

Puerto Rico

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Puerto Rico	
Sanctions:	None
FATF list of AML Deficient Countries	No
Higher Risk Areas:	Not on EU White list equivalent jurisdictions Offshore Finance Centre
Medium Risk Areas:	Compliance with FATF 40 + 9 Recommendations (no mutual evaluation yet undertaken) Corruption Index (Transparency International & W.G.I.)
<p>Major Investment Areas:</p> <p>Agriculture - products: sugarcane, coffee, pineapples, plantains, bananas; livestock products, chickens</p> <p>Industries: pharmaceuticals, electronics, apparel, food products, tourism</p> <p>Exports - commodities: chemicals, electronics, apparel, canned tuna, rum, beverage concentrates, medical equipment</p> <p>Imports - commodities: chemicals, machinery and equipment, clothing, food, fish, petroleum products</p>	

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Section 1 - Background

Populated for centuries by aboriginal peoples, the island was claimed by the Spanish Crown in 1493 following Christopher COLUMBUS' second voyage to the Americas. In 1898, after 400 years of colonial rule that saw the indigenous population nearly exterminated and African slave labor introduced, Puerto Rico was ceded to the US as a result of the Spanish-American War. Puerto Ricans were granted US citizenship in 1917. Popularly-elected governors have served since 1948. In 1952, a constitution was enacted providing for internal self government. In plebiscites held in 1967, 1993, and 1998, voters chose not to alter the existing political status with the US, but the results of a 2012 vote left open the possibility of American statehood.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Puerto Rico is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

Puerto has not yet undertaken a Mutual Evaluation relating to the implementation of anti-money laundering and counter-terrorist financing.

EU White list of Equivalent Jurisdictions

Puerto Rico is not on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Puerto Rico is considered to be an Offshore Financial Centre

US State Dept Trafficking in Persons Report 2012

The Commonwealth of Puerto Rico is a source, transit, and destination island for men, women, and children subjected to forced labor and sex trafficking. In Puerto Rico, women from the Dominican Republic are held in forced prostitution, particularly in the sex tourism industry, and in conditions of domestic servitude. Puerto Rican girls are subjected to commercial sexual exploitation. NGOs continued efforts to bring the issue to the attention of the legislature, law enforcement, service providers, and the public at large. Puerto Rico has no local anti-trafficking law, although an outstanding proposal to revise the penal code to include trafficking exists. In June 2011, federal law enforcement entities conducted a week-long training for Puerto Rican law enforcement and their counterparts from Mexico and Central America.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	63
World Governance Indicator – Control of Corruption	62

Section 3 - Economy

Puerto Rico has one of the most dynamic economies in the Caribbean region, however, growth has been negative for the past four years, and unemployment rose to nearly 16% in 2011. The industrial sector has surpassed agriculture as the primary locus of economic activity and income. Mainland US firms have invested heavily in Puerto Rico since the 1950s. US minimum wage laws apply. Sugar production has lost out to dairy production and other livestock products as the main source of income in the agricultural sector. Tourism has traditionally been an important source of income with estimated arrivals of more than 3.6 million tourists in 2008. Closing the budget deficit while restoring economic growth and employment remain the central concerns of the government.

Agriculture - products:

sugarcane, coffee, pineapples, plantains, bananas; livestock products, chickens

Industries:

pharmaceuticals, electronics, apparel, food products, tourism

Exports - commodities:

chemicals, electronics, apparel, canned tuna, rum, beverage concentrates, medical equipment

Imports - commodities:

chemicals, machinery and equipment, clothing, food, fish, petroleum products

Section 4 - Government

Chiefs of State and Cabinet Members:

For further information - <http://www.house.gov/representatives/>

Legal system:

civil law system based on the Spanish civil code and within the framework of the US federal system

International organization participation:

Caricom (observer), Interpol (subbureau), IOC, UNWTO (associate), UPU

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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