



Puerto Rico Economic Analysis Report

2013-2014

Commonwealth of Puerto Rico
Department of Labor and Human Resources
Bureau of Labor Statistics

Table of Content

I. Overview of the Economy	
A. Gross National Product, Gross Domestic Product, Personal Income and Personal Consumption Expenditures.....	4
B. Economic Activity Index (EAI).....	7
II. Agenda for Economic Recovery of Puerto Rico 2014-2018	
A. Introduction.....	8
B. Measures Aimed at Economic Development.....	9
C. Human Capital.....	12
D. Demographics and the Flight of Young Talent.....	12
E. Energy.....	13
F. The Economy of Knowledge.....	14
G. Life Sciences.....	15
III. Population	
A. Demographic.....	16
B. Population By Age and Sex.....	16
C. Population By Municipalities.....	20
IV. Labor Force, Employment and Unemployment	
A. Labor Force.....	22
B. Employment.....	23
C. Unemployment.....	23
V. Characteristic of the Insured Unemployed	
A. By Gender, Age and Industry.....	28
B. By Occupation.....	29
VI. Employment by Industry	
A. Current Employment Statistics (CES).....	30

VII. Business Employment Dynamics (BED)

A. Trends in Gross Job Gains and Job Losses.....	35
B. Rates of Gross Job Gains and Gross Job Losses.....	35
C. Number of Establishments Gaining and Losing Employment.....	36
D. Establishment Births and Deaths.....	36

VIII. Occupational Employment Survey (OES)

A. Occupational Employment and Wage Estimates 2013.....	38
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IX. Occupational Skills & Research

A. Rate of Overqualification.....	41
B. Rate of Contracted Hires.....	41
C. Job Skills with Most Demand.....	42
D. Vacancy Rate.....	43

X. Industry & Occupational Projections 2012-2022

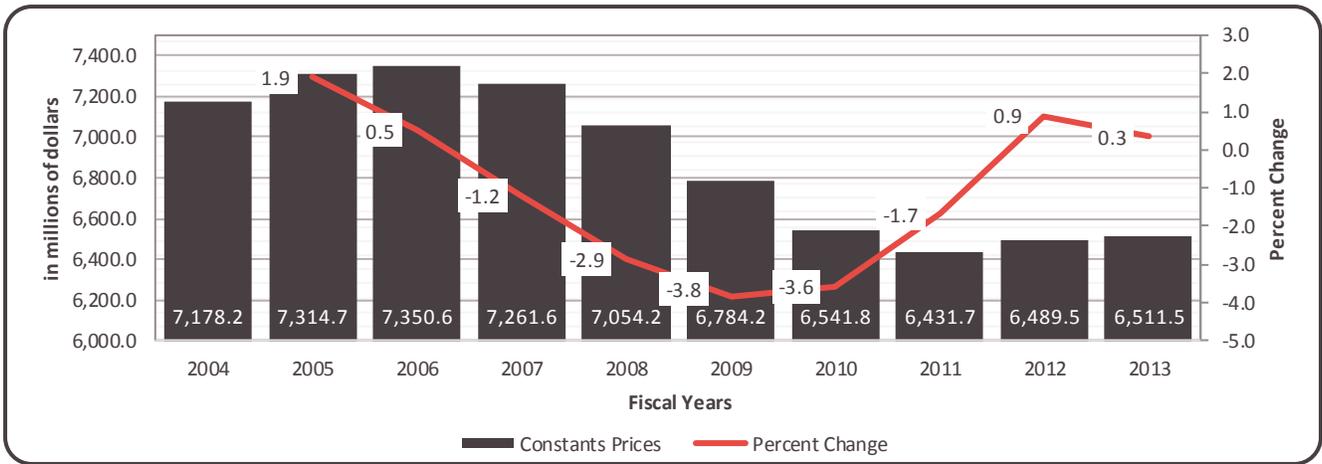
A. Employment by Industry.....	44
B. Employment by Occupation.....	49
C. Employment by Education.....	55

I. Overview of the Economy

A. Gross National Product, Gross Domestic Product, Personal Income and Personal Consumption Expenditures

For fiscal year from the 2007, 2008, 2009, 2010 and 2011 Puerto Rico’s real gross national product decreased by 1.2%, 2.9%, 3.8%, 3.6%, 1.7%, respectively. In the FY 2012 and 2013 this indicator reflects a slight increase of 0.9% and 0.3%, respectively.

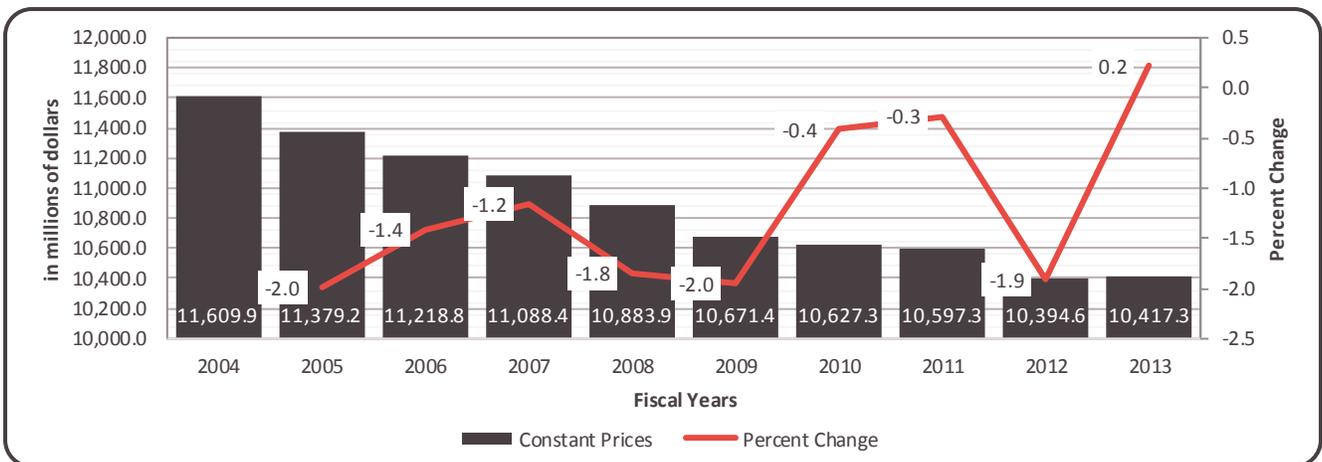
Figure 1
Gross National Product - Constant Prices
 (million dollars - fiscal years)



Source: Puerto Rico Planning Board.

While, the real gross domestic product showed a slight rise in FY 2013 by 0.2% after a fall over the 2005 to 2012 period.

Figure 2
Gross Domestic Product - Constant prices
 (millions dollars - fiscal years)

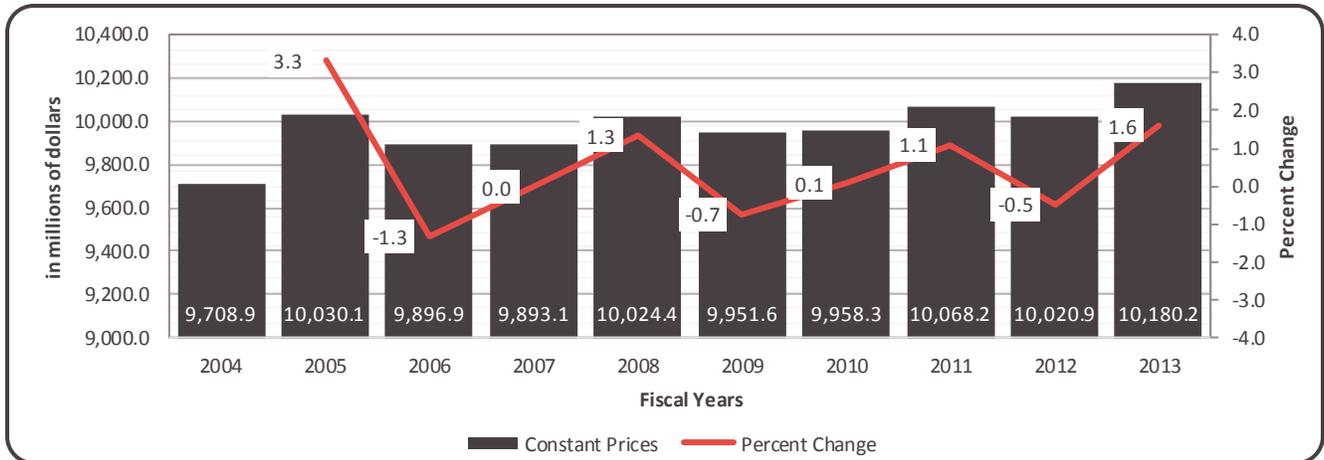


Source: Puerto Rico Planning Board.

In constant prices, personal income increased by 1.6% in FY 2013, after a slight fall of 0.5% in FY 2012.

Figure 3
Personal Income - Constant Prices
 (millions dollars - fiscal years)

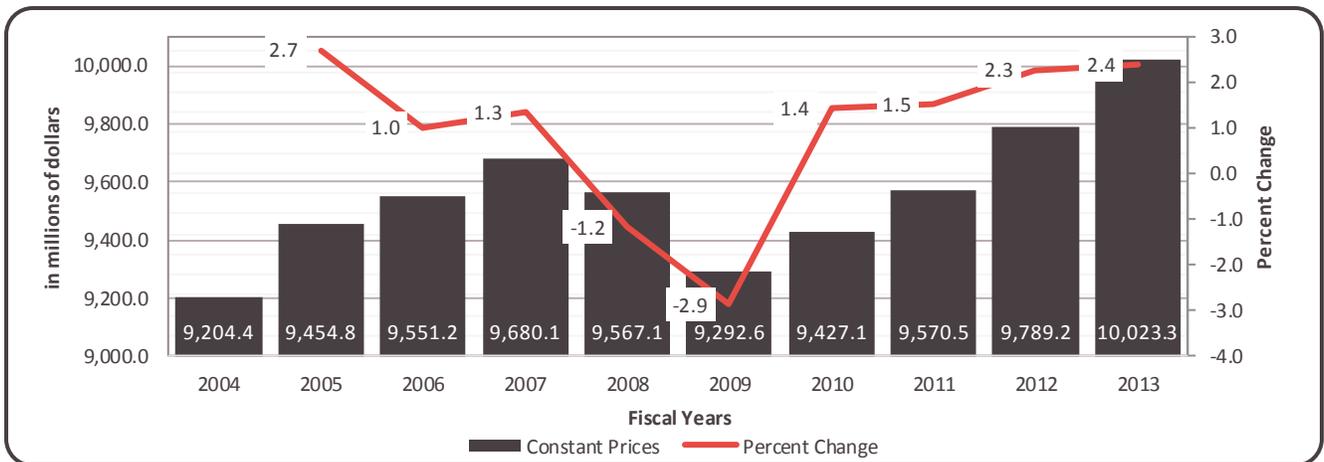
Source: Puerto Rico Planning Board.



Real personal consumption expenditures, principal component of the gross national product registered an increase of 2.4% in FY 2013 and 2.3% in FY 2012.

Figure 4
Personal Consumption Expenditures - Constant Prices
 (million dollars - fiscal years)

Source: Puerto Rico Planning Board.



The dominant sectors of Puerto Rico's 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, professional and scientific instruments; and certain high technology machinery and equipment.

Manufacturing sector is the major contributor to the gross domestic product. In FY 2013 this sector generated \$47,996.8 million or 46.5% of the gross domestic product. Manufacturing in Puerto Rico basically concentrates in two major industries: pharmaceuticals and other chemical products; and machinery and metal products.

Table 1
Gross Domestic Product by Major Industrial Sector
(millions dollars - fiscal years)

Economic Indicator	Fiscal Years				Difference	Percent Change
	2012r	Percent	2013p	Percent		
Gross Domestic Product	101,080.7	142.3	103,134.8	141.6	2054.1	2.0
Agriculture	717.3	0.7	712.6	0.7	-4.7	-0.7
Mining	32.5	0.0	31.7	0.0	-0.8	-2.5
Utilities	2,081.4	2.1	1,752.1	1.7	-329.3	-15.8
Construction	1,390.7	1.4	1,381.2	1.3	-9.5	-0.7
Manufacturing	45,914.7	45.4	47,996.8	46.5	2082.1	4.5
Service (except Government)	42,788.9	42.3	42,918.4	41.6	129.5	0.3
Wholesalers Trade	2,927.9	2.9	2,945.1	2.9	17.2	0.6
Retail Trade	4,893.5	4.8	4,998.3	4.8	104.8	2.1
Transportation and Warehousing	923.0	0.9	923.5	0.9	0.5	0.1
Information	2,620.5	2.6	2,560.9	2.5	-59.6	-2.3
Finance and Insurance	5,410.7	5.4	5,798.6	5.6	387.9	7.2
Real Estate and Rental	15,922.0	15.8	15,229.8	14.8	-692.2	-4.3
Professional, Scientific, and Technical Services	1,655.5	1.6	1,773.1	1.7	117.6	7.1
Management of Companies and Enterprises	77.8	0.1	79.8	0.1	2.0	2.6
Administrative Services and Support	1,756.0	1.7	1,790.2	1.7	34.2	1.9
Educational Service	737.5	0.7	764.4	0.7	26.9	3.6
Health Care and Social Services	3,538.3	3.5	3,641.0	3.5	102.7	2.9
Art, Entertainment and Recreation	87.0	0.1	95.1	0.1	8.1	9.3
Accommodation and Food Services	1,839.5	1.8	1,904.7	1.8	65.2	3.5
Other Services	399.7	0.4	413.9	0.4	14.2	3.6
Government	8,276.7	8.2	8,242.3	8.0	-34.4	-0.4
Statistical discrepancy	-121.8	-0.1	99.9	0.1	221.7	-182.0

r-revised figures

P-preliminary figures

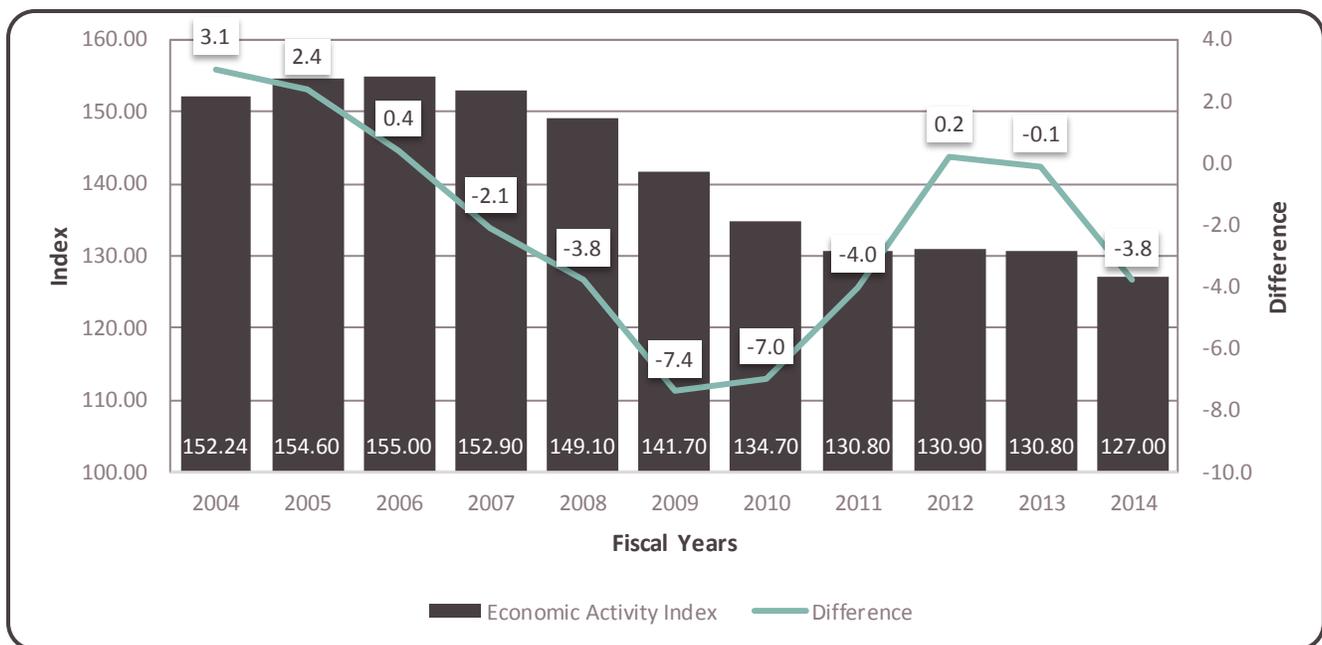
Source: Puerto Rico Planning Board

Manufacturing and service were sectors with the highest increase in FY 2013 when compared with FY 2012. While utilities and government show a contraction for the same time period.

B. Economic Activity Index (EAI)

The Economic Activity Index (EAI) published by the Government Development Bank for Puerto Rico is a coincident indicator of ongoing economic activity. This index is composed of several variables (total payroll employment based on the Nonfarm Payroll Employment Survey, total electric power consumption, cement sales and consumption of gasoline) that highly correlate to Puerto Rico's real gross national product. The average contraction of the EAI for FY 2014 was 3.8%, after a reduction of 0.1% in FY 2013, and slight increase of 0.2% in FY 2012. The EAI in July 2014 was 126.0, a 4.0% reduction when compared to July 2013.

Figure 5
Economic Activity Index and Percent Change
Fiscal Years 2004 - 2014



Source: Government Development Bank of Puerto Rico

II. Agenda for Economic Recovery of Puerto Rico 2014 - 2018^{1/}

A. Introduction

Puerto Rico is facing a unique and complex historical situation affecting the overall sustainability of our economy and our social interaction. Historical decisions over the past decades have brought the economic situation we now face, a crisis that threatens the stability of the government, workers, and families.

Although in moments of great difficulty, if approached as opportunities and handled with intelligence and a sense of responsibility, they can open unique possibilities for true transformation. In this section we lay out a path to follow that which will enable us to achieve a goal that benefits everyone: sustainable development where every Puerto Rican will take part.

Since 1976, when the Island began to benefit from the application of Section 936 of the United States Internal Revenue Code, our economic growth relied mainly on the particular financial attractiveness of this section, to foreign corporations, especially large pharmaceutical conglomerates. Although this economic policy bore fruit and helped improve living conditions, it is also true that subsequent administrations were unable to diversify our economy and promote local productivity, an essential requirement for ensuring the Island's stability in the medium and long term.

Our economic focus must be on our capacity for local production, which will enable us to rise up and become a productive, dynamic society. Only in this way can the progress achieved be shared by all. In order to attain the highest level of economic and social well being and progress to enable us to see Puerto Rico as a promised and a project for innovation and productivity, the postulates on which this agenda has been conceived, are;

- **First:** Diversify the economy, offer aggressive incentives to local production in order to strengthen our competitiveness, and adopt new models that foster sustainable economic development to improve the social infrastructure.
- **Second:** Concentrate efforts on the development of agriculture, tourism, and entrepreneurship.
- **Third:** Diversify the Island's sources of energy, in order to permanently reduce energy costs.
- **Fourth:** Transform the educational system in order to prepare students to insert themselves into a changing, globalized economy.
- **Fifth:** Modernize government to make it more efficient, with a balanced budget.
- **Sixth:** Implement a reform of the tax system so that, among other objectives, it will be easy to comply with, efficient in its oversight function, fair in its imposition of financial responsibilities, and a stimulate economic development.

^{1/} Abstract from Agenda for the Economic Recovery of Puerto Rico 2014-2018

B. Measures Aimed at Economic Development

The creation of jobs and the stimulation of economic development are the permanent solutions for restoring Puerto Rico's fiscal health. From its first day, our administration began implementing a plan to create jobs as a way of reactivating the economy. As a first step, the legislature passed Law 1-2013, known as the Jobs Now Act. This legislation allowed us to establish a stimulus program to create jobs and offer incentives to new and existing businesses. The law grants an energy credit to participating businesses, creates an alternate process that speeds up the permits process, and establishes a salary subsidy for businesses that hire employees who had previously been laid off. As of April 16, 2014, a total of 687 businesses have been certified under this law, for a total of 11,409 jobs created, thus stimulating capital investment.

New legislation added to all of our efforts to create jobs in diverse sectors have produced 44,704 new positions over the last fifteen months. Manufacturing and industrial services have been an area of high competitiveness and growth, as evidenced for this past's years achievements detailed below:

Pharmaceuticals

- Johnson & Johnson: 380 new jobs and \$226 million in investment
- Bristol Myers Squibb: 100 new jobs and \$200 million in investments on expansion and renovation of plant and equipment
- Eli Lilly: 400 new jobs in November 2013
- In January 2014, inauguration of CEDIPROF/Neolpharma: \$12 million in investments and 23 new jobs

Medical devices

- Expansion of CooperVision plant: a \$250 million investment and 350 new jobs
- Expansion of Covidien plant: 200 new jobs
- Expansion of St. Jude Medical: 150 new jobs over 5 years
- Expansion of Medtronic: 150 new jobs announced in October 2013
- Stryker: 32 new jobs
- Vention Medical: 96 jobs and a \$3.5 million investment

Export services & aerospace sector

- IBM/True North: 400 new jobs
- AON Hewitt: 200 new jobs
- Rock Solid: 100 new jobs announced in November 2013
- Infosys: 300 new jobs announced in January 2014
- Honeywell Aerospace: Expansion, with a \$24 million investment and 310 new jobs over 36 months, as announced in April 2014

Textiles & military clothing

- Propper International: federal contract for \$137 million over 3 years, creating 2,200 jobs
- SNC Technical Services: 200 new jobs
- Lifestyle Footwear: 180 new jobs announced in January 2014

Aircraft maintenance, repair, and reconditioning (MRO)

- Lufthansa Technik: construction of facilities and the creation of 400 new jobs during the operation, announced in April 2014.

Tourism has also made important strides: an increase in hotel infrastructure and improvements in air and sea connectivity. With regard to the hotel room inventory, in 2013 we increased hotel rooms under construction by 2,200, for a total inventory of 16,700. The number of cruise passengers rose by 121,000, an increase of 35% over 2012. In terms of air access, in 2013, routes were reestablished with important destinations such as Colombia and Spain. Our negotiations also led to Seaborne Airlines' establishing its headquarters in Puerto Rico, thus restoring our connection with the Caribbean. As of now, Puerto Rico has air connections with 17 countries and 24 destinations.

During 2014, the Hyatt chain, after more than a decade of absence from Puerto Rico, announced the construction of two new hotel projects, in the municipalities of Manatí and Bayamón. It also has plans to operate two more hotels in the Convention District in San Juan. Construction on these hotels will begin sometime in 2014. In addition, the Vanderbilt Hotel was purchased in early 2014 and after an investment of some \$40 million, and the selection of an operator, we project that it will be completed and operational by the end of this year. Lastly, the Normandie Hotel was purchased by a group of off-island investors; it is now in the planning stage and will soon reopen.

Seaborne Airlines

- In December 2013, Seaborne announced new flights to 16 destinations, or 2,600 flights per month
- In March 2014, they consolidated their operations center in Puerto Rico (administration, operations, reservations, and customer service), representing 400 jobs.

Additional routes

- New routes in 2013: JetBlue and United Airlines to Chicago, Southwest Airlines to Orlando, Avianca to Bogota, JetBlue to Santiago de Chile and Punta Cana, Dominican Republic.
- Direct access was restored to Madrid via Air Europa beginning in May 2014.

Hotel developments

- Hyatt Place, Bayamón: Inaugurated in December 2013, with 352 direct jobs in casino, hotel, and restaurant
- Hyatt Place, Manatí: Inaugurated in March 2014, with 104 rooms, an investment of \$38

million, and 205 jobs

Cruise lines

- New routes in 2013: MSC Divina arrived in November 2013; of Norwegian Cruises first arrival was in December 2013
- Disney Cruises, 4 visits in September and October 2014
- Royal Caribbean's Quantum of the Seas arriving in December 2014 with over 6,000 passengers each arrival
- A large cruise ship (Navigator of the Seas) will replace Jewel of the Seas in the spring of 2015, with 52,000 passengers per year

Similarly, agriculture has been an economic area that we have rescued in order to increase local productivity and promote a public policy of food security. We have had the first rice harvest in thirty years, and have begun to grow sugar cane in Puerto Rico again. Likewise, our competitive advantage has brought in foreign investment, making possible high-profile tourist residential projects, while corporations that have operated in Puerto Rico for many years have expanded their operations and increased production, creating hundreds of additional jobs.

Agriculture

- First rice harvest in 30 years (420,000 pounds of rice, with an initial investment of \$1.5 million)
- Sugar cane: 20,000 acres, investment of \$9.5 million, potential for 4,000 jobs
- Poultry industry: Plants scheduled to reopen in Coamo and Salinas (750 direct jobs, with an investment of \$7 million)

Foreign Investment

- Investment of \$760 million by John Paulson & Co. in 2014 and \$500 million in 2015
 - ⇒ Purchased 80% of the Bahia Beach Resort and Golf Club (including the St. Regis Hotel) in Río Grande and plans to invest \$500 million to continue development.
 - ⇒ Purchased Hotel La Concha and the Vanderbilt Hotel in the Condado for \$260 million
- Putnam Bridge Investments: Investment of \$200 million in 2014
 - ⇒ Plans to invest \$450 million to renovate Marina Puerto del Rey in Fajardo, creating 400 jobs in construction and 500 permanent jobs.

Others

- Crowley: Corporate expansion to make Puerto Rico the export center for the Caribbean. This represents revenues of \$20.7 million over for 30 years, and the creation of 100 new jobs
- Serrallés Distillery: Expansion of rum production by 8 million gallons, bringing an increase in revenues to the Puerto Rican treasury due to reimbursement of the tax on rum sold in the United States

Areas Supporting Economic Development

Energy

- We will keep energy costs at the lowest rate since 2011
- Transition to natural gas: first plant converted in June 2013
- Agreements with six companies to supply renewable energy (solar, 365 MW), with an investment of \$635 million.

Permits

- Plans established to make improvements to information technology systems
- Increase of \$71 million (10%) in the total value of building permits in 2013/2012 (an increase of \$300 million in comparison to 2011).

C. Human Capital

The most important asset possessed by Puerto Rico is its people. As a government, we have the responsibility to provide our citizens with the tools and education that will allow them to enter the world of labor and contribute to our productivity. To do this, it is essential that we adapt our educational system to our particular situation. It avails us nothing to educate young people and then lose them to better job opportunities abroad. It's imperative that we generate mechanisms to stop the flight of young talent and bring our policies into line with the demographic reality of a significant increase in the number of older adult population. It is also important that we foster conditions that to allow our citizens to enter the formal economy: give them the skills and knowledge essential to their professional development and publicize the existence of jobs in order to increase the rate of participation in the labor force, reducing the size of the underground economy.

D. Demographics and the Flight of Young Talent

According to estimates from the U.S. Census Bureau's Population Division, approximately 75,000 Puerto Ricans migrated to the United States in 2012, of which 45,707 were under 35. Likewise, today it is estimated that the population of Puerto Rico will gradually decrease over the next forty years, to 2.3 million in 2050.

The population of people over 60 in Puerto Rico has risen over the years. In 2012, some 21.7% of the total population was 60 years of age or older, according to population estimates. The federal government projects that by 2050, this group will represent 37.2% of the population. These are important figures, because in a society experiencing a flight of young talent every year with a low rate of participation in the labor force, the challenges to the economy are intensified. The government has to reimagine the way it offers its services and figure out how to bring people back into the labor force.

These figures represent a substantial demographic decline that will affect the Island's productive population and negatively impact our economy. That is why it is essential to take the necessary steps immediately, to ensure an increase in the amount of the young population with permanent jobs.

