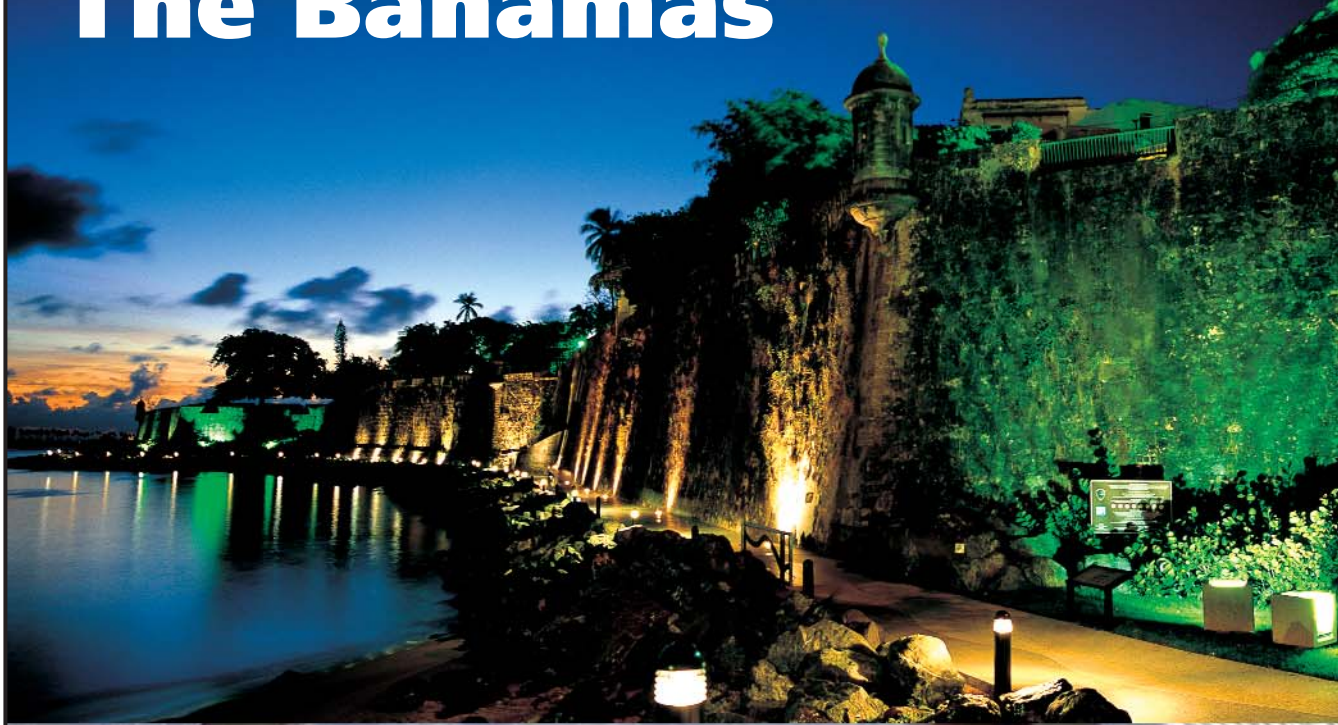


# PANORAMA

16 FEBRUARY, 2007 • THE MIAMI HERALD • SPECIAL ADVERTISING SECTION

## Puerto Rico & The Bahamas



Two of the healthiest economies in the region reveal their recipes for success.



2

### PUERTO RICO

The new batch of Puerto Rican politicians is young but highly qualified and well captable of meeting the challenge.

5

### THE BAHAMAS

Bahamas is still the best bet in the Caribbean. Inside the keys to this phenomenon are revealed.

7

### BTC

The Bahamas Telecommunications Company is on its way to becoming a reference point for Caribbean communications.

For more information contact:

#### PANORAMA

1111 Brickell Avenue, Suite 1100

Miami, Florida 33131

Fax: 001 (305) 913 4101

This report can also be read online  
[www.panoramagroup.com](http://www.panoramagroup.com)



# PUERTO RICO

## Investing in knowledge

Puerto Rico is looking to transform its manufacturing economy into a knowledge-based one... and it knows exactly how to get there.

**T**he island of Puerto Rico, located in the north-eastern Caribbean, between the Dominican Republic and the Virgin Islands, is a United States unincorporated territory with Commonwealth status, known in Spanish as Estado Libre Asociado de Puerto Rico.

