2015	2020	2025	
15 - 19	-2.8%	-4.0%	-7.9%	-8.5%	-13.7%	
20 - 24	1.3%	-1.3%	-2.0%	-6.0%	-5.5%	
25 - 29	-6.2%	-4.9%	-6.4%	-7.0%	-8.3%	

Source: Puerto Rico Planning Board

Tabla 11
Puerto Rico
Population Projections
Years 2000-2025

Age	Census	Projection to July 1 rst.				
	2000	2005	2010	2015	2020	2025
0-4	295,406	293,461	276,225	270,312	266,094	261,872
5-9	305,162	291,095	289,192	273,103	267,591	264,511
10-14	305,800	301,449	289,111	287,266	271,519	266,058
15-19	313,436	304,610	300,894	288,586	286,644	270,425
20-24	301,191	305,098	297,380	295,141	283,186	284,719
25-29	305,098	286,133	290,162	285,537	283,873	279,701
30-34	262,825	259,717	273,220	279,364	275,903	279,210
35-39	264,849	256,453	254,505	267,677	274,330	271,365
40-44	250,814	260,945	253,792	251,730	264,577	269,842
45-49	233,120	248,033	257,981	250,739	248,698	259,565
50-54	229,916	231,111	245,546	254,722	247,610	242,953
55-59	188,883	225,516	227,047	240,477	249,454	239,744
60-64	160,564	184,925	218,413	219,151	232,106	237,823
65-69	134,281	153,636	175,868	206,786	207,404	216,276
70-74	106,670	122,304	139,706	159,597	187,619	186,181
75 and over	184,186	205,399	233,404	265,454	302,683	346,832
Total	3,842,201	3,929,885	4,022,446	4,095,642	4,149,291	4,177,077
Change		3.2%	11.0%	1.8%	1.3%	0.7%
50-54	229,916	231,111	245,546	254,722	247,610	242,953
55-59	188,883	225,516	227,047	240,477	249,454	239,744
60-64	160,564	184,925	218,413	219,151	232,106	237,823
65-69	134,281	153,636	175,868	206,786	207,404	216,276
70-74	106,670	122,304	130,706	159,597	187,619	186,181
75 and over	184,186	205,399	233,404	265,454	302,683	346,832
Total	1,004,500	1,122,891	1,230,984	1,346,187	1,426,876	1,469,809
Change		11.8%	10.4%	8.6%	6.0%	3.0%

Source: Puerto Rico Planning Board

NOTES

1. Parts of the Economic Overview and Economic Development Program were extracted from the 2010 Financial Information and Operating Data Report on the Puerto Rico Government Development Bank (www.bgfpr.com).

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