E. Energy

At this time, our electric power infrastructure is an obstacle to the Island's competitiveness and quality of life. There is a general consensus as to the need to permanently lower the cost of electric energy in Puerto Rico and to restructure our energy policy.

Changes made from one administration to another regarding energy policies and plans have prevented adoption of an integrated plan that will face the challenges confronted by Puerto Rico, and have not fostered development of a sustainable energy strategy. As a result, some of the problems that Puerto Rico needs to address are:

- The elevated cost of electrical energy;
- A network of energy dependency on costly and polluting fuel;
- An electrical-energy infrastructure that urgently needs to be modernized;
- A culture that does not encourage conservation and efficiency;
- The importation of fossil fuels to generate electricity, which cost the island over \$2.9 billion in fiscal year 2012 alone.

The administration is committed to implement the necessary changes with respect to energy, in order to achieve long-term sustainability and efficiency. In addition, we recognize that development of the energy sector, particularly in the area of renewable sources, may represent an area in which jobs can be created and knowledge gained, thereby increasing the Island's competitiveness. In order to achieve these goals we propose:

- A reduction in the cost of electrical energy through diversification of sources. The Puerto Rico Electric Power Authority (PREPA) has presented a plan that will allow it to gradually lower the cost of electrical energy beginning in 2015, with a reduction to \$0.22 per kilowatt hour, leading to a 1% growth in the economy that will begin to be seen 18 months after this goal is reached. By 2019, the cost of energy should have fallen to \$0.16 per kilowatt hour. To meet this goal, the Authority has proposed three major initiatives:

1-Modernization of infrastructure. The Aguirre Liquefied Natural Gas Sea Terminal in Salinas is the most important initiative for increasing the use of natural gas and reducing the cost of energy by 20%. This project, with an estimated cost of \$267 million, is being evaluated for compliance with the National Environmental Policy Act (NEPA), a process

conducted by the Federal Energy Regulation Commission (FERC). Construction is expected to begin in late 2014 and the terminal to be in production in the second half of 2015. Likewise, in the next few months PREPA will issue a request for proposals for modernization of its most inefficient units, including San Juan, Palo Seco in Cataño, and Costa Sur in Guayanilla.

2. Renewable energy. Our objective is to integrate into the electrical system the largest number of generation projects using renewable energy sources possible; we will do this in an orderly manner and under clearly defined operational criteria. As a first step, during the next year 600 MW will be integrated into the system from renewable-energy projects, thereby ensuring that 7% of the total energy produced on the island comes from renewable sources (currently it is 1%). As an objective over the medium term, and insofar as the system can be modernized, we will continue to add renewable-energy facilities to the system in order to optimize utilization of sources of renewable energy.

3. Reform of the Puerto Rico Electric Power Authority. PREPA aspires to make its operations transparent and efficient, to make its services available at cost (without profit), and to integrate citizen participation. An independent public agency will be in charge of formulating regulations for and overseeing PREPA and all other components of the electrical industry, as well as dealing with any controversies that may arise among the components of the industry. It will also deal with disputes that may arise between PREPA and its clients due to issues related to electrical service. This reform seeks to reduce the cost of electrical energy, minimize dependency on oil and other sources of energy that pollute the environment, ensure that the electrical industry and all its components operate in the public interest, protect consumer rights and encourage greater citizen participation, and seek greater efficiency in the generation of energy.

F. The Economy of Knowledge

Puerto Rico must engage in the formulation, research, development, and commercialization of ideas. The University of Puerto Rico is fundamental in this process. Ideas emerge from the university, and it is there that research activities take place. Until now, that activity has been limited to core research that rarely ventures in a marketable, exportable product. But since 2004, we have a tool for linking the research that occurs in academia with development and marketing: the Science, Technology, and Research Trust.

The Trust's mission is (1) to establish public policy aimed at fostering economic development based on knowledge; (2) to act as a link between academia and the business sector and serve as a catalyst for efforts aimed at economic development through the development and commercialization of ideas; and (3) to develop the financial and physical infrastructure that will make this public policy

possible. In summary, the Trust is the catalyzing and coordinating entity that will ensure that ideas and research, developed at the University, are taken into the public sphere and entered into the chain of economic development.

Principal Actions

1. To create the Science City on the old premises of the state penitentiary in Río Piedras. This project will transform the former correctional complex into a science park. Public and private investment in the construction of the Science City is estimated at almost \$1.8 billion. Due to its complexity and many components, this project is slated to take twenty years to complete. It will serve as a hub for the many activities needed to transform our economic model, providing laboratories and other facilities for research, development, and commercialization. The project has already begun, with the demolition of the old penitentiary. Construction of the first phase, urban infrastructure, will begin in May of 2014, with an investment of \$23 million. The second phase in predevelopment, and construction will begin in fiscal year 2015. This project will create needed synergy with the Molecular Sciences Building, already built and in operation.
2. To start-up on the UPR's Comprehensive Cancer Center (CCC) with an investment of \$196 million. This is a project that will make a significant contribution to sustainable economic development and create jobs in Puerto Rico, while at the same time making us competitive on the world's stage in relation to research and development of new treatments and medications for cancer. In its operational phase, this project will create 750 jobs.

G. Life Sciences

Pharmaceutical Manufacturing

The manufacture of medication represents 26% of Puerto Rico's GDP. This industry has been a fundamental part of the Island's economic activity. At present time, this sector employs some 16,000 people and contributes \$27 billion to the Island's GDP. The worldwide pharmaceutical market is approximately \$830 billion, with a compound growth rate estimated at 4% per year (2012-2016).

V. Population

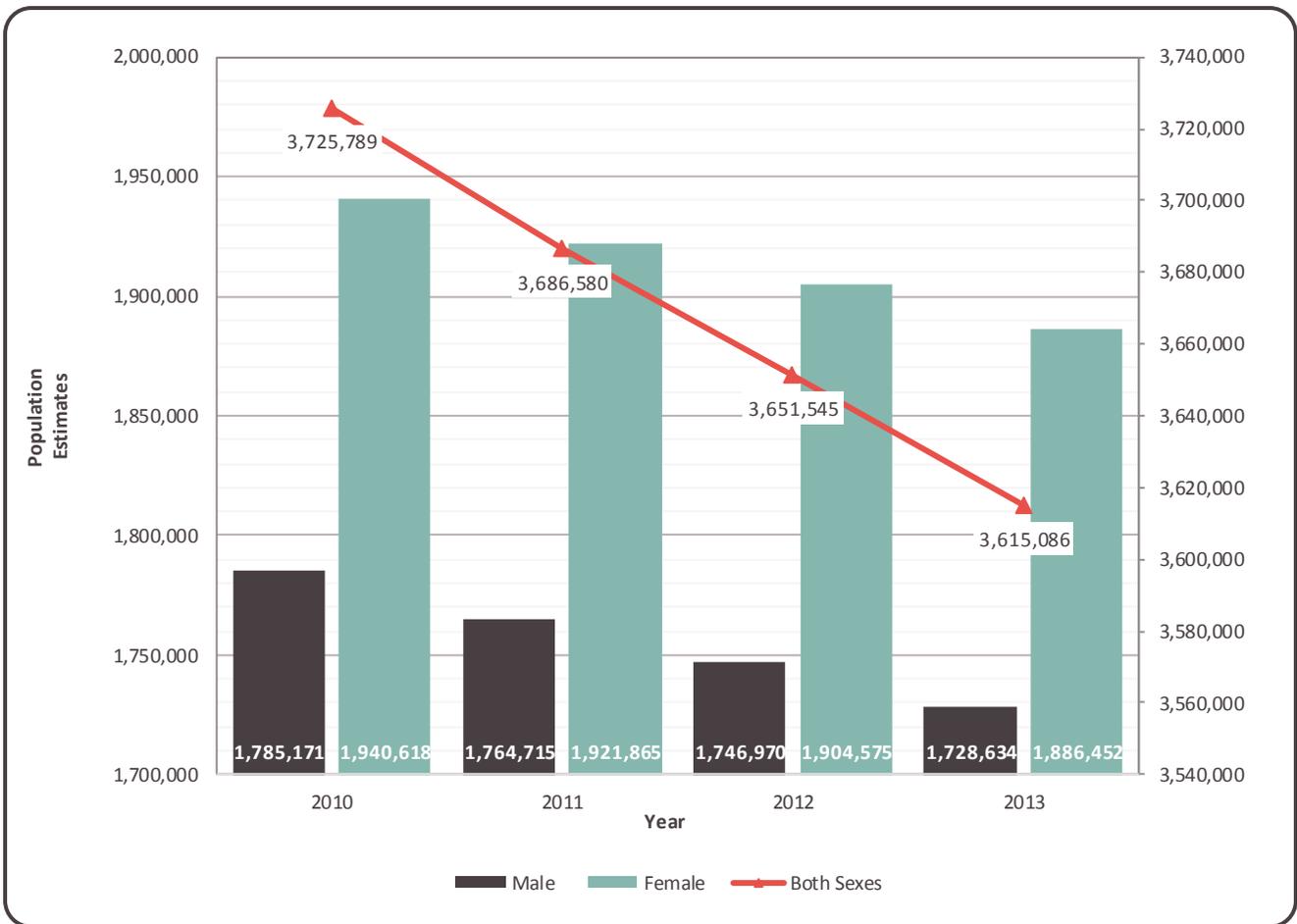
A. Demographics

According to the statistics presented by the U.S. Census Bureau, Population Division, the population of Puerto Rico continues its downward trend since the 2010-2013 period. The decreased in the estimated population from 2010 to 2013 shows a reduction of 110,703 persons or -3.0%.

B. Population by Age and Sex

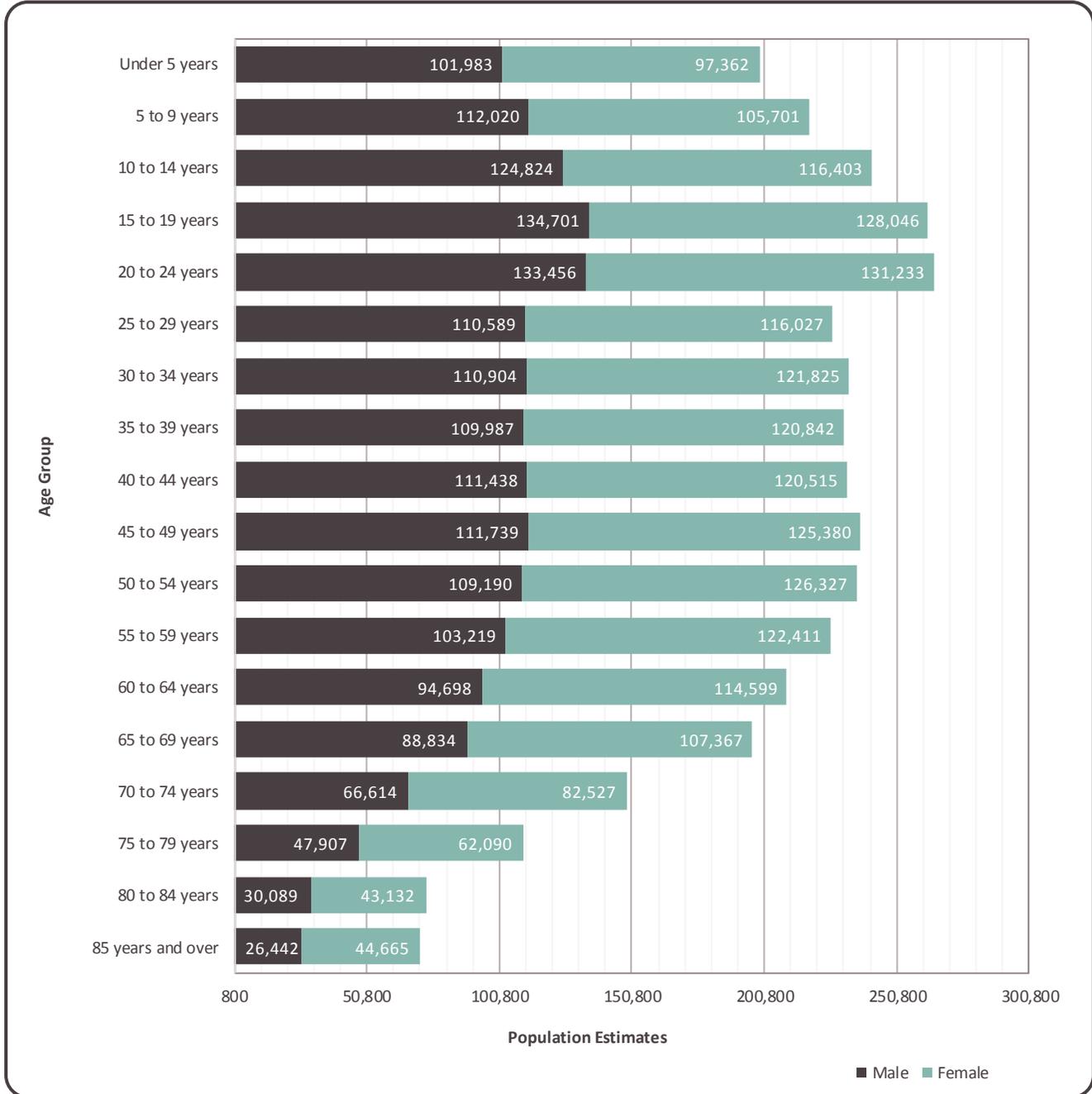
When compared both the male & female population, in 2013, there are 157,818 more females than males. The male population decreases by 56,537 when we compare the year 2013 (1,728,634) with the year 2010 (1,785,171). The female population also decreases by 54,166 when we compare the year 2013 (1,886,452) with the year 2010 (1,940,618).

Figure 6
Total Population and Population by Sex
(Census April 1, 2010 and Population Estimates Year 2011 - 2013)



Source: U.S. Census Bureau, Population Division.

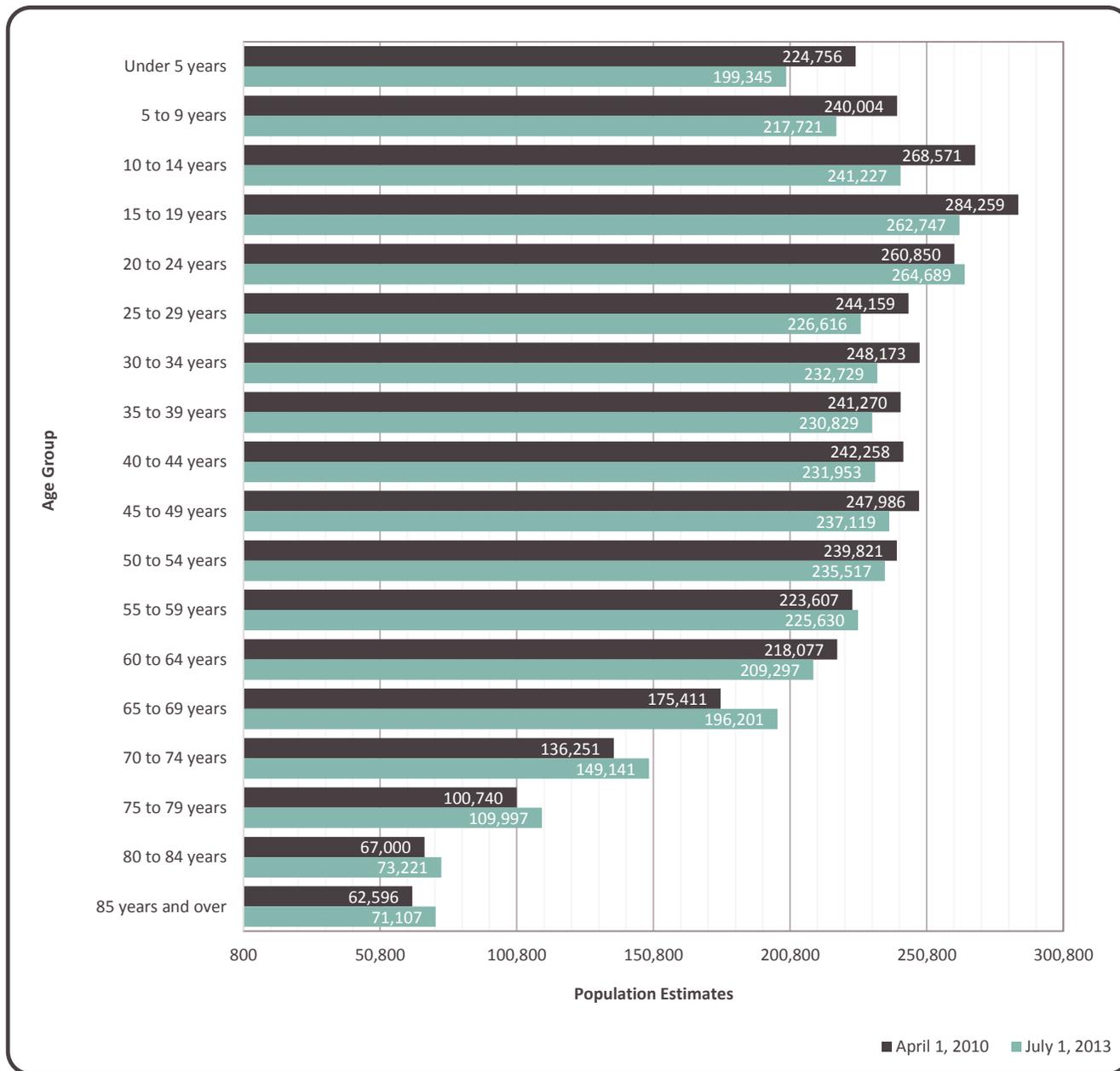
Figure 7
Population Estimates by Age Group and Sex
Year 2013



Source: U.S. Census Bureau, Population Division.

The age group of under 5 years of age until 20 to 24 years old, shows more males than females in 2013. While the age group 25 to 29 to 85 years and over show more females than males. The age group with the highest number of females over males in 2013 was the 60 to 64 years old a difference of 19,901. They were followed by the age group of 55 to 59 years (difference of 19,192), 65 to 69 year olds shows a difference of 18,533 and the 85 years and over, a difference of 18,223 of females over males.

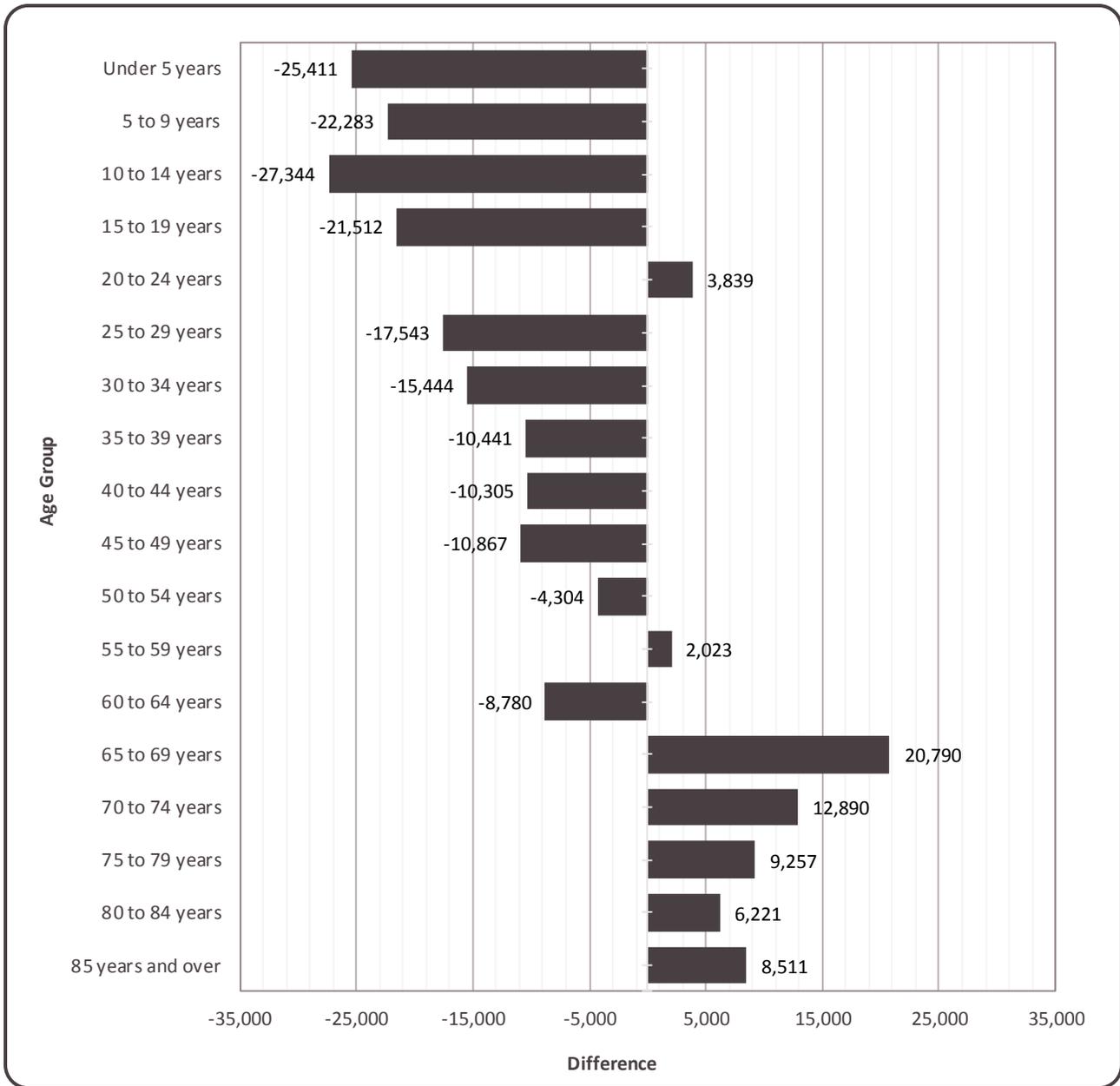
Figure 8
Compared Population by Age Group
Census April 1, 2010 and Population Estimates July 1, 2013



Source: U.S. Census Bureau, Population Division.

The age group with the highest number of persons in 2010 year was the 15 to 19 year olds (284,259) and in 2013 was the 20 to 24 year olds (264,689). These two age groups shows the highest population in 2013. The age group with the highest population loss was the 10 to 14 year olds with 27,344.

Figure 9
Difference in Population by Age Group
Census April 1, 2010 and Population Estimates July 1, 2013



Source: U.S. Census Bureau, Population Division.

The older population from 65 year olds and over is the age group with the highest increase in 2013 when compared to 2010. The age group 65 to 69 year olds show the highest increase, followed by the age group 70 to 74. All group from 65 to 69 year up to the 85 year olds and over, show an increase for 2013. Also increasing is the age group of 55 to 59 year for the comparison period. The other age groups reflecting increases in population was the age group of 20 to 24 years. The age group with more losses was the under 5 year bracket up to 15 to 19 years.

Table 2
Population by Municipalities
Census April 1, 2010 and Population Estimates July 1, 2013

Municipalities	Population Estimates		Change (2010 to 2013)		Municipalities	Population Estimates		Change (2010 to 2013)	
	April 1, 2010	July 1, 2013	Numeric	Percent		April 1, 2010	July 1, 2013	Numeric	Percent
Puerto Rico Total	3,725,789	3,615,086	-110,703	-3.0					
Adjuntas	19,483	19,123	-360	-1.8	Juncos	40,290	40,489	199	0.50
Aguada	41,959	40,993	-966	-2.3	Lajas	25,753	24,973	-780	-3.00
Aguadilla	60,949	58,440	-2,509	-4.1	Lares	30,753	28,947	-1,806	-5.90
Aguas Buenas	28,659	27,956	-703	-2.5	Las Marías	9,881	9,392	-489	-4.90
Aibonito	25,900	24,991	-909	-3.5	Las Piedras	38,675	38,946	271	0.70
Añasco	29,261	28,762	-499	-1.7	Loíza	30,060	28,684	-1,376	-4.60
Arecibo	96,440	93,396	-3,044	-3.2	Luquillo	20,068	19,662	-406	-2.00
Arroyo	19,575	19,228	-347	-1.8	Manatí	44,113	42,530	-1,583	-3.60
Barceloneta	24,816	25,026	210	0.8	Maricao	6,276	6,103	-173	-2.80
Barranquitas	30,318	30,040	-278	-0.9	Maunabo	12,225	11,819	-406	-3.30
Bayamón	208,116	198,958	-9,158	-4.4	Mayagüez	89,080	84,170	-4,910	-5.50
Cabo Rojo	50,917	50,846	-71	-0.1	Moca	40,109	39,153	-956	-2.40
Caguas	142,917	139,559	-3,358	-2.3	Morovis	32,610	32,617	7	0.00
Camuy	35,159	34,239	-920	-2.6	Naguabo	26,720	27,092	372	1.40
Canóvanas	47,648	47,868	220	0.5	Naranjito	30,402	30,060	-342	-1.10
Carolina	176,762	169,597	-7,165	-4.1	Orocovis	23,423	22,805	-618	-2.60
Cataño	28,140	26,919	-1,221	-4.3	Patillas	19,277	18,587	-690	-3.60
Cayey	48,119	47,033	-1,086	-2.3	Peñuelas	24,282	22,964	-1,318	-5.40
Ceiba	13,631	12,946	-685	-5.0	Ponce	166,327	157,118	-9,209	-5.50
Ciales	18,782	18,091	-691	-3.7	Quebradillas	25,919	25,478	-441	-1.70
Cidra	43,480	42,852	-628	-1.4	Rincón	15,200	14,913	-287	-1.90
Coamo	40,512	40,618	106	0.3	Río Grande	54,304	53,693	-611	-1.10
Comerío	20,778	20,526	-252	-1.2	Sabana Grande	25,265	24,487	-778	-3.10
Corozal	37,142	36,303	-839	-2.3	Salinas	31,078	30,371	-707	-2.30
Culebra	1,818	1,828	10	0.6	San Germán	35,527	34,317	-1,210	-3.40
Dorado	38,165	38,509	344	0.9	San Juan	395,326	374,682	-20,644	-5.20
Fajardo	36,993	35,034	-1,959	-5.3	San Lorenzo	41,034	40,164	-870	-2.10
Florida	12,680	12,590	-90	-0.7	San Sebastián	42,430	40,824	-1,606	-3.80
Guánica	19,427	18,356	-1,071	-5.5	Santa Isabel	23,274	23,184	-90	-0.40
Guayama	45,362	44,246	-1,116	-2.5	Toa Alta	74,066	75,292	1,226	1.70
Guayanilla	21,581	20,652	-929	-4.3	Toa Baja	89,609	85,971	-3,638	-4.10
Guaynabo	97,924	94,645	-3,279	-3.3	Trujillo Alto	74,842	72,581	-2,261	-3.00
Gurabo	45,369	47,196	1,827	4.0	Utua	33,149	31,716	-1,433	-4.30
Hatillo	41,953	41,923	-30	-0.1	Vega Alta	39,951	39,707	-244	-0.60
Hormigueros	17,250	17,002	-248	-1.4	Vega Baja	59,662	57,455	-2,207	-3.70
Humacao	58,466	56,825	-1,641	-2.8	Vieques	9,301	9,241	-60	-0.60
Isabela	45,631	44,783	-848	-1.9	Villalba	26,073	24,925	-1,148	-4.40
Jayuya	16,642	16,010	-632	-3.8	Yabucoa	37,941	36,553	-1,388	-3.70
Juana Díaz	50,747	49,693	-1,054	-2.1	Yauco	42,043	39,819	-2,224	-5.30

Source: U.S. Census Bureau, Population Division.

