Interview: Carlos Rivera Vélez – President, PRMA – Puerto Rico



20.07.2015

Tags: Association, manufacturing, multinationals

Promoting the manufacturing industry of Puerto Rico is a key priority for Carlos Rivera, president of the Puerto Rico Manufacturers Association (PRMA). He discusses the strategies behind working with Washington and countries abroad to make the island a hub for business in the Caribbean.

What are the main priorities of PRMA today?

PRMA has been in existence since 1928 and is the most important organization related to the Puerto Rican economy. The association started at a time when Puerto Rico was transitioning from an economy of agriculture to the industrialization of agriculture, particularly with goods like canned pineapples and sugarcane. The people running these industries collaborated and founded this organization and PRMA has run continuously ever since. Today, our association is composed of 1200 members. 50 percent of our GDP, which is about USD 105 billion, is comprised of manufacturing, and is under our umbrella. Approximately 70 percent of that figure represents the whole Puerto Rican ecosystem and therefore our role is indispensable to ensure Puerto Rico maintains good shape in all aspects of life.

Today many of the biggest life science companies are in Puerto Rico, such as Abbott, Abbvie, Pfizer, Merck, and Johnson and Johnson, which runs six facilities. The biggest Amgen plant is in Puerto Rico, with 80 percent of world production. Stryker, Edwards, and Honeywell are all here too. The different sectors within manufacturing are well represented; life science is the strongest

sector, representing 25 percent of the whole government budget in terms of tax revenue. Puerto Rico is growing in electronics, aerospace, textiles, and general assembly, but the life science sector is still the biggest. PRMA's executive committee today includes representatives from companies like Stryker and Becton Dickinson. I am the Vice President of Manufacturing for Edwards Lifesciences in Puerto Rico, which runs one of the biggest integrated operations in the world for catheters, monitors and vascular products.

For every direct manufacturing job, three indirect jobs are generated in Puerto Rico, and one job in the US. As an example, half of the economic activity in the Port of Jacksonville in Florida deals solely with Puerto Rico. This is especially important to communicate to politicians in Washington, which PRMA has been doing consistently. In the last two months, PRMA has visited Washington three times. The association spoke to the Joint Finance Committee with the Puerto Rico Industrial Development Company (PRIDCO) regarding taxes in recent months. PRMA have been knocking on every Congressman's and Congresswoman's door, reminding and educating this new generation of politicians. This island became a manufacturing powerhouse between the 1960s and 1990s. Now we have a new generation in Congress that might not remember the importance of Puerto Rico, and this association wants to ensure that our politicians know how important we are for the US economy. If our manufacturing suffers, that has broad implications for the US. While Puerto Rico's economy only amounts to USD 105 billion, it is bigger than many countries in Latin America and thus has important influence around the world.

To what extent has the San Juan Knowledge Corridor been a success?

Our science and technology is being energized primarily through the Puerto Rico Science and Technology Trust, which is currently run by a former PRMA president. Puerto Rico's talent and quality is as good as anywhere in the world; I can attest to this, being in the manufacturing industry. Secondly, Puerto Rico is home to many great universities and engineering schools all across the island that can partner with our manufacturers. The issue is that Puerto Rico is exporting more talent than we are creating within the country. We are sending many talented Puerto Ricans to other countries. As Puerto Rico has excellent R&D capability, the focus is on energizing that R&D within the commonwealth. PRMA has been engaging with lawmakers in Washington to encourage them to provide innovation incentives so that talented individuals can come to Puerto Rico and develop their careers here. As leaders of the life science world, we are incentivizing our own companies to bring more R&D to Puerto Rico because we have the capability. For instance, Puerto Rico has many scientists in NASA. Our scientists developed the robotic arm of the space shuttle as well as the Mars rover. We need to develop good incentives for all these people around the world to

come back to Puerto Rico. PRMA focuses on ensuring that we get our position on the map that we deserve, combined with bringing innovation and a knowledge economy as a parallel path to incentivizing our economy again.

Manufacturing in Puerto Rico is not a simple assembly line; it is high-tech, very complex and sophisticated, and we are very proud of that.

How important is communicating this message of quality beyond the US to the rest of the world?

Our international agenda is indeed very important. PRMA is making this an absolute priority for the territory. Puerto Rico is a Latin American country that has a special relationship with the US, and historically the island has tended to focus only on the US for exports. Now Puerto Rico is looking at the whole world and Latin America in particular because it is growing. The Dominican Republic grew 6.5 percent in the first three months of 2015 for example, which represents considerable opportunities for Puerto Rico. This country has a lot to offer to Latin America because it has been manufacturing for 70 years now. PRMA can share its knowledge with the rest of the region and the world, and convince investors to bring their manufacturing activity to Puerto Rico, where we can brand their products as “Made in USA”.

On a recent visit to Washington, PRMA visited the ambassadors and chiefs of commercial missions at every Latin American embassy there. Our current priorities are the Dominican Republic, Cuba, Panama, Costa Rica, Peru and Colombia, and last year we focused especially on Brazil. PRMA recognizes that promoting Puerto Rico is not the sole job of the government, but our role as well. We are working with PRIDCO and the Department of Economic Development and Commerce to promote Puerto Rico together. For example, PRMA recently participated with the Puerto Rican government in SelectUSA, the biggest trade show of investors in American manufacturing, as one strong, united voice.

What triggered this rebirth of Puerto Rico?

This country has realized that it cannot continue to depend on others. It is our charter to grow our country, and therefore we must be present in every aspect of promoting Puerto Rico. Only Puerto Ricans can turn this country around. People have become conscious of this and everybody is fighting for it. Furthermore, Puerto Rico has been in a recession for seven years, with negative growth. We need to do something about this, and that is what Puerto Rico is doing by attacking as many fronts as possible: working with Washington, working on exports, generating new jobs, government buying in Puerto Rico, and generating more domestic capital.

Where do you want to see Puerto Rico's manufacturing industry by the end of your term as President of PRMA?

I would like to see more Puerto Rican companies with local capital to be developed. We have depended too much on companies with foreign capital. Of course, Puerto Rico has welcomed foreign capital and PRMA wants to continue in this way, but in parallel the organization wants to pursue a strong strategy on developing manufacturing companies with local capital. We would like to be able to grow exports dramatically in conjunction with the government. As an example, exports between Puerto Rico and the Dominican Republic have grown significantly in the last year. Levelling the balance of trade is important, and a country like the Dominican Republic is in our favor, where we have opened a forum with the ministers of commerce in our country and theirs.

Puerto Rico is competitive with Singapore and Ireland in terms of incentives and the government is very flexible in working with investors. Puerto Rico recognizes that if something changes they always look for a way to make it a win-win. Auditing is tough here; if a company says it will generate 300 jobs, the company must deliver. But Puerto Ricans are very willing to ensure that the endpoint is achieved. Nobody has this in the world except Puerto Rico. With all of these attributes combined, in addition to experience with US regulations and high quality, we can offer very good service. I want Puerto Rico to do what Singapore is doing in their geography; they behave like the brokers of Southeast Asia. Puerto Rico has the brains and talent to become the brokers of the Caribbean. PRMA wants to leverage the low-cost labor available in the Dominican Republic, for example. Puerto Rico is not a cheap place to do business, and we do not want to be a cheap manufacturer. This country does high tech manufacturing and has value-added knowledge and talent; if PRMA can create a symbiosis in the whole region, then as a country we should aspire to that.

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