The Governor of Puerto Rico, Aníbal Acevedo Vilá, has brought a fresh perspective and renewed energy to the island's national leadership since his election in 2005. The second-youngest Governor to occupy the position has been faced with tough choices in order to rein in the inherited budget deficit, a task made even more challenging by the fact that the executive and legislative branches of Puerto Rico are controlled by different political parties. Despite these obstacles, however, Acevedo, who previously served four years as Resident Commissioner for Puerto Rico in Washington DC, has managed to put one of the Caribbean's most dynamic economies back on course, starting with a US\$500 million bond issue for public works projects and incentives for investments in the private sector.

"After the time where the credit of Puerto Rico was at risk, we finally managed to get reforms and a new budget approved. Now we are issuing different financial instruments which is a clear signal that we are back in business," says Acevedo.

Chief of Staff Jorge Silva-Puras, responsible for the downsizing plan put into effect for government workers and applauded by the private sector as a hard decision-maker, points to the three pillars of the government's vision for Puerto Rico's shift from a manufacturing-based economy to one that is knowledge-based. "The first strategy is to highlight the new economy, so we can invest in education, research and development. We are already very strong in biotechnology, with five international companies operating major biotech facilities here in Puerto Rico," says Silva-Puras. "A second area of focus is tourism. We are looking to attract the more sophisticated tourist who is willing to explore the island beyond the beaches."

High priority is also being given to the professional services sector, due to the diversity of the economy and the high educational level of the workforce including architects, engineers, accountants, analysts and other professionals whose services can be exported.

### Critical development

In an administration characterized by the number of young officials with private sector backgrounds, the Secretary of Economic Development and Commerce, Ricardo Rivera Cardona, is a shining



Aníbal Acevedo Vilá  
Governor of Puerto Rico

"We are issuing different financial statements which is a clear sign we are back in business."



Top: Puerto Rico from the air

Bottom: Pier at Old San Juan

example of a new breed of business-minded public servants in Puerto Rico. Graduated in 1993, he worked in the private sector until the day he was called for an interview by the government despite having no background in politics. During the interview, Rivera displayed a highly critical view of the government, and, despite his candor, got the job.

"It was a once in a lifetime opportunity for me," says Rivera. "When I was in the private sector, one of the things I hated most about the government was the bureaucracy and the lack of common sense, so for me this was a chance to change all that. We need to evolve to stay competitive, and we cannot do this using a model from 40 years ago."

One of the top priorities of his office has been precisely the streamlining of the permitting process, frequently criticized for red tape delays. The nine months it used to take to complete a permit application has now been reduced to 25 days, the required paperwork cut significantly and the three entities involved are now consolidated under one roof. This is one of the ways in which the department has been implementing its policy of facilitating private sector development.

Through the government entities charged with promoting commerce and industry in Puerto Rico, such as the Puerto



## Puerto Rico: The Bridge to the Americas

- Fiscal and tax autonomy within United States
- Foreign Trade Zones
- Highly qualified personnel specialized in International Trade
- More than 100 of the FORTUNE 500 Companies have offices in Puerto Rico
- Modern Transport System
- State of the Art Telecommunications Network



**Compañía de Comercio y Exportación de Puerto Rico**  
PUERTO RICO TRADE  
ESTADO LIBRE ASOCIADO DE PUERTO RICO  
Phone 787-294-0101 WWW.COMERCIOYEXPORTACION.COM



**PUERTO RICO  
WORLD TRADE CENTER  
SAN JUAN**



Commonwealth of Puerto Rico  
**DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE**





**"Best of the Best Award 2006" given by the PRTC - San Juan Airport Hotel**

Rico Trade & Export Company (PRTEC), Rivera's department is moving ahead with the new economic focus. PRTEC's mission is to help local enterprises take advantage of the island's strengths, such as a highly qualified workforce in the biotech sector, both as local partners for foreign investors and in getting products into international markets.

"In the last 50 years, Puerto Rico has attracted a lot of pharmaceutical companies, and today 25 percent of worldwide pharmaceutical production

happens here in Puerto Rico, so the expertise is already here: the people, the know-how. Our universities produce 23,000 graduates a year, 9,000 of which are engineers. We have the political stability of the U.S., but our tax incentives are more favorable, with zero percent taxation for bioscience and biotech sector companies," says Rivera.

Another important player in the country's economic strategy is the Puerto Rico Industrial Development Company (PRIDCO), which also falls within Rivera's



**"We already have five international companies operating major biotech facilities here."**

**Jorge Silva-Puras**  
Chief of Staff

remit. PRIDCO's mission is to create and retain jobs in different industries, an evolution of its original purpose of transforming Puerto Rico from an agrarian economy to an industrial one. Now it has evolved in order to implement the transformation.