C. Population by Municipalities

When comparing 2010 to 2013 the municipalities showing the highest population increase are: Gurabo (1,827), Toa Alta (1,226), Naguabo (372), Dorado (344), Las Piedras (271), and Canóvanas

The ten municipalities with highest decrease in population, when compared 2010 and 2013 were: San Juan (20,644), Ponce (9,209), Bayamón (9,158), Carolina (7,165), Mayagüez (4,910), Toa Baja (3,638), Caguas (3,358), Guaynabo (3,279), Arecibo (3,044), and Aguadilla (2,509).

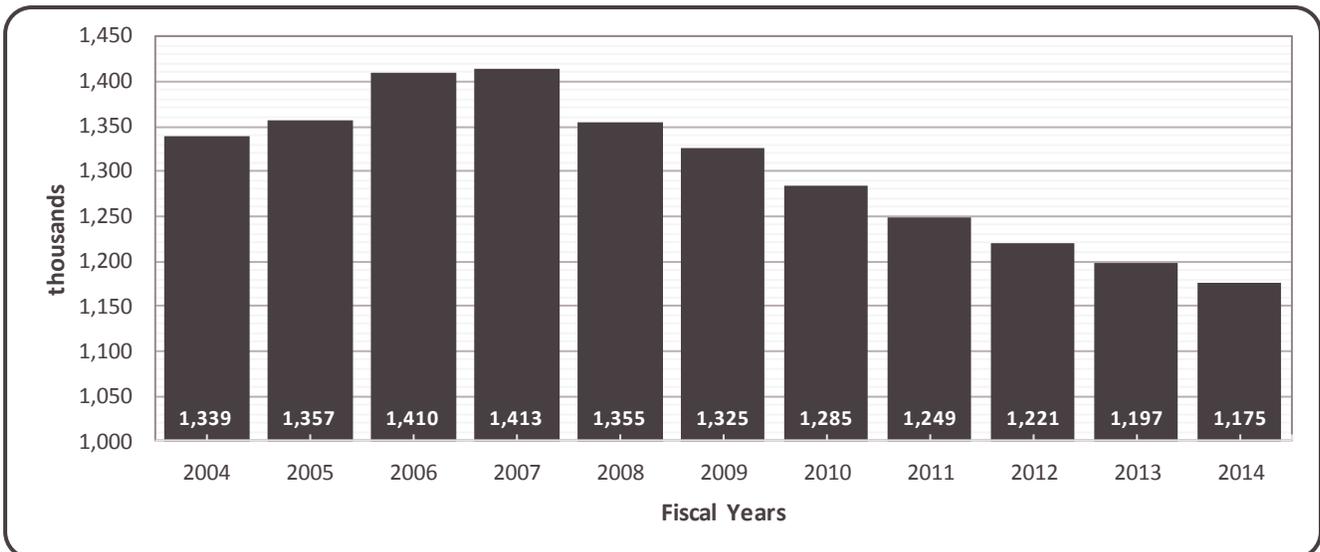
IV. Labor Force, Employment and Unemployment

A. Labor Force

The labor force is the sum of employed and unemployed persons. Employed persons consist of: persons who did any work for pay or profit during the survey reference week; persons who did at least 15 hours of unpaid work in a family-operated enterprise; and persons who were temporarily absent from their regular jobs because of illness, vacation, bad weather, industrial dispute, or various personal reasons. Unemployed 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. Persons who were not working and were waiting to be recalled to a job from which they had been temporarily laid off are also included as unemployed. Receiving benefits from the Unemployment Insurance (UI) program has no bearing on whether a person is classified as unemployed.

In FY 2014, the labor force was estimated in 1,175,000 persons, representing a decrease of 22,000 persons when compared to FY 2013.

Figure 10
Labor Force (thousands of person) Not Seasonally Adjusted
Fiscal Years 2004 - 2014

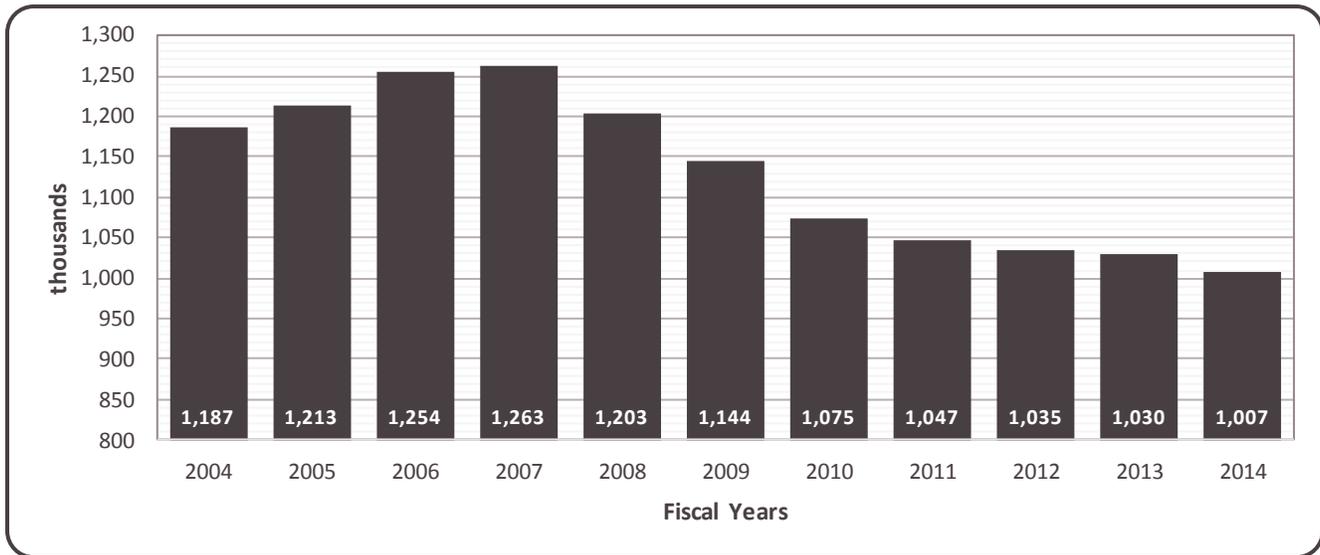


Source: PR Department of Labor and Human Resources - Labor Force Survey.

B. Employment

In FY 2014, (not seasonally adjusted) the number of employed persons (which includes self-employed individuals and agricultural employment) reached a total of 1,007,000. This represents a decrease of 23,000 employees in the local economy, when compared to FY 2013 (1,030,000). Analyzing the differences between the employment of men and women in FY 2014, the employment, not seasonally adjusted among men decreased by 14,000 and for women, decreased by 8,000.

Figure 11
Total Employment (thousands of person) Not Seasonally Adjusted
Fiscal Years 2004 - 2014

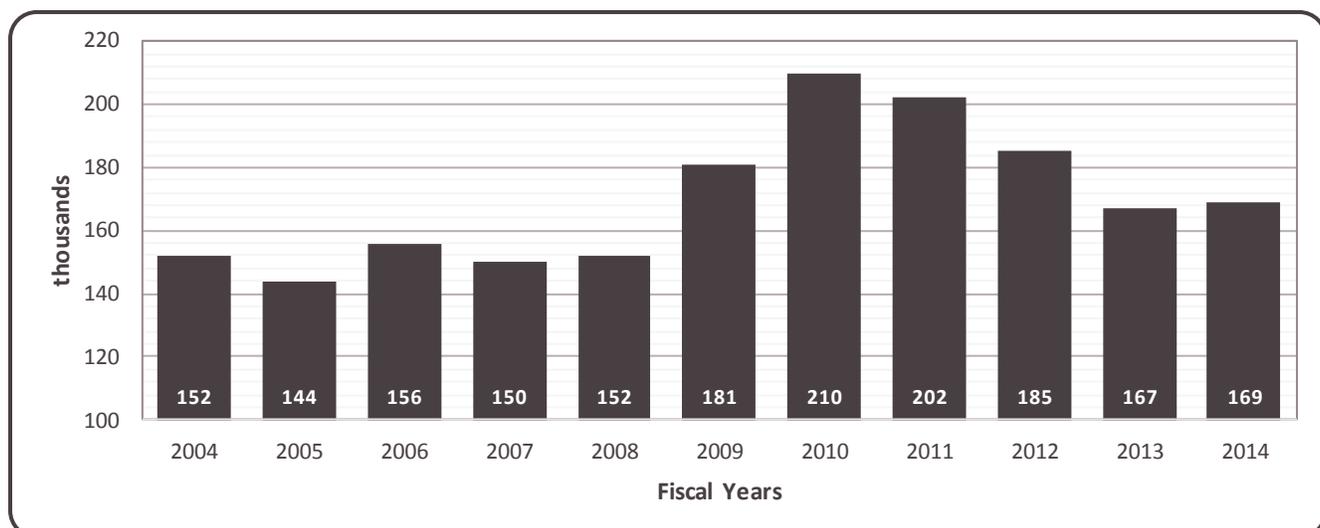


Source: PR Department of Labor and Human Resources - Labor Force Survey.

C. Unemployment

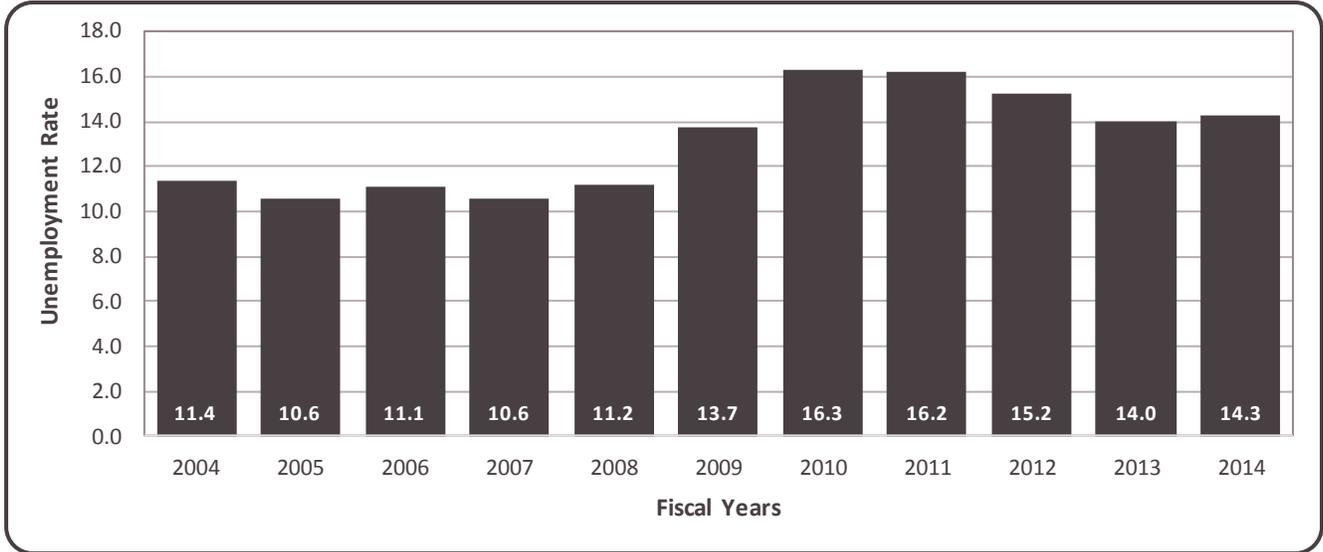
In FY 2014, unemployment (not seasonally adjusted) registered 169,000 or 2,000 unemployed persons more than in 2013. The unemployment rate (not seasonally adjusted) for FY 2014 was 14.3%, 0.3 percentage points higher than in FY 2013 with 14.0%. In FY 2014 the unemployment rate (not seasonally adjusted) for male was 15.8% and 12.4% for female. This represents respective increases of 0.4% for both, when compared to FY 2013.

Figure 12
Unemployment (thousands of person) Not Seasonally Adjusted
Fiscal Years 2004 - 2014



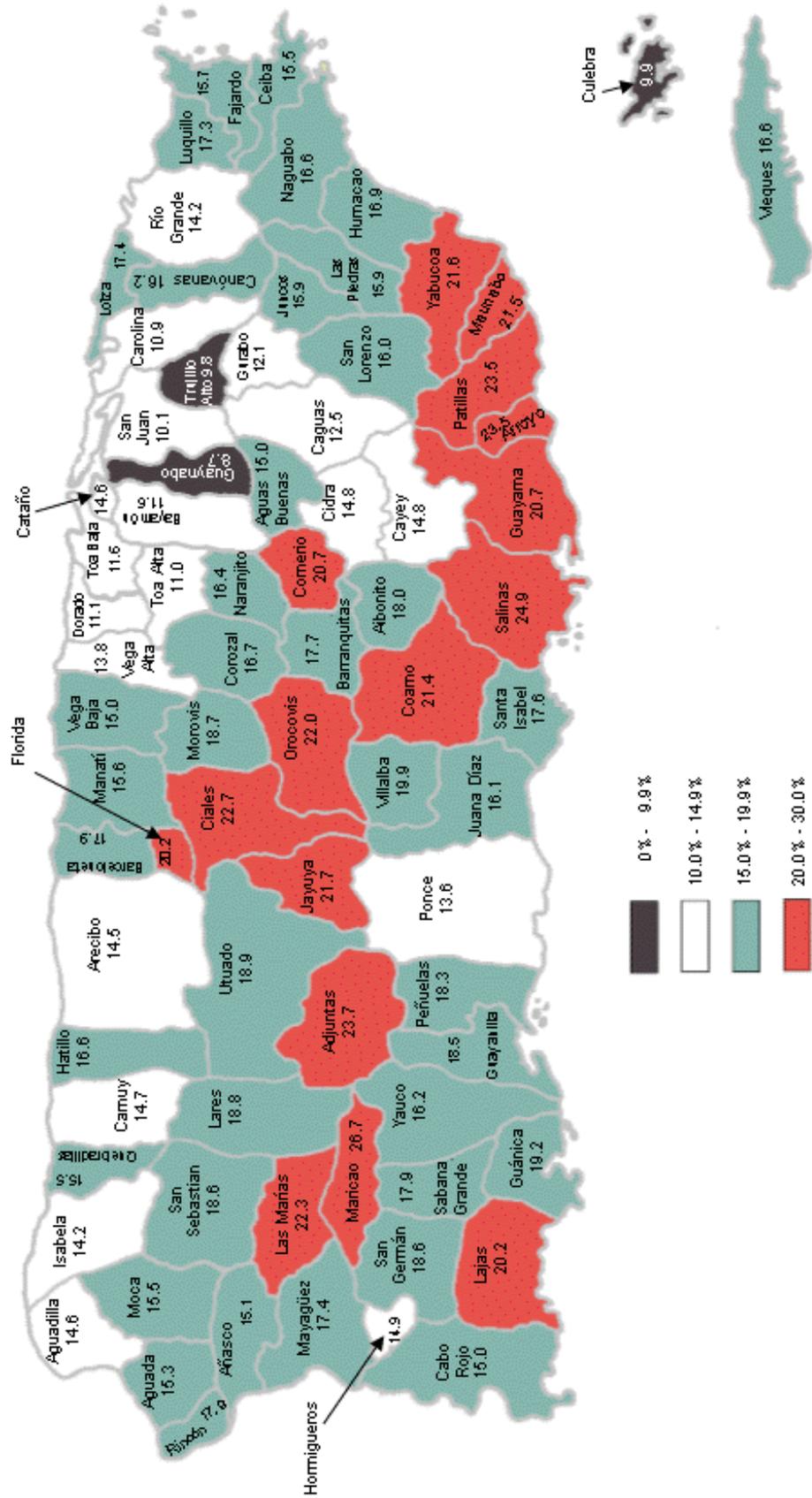
Source: PR Department of Labor and Human Resources - Labor Force Survey.

Figure 13
Unemployment Rate (thousands of person) Not Seasonally Adjusted
Fiscal Years 2004 - 2014



Source: PR Department of Labor and Human Resources - Labor Force Survey.

Figure 14
Unemployment Rate By Municipalities (Not Seasonally Adjusted)
Fiscal Year 2014



Source: Department of Labor and Human Resources - Local Area Unemployment Statistics (LAUS).

Table 3
Labor Force, Employment, Unemployment and Unemployment Rate by Labor Development Administration (ADL)
Fiscal Years 2014

Labor Development Administration (ADL)	Labor Force	Employment	Unemployment	Unemployment Rate
Bayamón- Comerío	74,396	65,327	9,069	12.19
Bayamón	69,493	61,438	8,055	11.59
Comerío	4,903	3,889	1,014	20.68
Caguas - Guayama	138,319	119,388	18,931	13.69
Aguas Buenas	7,941	6,753	1,189	14.97
Aibonito	6,987	5,733	1,254	17.95
Arroyo	4,945	3,784	1,160	23.47
Caguas	48,628	42,563	6,064	12.47
Cayey	14,466	12,329	2,136	14.77
Guayama	12,250	9,713	2,537	20.71
Gurabo	15,560	13,670	1,890	12.14
Trujillo Alto	27,543	24,843	2,700	9.80
Carolina	35,104	30,410	4,693	13.37
Guaynabo - Toa Baja	101,565	90,819	10,746	10.58
Cataño	7,517	6,422	1,096	14.58
Guaynabo	38,052	34,743	3,309	8.69
Toa Alta	25,893	23,050	2,843	10.98
Toa Baja	30,103	26,604	3,499	11.62
Mayaguez-Las Marías	28,482	23,363	5,119	17.97
Las Marías	3,081	2,393	688	22.33
Mayaguez	25,401	20,970	4,431	17.44
La Montaña	42,845	35,345	7,500	17.50
Barranquitas	7,332	6,034	1,299	17.71
Cidra	13,026	11,098	1,928	14.80
Corozal	9,427	7,853	1,574	16.70
Orocovis	4,907	3,829	1,078	21.97
Villalba	8,152	6,531	1,621	19.89
Noreste	72,104	60,681	11,423	15.84
Canóvanas	13,694	11,477	2,217	16.19
Loíza	7,133	5,893	1,241	17.39
Naguabo	7,592	6,334	1,258	16.57
Río Grande	15,857	13,609	2,248	14.18
Ceiba	4,385	3,706	679	15.48
Fajardo	12,895	10,865	2,030	15.74
Luquillo	6,927	5,726	1,201	17.34
Culebra	752	677	74	9.90
Vieques	2,869	2,394	475	16.55
Noroeste	88,642	74,764	13,878	15.66
Aguada	13,875	11,748	2,128	15.33
Aguadilla	18,515	15,810	2,705	14.61
Añasco	10,062	8,548	1,514	15.05
Isabela	14,277	12,243	2,034	14.25
Moca	13,252	11,193	2,059	15.54
Rincón	5,140	4,221	918	17.86
San Sebastián	13,522	11,001	2,521	18.64

Source: Department of Labor and Human Resources, Local Area Unemployment Statistics (LAUS).

Table 3 (Cont.)
Labor Force, Employment, Unemployment and Unemployment Rate by Labor Development Administration (ADL)
Fiscal Years 2014

Labor Development Administration (ADL)	Labor Force	Employment	Unemployment	Unemployment Rate
Norte Central-Arecibo	83,380	69,549	13,831	16.59
Arecibo	28,265	24,177	4,088	14.46
Camuy	10,671	9,105	1,566	14.68
Hatillo	11,917	9,942	1,975	16.57
Quebradillas	7,462	6,304	1,158	15.52
Lares	9,385	7,619	1,766	18.81
Adjuntas	4,339	3,311	1,028	23.70
Jayuya	3,644	2,852	792	21.73
Utua	7,697	6,240	1,458	18.94
Norte Central - Manatí	76,805	64,770	12,035	15.67
Barceloneta	7,385	6,062	1,323	17.91
Ciales	4,488	3,470	1,018	22.69
Dorado	12,382	11,007	1,375	11.11
Florida	3,319	2,647	672	20.24
Manati	11,816	9,967	1,849	15.65
Morovis	8,702	7,078	1,624	18.66
Vega Alta	11,527	9,936	1,591	13.80
Vega Baja	17,187	14,603	2,583	15.03
Ponce	56,198	48,544	7,654	13.62
San Juan	138,996	124,958	14,037	10.10
Sur Central - Salinas	51,964	42,195	9,769	18.80
Naranjito	8,182	6,837	1,345	16.44
Juana Diaz	16,482	13,827	2,655	16.11
Coamo	10,501	8,249	2,251	21.44
Salinas	7,633	5,730	1,903	24.93
Santa Isabel	9,166	7,552	1,614	17.61
Sureste	72,164	59,414	12,750	17.67
Humacao	18,171	15,108	3,063	16.86
Juncos	12,198	10,253	1,945	15.95
Las Piedras	11,850	9,970	1,880	15.86
Maunabo	3,188	2,503	685	21.49
San Lorenzo	12,326	10,356	1,970	15.98
Yabucoa	9,588	7,519	2,069	21.58
Patillas	4,843	3,706	1,138	23.49
Suroeste	84,241	69,567	14,674	17.42
Hormigueros	5,945	5,058	887	14.92
Cabo Rojo	17,695	15,046	2,649	14.97
Lajas	7,379	5,885	1,494	20.24
Sabana Grande	7,477	6,137	1,340	17.93
San German	10,748	8,746	2,002	18.63
Guánica	5,530	4,468	1,062	19.21
Guayanilla	6,288	5,126	1,162	18.48
Peñuelas	7,455	6,089	1,366	18.32
Yauco	14,196	11,894	2,303	16.22
Maricao	1,527	1,119	408	26.71

V. Characteristic of the Insured Unemployed

A. By Gender, Age and Industry

In FY 2014 gender distribution of the insured unemployed was 16,208 males or 56.0 percent, and 12,737 females or 44.0 percent of a total, 28,945. This represents a reduction of 4,028 of the total when compared to FY 2013, 32,973. When comparing males and females, there is a reduction of 2,566 persons for males and 1,462 for females in FY 2014.

Table 4
Characteristics of the Insured Unemployed

Insured Unemployed	Fiscal Year				Percent Change	
	2013		2014		2013-2014	
	Average	Percent	Average	Percent	Numeric	Percent
Gender						
Total	32,973	100.0	28,945	100.0	-4,028	-12.2
Male	18,774	56.9	16,208	56.0	-2,566	-13.7
Female	14,199	43.1	12,737	44.0	-1,462	-10.3
Age						
Total	32,973	100.0	28,945	100.0	-4,028	-12.2
<22	1,427	4.3	1,113	3.8	-314	-22.0
22-24	2,874	8.7	2,467	8.5	-407	-14.2
25-34	10,523	31.9	9,134	31.6	-1,389	-13.2
35-44	8,033	24.4	7,230	25.0	-803	-10.0
45-54	6,167	18.7	5,441	18.8	-726	-11.8
55-59	2,042	6.2	1,822	6.3	-220	-10.8
60-64	1,200	3.6	1,035	3.6	-165	-13.8
>65	691	2.1	668	2.3	-23	-3.3
INA	16	0.0	35	0.1	19	118.8
Industry						
Total	32,973	100.0	28,945	100.0	-4,028	-12.2
Mining	33	0.1	54	0.2	21	63.6
Construction	3,770	11.4	3,711	12.8	-59	-1.6
Manufacturing	4,088	12.4	3,472	12.0	-616	-15.1
Utilities	422	1.3	14	0.0	-408	-96.7
Trade	3,988	12.1	3,687	12.7	-301	-7.5
Finance, Insurance and Real Estate	749	2.3	1,141	3.9	392	52.3
Services	8,296	25.2	11,870	41.0	3,574	43.1
Local Government	3,652	11.1	2,449	8.5	-1,203	-32.9
Agriculture, Forestry & Fishery	746	2.3	1,002	3.5	256	34.3
Information Not Available	7,229	21.9	1,545	5.3	-5,684	-78.6

By Gender, Age and Industry - Fiscal Years 2013 and 2014

INA—Information Not Available

Source: PR Department of Labor and Human Resources - Research and Statistics Division.

In relation to the age of both sexes, persons between 25 to 34 years comprised the most significant group of claims with an average of 31.6 percent or 9,134 for the FY 2014. This group shows the highest reduction of claimants with 1,389 when compared to FY 2013 or 10,523 persons.

The industry reporting less claimants was Local Government with a reduction of 1,203 in FY 2014 when compared to FY2013. This industry represented 8.5 percent of all claimants in FY 2014 (11.1 percent in FY 2013). While, the industry with a higher increase of claimants when compared to FY 2013 and FY 2014 was Service. This sector shows, 11,870 claimants in FY 2014 and 8,296 claimants in FY 2013, reflecting an increase of 3,574 claimants. This industry group represents 41.0 percent of all claimants for FY 2014 and 25.2 percent for FY 2013.

B. By Occupation

The three occupational groups: Production; Office and Administrative Support; and Construction and Extraction show a higher number of claimants with 3,349; 2,795 and 2,745 respectively in FY 2014. This occupational group also presents less claimants when compared to FY 2013, with a decrease of 2,250; 1,343; and 1,474. Only one industry reports more claimants when we compare FY 2013 and 2014, this was Protective Services. This industry shows an increase of 300 claimants more than in FY 2014.

Table 5 Characteristics of the Insured Unemployed

By Occupational Group - Fiscal Years 2013 and 2014

Insured Unemployed	Fiscal Year				Percent Change 2013-2014	
	2013		2014		Numeric	Percent
	Average	Percent	Average	Percent		
Occupations						
Total	32,973	100.0	28,945	100.0	-4,028	-12
Management	1,245	3.8	794	2.7	-451	-36.2
Business and financial	467	1.4	320	1.1	-147	-31.5
Computer and mathematical	116	0.4	90	0.3	-26	-22.4
Architecture and engineering	275	0.8	209	0.7	-66	-24.0
Life, physical, and social science	141	0.4	89	0.3	-52	-36.9
Community and social services	183	0.6	162	0.6	-21	-11.5
Legal	29	0.1	24	0.1	-5	-17.2
Education, training and library	1,612	4.9	1,494	5.2	-118	-7.3
Arts, design, entertainment, sports and media	559	1.7	288	1.0	-271	-48.5
Healthcare practitioner and technical	473	1.4	379	1.3	-94	-19.9
Healthcare support	427	1.3	395	1.4	-32	-7.5
Protective service	1,205	3.7	1,505	5.2	300	24.9
Food preparation and serving related	1,258	3.8	1,047	3.6	-211	-16.8
Building and grounds cleaning & maintenance	1,300	3.9	1,029	3.6	-271	-20.8
Personal care and service	499	1.5	376	1.3	-123	-24.6
Sales and related	2,326	7.1	1,594	5.5	-732	-31.5
Office and administrative support	4,138	12.5	2,795	9.7	-1,343	-32.5
Farming, fishing, and forestry	1,148	3.5	1,015	3.5	-133	-11.6
Construction and extraction	4,219	12.8	2,745	9.5	-1,474	-34.9
Installation, maintenance, and repair	1,297	3.9	933	3.2	-364	-28.1
Production	5,599	17.0	3,349	11.6	-2,250	-40.2
Transportation and material moving	1,626	4.9	1,236	4.3	-390	-24.0
Military specific	132	0.4	114	0.4	-18	-13.6
Information not available	2,699	8.2	6,963	24.1	4,264	158.0

Source: PR Department of Labor and Human Resources - Research and Statistics Division.

