

Dear PR Task Force Committee members & staffers

Thank you for your time and effort to help Puerto Rico regain its economic growth potential and improving quality of life for 3.5MM American citizens living in Puerto Rico.

In the process of choosing ideas to stimulate Puerto Rico's economic development, the committee needs to have as a goal, that whichever initiatives the committee choose to pursue, it needs to have long term effects, so we are not repeating this same process in 30 or 40 years.

Economic development will not come out of a single idea, but from a group of initiatives that complement each other and create a sustainable ecosystem that will evolve over time.

The island need ideas that bring results as soon as possible, to jump start the economy of the island.

One of these ideas is the air connectivity of Puerto Rico. The island geographic position and its air space are natural resources that need to be utilized as an economic development tool.

There is ample and well documented evidence that increased air connectivity promotes economic growth. That is why the U.S. government pursues Open Sky Agreements with other countries. Thus, any economic development plans for Puerto Rico should include an air connectivity component and incentives.

Puerto Rico is the southernmost jurisdiction under the U.S. flag. It has a strategic geographical location in the middle of well-traveled and growing multiple air trade lanes between South America, North America, Europe, Middle East and Africa.

Almost all of this air traffic is overflying Puerto Rico. The island competes unfairly with neighboring countries that have air hubs with unrestricted cargo and passenger transfer options and lower wages. Additionally most of them have either free trade agreements and or open sky treaties with the U.S., and or Europe. These advantages enable these competing foreign hubs to freely consolidate and distribute cargo and passenger planes to major cities worldwide.

The potential to develop a great air transportation hub in Puerto Rico is there, but it needs Congress' legislative help to level the playing field with competing foreign airports as it did with Alaska in a similar situation. Puerto Rico needs to combine cargo and passenger plane operations, thus it needs legislation similar to section 808 of law 108-176 of Dec 12, 2003, also known as Stevens's amendment, to be applied to cargo and passenger operations.

Most air cargo capacity is in passenger wide body planes; this is known as belly cargo. A successful hub that promotes economic development for Puerto Rico must include the ability to feed and de-feed cargo between air freighters and passenger planes belly cargo. Hence, Puerto Rico needs to attract passenger planes by the implementation of transit without visa program for passengers who are traveling from one point outside the U.S. to another point outside the U.S., with a stop for transit purposes within the U.S. (Puerto Rico) ("TWOV") and the International-to-International transit program ("ITI").

Puerto Rico is the ideal place to establish this transfer without a visa program, since for passengers to have access to mainland airports; they have to go through a security and identification process prior to boarding a plane. Passenger transfers will be handled with the necessary airport controls, along with airline oversight in coordination with HSD and TSA, enabling this program to work very well in Puerto Rico. Thus attracting and allowing wide body passenger planes for cargo and passenger transfers.

A successful air hub needs to allow foreign carriers to perform international cargo and passenger transfers operations in Puerto Rico. Foreign carriers need to be able to do the following transfers in Puerto Rico airports: (1) transfer from one of their own aircraft to any of their other aircraft (on line cargo and passenger transfers); (2) all forms of change of gauge for cargo and passenger operations, including starburst change of gauge; (3) commingling of cargo and passengers moving in foreign air transportation with cargo and passengers not moving in foreign air transportation; (4) interline cargo and passengers transfers to and from U.S. carriers and (5) interline cargo and passengers to and from other foreign airlines.

Also to allow foreign carriers to **coterminalize** points in Puerto Rico with other U.S. points, for passenger and cargo service.

These transfers' options and air routes flexibility are granted by DOT to geographically isolated areas, plus modern open sky agreements already include them. We need to have these transfer options be given to Puerto Rico on a long term basis via legislative action. So potential investors have the necessary guaranties to invest in Puerto Rico, especially in its air transportation infrastructure.

This is the legal framework Puerto Rico needs to create an air hub that will level the playing field and compete with foreign neighboring hubs. These air connectivity operations will greatly impact and facilitate the economic growth of the island.

Increased cargo and passenger air connectivity will attract new business investments to Puerto Rico. Such as: cargo sorting and transfer operations, express deliveries services, international passenger transfer hub operations, electronics product repair centers, pharma and perishables air logistics operations and placement of forward inventories. Additionally it will facilitate just in time deliveries, aircraft maintenance and repair operations, international training centers, repackaging operations, corporate offices will be attracted to establish operation on the island. Also many other business opportunities will come to Puerto Rico.

Enhanced air connectivity will bring greater development of international operations in Puerto Rico and its airports and create new business opportunities for U.S. carriers.

This increased air connectivity will also give a big boost to Puerto Rico's tourism, construction and real estate industry.

This will not be a financial rescue by Congress. It will only create the legal framework that will stimulate private investments, both domestic and international in Puerto Rico.

This economic development will be done in Puerto Rico, inside a U.S. jurisdiction and not in foreign hubs. Planes can start flying to Puerto Rico almost next day after the approval of these legislative measures. It will have immediate, medium and long term effects as the benefits of this plan unfold in Puerto Rico.

Not protecting Puerto Rico's air space, U.S. southernmost air frontier, will further encourage investment in foreign neighboring air hubs in Panama, Colombia, Dominican Republic, Cuba and other locations in South America and Caribbean area. Further keeping Puerto Rico's economic development on hold, due to lack of air connectivity.

Puerto Rico will become a true international gateway destination for air transportation and business operations. This is a win-win solution for U.S. air trade competitiveness and Puerto Rico's economic development and growth.

A second economic development initiative should be by a specific Federal incentive program to do pharmaceutical, biotechnology, medical equipment and other type of research's and development, when at least 50% of the research is done in Puerto Rico.

Research and development will not only bring investments, but will help jump start the knowledge industry and enhance academic institutions on the island.

This continuous learning cycle, is dynamic in terms of output and employment growth. Knowledge investments are characterized by increasing returns; they are the key to long-term economic growth.

There are other initiatives that have been publically discussed like section 245A that will complement what has been written here.

This collaborative network between research and development, academia, production and enhanced air connectivity will create an economic ecosystem that will have sustainability on the long term. At the same time bringing growth opportunities in the short term.

Sincerely Yours

Jeronimo Lectora