### Expanding the Value Chain

PRIDCO's executive director, Boris Jaskille, is another example of the new generation of young, motivated and very professional executives manning Puerto Rico's public entities. Jaskille points to the Life Sciences industry —defined as pharmaceuticals, biotechnology, medical devices and health services— as a prime area of interest, given the island's long-lasting leadership in pharmaceutical

infrastructure and manufacture.

"Our main objective is to reposition Puerto Rico from primarily the pharmaceutical/manufacturing sector into the biotechnology sector, and to expand within the value chain from the manufacturing activities to also include R&D, sales, marketing and distribution activities," explains Jaskille. "We have been successful in bringing in biotech companies in the past few years. Amgen have made an investment of over US\$1 billion to build their own campus, so to speak, including manufacturing space, laboratories and QAQC (quality analysis/quality control) areas."

Aside from Life Sciences, other sectors focusing the interest of PRIDCO are



**San Juan Airport Hotel**

PO Box 38087, Carolina  
PR 00937-1087, Puerto Rico  
Tel: +787-791-1700 Fax: +787-791-1248  
[www.sanjuanairporthotel.com](http://www.sanjuanairporthotel.com)

# PUERTO RICO RUM CAPITAL OF THE WORLD



SINCE 1548  
**RUMS** of  
PUERTO RICO



**PRIDCO**

INTERNATIONALITY OF PUERTO RICO  
Puerto Rico Industrial Development Company





**Rincón Beach Resort**



[www.rinconbeach.com](http://www.rinconbeach.com)

Telecommunications and Information Technology (IT). The company has targeted three specific areas as being particularly suited to the island's capacities. One of them is engineering design services, a sector which can capitalize on the strong engineering programs in Puerto Rico, as in the case of InfoTech, which design turbines for the defense sector and has some 400 engineers working.

Other target sectors include call centers and niche manufacturing, the high-tech service required by companies such as Microsoft and Hewlett Packard (HP), who both have development centers in Puerto Rico. The software giant has chosen Puerto Rico as the production base for its new Vista operating system, while HP has done the same for its Halo video conferencing system. Jaskille cites these cases as perfect examples of strengthening the country's manufacturing base with services, a trend which has already been consolidated in the life sciences sector.

"We have what I call our current industrial ecosystem, and in particular the Life Sciences ecosystem. The companies and industries that been in Puerto Rico for decades have created a full network of suppliers, products and services," says Jaskille. "Amgen, Merck, Pfizer and Johnson & Johnson have networks that cover everything from legal services to IT research, which creates the right environment for further development."

The academic sector is also tailored to the sector's needs, providing highly qualified personnel trained in areas such as the bioprocessing plant of Mayagüez, the Biomolecular Science Center and the



**New condominium developments in Puerto Rico**



**"The established companies & industries have created a full network of suppliers, products & services."**

**Boris Jaskille**

Executive Director of Puerto Rico Industrial Development Company (PRIDCO)

new Cancer Center. PRIDCO is investing more money in education, with initiative programs that range from primary school students to doctorates, and a scholarship program to attract the best professors to teach in Puerto Rican universities.

For investors interested in Puerto Rico's industrial sector, PRIDCO operates as an initial contact point to understand the



**"We need to evolve to stay competitive, and we cannot do this using a model from 40 years ago."**

**Ricardo Rivera Cardona**

Secretary of Economic Development and Commerce, and Executive Director of the Trade and Export Company (PRTEC)

strategy of PRIDCO is to have a flexible structure that can adapt quickly to trends in the global economy," he says.

Despite stiff competition from other Caribbean destinations, Puerto Rico continues to maintain its leadership in hotel occupancy in the region. According to the World Travel & Tourism Council, the island's travel and tourism demand is

watching, kayaking and snorkeling. Scuba diving excursions are held in the diver's paradise of Desecheo Island, while the coastal town of Rincón is well known for its windsurfing and wave sailing.

The Rincón Beach Resort, located on Almirante Beach on the Western coast of Puerto Rico, is the place to stay when in Rincón; an intimate, four-star seafront boutique resort that offers quality services to provide that special experience defined by hotel manager Jose Rodríguez as "a virgin island within an island". The Resort is targeting the newlywed market with its exclusive location, for honeymoons and even for the big occasion itself. A wide range of leisure activities is available, including two-hour guided tours of secluded beaches, tropical trails, cliffs, caves and more offered by Tropical Trail Rides.