VI. Employment by Industry

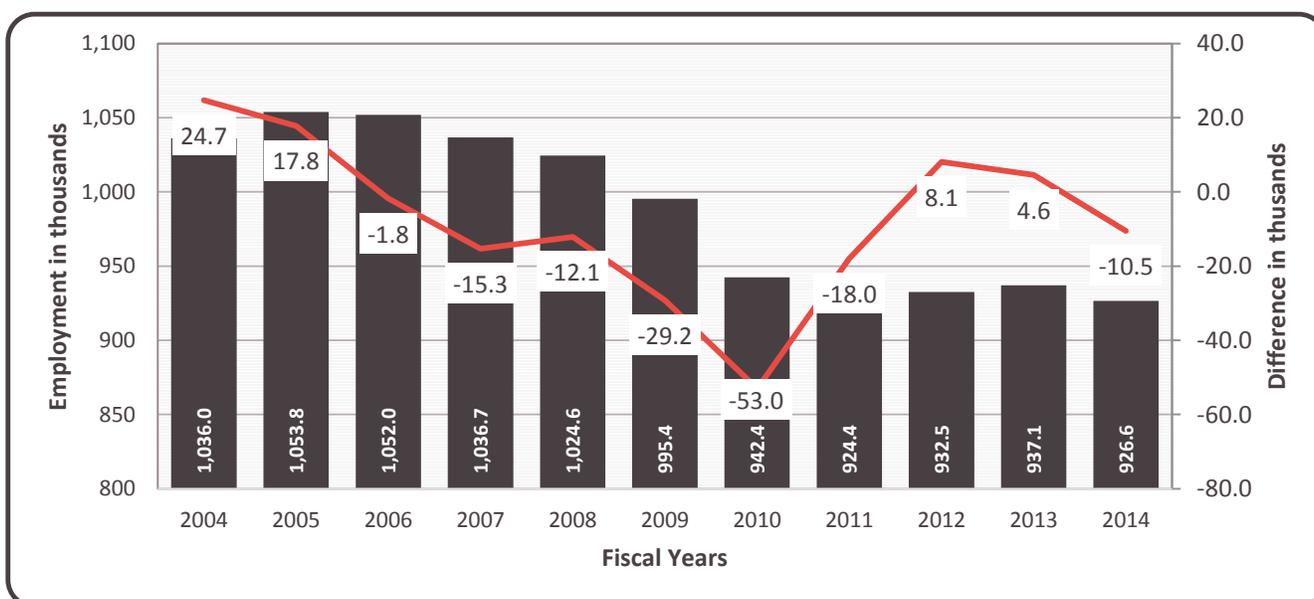
A. Current Employment Statistics Survey

Nonfarm employment declined by 10,500 in fiscal year 2014, mainly due the significant loss in the Government sector. The industry sector added jobs in fiscal year 2014 when compare to fiscal year 2013, in Professional and Business Services (4,000); Leisure & Hospitality (3,100); Accommodation and Food Services (2,600); Education & Health services (1,200); and Trade, Transportation, and Utilities (900).

In FY 2014 four major industry groups show the highest representations in historical series from FY 2004 to 2014. These were: Professional and Business Services; Educational and Health Services; Leisure and Hospitality; and Accommodation and Food Services.

The industry sector with major jobs losses in FY 2014 is Government (-13,500). Mining, Logging & Construction (-3,900); Manufacturing (-3,100); Financial activities (-700); and Information (-600) had jobs losses for FY 2013 to 2014 period.

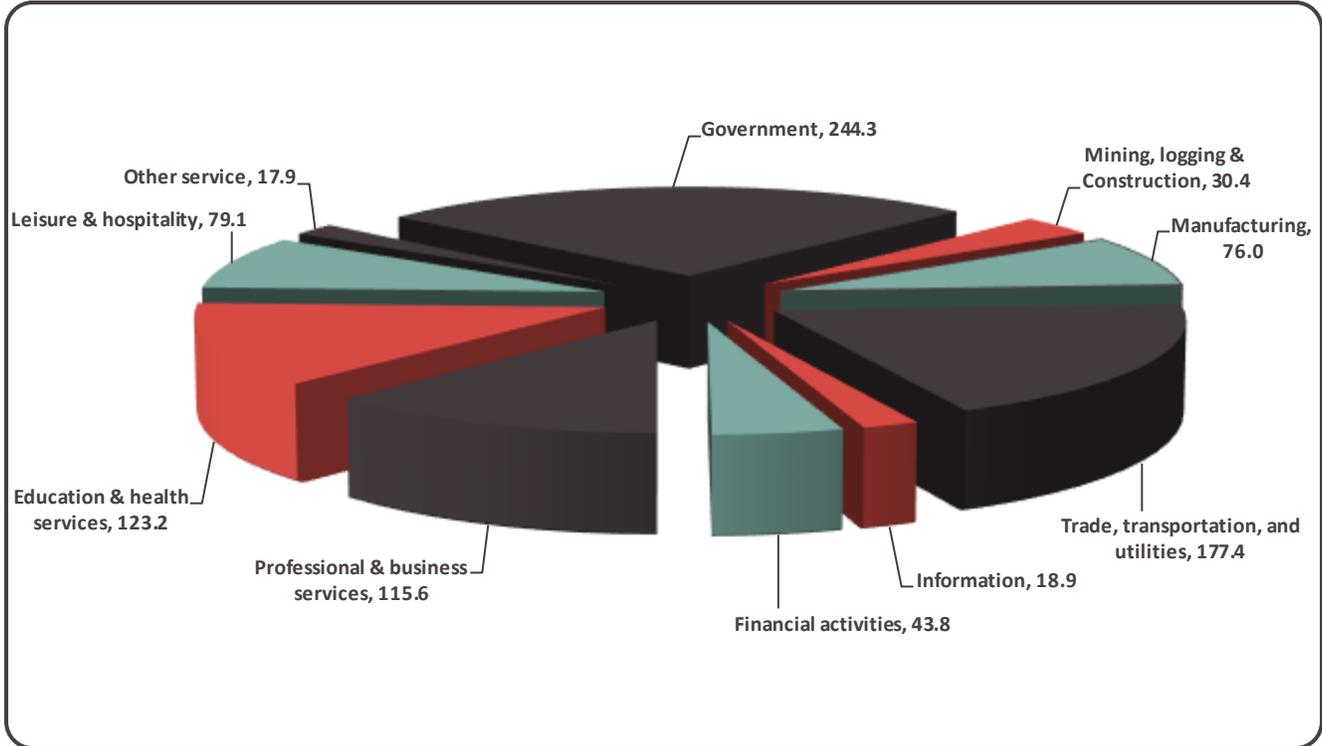
Figure 15
Non Farm Employment (All Industries)
(thousands of person) Seasonally Adjusted



Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

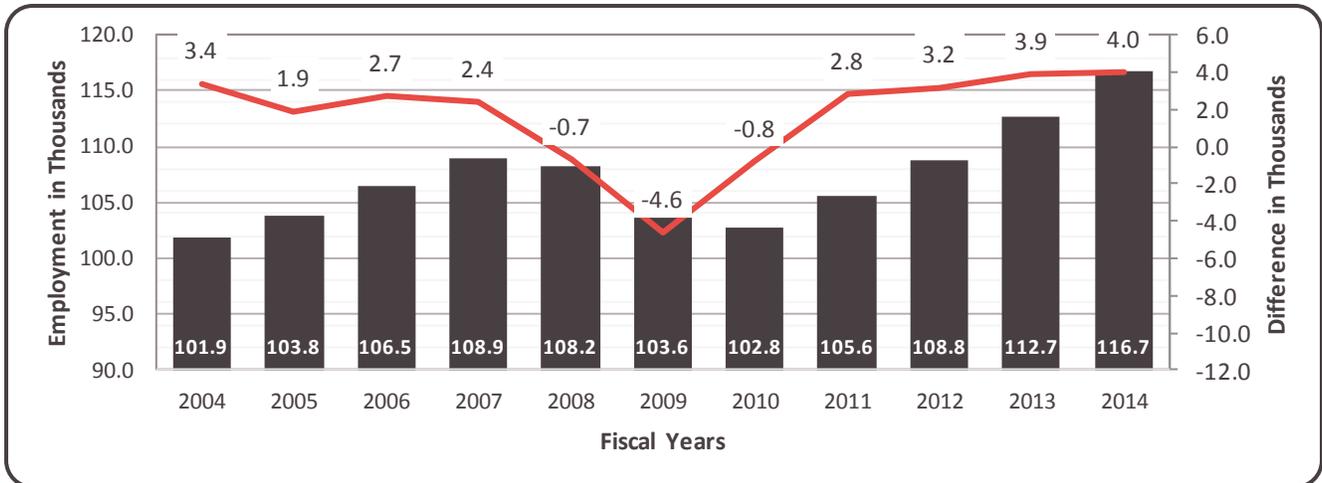
The distribution of employment for fiscal year 2014 by major industry sector is shown in the next chart. The three industries with the higher employment are: Government (244,300), Trade, Transportation, and Utilities (177,400), and Education & Health Services (123,200).

Figure 16
Non Farm Employment (All Industries)
Industry Percent Distribution - Seasonally Adjusted



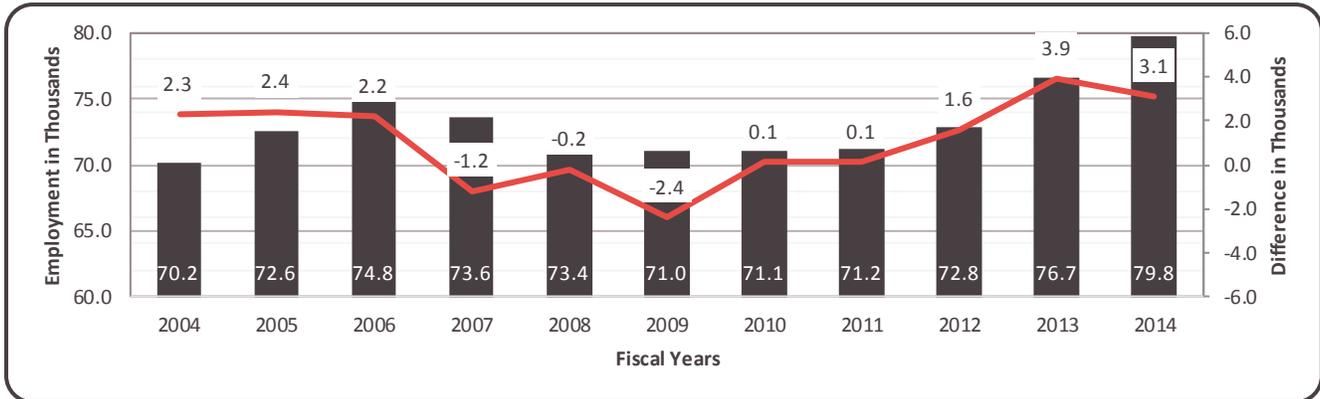
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 17
Non Farm Employment: Professional and Business Services
(thousands of person) Seasonally Adjusted



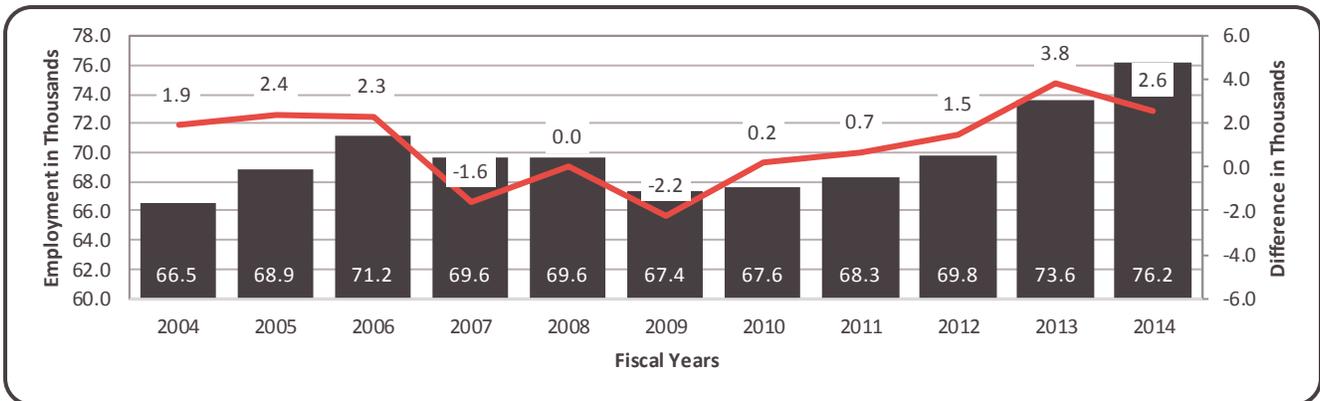
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 18
Non Farm Employment: Leisure & Hospitality
 (thousands of person) Seasonally Adjusted



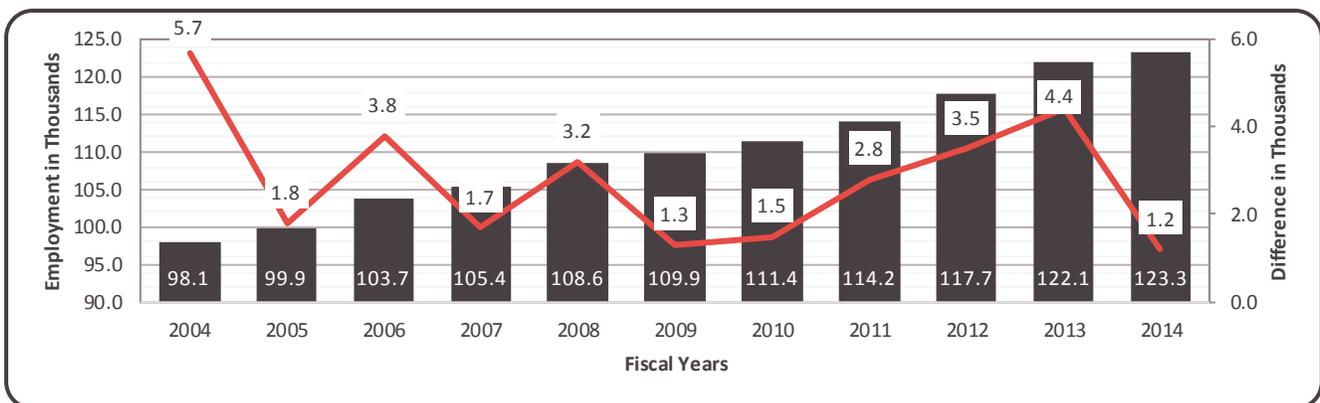
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 19
Non Farm Employment: Accommodation and Food Services
 (thousands of person) Seasonally Adjusted



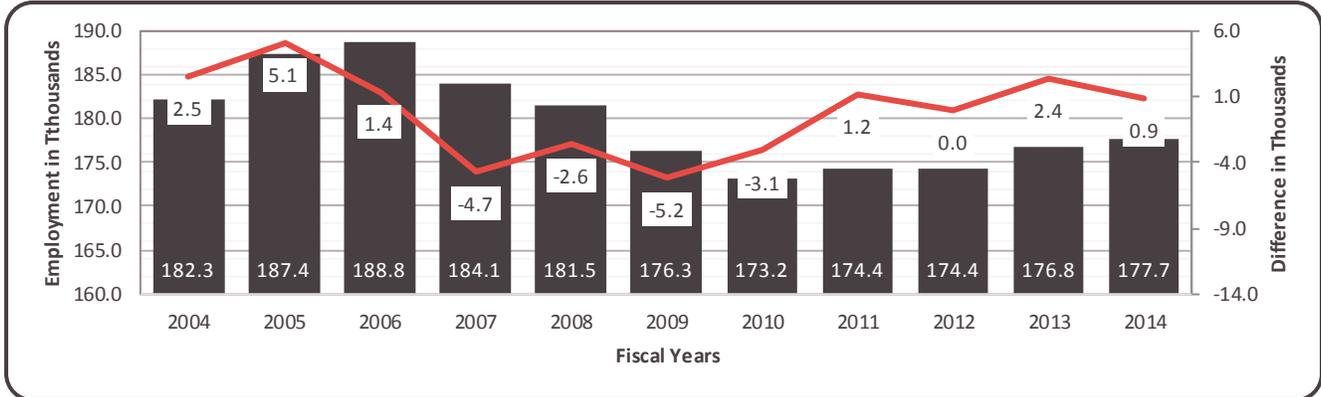
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 20
Non Farm Employment: Educational and Health Services
 (thousands of person) Seasonally Adjusted



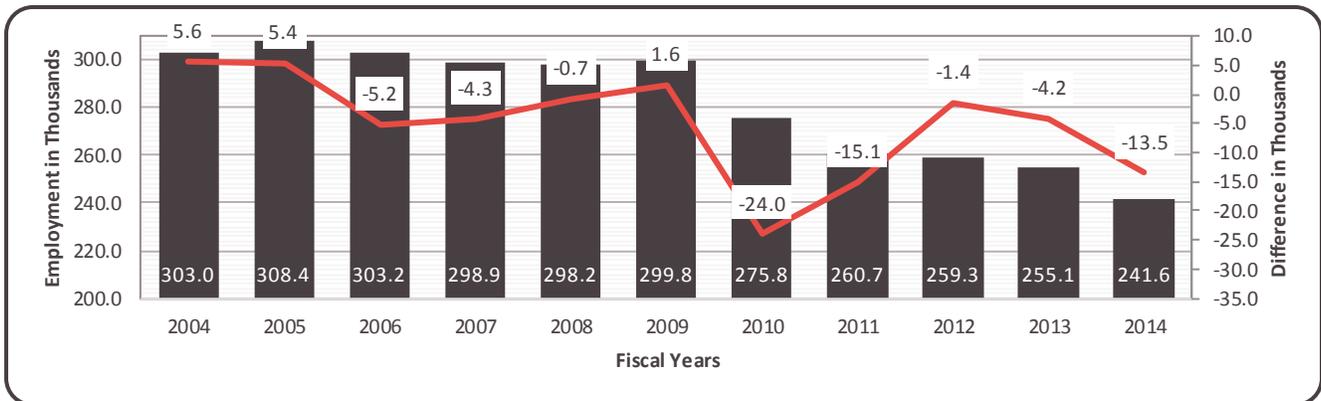
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 21
Non Farm Employment: Trade, Transportation and Utilities
 (thousands of person) Seasonally Adjusted



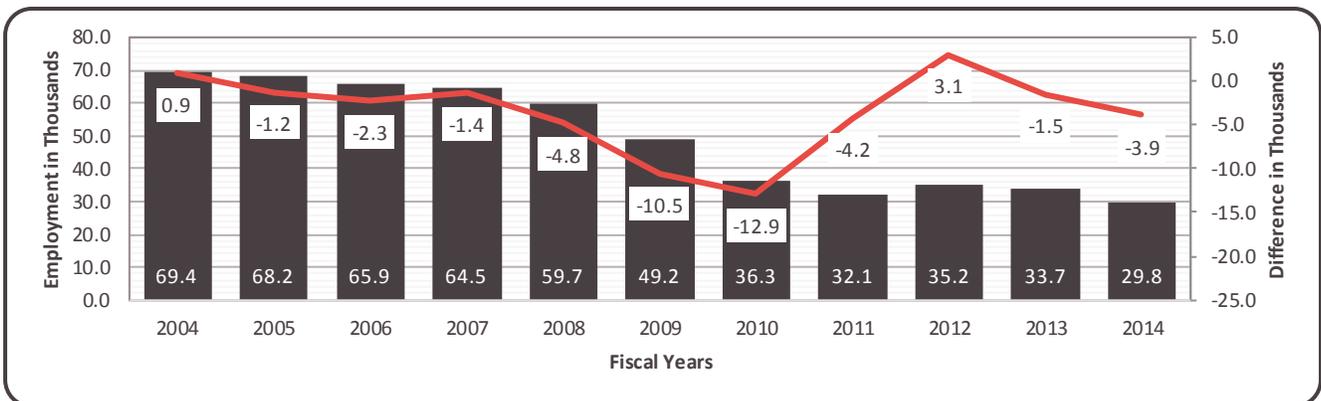
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 22
Non Farm Employment: Government
 (thousands of person) Seasonally Adjusted



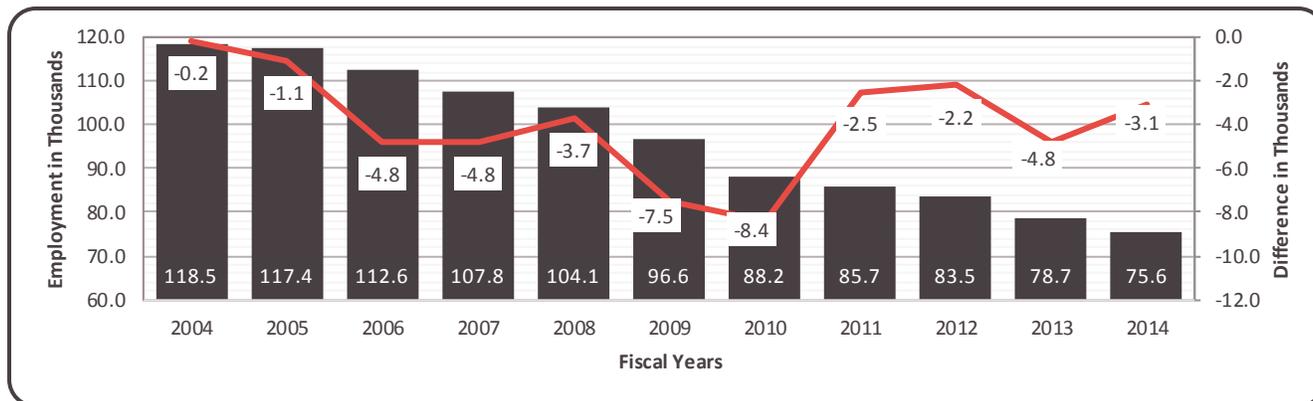
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 23
Non Farm Employment: Mining, Logging & Construction
 (thousands of person) Seasonally Adjusted



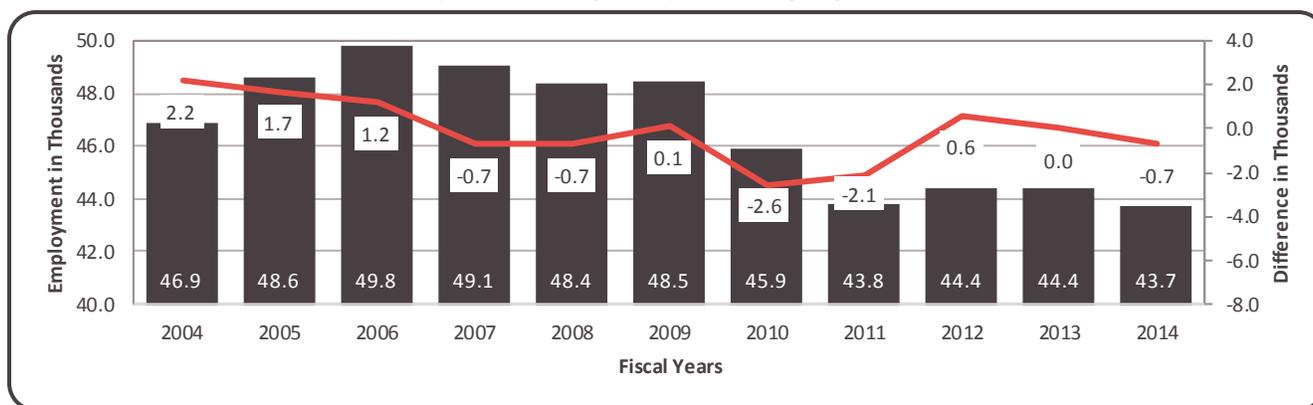
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 24
Non Farm Employment: Manufacturing
 (thousands of person) Seasonally Adjusted



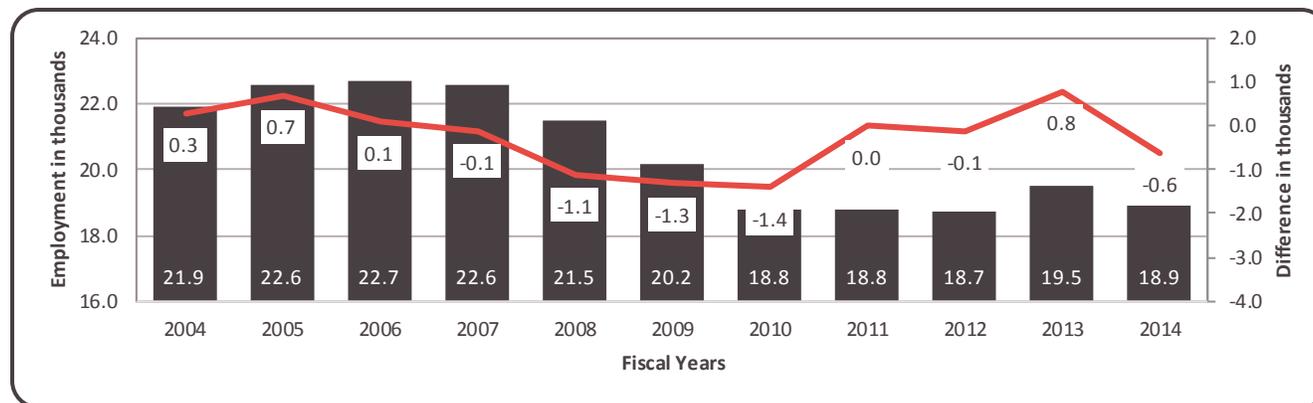
Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 25
Non Farm Employment: Financial Activities
 (thousands of person) Seasonally Adjusted



Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

Figure 26
Non Farm Employment: Information
 (thousands of person) Seasonally Adjusted



Source: PR Department of Labor and Human Resource - Current Employment Statistic (CES).

VII. Business Employment Dynamics (BED)

A. Trends in Gross Job Gains and Job Losses

Opening and expanding private sector business establishments in Puerto Rico gained 47,592 jobs in the fourth quarter of 2013. This represents an increase of 5,826 from the previous quarter. Over the quarter, expanding establishments added 38,361 jobs, while opening establishments added 9,231.

Gross job losses totaled 37,545 in the fourth quarter of 2013, a decrease of 8,024 from the third quarter of 2013. This was the second decrease in gross job losses since December of 2012. In the fourth quarter of 2013, contracting establishments lost 29,610 jobs, while closing establishments accounted for a loss of 7,935 jobs.

Table 6
Three-Month Private Sector Gross Job Gains and Losses, seasonally adjusted
Fourth Quarter 2013

Category	(3 months ended)				
	Dec. 2012	March 2013	June 2013	Sept. 2013	Dec. 2013
Gross job gains	46,915	38,510	40,549	41,766	47,592
At expanding establishments	40,178	32,136	33,902	32,699	38,361
At opening establishments	6,737	6,374	6,647	9,067	9,231
Gross job losses	40,722	43,762	42,254	45,569	37,545
At contracting establishments	33,532	37,145	35,682	38,437	29,610
At closing establishments	7,190	6,617	6,572	7,132	7,935
Net employment change^{1/}	6,193	-5,252	-1,705	-3,803	10,047

1/ The net employment change is the difference between total gross job gains and total gross job losses.

Source: PR Department of Labor and Human Resource—Business Employment Dynamics (BED).

In Puerto Rico, from October until December 2013, gross job gains represented 6.9 percent of private sector employment, and gross job losses represented 5.5 percent of the private sector employment, according to preliminary data released by the USDOL Bureau of Labor Statistics. This is higher than the national rate of gross job gains (6.4 percent) and less for job losses (5.8 percent). The number of job gains from opening and expanding establishments was 47,592 and the number of job losses from closing and contracting establishments was 37,545. Expanding and contracting establishments accounted for most of the jobs gained and lost.

B. Rates of Gross Job Gains and Gross Job Losses

From October until December 2013, gross job gains represented 6.9 percent of private sector employment. Over the quarter, gross job gains in expanding establishments represented 5.6 percent of private sector employment, and gross job gains in opening establishments represented 1.3 percent. Nationally, these quarter gross job gains at expanding establishments represented 5.2 percent of private sector employment, and in opening establishments represented 1.2 percent.

For the same period, gross job losses represented 5.5 percent of private sector employment. Gross job losses in contracting establishments represented 4.3 percent of private sector employment, which was lower than the national rate in contracting establishments (4.7 percent). The rate of gross job losses in closing establishments was 1.2 for Puerto Rico, and 1.1 percent for the United States.

