Exchange Controls and Restrictions on Foreign Investment

Exchange Controls

In Puerto Rico, as in the case in the United States, there are no exchange controls.

Restrictions on Foreign Investment

Except as imposed by U.S. federal regulations, there are no legal restrictions on the flow of funds into or out of Puerto Rico. The Secretary of Treasury must approve the transfer of 5 percent or more ownership of banks, and preference is given to domestic over foreign buyers of bank shares.

Public utilities (telephone, electric and water) are government-owned in Puerto Rico; accordingly, private investment in these areas is unlikely and, in any event, not possible without government approval.

Investment Climate

Government policy welcomes and encourages foreign investment. Puerto Rico has some 2600 plants representing $11 billion in private investments. About three quarters of these industries benefit from a liberal programme of fiscal incentives.

Substantially all of the non-tax incentives offered in Puerto Rico are under the programs of the Economic Development Administration (EDA) and its subsidiary, the Puerto Rico Industrial Development Company (PRIDCO). They include payroll and other training cost subsidies, payroll incentives, site selection and low-cost rental of plant facilities.

A number of U.S. federal agencies provide technical and other forms of assistance to investors planning to invest in the United States. Most of these agencies operate in Puerto Rico, and their programs generally apply equally to Puerto Rico.

Major Market Opportunities

Puerto Rico is expected to remain a significant customer for Canadian resource-based products due to its own resource deficiencies. A Canadian firm interested in penetrating this market in products such as component parts, machinery, consumer products, drugs, pharmaceuticals and precision instruments can profit from any experience gained from exporting to the continental United States.

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September, 1982
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