For business travelers lacking time to hit the beaches, the Best Western San Juan Airport Hotel is the best option, joining the quality of Best Western with the fact that it is the only hotel located in the Puerto Rican capital's airport. All amenities are complementary, including continental breakfast, high-speed wireless internet, free 800 and local phone calls, business and fitness centers and a stylish bar. The hotel's commitment to guest comfort was awarded with the "Best of the Best Award 2006" by the Puerto Rico Tourism Company, the highest recognition for hoteliers.

On the beach or in the city, Puerto Rico is set to prove that its famed hands-on approach can make the transition to a heads-on approach, to consolidate and expand the knowledge-based economy that is already in process. **P**

**"PRIDCO has a flexible structure that can adapt quickly to global trends."**

benefits of operating in the country, including a package that includes economic and tax incentives for training employees, thus ensuring the project's long-term viability and obtaining infrastructure leasehold improvements. It also acts as the largest industrial real estate agent on the island, liaises with permit agencies to ease red tape delays.

Within the Life Sciences and IT sectors, says Jaskille, there are many sub-categories also of interest to Puerto Rico, such as homeland security issues and nanotechnology operations. "The

expected to see real growth continue to rise at a solid annual pace of almost 4 percent per annum over the next decade.

The increasing tourism activity has led major corporations to invest in Puerto Rico. The hotel industry alone is contributing nearly US\$2 billion in property development, bringing increased employment opportunities and stimulating the island's economy.

PR's main attractions, however, remain the beaches and the sun. The island has first-class water sports, including world-class surfing, deep-sea fishing, whale-



# BAHAMAS

## Striking a balance

With excellent investment prospects and a forward-thinking government, Miami's offshore neighbor is striking a balance between future progress and preserving its assets.

**T**he paradise islands of The Bahamas are an attractive proposition to Miami investors. Since 2001, the country has seen a huge boom in investment driven mainly by property and resort development. At the time of writing, US\$12.6 billion is being invested in some 112 developments—not bad for a country that covers little more than the equivalent of Connecticut and Rhode Island combined.

Independent financial analysts Standard and Poor's have forecast the economy will grow 3% this year, which puts it in a league of its own compared to other CARICOM countries. With its idyllic beaches and turquoise waters, it is no surprise that over half of this investment is to be focused on tourist initiatives. The tourism industry employs over half the country with almost 90 percent of its visitors from the United States, who often come to mix business with pleasure. Two particular projects, the Atlantis Resort and Casino on Paradise Island, and a US\$2 billion resort development on the Cable Beach area of capital Nassau, have spurred the government into expanding Nassau International Airport with a view to turn over management to private operators. The projects are part of the Bahamian government's proactive stance towards foreign investors, which has already seen it conduct investment missions to the Far East, Europe, Latin America, India and Canada.

The government considers the maintenance and development of its infrastructure to be the key to maintaining investment. The onus for this is on the Ministry of Works and Utilities which works to provide, protect and improve the infrastructure and natural environment of the Bahamas for its residents and visitors. Minister Bradley Roberts affirms the importance of his department saying: "The IMF has projected that US\$15 billion will be



**Bradley Roberts**  
Minister of Works and Utilities

**"Our policy is open and transparent which has resulted in a huge amount of investment in recent years."**

invested in the Bahamas over the next five years. We are one of the hottest places for investment in the world, but it is very much dependent on how far we can advance our infrastructure."

Minister Roberts remarks how the recent removal of bureaucratic barriers and implementation of online technology in submitting applications has made investment much easier. He says: "Also, our policy is open and transparent. This has resulted in a huge amount of investment flowing into the Bahamas in recent years. We will however be balancing this rapid development with total respect for the environment that makes the Bahamas so special."

Not surprisingly, the newly created Ministry of Energy and the Environment has sustainability at the top of its agenda. Minister Marcus Bethel says: "We are focusing chiefly on renewable energy supplies and the protection of the environment. It makes sense in several ways, not least that the sustainability of the environment is essential to our continued economic growth."