Table 7
Three-Month Private Sector Gross Job Gains and Losses as percent of employment,
seasonally adjusted - Fourth Quarter 2013

Category	(3 months ended)				
	Dec. 2012	March 2013	June 2013	Sept. 2013	Dec. 2013
Total Private for Commonwealth of Puerto Rico	Rates (percent)				
Gross job gains	6.8	5.6	5.9	6.1	6.9
At expanding establishments	5.8	4.7	4.9	4.8	5.6
At opening establishments	1.0	0.9	1.0	1.3	1.3
Gross job losses	5.9	6.4	6.2	6.6	5.5
At contracting establishments	4.9	5.4	5.2	5.6	4.3
At closing establishments	1.0	1.0	1.0	1.0	1.2
Net employment change^{1/}	0.9	-0.8	-0.3	-0.5	1.4
Total Private for United States as a whole	Rates (percent)				
Gross job gains	6.4	6.4	6.4	6.1	6.4
At expanding establishments	5.2	5.0	5.2	5.0	5.2
At opening establishments	1.2	1.4	1.2	1.1	1.2
Gross job losses	5.8	5.6	5.8	5.8	5.8
At contracting establishments	4.7	4.6	4.7	4.8	4.7
At closing establishments	1.1	1.0	1.1	1.0	1.1
Net employment change^{1/}	0.6	0.8	0.6	0.3	0.6

1/ The net employment change is the difference between total gross job gains and total gross job losses.

Source: PR Department of Labor and Human Resource—Business Employment Dynamics (BED).

C. Number of Establishments Gaining and Losing Employment

Another way to observe the dynamics of employment change is to count the number of establishments that opened, closed, expanded, or contracted during a quarter. Out of 45,987 active private sector establishments, a total of 9,629 gained jobs from October to December 2013. Of these, 8,259 were expanding establishments and 1,370 were opening establishments. During the fourth quarter of 2013, 8,786 establishments showed job losses. Of these, 7,278 were contracting establishments and 1,508 were closing establishments.

D. Establishment Births and Deaths

From October until December 2013, a total of 959 new private sector, non-farm businesses created 5,142 jobs. This represented a decrease of 198 establishment births, from the prior quarter, and a decrease of 2,294 jobs. The job gains from these new establishments represented 0.7 percent of total

births employment. The historical time series of birth data show that the number of establishment births have remained around 1,000 every quarter.

Table 8
Three-Month Private Sector Gross Job Gains and Losses as percent of employment,
seasonally adjusted - Fourth Quarter 2013

Category	(3 months ended)				
	Dec. 2012	March 2013	June 2013	Sept. 2013	Dec. 2013
Establishments gaining jobs	9,790	8,532	8,760	8,870	9,629
Expanding establishments	8,421	7,220	7,388	7,277	8,259
Opening establishments	1,369	1,312	1,372	1,593	1,370
Establishments losing jobs	8,412	10,089	9,267	9,572	8,786
Contracting establishments	6,947	8,482	7,856	8,130	7,278
Closing establishments	1,465	1,607	1,411	1,442	1,508
Net employment change^{1/}	-96	-295	-39	151	-138

1/ The net employment change is the difference between the number of opening establishments and the number of closing establishment.

Source: PR Department of Labor and Human Resource—Business Employment Dynamics (BED).

VIII. Occupational Employment Survey

A. Occupational Employment and Wage Estimates 2013

According to the 2013 Occupational Employment Survey, estimated employment for the year was 927,460. The hourly mean wage was \$13.13 and the hourly median wage was \$9.51. In terms of employment and wages by major occupational group, the Office and Administrative Support Occupations had the highest employment with 168,640. The hourly mean and median wage for this group was \$11.23 and \$9.38, respectively. Other occupational groups that stand out in terms of employment were, Sales and Related Occupations, 109,750 workers; Education, Training, and Library Occupations, 75,840; Food Preparations and Serving Related Occupations, 70,730 workers; Production Occupations, 64,840 workers; and Protective Service Occupations, 62,650 workers.

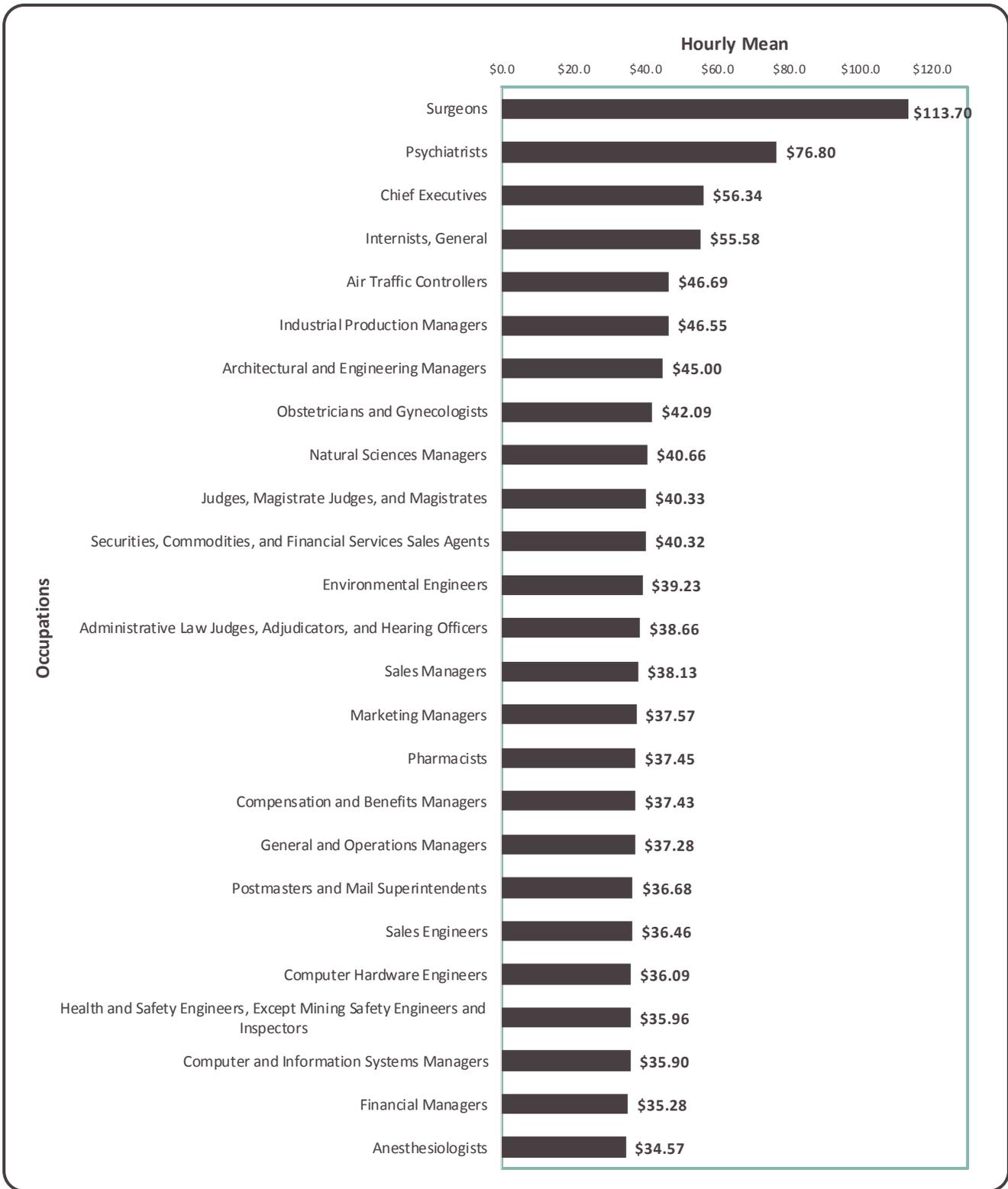
Table 9
Employment and Wages by Major Occupational Group, 2013

SOC Code	Occupational Group (SOC Title)	Employment	Hourly Wage		Annual Wage	
		Total	Mean	Median	Mean	Median
11-0000	Management Occupations	35,560	\$33.45	\$27.90	\$69,580	\$58,030
13-0000	Business and Financial Operations Occupations	40,280	\$18.22	\$15.48	\$37,910	\$32,200
15-0000	Computer and Mathematical Occupations	9,310	\$20.77	\$18.29	\$43,210	\$38,030
17-0000	Architecture and Engineering Occupations	13,740	\$24.76	\$22.24	\$51,510	\$46,270
19-0000	Life, Physical, and Social Science Occupations	7,110	\$20.99	\$18.05	\$43,650	\$37,540
21-0000	Community and Social Service Occupations	17,190	\$13.30	\$12.50	\$27,670	\$25,990
23-0000	Legal Occupations	4,550	\$28.22	\$24.79	\$58,690	\$51,560
25-0000	Education, Training, and Library Occupations	75,840	\$15.98	\$14.86	\$33,230	\$30,900
27-0000	Arts, Design, Entertainment, Sports, and Media Occupations	6,570	\$15.87	\$12.96	\$33,000	\$26,950
29-0000	Healthcare Practitioners and Technical Occupations	48,580	\$17.18	\$13.65	\$35,730	\$28,400
31-0000	Healthcare Support Occupations	12,110	\$9.57	\$8.86	\$19,900	\$18,430
33-0000	Protective Service Occupations	62,650	\$11.62	\$9.56	\$24,170	\$19,880
35-0000	Food Preparation and Serving Related Occupations	70,730	\$8.71	\$8.60	\$18,110	\$17,880
37-0000	Building and Grounds Cleaning and Maintenance Occupations	45,560	\$8.87	\$8.59	\$18,450	\$17,870
39-0000	Personal Care and Service Occupations	14,920	\$8.86	\$8.59	\$18,440	\$17,870
41-0000	Sales and Related Occupations	109,750	\$10.66	\$8.88	\$22,170	\$18,480
43-0000	Office and Administrative Support Occupations	168,640	\$11.23	\$9.38	\$23,360	\$19,500
45-0000	Farming, Fishing, and Forestry Occupations	1,860	\$10.42	\$8.73	\$21,680	\$18,160
47-0000	Construction and Extraction Occupations	35,790	\$10.05	\$8.83	\$20,910	\$18,370
49-0000	Installation, Maintenance, and Repair Occupations	29,770	\$13.28	\$11.14	\$27,630	\$23,160
51-0000	Production Occupations	64,840	\$10.73	\$9.10	\$22,320	\$18,920
53-0000	Transportation and Material Moving Occupations	52,110	\$10.11	\$8.77	\$21,020	\$18,240

Source: PR Department of Labor and Human Resources. Occupational Employment Survey (OES)

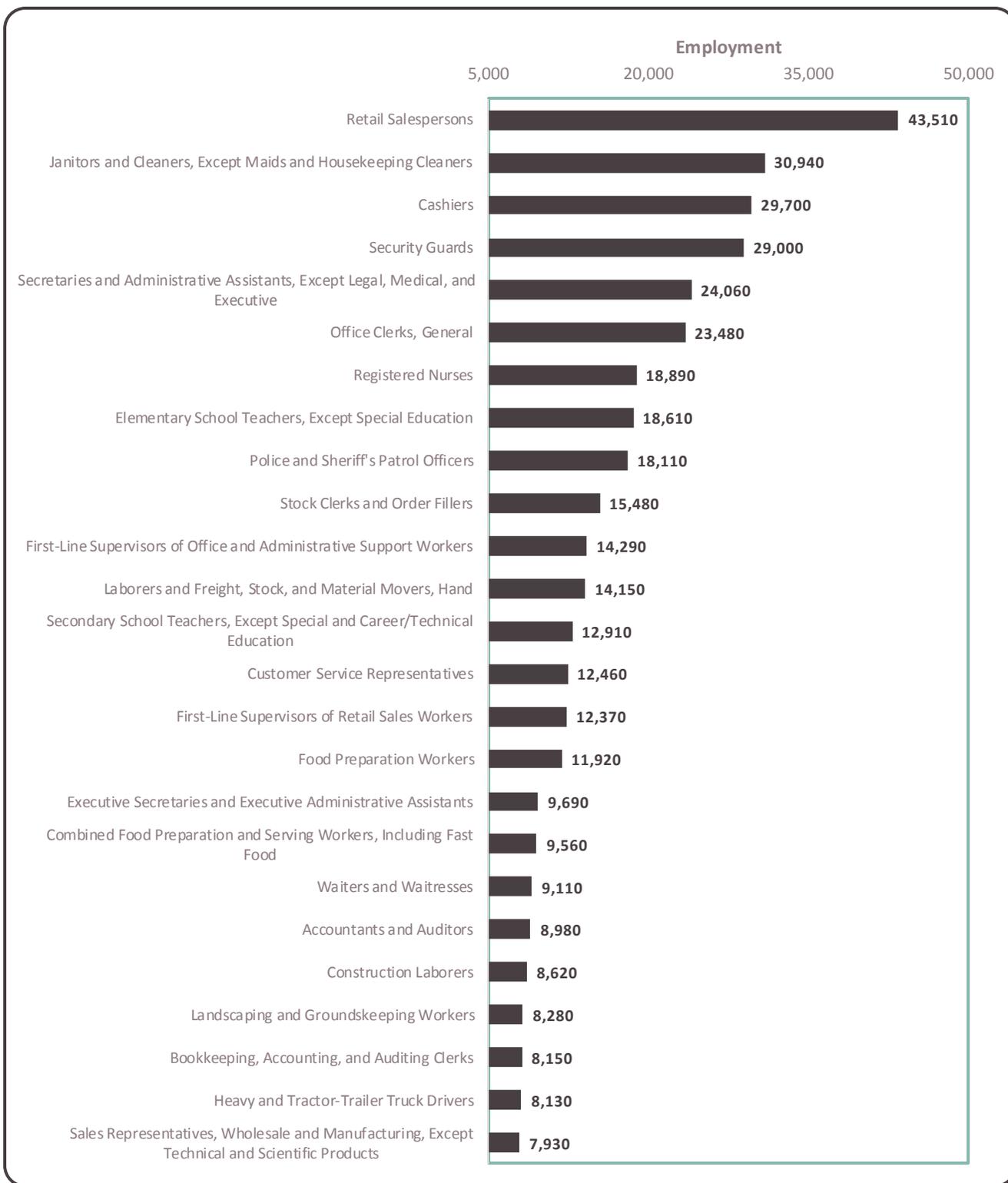
The top 25 highest employment and paying occupations are shown in the next charts.

Figure 27
Top 25 Highest Paying Occupations, 2013



Source: PR Department of Labor and Human Resources. Occupational Employment Survey (OES)

Figure 28
Top 25 Highest Employment Occupations, 2013



Source: PR Department of Labor and Human Resources. Occupational Employment Survey (OES)

IX. Occupational Skills & Research

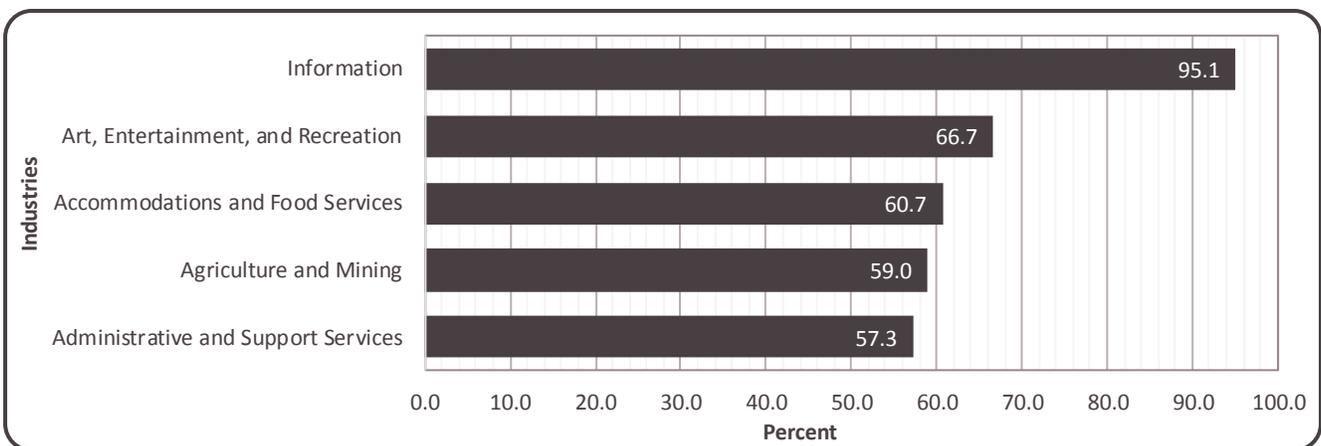
This section presents the results of the Occupational Skills and Research Survey of the Puerto Rico Bureau Labor Statistics. It presents skills on demand by employers in Puerto Rico. Of the entire universe of employers, 32.9% informed that they had recruited at least one new employee between April of 2011 and March of 2012. Of the recruited employees, 28.9% were not required to present any evidence of a specific level of education. However, 34.0% of those recruited at the end of the time period, 34.0% had a high school diploma or its equivalent, while 21.8% had a Bachelor of Arts degree.

A. Rate of Overqualification

The rate of overqualification, equivalent to the rate of those most recently hired with a higher academic level to that required by the job vacancy, reached 42.8%. This rate reflected an increase of 4.1 percentile points when compared with that of the previous year (38.7%).

The industry with the highest rate of overqualification was Information, where 95.1% of the recruited employees had more education than the one required by the job vacancy, followed by Arts, Entertainment and Recreation with 66.7%.

Figure 29
Top 5 Industries with Highest Rate of Overqualification - 2012



Source: Puerto Rico Department of Labor: Occupational Skills & Research Division.

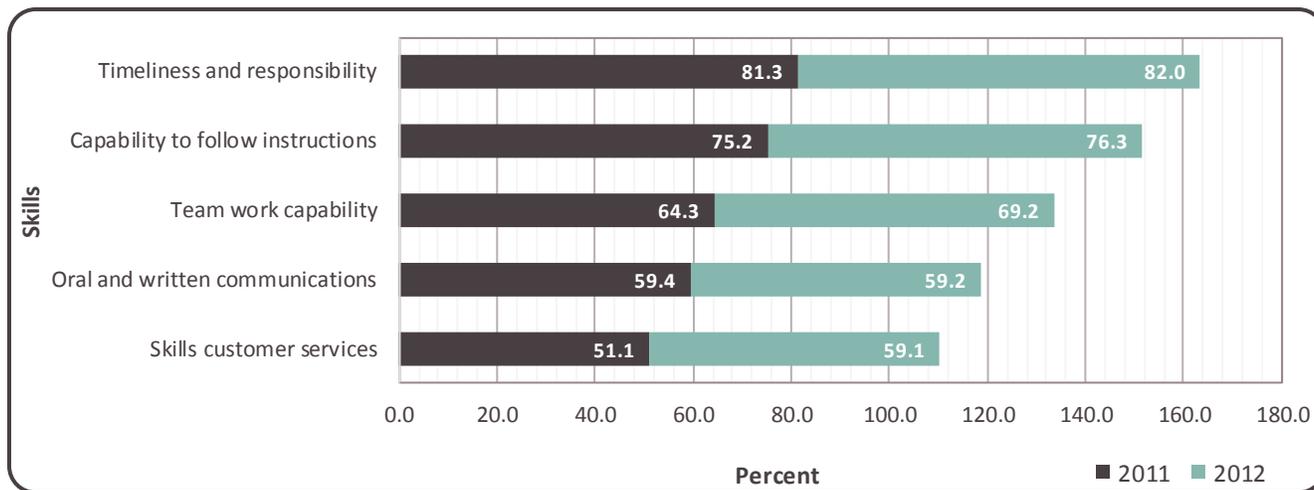
B. Rate of Contracted Hires

The rate of contracted hires for the month of May 2012 was 1.5% and the rate of separation was 1.0%, while for March of 2011, the rate was 2.1% and 1.3% respectively. Of the total amount of those hired in March 2012, 15.6% were part-time workers (less than 28 hours per week), and for March 2011 was 18.7%. Health plans were offered by 21.7% of employers. On the other hand, 57.2% of the workers hired in March 2011 and March 2012 were required some knowledge of computers and their dominion of certain, specific software programs.

C. Job skills with most demand

Timeliness and responsibility, followed by the Capability to follow instructions were the job skills with most demand and most important to employers. The same were selected for the year 2012 by 82.0% and 76.3%, while in 2011 by 81.3% and 75.2%, respectively.

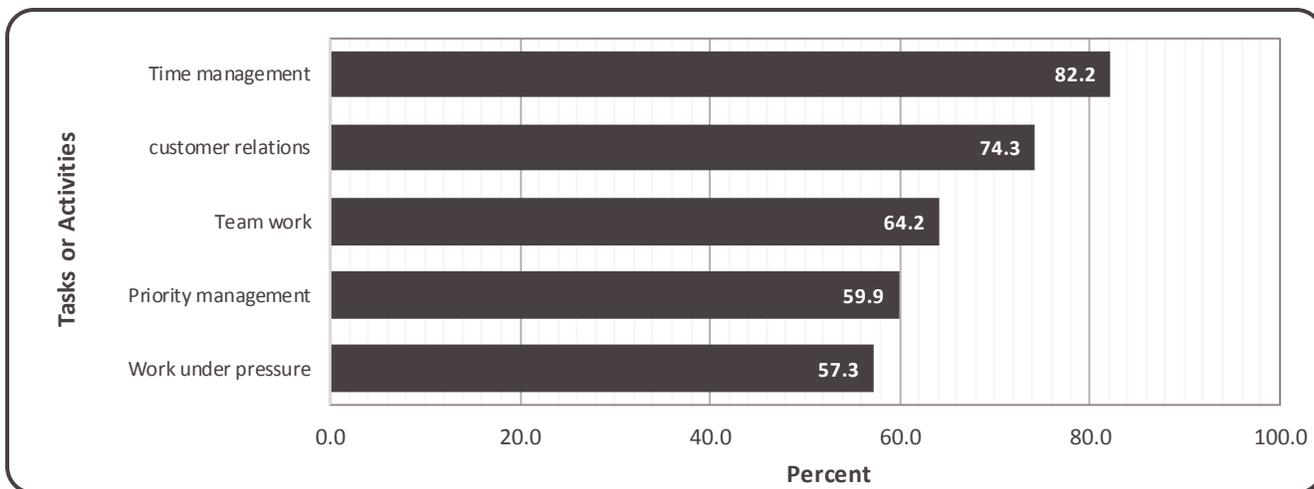
Figure 30
Top 5 Higher Demand Skill, 2011-2012



Source: Puerto Rico Department of Labor: Occupational Skills & Research Division.

The five (5) tasks or activities mostly required of a new recruit, and the percent of employers requiring them for 2012 were as follows:

Figure 31
Top 5 Tasks or Activities Mostly Required of a New Recruit - 2012



Source: Puerto Rico Department of Labor: Occupational Skills & Research Division.

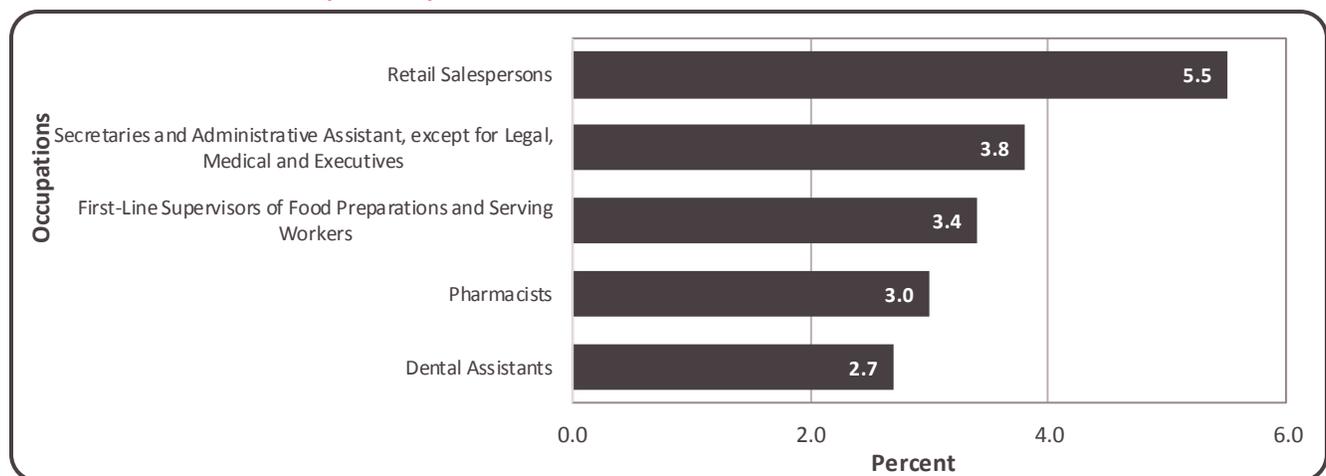
D. Vacancy rate

The vacancy rate, defined as the number of jobs vacant at the moment of answering the questionnaire, as a percent of the total universe, was 4.4%. This rate reflected an increase of 1.5 percentage points when compared to that of the previous year (2.9%). Of the total of employers that answered the questionnaire, 7.0% informed that they had vacant jobs; and of these, 60.0% found difficulty in trying to fill them.

The highest vacancy rate corresponded to the Public Administration industry with 14.7%, followed by Art, Entertainment and Recreation with 2.9%. In 2011 the industry with the highest vacancy rate was the Utilities and Information industry with 15.4% and 14.0%, respectively. Among the establishments that reported having vacant jobs, the industries of Art, Entertainment and Recreation (68.7%) and Professional Services, Scientists and Technicians (40.9%) registered the highest percentage rate of new vacant jobs. During the previous year, the industries with the highest percentage rate of new jobs were Arts, Entertainment and Recreation (86.4%) and Construction (77.0%).

The Arts, Entertainment and Recreation industry was the one that reflected the highest percentage rate of vacancies hardest to fill with 100%. In 2011, the Construction industry was the one that reported the highest percentage rate as the hardest to fill, with 86.3%. Within the occupations of Retail Salespersons (5.5%) and Secretaries and Administrative Assistants, except for Legal, Medical and Executives (3.8%), they reflected the highest percentage rate as the vacancies hardest to fill, while in 2011 were the Farm Workers, Food Growers and Nursery Workers (3.5%), and Direct Supervisors of Office Workers and Administrative Support Staff (3.4%).

Figure 32
Top 5 Occupations with the Rate of Vacancies Hardest to Fill - 2012



Source: Puerto Rico Department of Labor: Occupational Skills & Research Division.

