

## EXPANDED ANSWER 51:

We have an excellent decade old study (from about 2003) performed by Estudios Técnicos called “*Plan Maestro para el Desarrollo Sustentable de Vieques*” which reviewed our history, described our resources, evaluated our human and social conditions, analyzed our options, and made recommendations. It suggested areas where we should work to improve our situation and offered a potential vision of our future development. There appeared to be little, if any, disagreement within the community over the findings and recommendations, but we had no means to actually implement it.

According to the study, there was little hope of creating businesses based upon manufacturing. While construction and service sectors could grow to match our local needs, the only two areas for real economic hope were thought to be eco-tourism and agriculture. Given the dearth of farmers, it will not be easy to revive agriculture as an economic business, but one that should appeal to a significant group, nonetheless. Essentially, the conclusion of the study was that our major strength was in our unique environment. We theoretically had the opportunity to use our tremendous resource to create a world class living demonstration of sustainable development and environmental management.

The common notion of the eco-tourism plan was numerous guest houses and specially designed guided nature tours and activities. This type of development would keep the small scale of the island intact while providing career opportunities for Vieques residents. The thought was that the smaller operations would help lower the impact of tourism on our environment and simultaneously keep the money in the hands of local, island residents. The bigger developments, such as large hotels, golf courses, and casinos, were undesirable and tended to over-power and damage the environment, while at the same time, exporting a greater percentage of the money.

The study was silent on the often overlooked benefits of “immigration”. By this is meant the growth of residential development targeting new part and full time residents. This is a close cousin of tourism. Individuals buy properties, fix them up, and live in them, and/or rent them out. Many are retirees, some in transition, and others come to live and work. These new residents typically have off-island sources of income and bring money to the island more effectively than the exportation of manufactured products. The limited development brings money and jobs to Vieques, but the long term benefit is an educated and experienced resident (who shares our view of the environment) spending money here.

The study was for Vieques alone and did not consider Roosevelt Roads or an independent tax structure as part of the plan. It did not envision the possibility of medical tourism, energy production, or any other businesses for which the island did not have the **existing** resources (natural, financial, infrastructure, and trained labor) to give it a specific identifiable competitive advantage. Upon further analysis, it can be seen that there are actually many types of businesses that could flourish on an **independent** Caribbean island. The key to development is

to create diversified, credible business plans aimed at securing private companies to partner with the community to build and operate these new ventures. All would be at a small scale.

The following initial selection of potential businesses is not intended to be exclusive. The goal is not to attempt to micromanage our economy or pick and choose winners and losers. The task is to divine a preliminary list toward which an aggressive marketing effort could be aimed:

### Evaluating Potential Business Opportunities

Developing commerce to support our island is not as overwhelming as it may seem at first. Because we are so small, the scale of any new approach or new industry is also small. We need to provide work opportunities for roughly 60% of the resident adult population. We prefer that a large percentage of the funds that pay for our labor come from off-island sources.

#### a. Eco-tourism

Tourism has been the only significant business model in Vieques for years, and it has been generally small scale and eco-friendly. Expansion of the concept is not difficult to envision, but studies may be conducted to determine how and in what directions the business should grow. Any credible plan would include a coordinated effort of the service providers and the establishment of a cohesive marketing program. Of critical importance is the immediate introduction of inspection and policing of activities in the sensitive environmental areas such as the Bio-Bay and the Ceiba tree and the historical areas of the sugar cane mills, lighthouses, and the Hombre de Puerto Ferro archeological site.

A typical eco-tourist would be in the market for water sports, bicycle, horseback, and walking activities, and these would require added planning and infrastructure. Consistent with the **talk** of ecotourism is the **walk**. The island would need to show sensitivity toward plants, animals, and sustainability. This would include animal control, fishing regulation, litter reduction, storm water release/run-off, waste management, recycling, and environmentally sound sewage processing.

In keeping with the philosophy of small guest houses, companies like Airbnb.com offer new opportunities where extra rooms can be rented out by locals. This would become a small income source for many families. Further, it would invest more of the community in the tourism business. Locals would understand that they had "skin in the game". Classes could be held to educate the new B&B owners in the areas of what to do and how to do it. Small contractors could specialize in modifying houses for this market. Micro loans could be offered for minor improvements.

#### b. Alternative Energy Production And Sales – See Expanded answer 50

#### c. Retirement Community Development

Residential development that is oriented toward individuals who are retiring or contemplating retiring within ten to fifteen years is probably optimal. During the period before retirement the unit, condo, villa, or apartment would be in a rental program for tourists. Amenities could be varied. Retirees that could afford such housing would bring more money into the system than would be taken out.

The concepts of eco-friendly and sustainability would be critical. Everything from land use and building design, through operations would be scrutinized. Scale would be small - favoring multiple small communities rather than just a couple larger developments. Clusters of buildings would be preferable to chopping up the land for individual houses, but there would be a mix of types throughout the community.