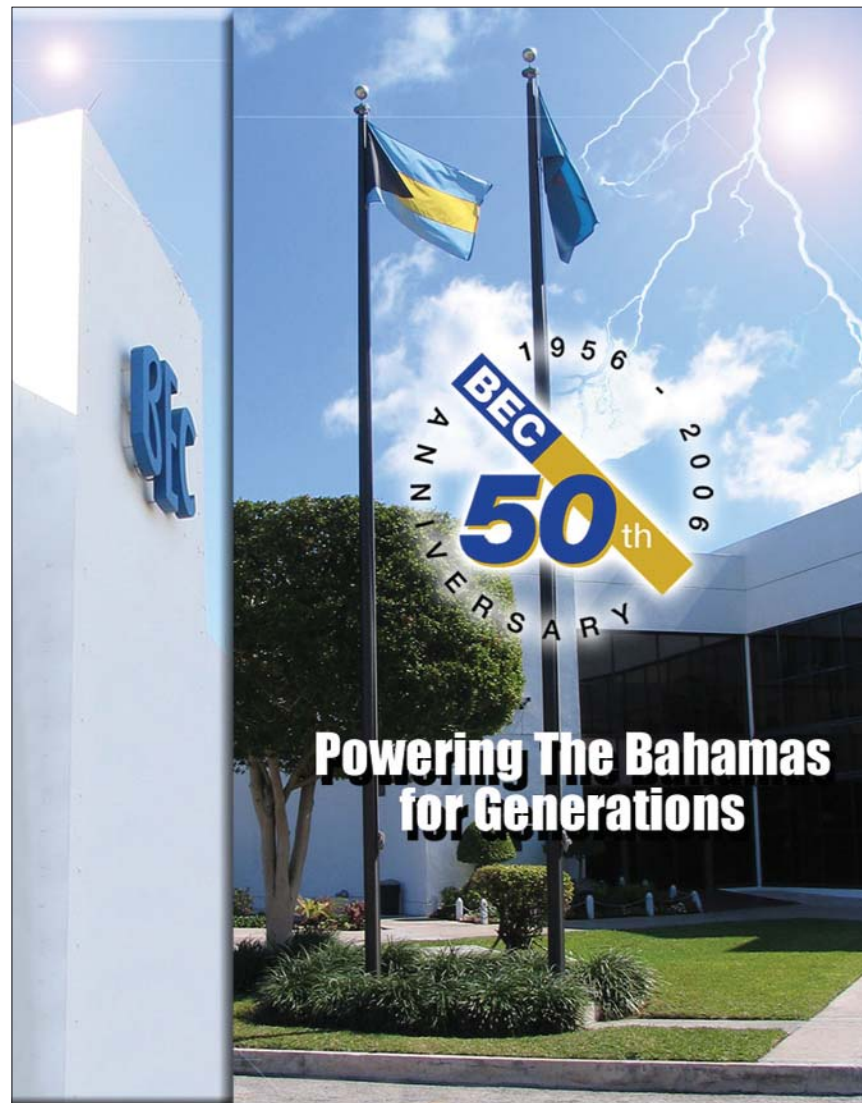
One of the utilities navigating the difficult path between pollution and keeping the country running is the Bahamas Electricity Corporation (BEC). "There is continuous growth in the Bahamas, a lot of it due to IT-related projects so we constantly need to be ahead of the game and improve our existing facilities," says BEC's general

manager Kevin Basden. "We are working on the installation of two large diesel generators on New Providence Island, which will enable us to obtain fuel more cheaply. This is particularly important considering the high cost of oil."

Aside from these projects, BEC is also looking to the future with new power stations in the islands of Abaco, Exuma, Bimini and Eleuthera. However, if the Bahamas is to preserve its environment as it hopes to, energy production will inevitably have to move over to renewable resources. Basden says: "We have done some minor testing with bio-diesel, wind

and solar but it is very dependent on the technology advancing before we can really implement it. Our situation is also slightly more complicated to others due to our size, archipelago and geographical spread of the population."

For canny investors however, these challenges can be turned into some interesting opportunities according to Basden. "There are definite opportunities in terms of consultancy work in the provision of services," he says. "Last year, for example, we were looking for international consultants to help us with the New Providence expansion plan."





# Your Office on the Beach!

Now you can roam with BlackBerry  
in The Bahamas wherever  
GSM is available!

Send voice and data, check your emails,  
stay in touch while you're away.

 **BlackBerry**™





The Bahamas Telecommunications Company Ltd.  
NASSAU: John F. Kennedy Drive. PO Box N-3048,  
Nassau, New Providence, The Bahamas  
ABACO: Marsh Harbour (242) 367-2200  
BIMINI: Alice Town (242) 347-3311  
Telephone (242) 225-5282  
Visit us at [www.btcbahamas.com](http://www.btcbahamas.com)

©2006 Creative Edge



# Making the right connections

Providing 21st century telecoms on an archipelago isn't easy, but BTC is rising to the challenge.