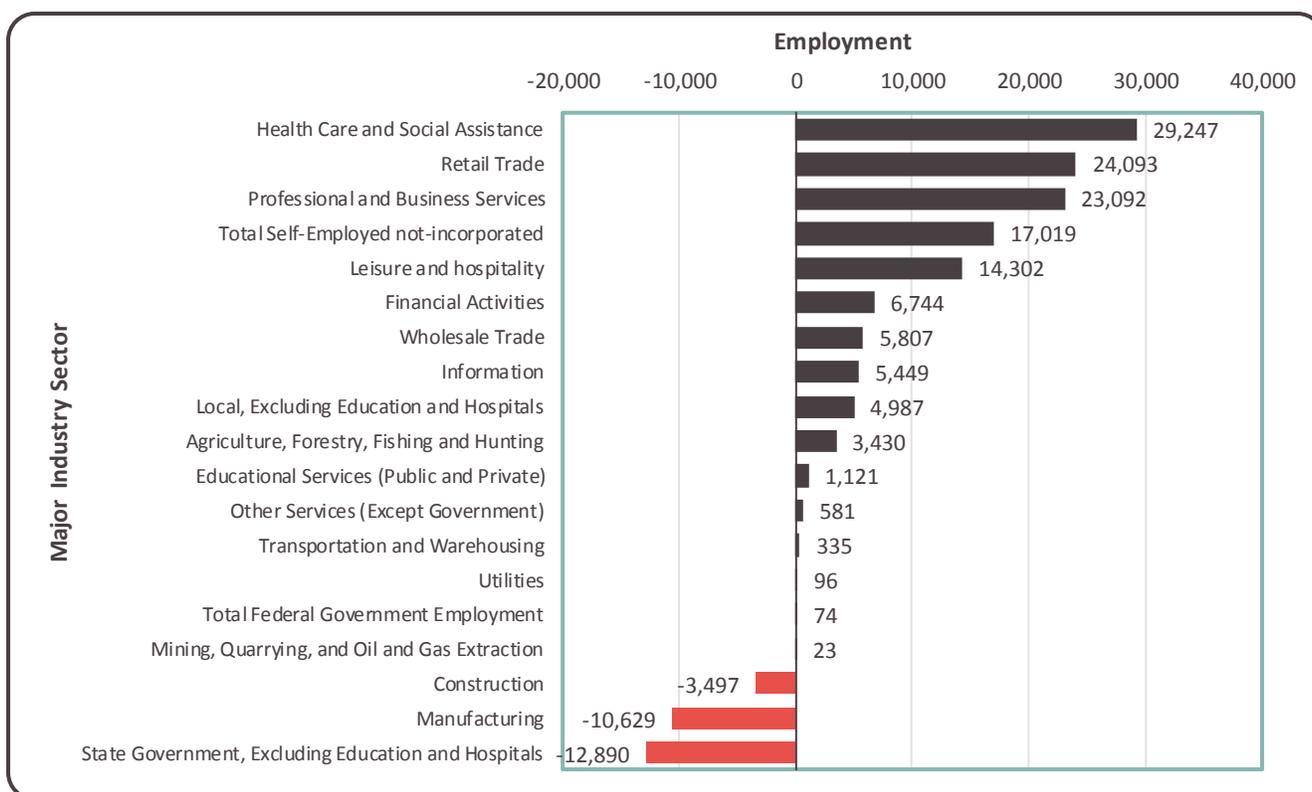
X. Long Term Industry Projections 2012-2022

A. Employment by Industry

Industry projections for the 2012-2022 period indicate an increase of 109,384 new jobs. This increase is mainly expected in the service providing sector with 12.73 percent of job growth. The industry sector with the highest gain was Health Care and Social Assistance sector, showing the highest increase in the hospital industry. Retail trade; professional and business services; and the not incorporated self employed follow as the major industry sectors with the highest increment in 2022. Service-providing industries are wholesale and retail trade; transportation and warehousing; utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; other services; and government. The government sector is the only service sector showing a higher decrease of 7,829, due to losses in state government projected at 12,890.

The goods producing industries are also projecting a loss in employment of 10,673 jobs. The manufacturing and construction industries are expected to decrease by 10,629 and 3,497 jobs respectively in 2022. The two major industry sectors: agriculture, forestry, fishing and hunting; and mining, quarrying, and oil and gas extraction are expected to increase by 3,430 and 23 jobs respectively for 2022.

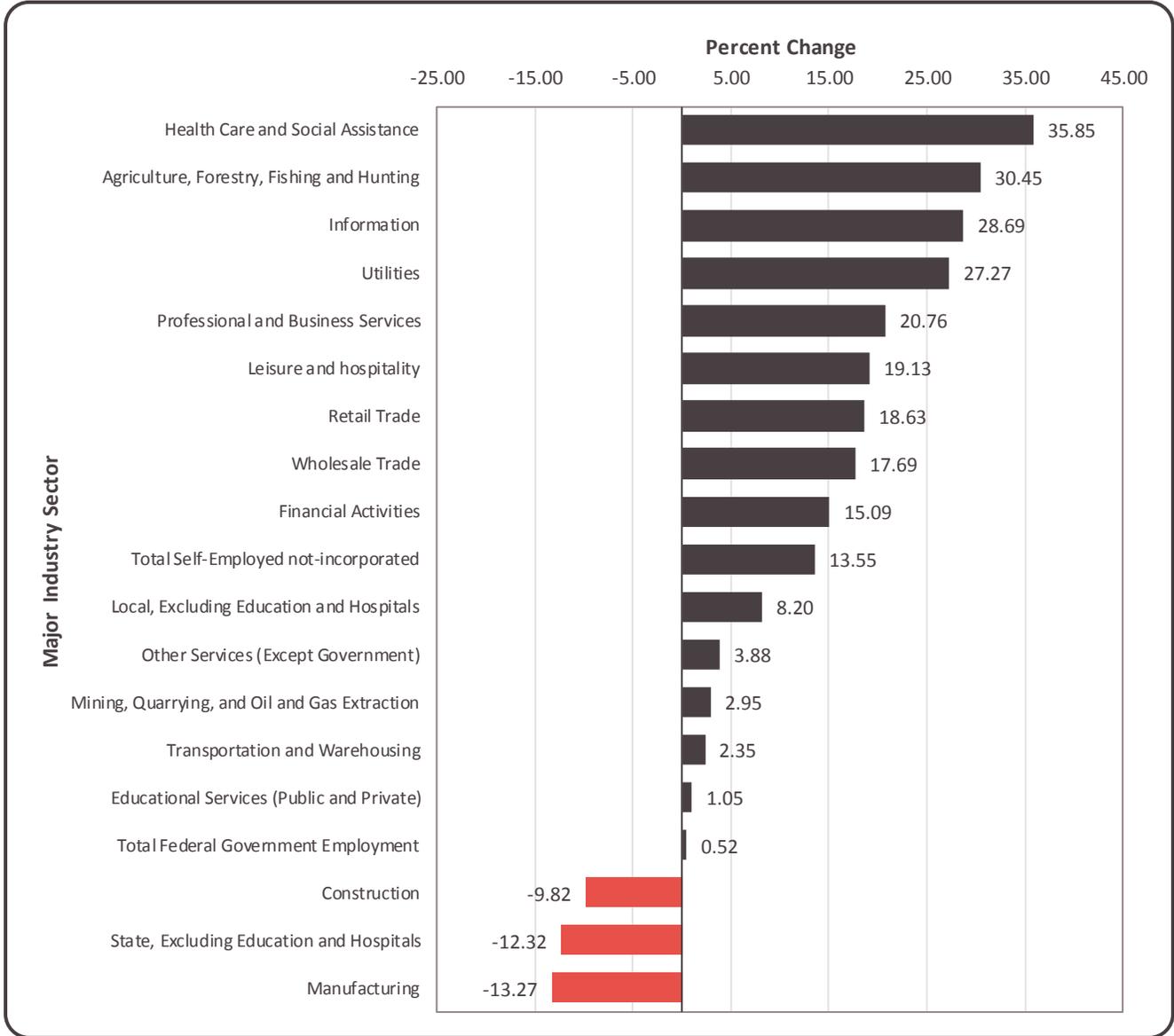
Figure 33
Numeric Change in Employment by Major Industry Sector



Projected 2012-2022

Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 34



**Percent Change in Employment by Major Industry Sector
Projected 2012-2022**

Source: Puerto Rico Department of Labor - Research & Statistic Division.

The above graph shows the rate at which jobs are expected to be added or lost over the 2012-2022 period in each major industry sector. The health care and social assistance sector and the agriculture, forestry, fishing and hunting sector are projected to continue growing with 35.85 percent and 30.45 percent.

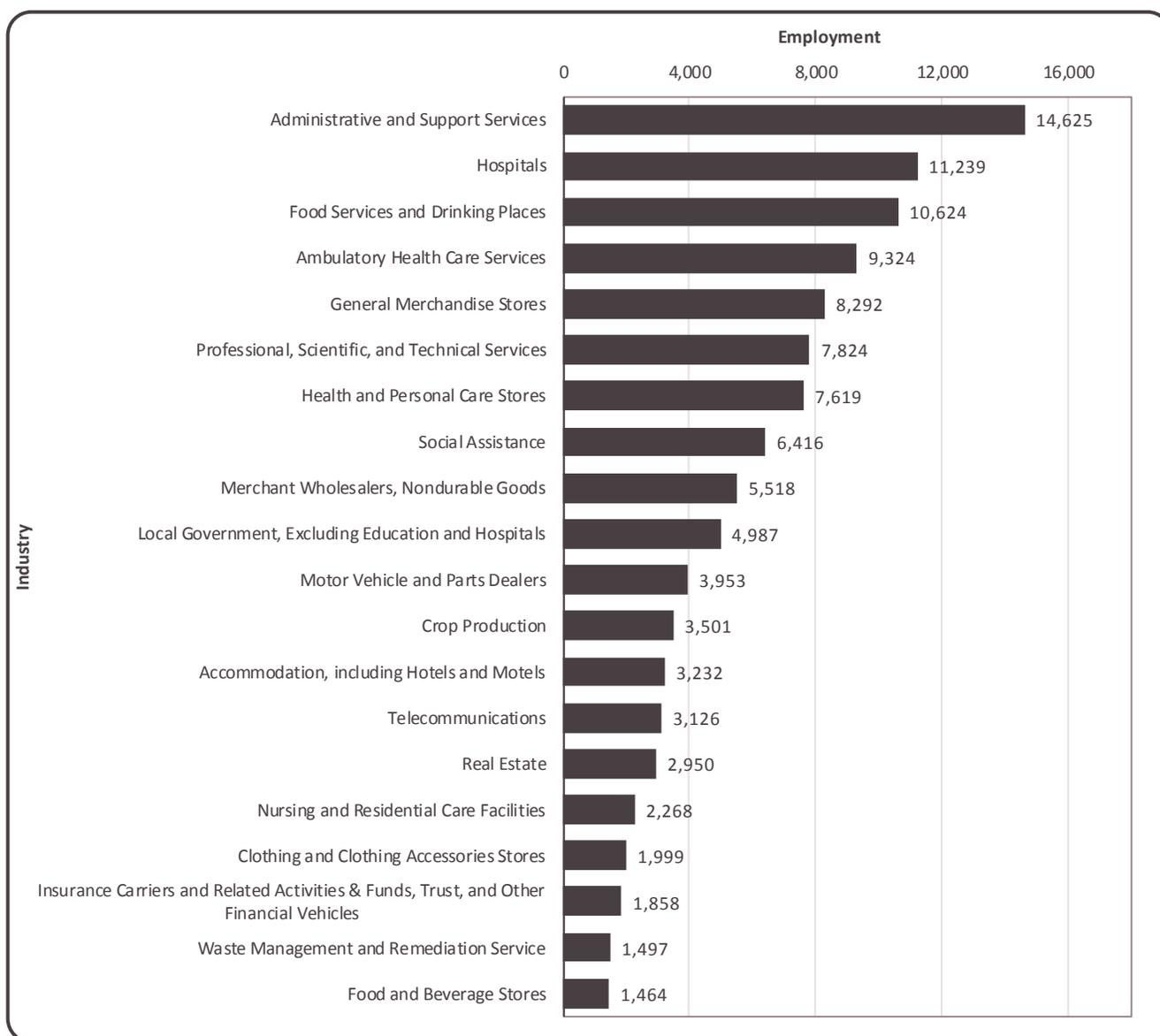
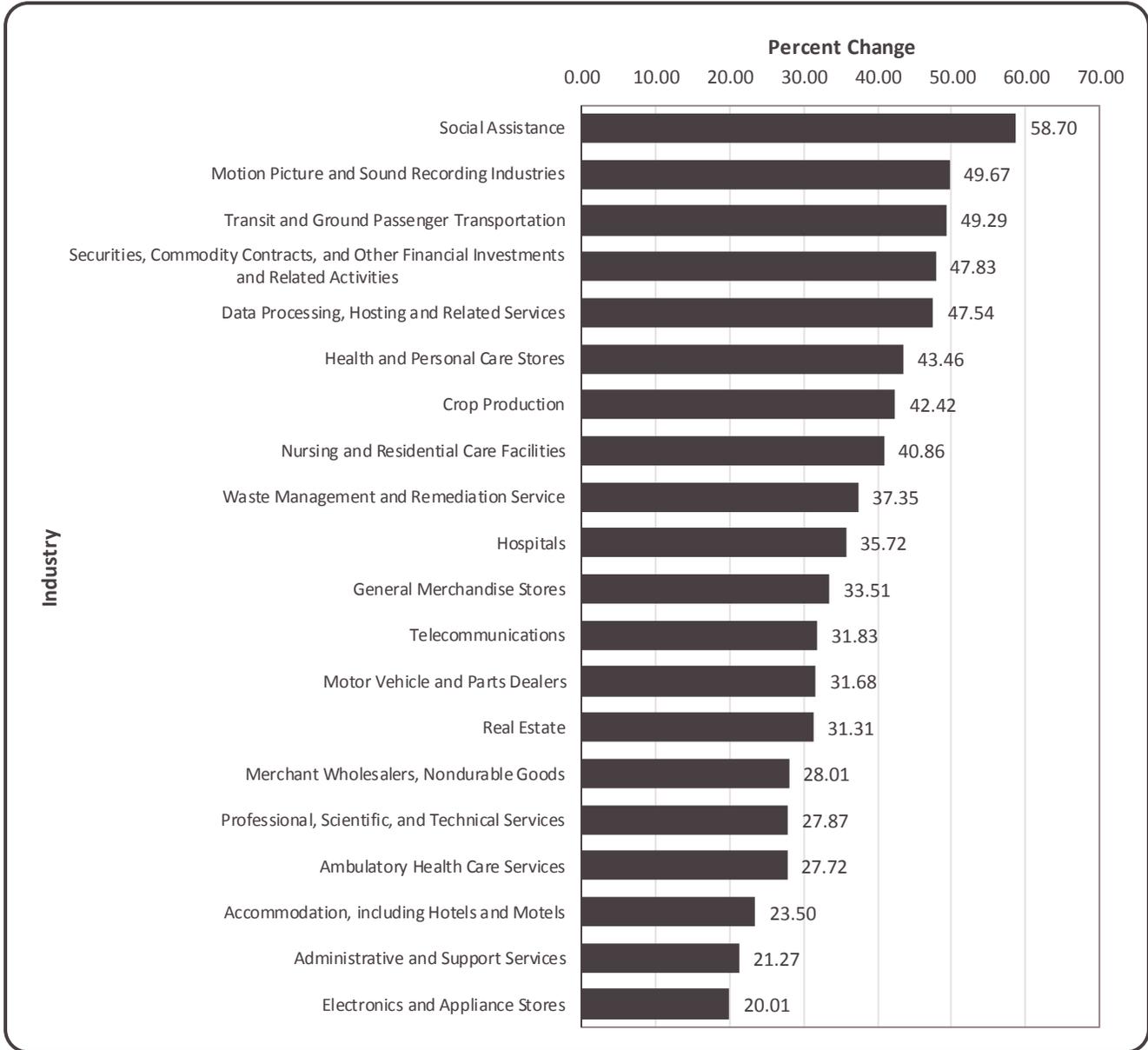


Figure 35
Most New Jobs - Numeric Growth in Employment by Detailed Industry
Projected 2012-2022

Source: Puerto Rico Department of Labor - Research & Statistic Division.

The industries above are projected to add the most new jobs between 2012 and 2022. Administrative and support services is the industry with the highest projected employment. This subsector includes establishments engaged in activities that support the day-to-day operations of other organizations. The processes employed in this sector (e.g., general management, personnel administration, clerical activities, cleaning activities) are often integral parts of the activities of establishments found in all sectors of the economy. Industries in the health care sector and social assistance as: hospitals; ambulatory health care services; health and personal care stores; social assistance; nursing residential care facilities are expected to gain the most new jobs.

Figure 36
Fastest Growing Industries - Percent Growth in Employment by Detailed Industry
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

This chart shows how fast industries are expected to add jobs over the 2012-22 decade. Also many of these industries are also related to health care. The motion picture and sound recording industry is expected to grow, due to incentives provided by the government of Puerto Rico for its promotion.

Figure 37
Most Jobs Losses - Numeric decline in Employment of Workers by Detailed Industry
Projected 2012-2022

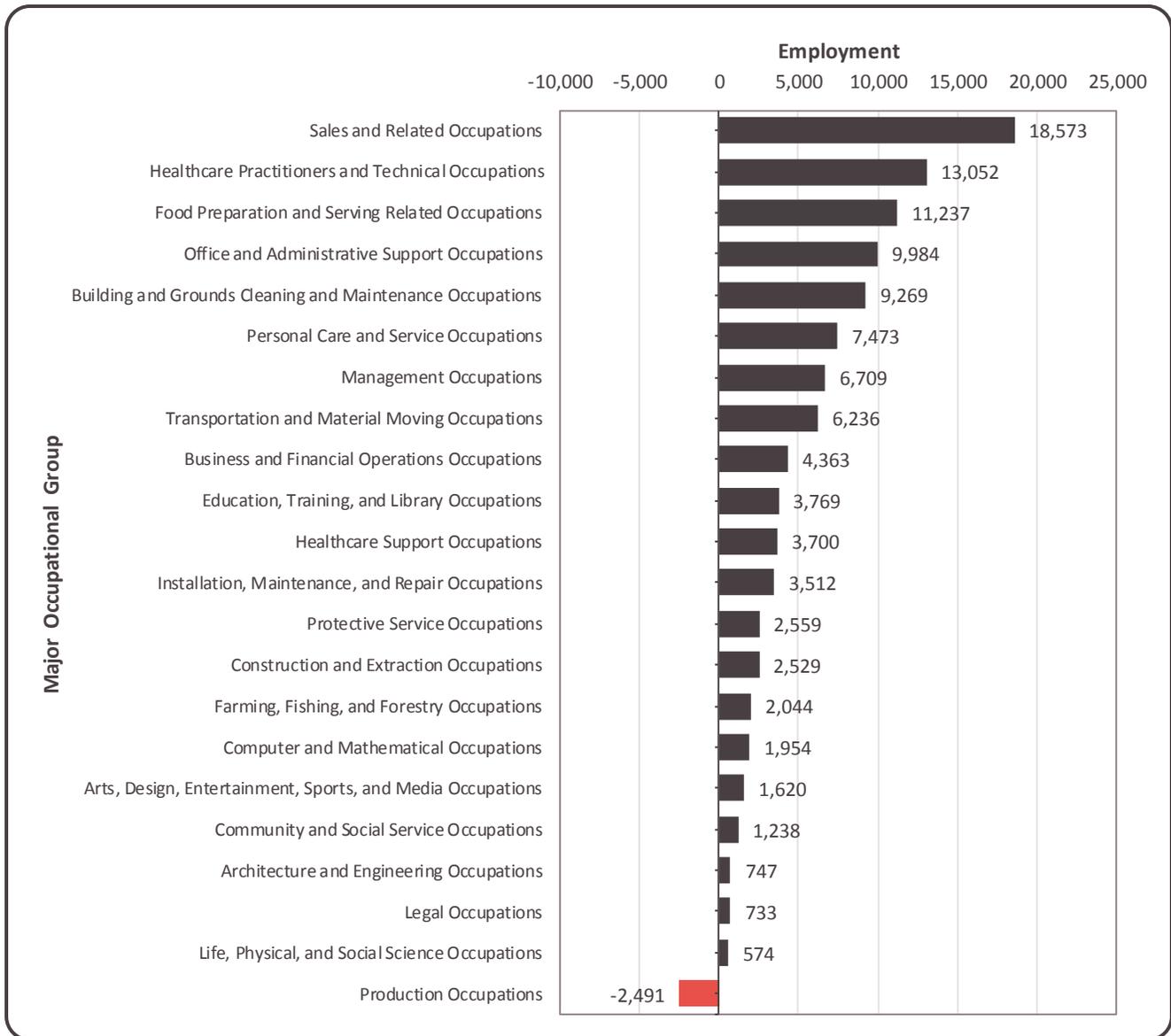


Source: Puerto Rico Department of Labor - Research & Statistic Division.

These industries are projected to have the largest decline in the number of jobs between 2012 and 2022. Most declining industries are related to manufacturing, expecting 10,629 less jobs in 2022. The industry with the largest job loss is state government with 12,890 less jobs in 2022. This industry has been declining since 2006 due to Puerto Rico’s economic restructuring.

B. Employment by Occupation

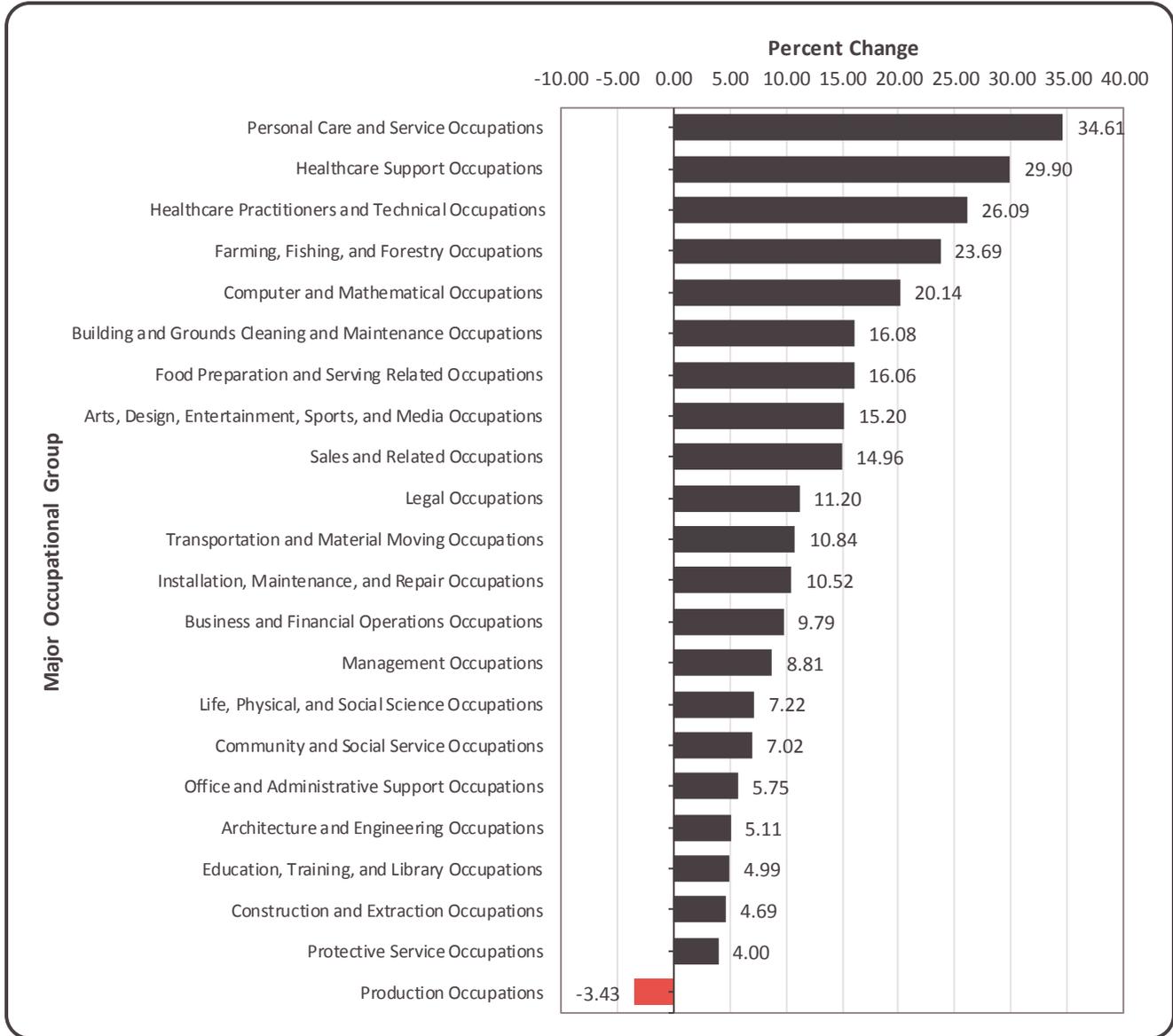
Figure 38
Numeric Change in Employment by Major Occupational Group
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Projected numeric change in employment is the number of new jobs expected to be added to each major occupational group between 2012 and 2022. The group with the highest increase is sales and related occupations with 18,573 new jobs in 2022. The only major group that expected a decrease is the productions occupations with 2,491 jobs in 2022.

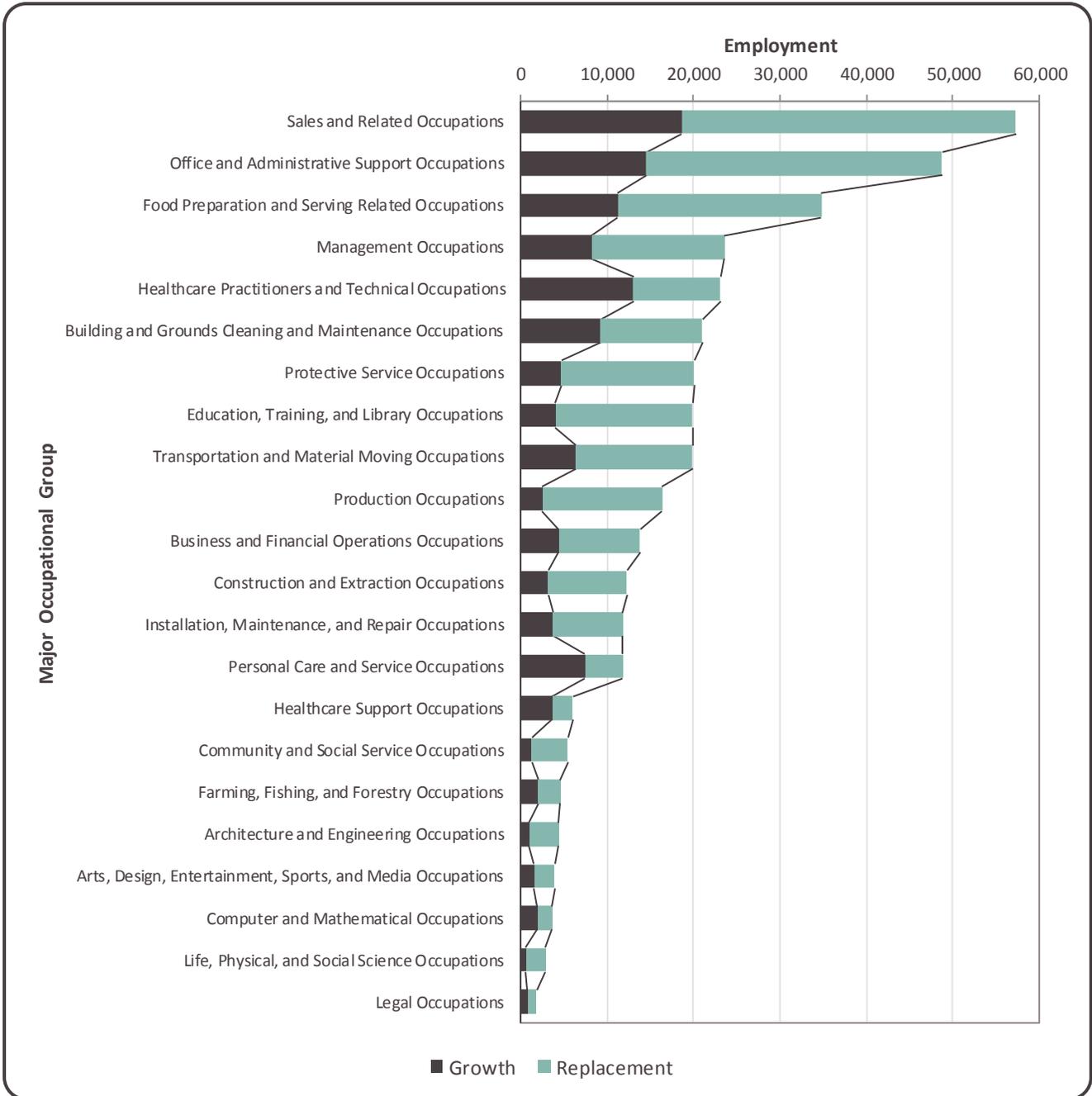
Figure 39
Percent Change in Employment by Major Occupational Group
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Projected percent change in employment measures the rate of expected growth or decline for each major occupational group between 2012 and 2022. The occupational group with the highest projected growth is the personal care and service; healthcare support; and healthcare practitioners and technical occupations all related to healthcare.

