

Resident Commissioner Santiago Polanco-Abreu will appear here next week to discuss in greater detail the implications of these bills for the political relationship between the Commonwealth of Puerto Rico and the United States. Therefore I will confine myself to the economic consequences, not because I believe politics and economics are mutually exclusive, but because it is my agency's task to develop Puerto Rico's economy.

To propose the reduction or elimination of petroleum product shipments at this stage in Puerto Rico's development is, in a very real sense, to accept responsibility for the survival of a critical segment of the island's industrial economy, and it is to accept responsibility for the jobs and future well-being of tens of thousands of U.S. citizens.

Puerto Rico's refinery and petrochemical industry is neither old nor large by mainland standards. But the availability of a wide range of petroleum products represents the best—perhaps the only immediately feasible—way for Puerto Rico to build a modern industrial economy capable of supplying employment requirements for the next decade.

Investment in insular petrochemical and chemical facilities today totals upward of \$400 million. And here, I want to stress that this is not proposed investment represented by applications for import quotas awaiting approval by the Interior Secretary. This is \$400 million in operating facilities already employing 4,000 persons. In addition, in excess of \$230 million is now committed to new and expanded refinery and petrochemical projects under quota awards granted within the last few months. We hope that within the next 10 years total investment will grow to \$1.5 billion and employment to 60,000 in this sector of the insular economy.

Yet these figures present only a quantitative picture of Puerto Rico's petrochemical industry. They say nothing about the important qualitative factors.

Puerto Rico has struggled for more than 20 years to raise its living standards by building an industrial base for its economy. Until the coming of the petrochemical era in the Mid-1950's, this struggle was waged in the face of the pessimistic prospect that the best the island could hope for was to exist as an appendage of the mainland U.S. industrial system, a sunny Caribbean subassembly plant, modestly prosperous perhaps, but without true industrial potential. Why? Simply because Puerto Rico is an island virtually without natural resources. Without such resources, it is almost impossible to construct a heavy industrial base or to integrate the diverse light industrial sectors through a common denominator of products or services.

Petrochemicals today are Puerto Rico's "substitute natural resources." A single "core" refinery supplying a range of building block chemicals will service a host of satellite plants. Fertilizers, plastics, industrial gasses, fabrics, yarns, shoe materials—these are just a few of the industries now drawing upon local petrochemical sources.

The ability to start with a locally available basic raw material and process it through successive stages to the consumer goods level also multiplies potential job opportunities. A single "core" refinery, though its operation requires only a few hundred skilled technicians, can be responsible for creating thousands of jobs in dependent and related industries. And, of course, the jobs created in the petroleum and petrochemical industry are generally those permitting higher wages and thus upgrade the overall labor force in Puerto Rico.