One of the most important players in the development of the country's infrastructure is The Bahamas Telecommunications Company Ltd. (BTC). Providing state-of-the-art communications in the face of yearly hurricanes is no easy task but BTC has been proudly doing so for more than a century. "This year we celebrate 115 years of telecommunications in the Bahamas," says acting president and CEO Leon Williams.

The story begins in 1892 with the connection of the first submarine cable from Florida in the United States at what is still known as Cable Beach. In 1966, The Bahamas Telecommunications Company or BaTelCo was created as both an operator and regulator but that ended in 2002 when it was re-launched and re-branded as BTC. In 2003, the government aborted a privatization drive but did completely restructure the company. "It was not just a change of name," says Williams. "The complete DNA of the company was changed."

To prove its new ultra-modern outlook, BTC has revolutionized the Bahamas telecommunications industry by slashing international call charges and implementing a new fiber optic network across its islands. "In association with Tyco Telecommunications, we are in the process of completing a US\$50 million fiber optic cable network that connects all the islands and even reaches beyond the Bahamas," says Williams. "The cable has already considerably contributed to the enhancement of the quality of communication between the islands. Whenever we have a hurricane now, we do not lose communications because the cables are underwater." As a result, Bahamians are some of the first in the Caribbean to enjoy fast, reliable ADSL internet services year-round.

BTC has also given an indication of its ambitions by extending the network beyond its borders to Port au Prince in Haiti. "This important milestone shows our capability of expanding abroad and of hopefully becoming a hub in the Caribbean region," says Williams.

The Bahamas has not been left behind when it comes to mobile technology either. "We recently introduced BlackBerry



**Bahamas has a modern telecommunications infrastructure**

networks," Williams explains, "and we are now working on agreements to provide roaming. We currently offer roaming in about 65 countries and are aiming to extend this."

The cost and range of international calling has already seen huge changes since the turn of the millennium. Not so long ago, calling abroad was both

mobile standard, GSM. Williams says, "We have spent millions of dollars converting the country to GSM but we are waiting until the completion of the fiber optic cable for full roll-out which we expect to do this year."

While for the time being, BTC holds an enviable monopoly on wireless networks, it does face some competition in long



**Leon Williams**  
President and CEO of BTC

**"We have spent millions converting the country to GSM."**

"This development is fundamental," says Williams. "We do not want to find ourselves in the same position as we were two years ago when the opening of the Four Seasons was jeopardized by worries over telecommunications." However, the CEO is aware that this brave new world must be accessible to all Bahamians to be considered a true success. "Technology has the potential to marginalize citizens. If you build an infrastructure only for potential investors then you can end up with serious problems. The population of the Bahamas is often very scattered and isolated but we pledge to provide telco services in all populated areas of ten or more households." At the same time, he acknowledges that without such investment, potential foreign suitors will walk straight out of the door. "One of the first questions major companies ask is 'Do you have WIFI, WIMAX or ADSL?' and so on."

Williams also emphasizes BTC's special responsibility towards the tourism and financial service industries as the backbones of the country's economy. "For the Bahamas to remain competitive in the tourism and financial sector, we have a special accord with the corresponding ministries. This close-knit relationship ensures that the requests of clients and future investors are met as effectively as possible." Williams concludes: "This way, we hope to achieve our aim of serving both the needs of local people and big business."

Without doubt, the Bahamas remains one of the most beautiful archipelagos on the planet. It is clear the government is committed to ensuring that investors will be able to continue enjoying this island paradise, without leaving the 21st century behind. **P**

**"We offer roaming in 65 countries and are working on extending this."**

expensive and limited but that has all changed. "BTC has been through some big changes since 2000, including a major restructuring in 2005. As a result, we have reduced international long distance rates by 70 percent and domestic long distance rates by 55 percent. Last year, we reduced these even further in our attempt to provide the highest quality service at the lowest possible cost to Bahamians."

Part of this revolution in Bahamian telecommunications has involved conversion to the world's most popular

distance calling. "Long distance networks are also offered by SRG owned by IndiGO although we have the unique license to provide local telephone services via a wireless infrastructure," says Williams. "There is also Cable Bahamas which has a fiber optic cable link with the U.S. although we have shared ownership of the ARCOS fiber optic cable to the U.S. as well." This focus on world-class telecommunications may seem extreme for such a tiny nation but it is a measure of the government's serious commitment towards both its people and investors.