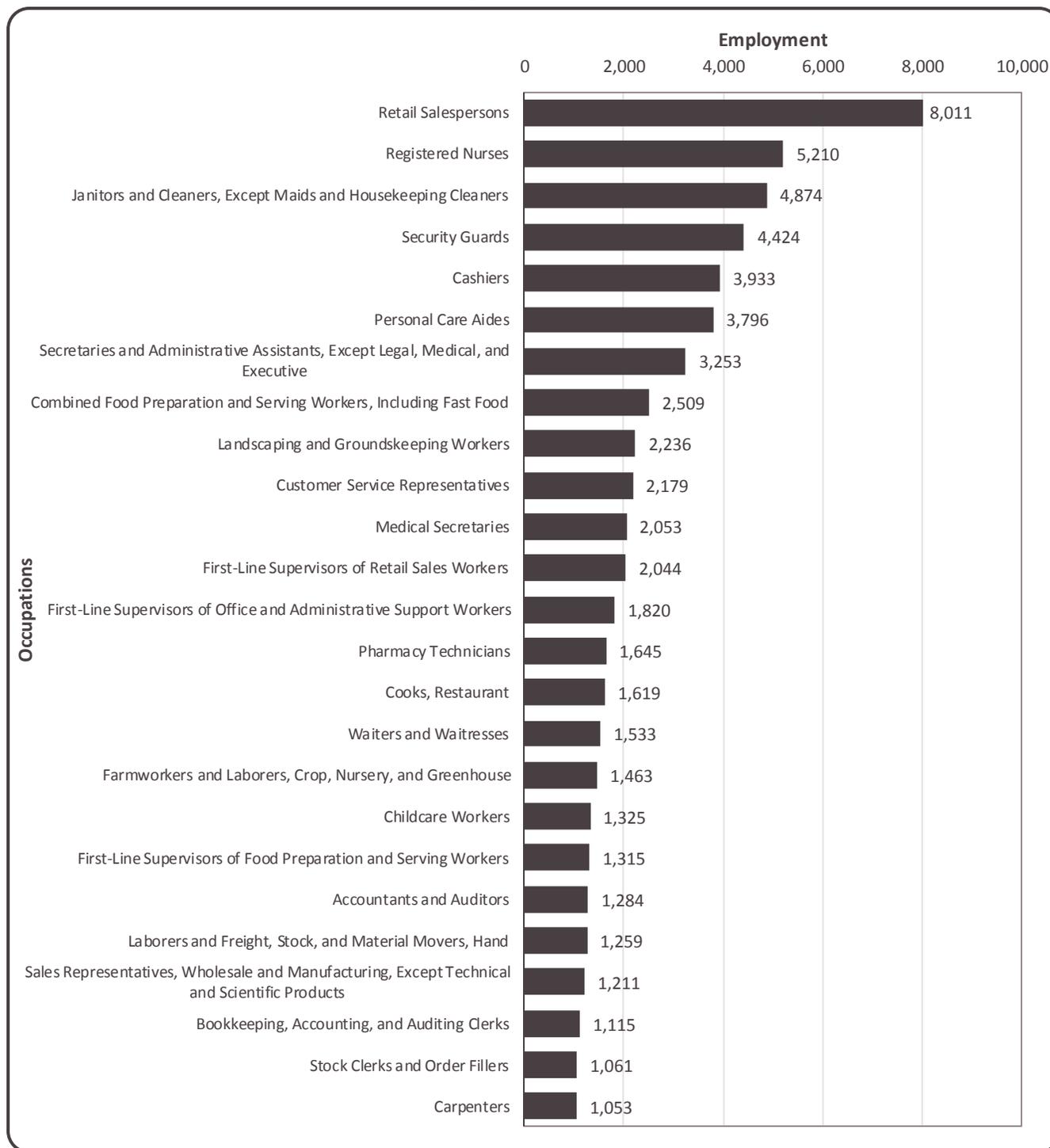
Figure 40
Job Openings by Major Occupational Group
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

This chart shows the number of job openings projected for major occupational groups, for the 2012-22 decade. Openings for new workers occur not only when jobs are added to the economy but also, when current workers leave an occupation permanently. In most of these occupations, the need to replace workers who leave an occupation is projected to create more job openings than those expected from job growth.

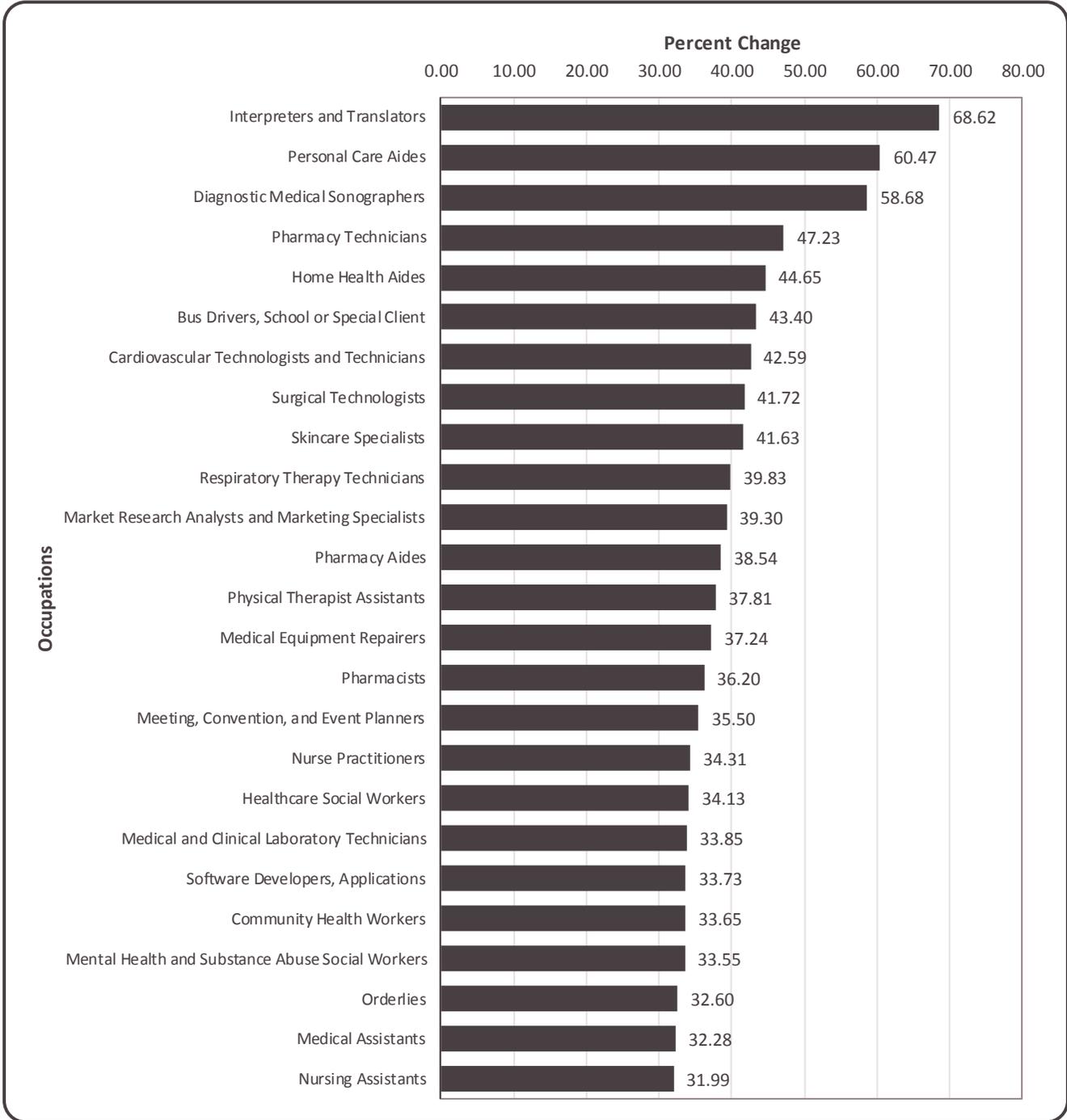
Figure 41
Most New Jobs - Numeric Growth in Employment
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Projected numeric growth in employment, measures how many new jobs are expected to be added in each occupation. These 25 occupations are projected to gain the most new jobs from 2012-2022.

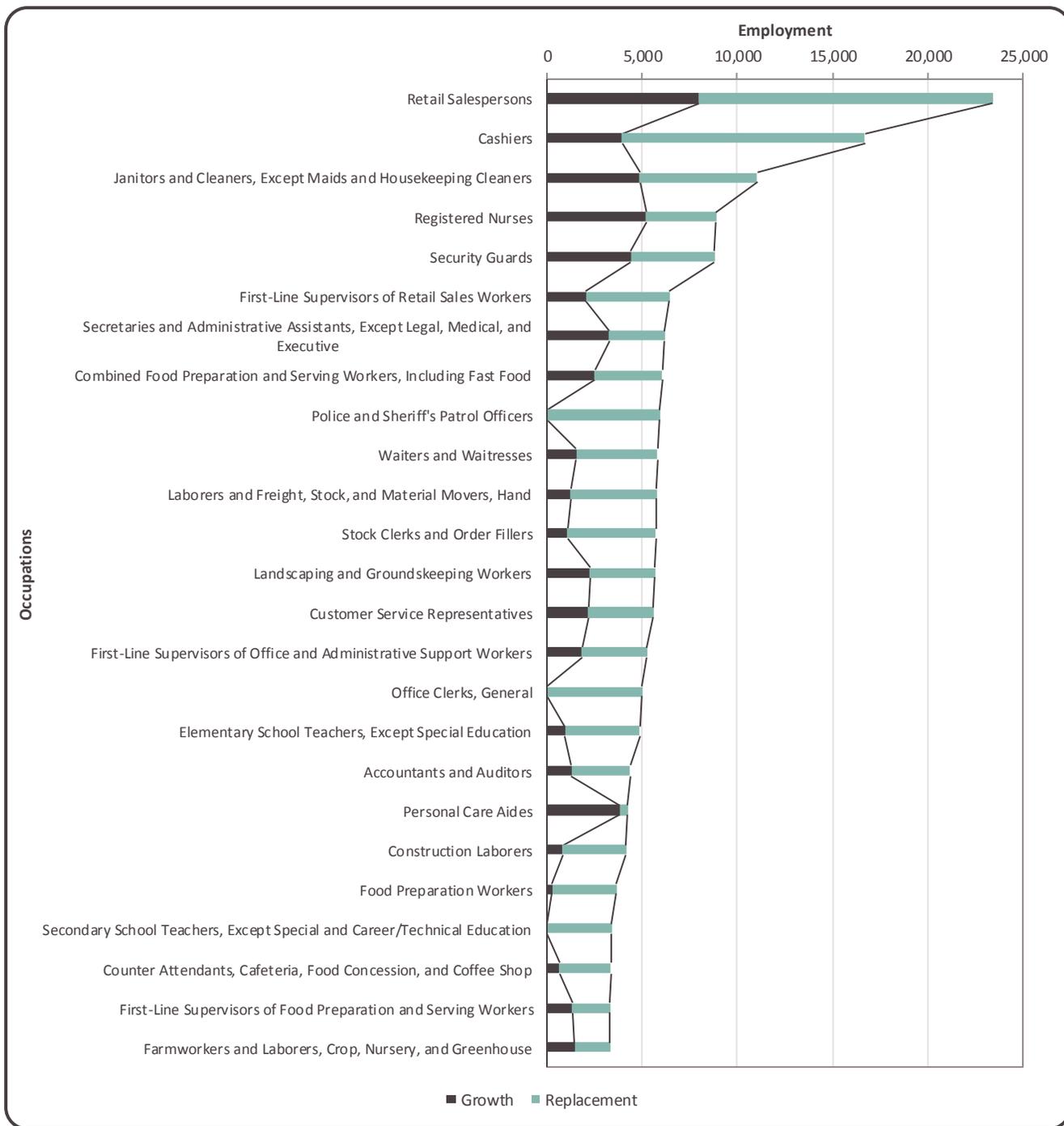
Figure 42
Fastest Growing Occupations - Percent Growth in Employment
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Projected percent growth in employment measures how fast an occupation is expected to add jobs. The 25 occupations in the chart are projected to grow the fastest over the 2012-22 decade. Many of these fast-growing occupations are related to healthcare.

Figure 43
Most Jobs Openings
Projected 2012-2022

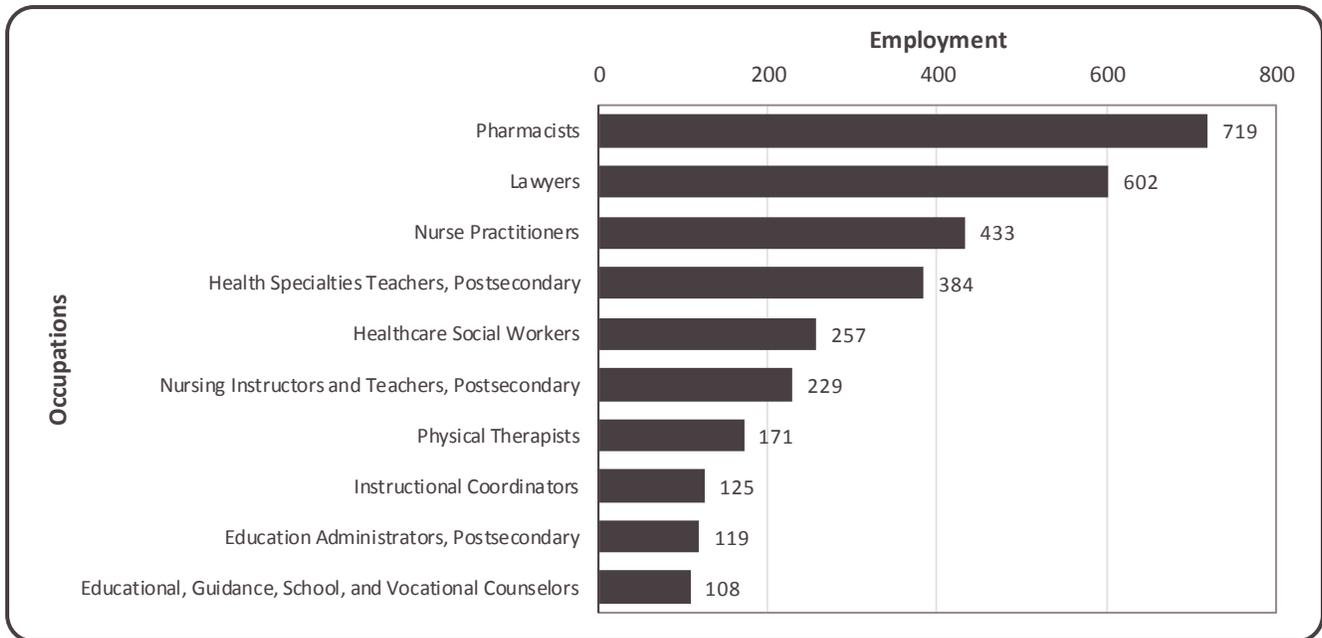


Source: Puerto Rico Department of Labor - Research & Statistic Division.

These occupations are projected to have the most job openings due to growth and need to replace workers that leave the occupation permanently. Many of these are service-related occupations, which are projected to have numerous openings over the 2012-22 decade. For most of the occupations in this chart, the need to replace workers leaving the occupation is projected to create more openings, than those expected from job growth.

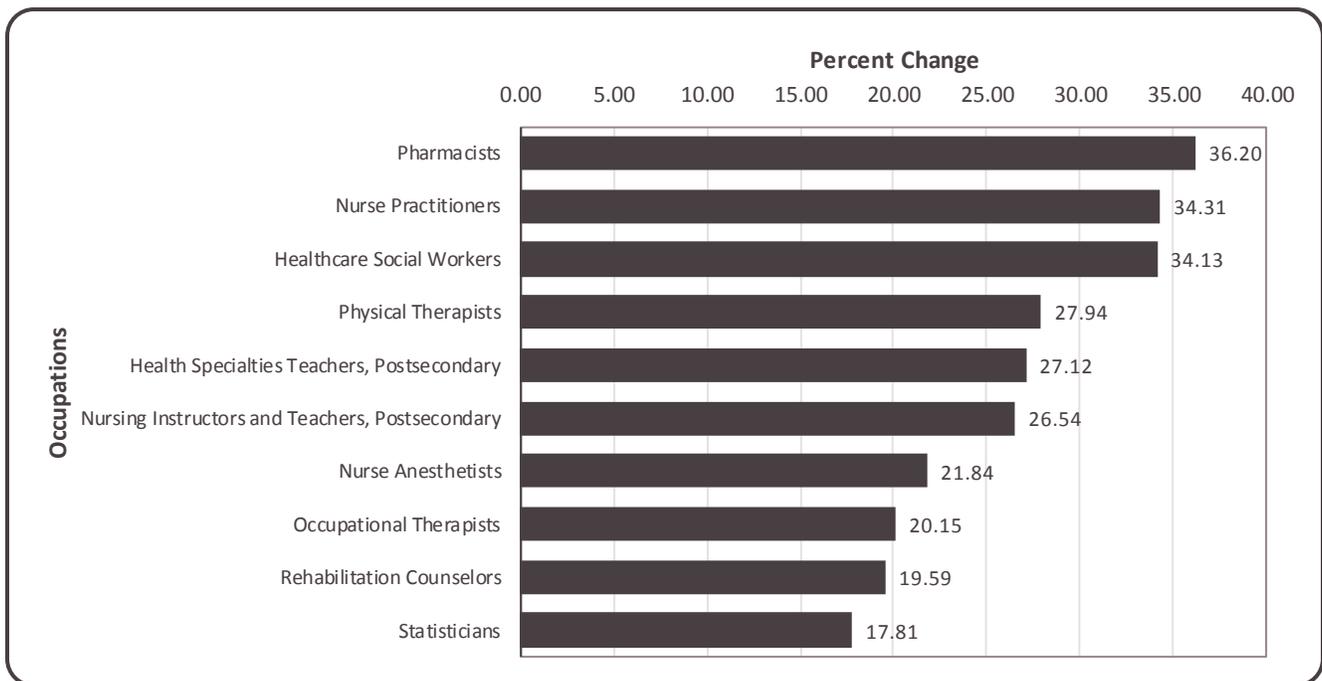
C. Employment by Education

Figure 44
Master's, Doctoral or Professional Degree Gaining the Most New Jobs
Projected 2012-2022



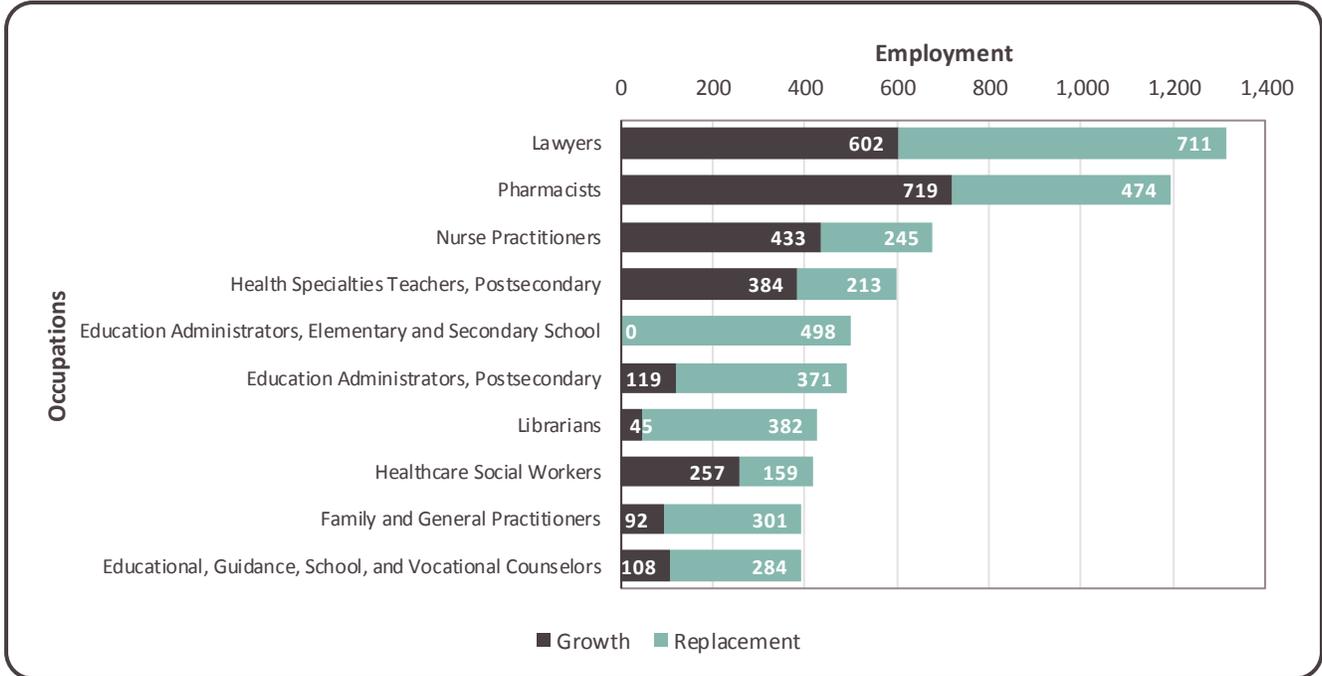
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 45
Master's, Doctoral or Professional Degree Occupations with the Highest Growth Rates
Projected 2012-2022



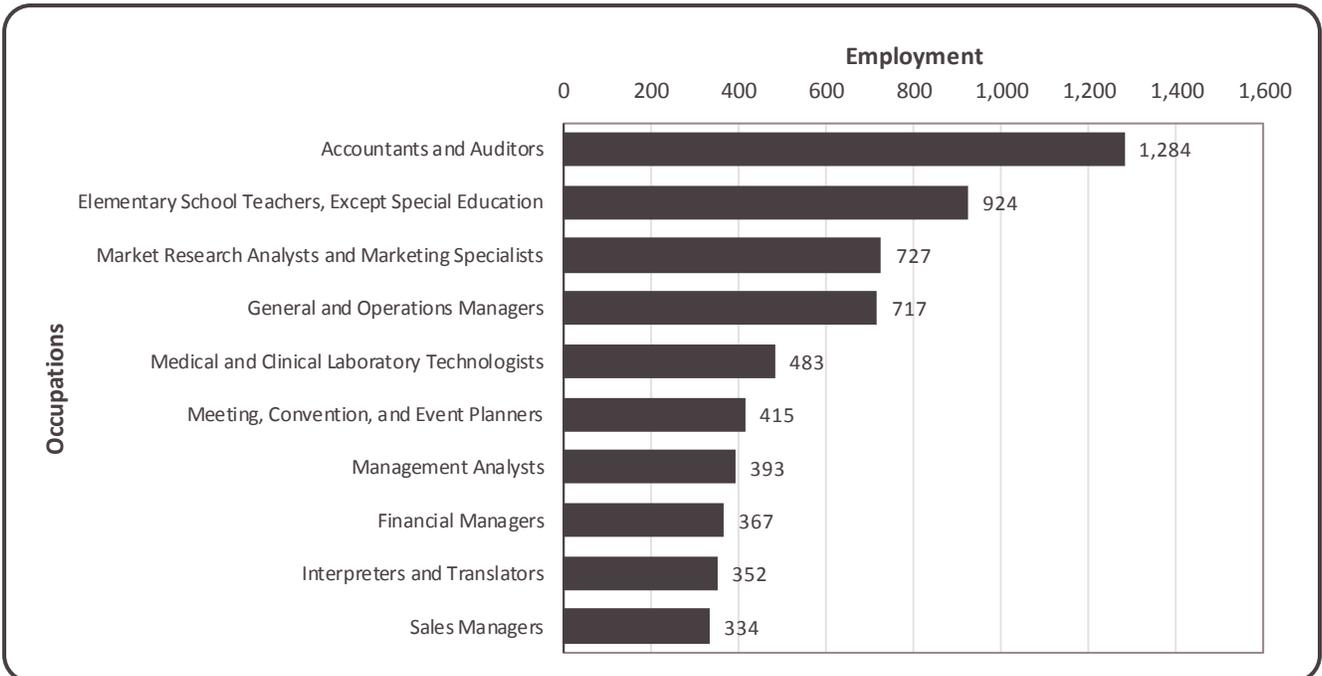
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 46
Master's, Doctoral or Professional Degree Most Openings Occupations
Projected 2012-2022



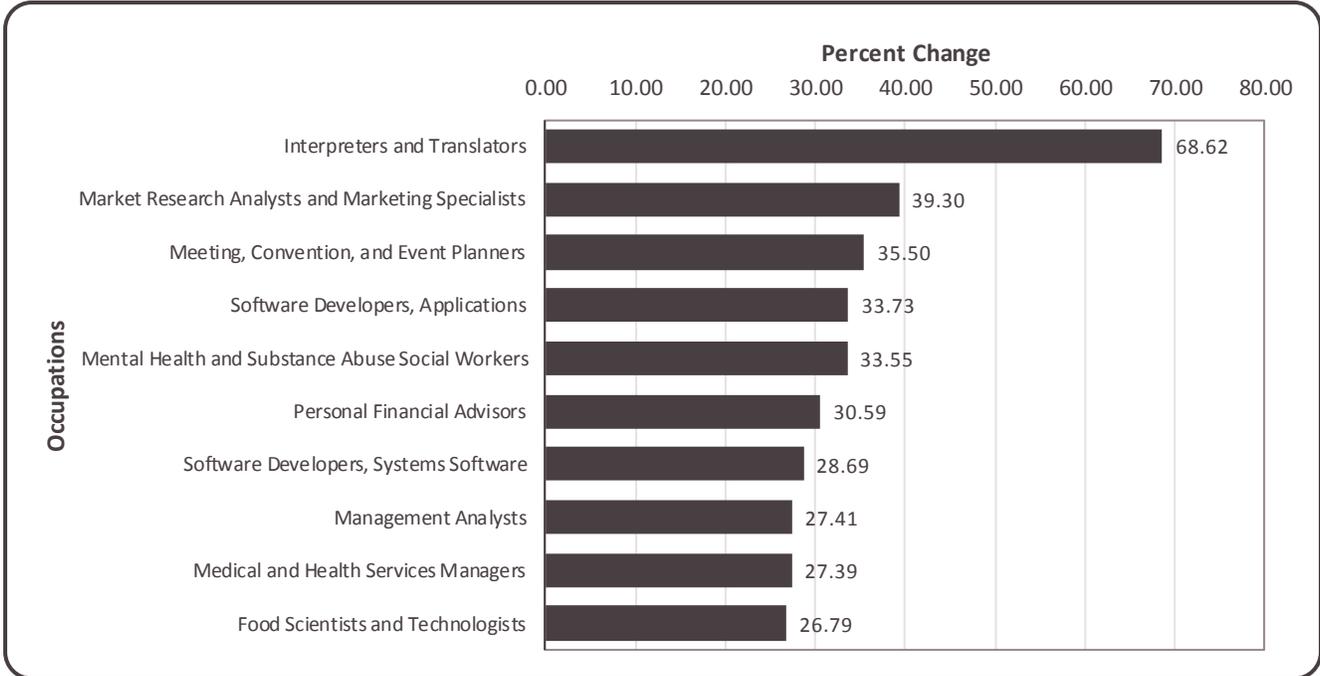
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 47
Bachelor's Degree Occupations Gaining the Most New Jobs
Projected 2012-2022



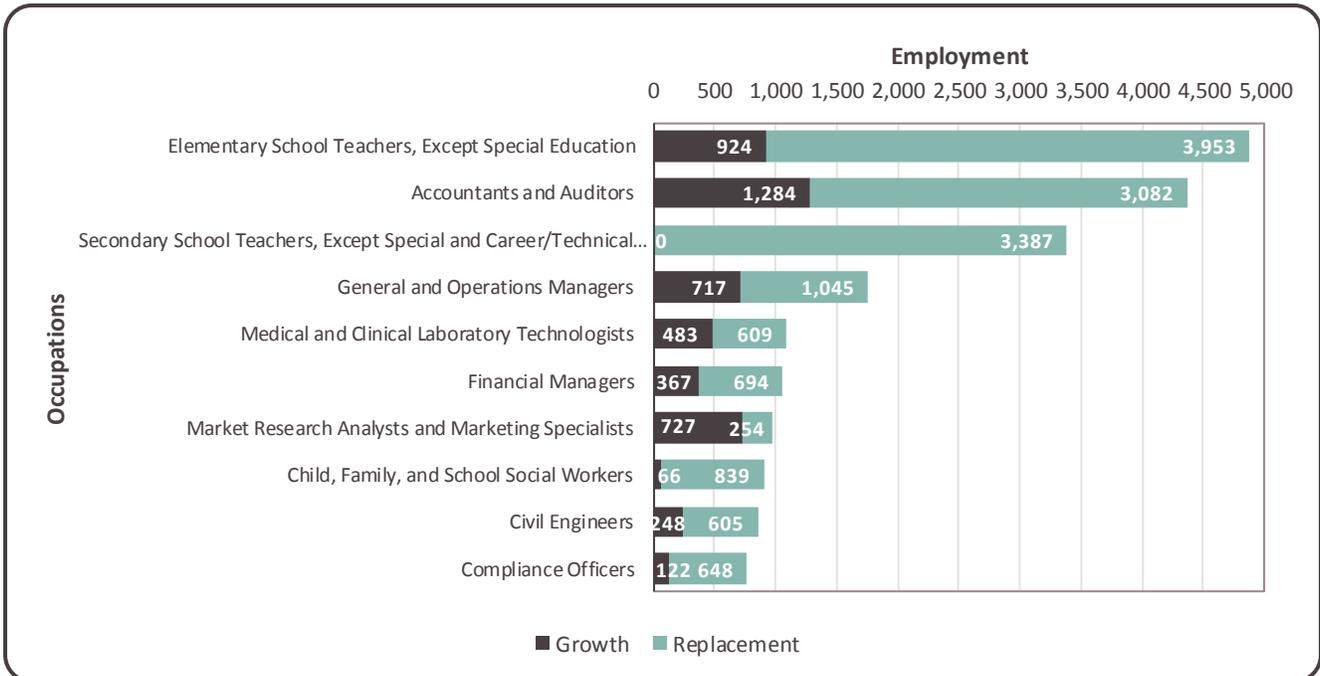
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 48
Bachelor's Degree Occupations with the Highest Growth Rates
Projected 2012-2022



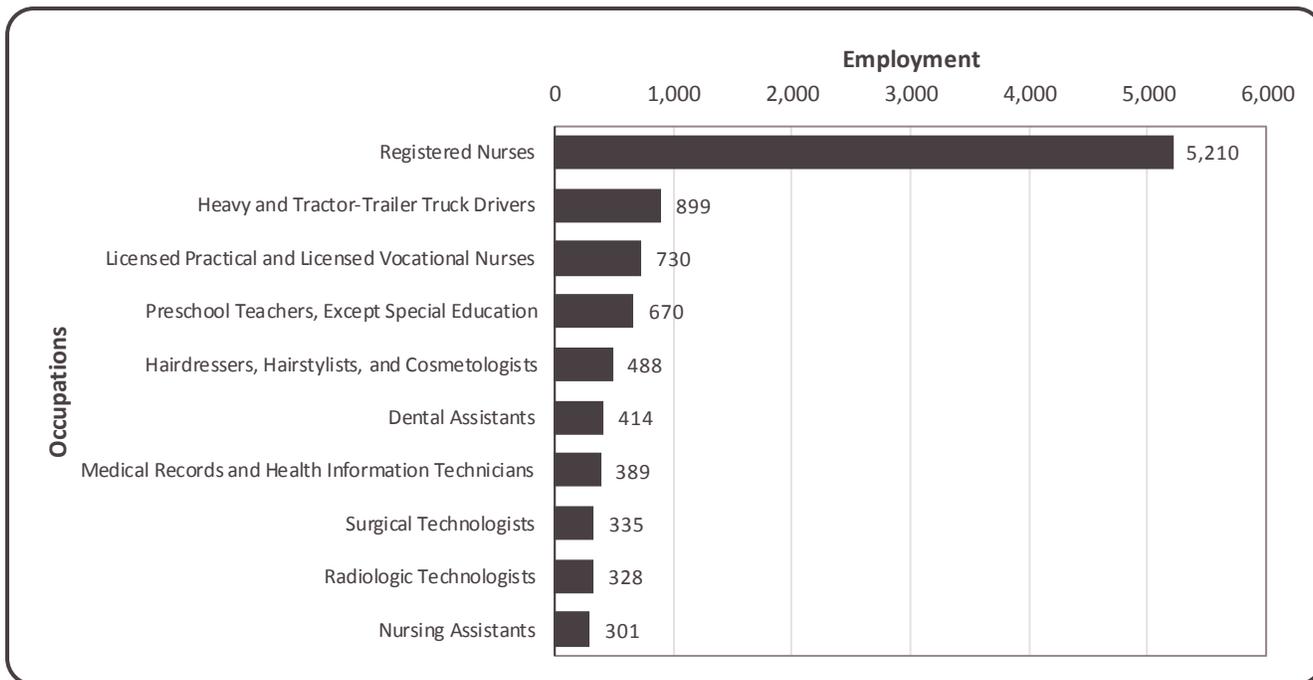
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 49
Bachelor's Degree Most Openings Occupations
Projected 2012-2022



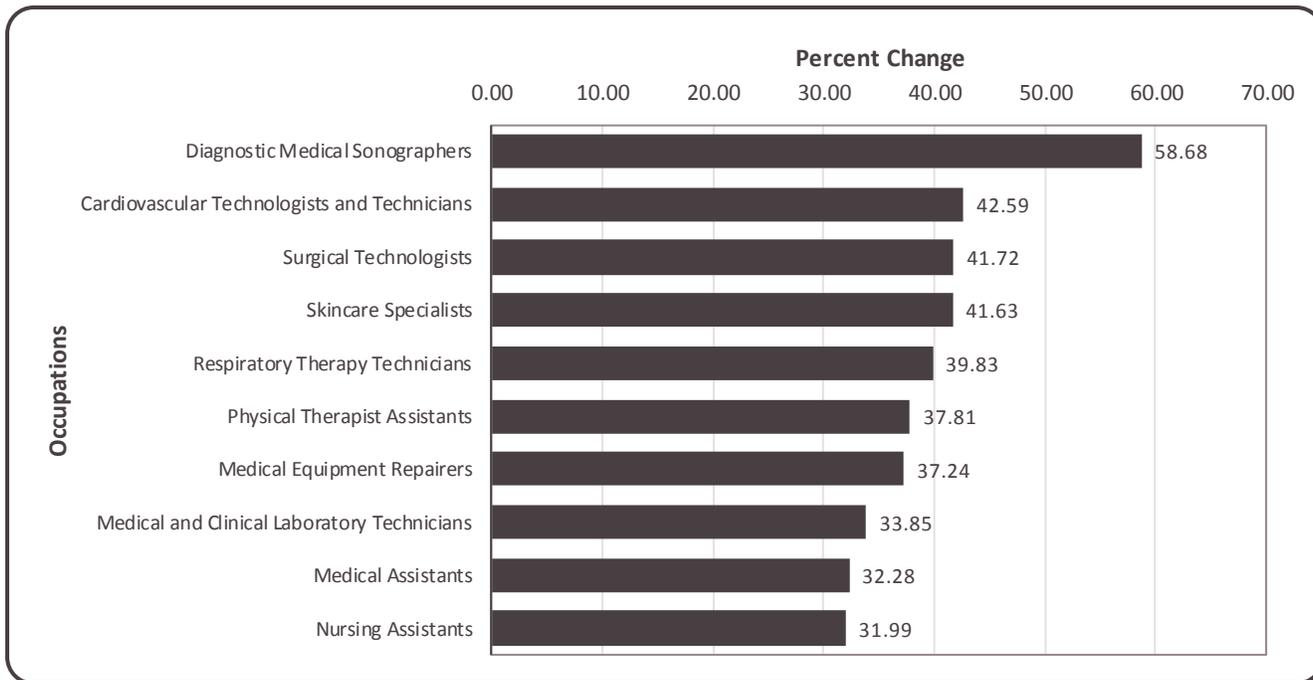
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 50
Associate’s Degree or Postsecondary Non-Degree Award Occupations Gaining the Most New Jobs Projected 2012-2022



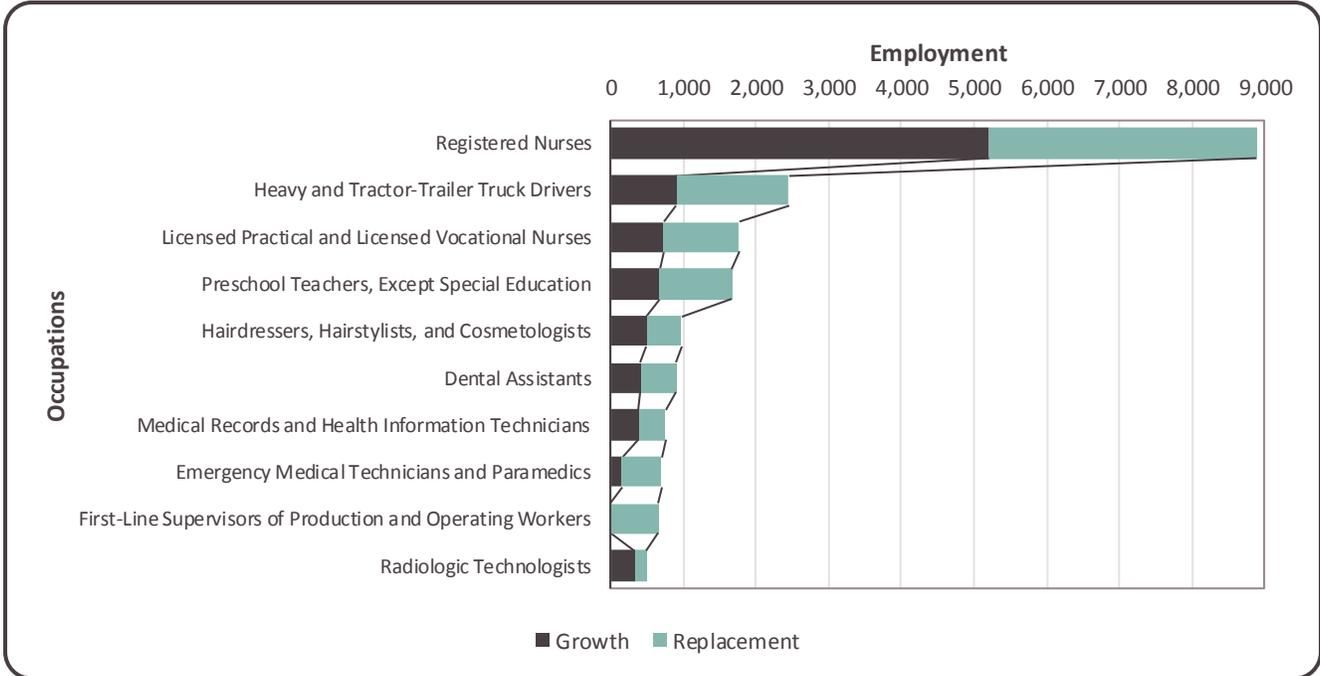
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 51
Associate’s Degree or Postsecondary Non-Degree Award Occupations with the Highest Growth Rates, Projected 2012-2022



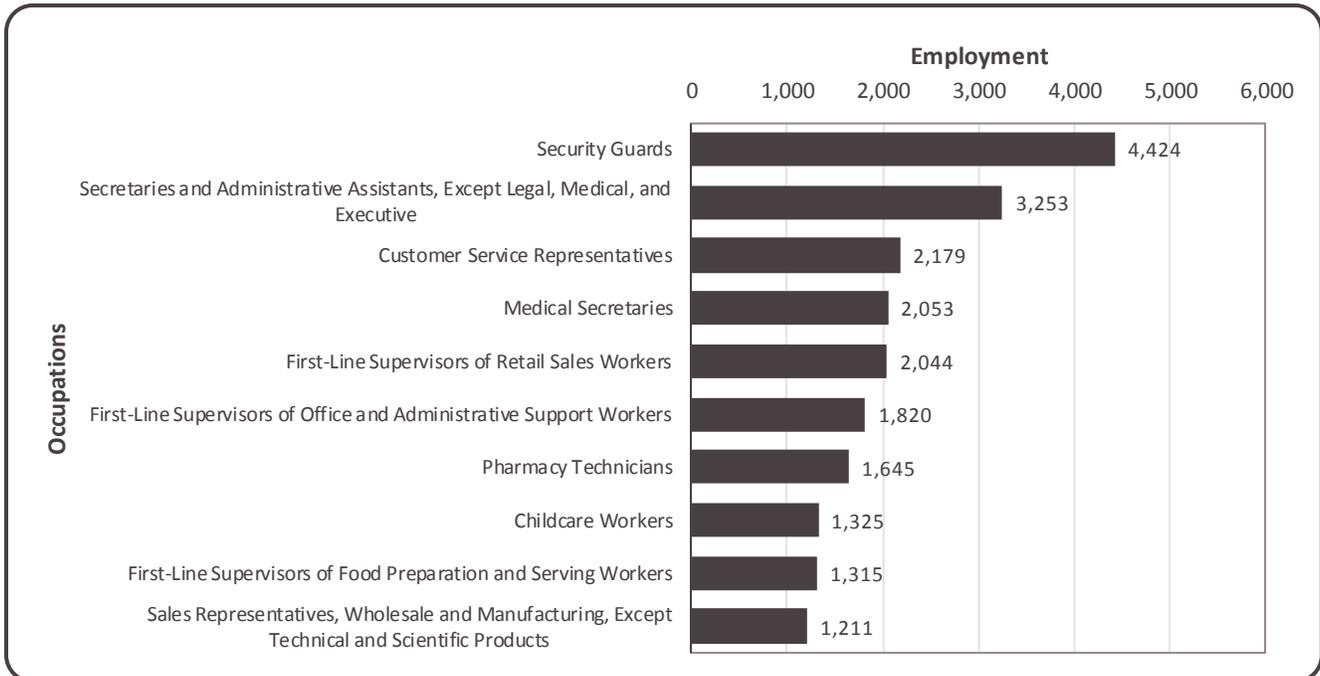
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 52
Associate’s Degree or Postsecondary Non-Degree Award Most Openings Occupations
Projected 2012-2022



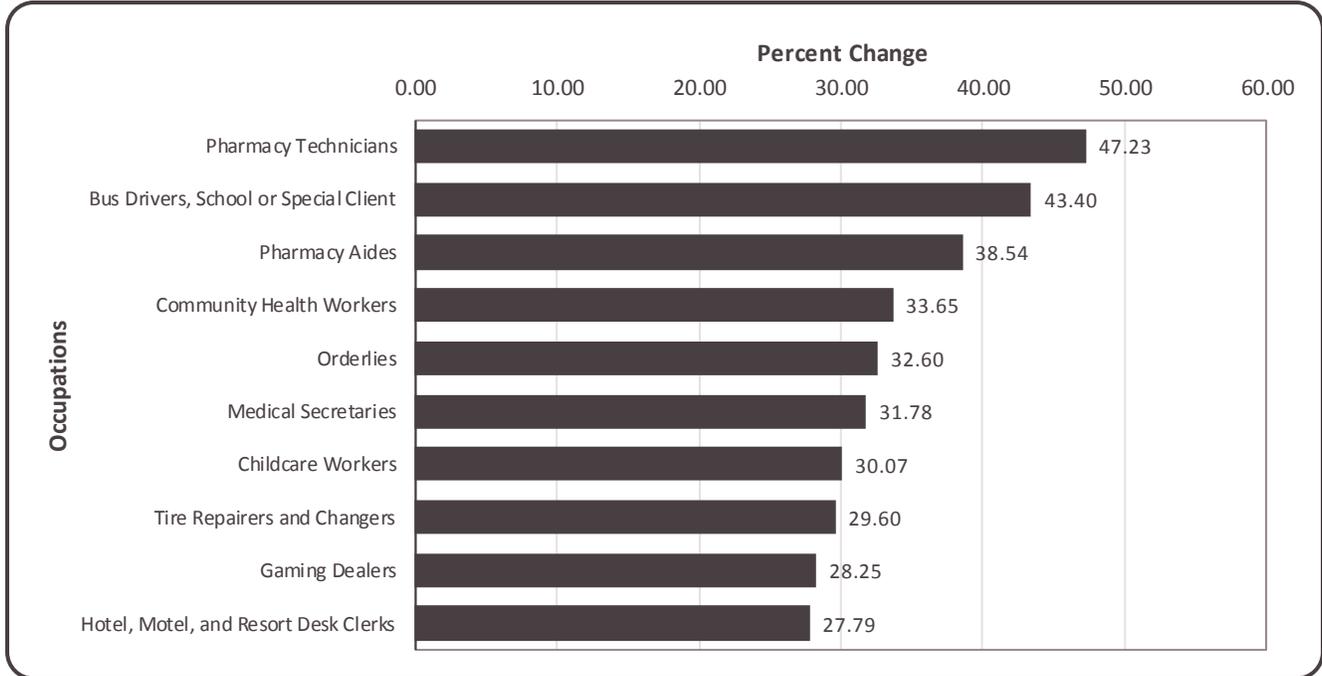
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 53
Occupations Requiring a High School Diploma or Equivalent Gaining the Most New Jobs
Projected 2012-2022



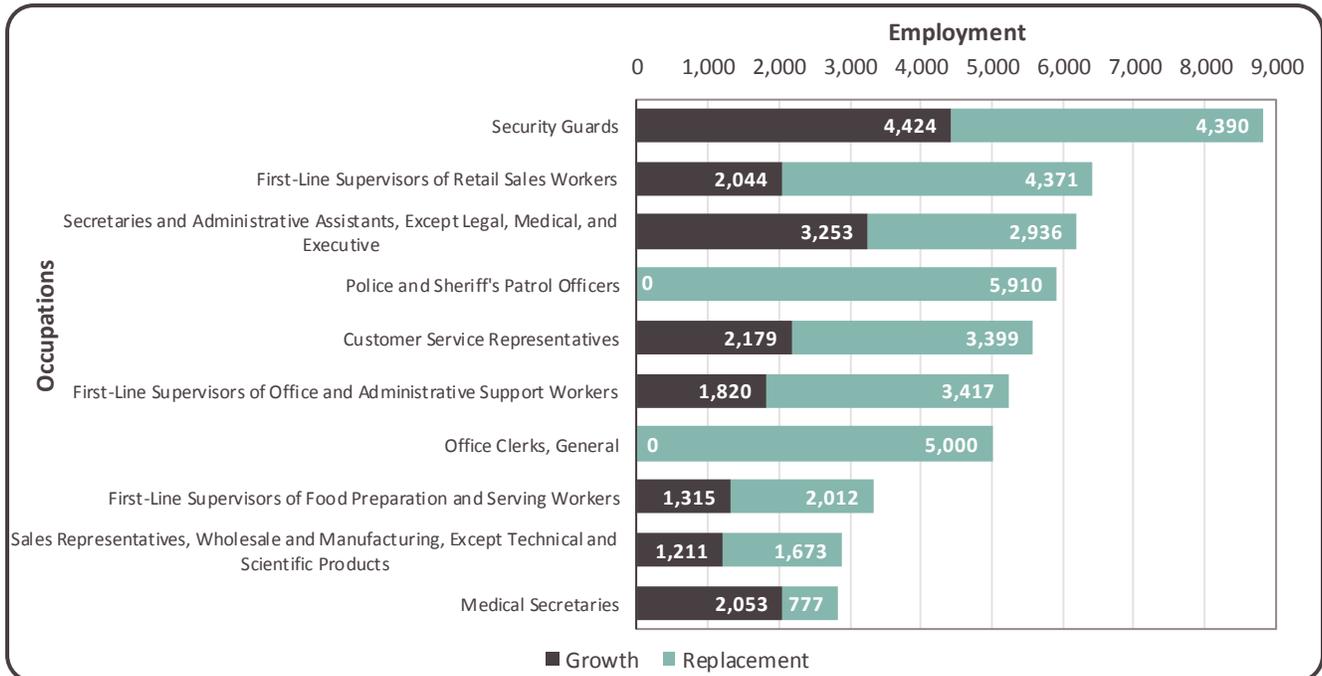
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 54
Occupations Requiring a High School Diploma or Equivalent with the Highest Growth Rates Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 55
Occupations Requiring a High School Diploma or Equivalent Most Openings Occupations Projected 2012-2022



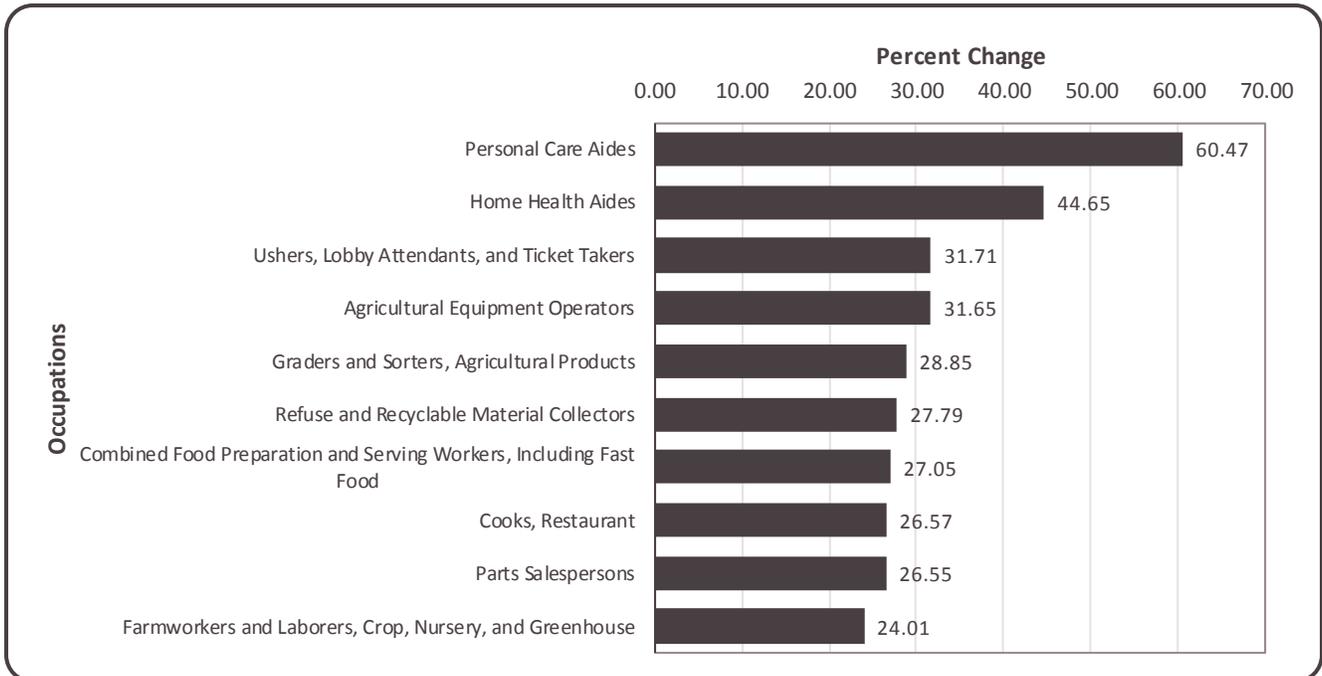
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 56
Occupations Requiring Less than a High School Diploma Gaining the Most New Jobs
Projected 2012-2022



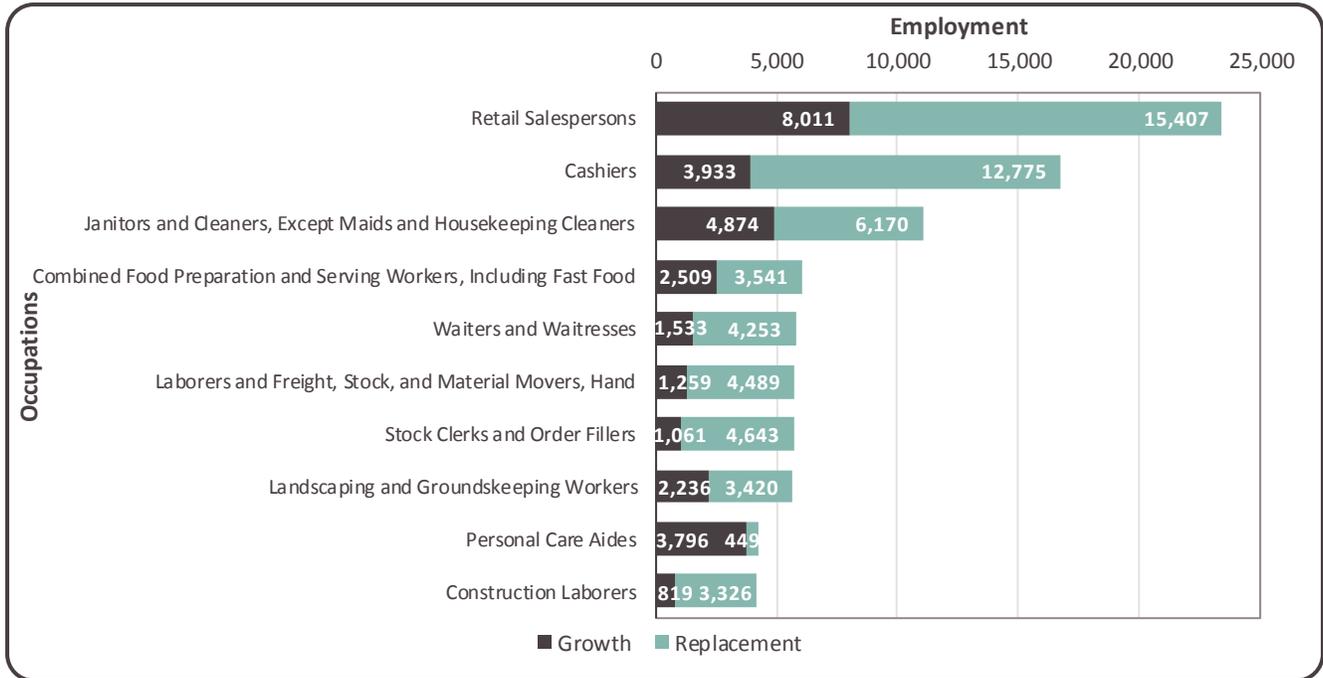
Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 57
Occupations Requiring Less than a High School Diploma with the Highest Growth Rates
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.

Figure 58
Occupations Requiring Less than a High School Diploma Most Openings Occupations
Projected 2012-2022



Source: Puerto Rico Department of Labor - Research & Statistic Division.



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