**(Historically, land use planning imposed by our central government has been inappropriate and responded to special interests and political influences. A well thought out island wide land plan and accompanying zoning ordinances are essential for rational land use that meets the community's needs.)**

Higher levels of care for those who progress into situations of assisted living could be added to the offering to provide a continuum of coverage that could stretch into end-of-life care. There are many economic models for these service arrangements, but requirements and costs of such provisions require further study.

#### d. Medical Tourism Light

The high cost of medical procedures and convalescent care in the US and other locales could offer us a huge market advantage if we focused on services that we could offer for less. Stateside regulations, mandates, litigation, insurance... result in huge costs that could be greatly reduced without sacrificing the quality of services provided. These might include a range of medical procedures that:

- are not very risky or likely to generate complications
- have long convalescent periods
- don't require a wide range of specialist staff
- don't require a diverse array of expensive equipment
- are significantly more expensive elsewhere than they could be here

Staffing would be oriented toward the offering of therapy, nursing, and related support. Only limited general physicians or surgical staff would be required. Specialists and higher priced professionals could be:

- "Guest" workers that come in for a short stint of days, weeks, or months
- Rotating staff that spend a week or several months
- Personnel from affiliated hospitals in PR or the US or other
- Semi-retired or retiring practitioners

Many healthcare professionals are frustrated at the evolution of their practices forced upon them by onerous new laws, rules, regulations, procedures, etc. that have seemed to suck the purpose and the joy out of treating patients. Most have been forced into group practices with integral hospital association and control. Paperwork, forms, reporting, compliance... are transforming doctors into legal assistants. Most practitioners would jump at the chance to actually practice as they feel medicine should be practiced.

Facilities would include:

- Convalescent residences to accommodate patients and companions from anywhere – including medical tourists that have surgeries on the main island or elsewhere
- A surgical center with a small hospital
- Provisions for co-located amenities and interfacing businesses
- Utilities, transportation, and municipal services/infrastructure

#### e. Medical Tourism: Alternative Care

With the rapid advancements in the fields of medical technology, nanotechnology, gene therapy, drug research, surgical techniques, and alternative treatments, many potential “cures” are already available in the lab but not in the hospitals in the US or most other countries. The lengthy procedures needed to gain FDA and professional acceptance of new treatments or drugs forecloses many from the opportunity to try an experimental, less than certain alternative, to live.

Filling this gap in medical offerings in a high quality professional environment could offer a profitable service to the patient, the hospital, the staff, the research community, and the world at large. The initial focus would be on terminally ill or elderly with a great deal of transparency in the process. There would be high standards of staff selection and audited procedures. The purpose is to offer alternative medicine not to sell snake oil or dubious treatments. Credibility would be extremely important.

End-of-life care and assisted suicide would be natural extensions of the services offered to terminally ill (or terminally old) patients.

Required facilities, equipment, and staff would be matched to the needs of the programs. Partners would include university and private research companies who would fund the efforts. Local residents would receive added benefit in co-use of the facilities and professional staff through a synergistic relationship between our own healthcare system and both Medical Tourism efforts.

Whether through a subcontractor or an umbrella type organization, a method of Medicare utilization must be established for local use as well as tourist participation. The goal would be to allow Medicare recipients access to our system and gain appropriate reimbursement. We certainly wouldn't want to be pulled into making a US type medical system, but we would need some method of gaining qualifications for authorized Medicare services.

f. Electric Vehicle Conversion And Sales

Supplying gasoline to Vieques is quite profitable for both the distributor and the monopoly owner of the two gas stations on the island. Although the transportation cost for a fuel truck on the ferry is \$675 round trip, the gas prices are \$.40 per gallon higher than the prices outside of Fajardo. Since the trucks carry 8,000 to 10,000 gallons, each load nets over \$2,500 extra profit. We have been getting economically mugged!

We are hostages to the poor customer service that accompanies monopolies: limited numbers of pumps, limited hours of operation, interrupted supply, cash only policy, and foreclosure from paying at the pump – resulting in huge lines on occasion. Both service stations are within 500 feet of one another, and residents and tourists alike are required to drive to the stations to determine if gas is even available. Round trip from Esperanza is 12 miles. It is a constant hassle and a source of anxiety to all of the drivers on the island, especial the tourists with rental cars.

Since almost all of the driving in Vieques is within 6 miles (12 miles round trip), and the highest speed limit is 35 MPH, electric vehicles could ease the problem and provide an economical transportation option. The negative factors to overcome are not insurmountable at all:

- High cost of new electric vehicles
- Hills, which take more power
- Recharging infrastructure
- Risks of new technology

Examination of electric vehicle availability points us to conversion as a more affordable option. The majority of the population is unable to afford new cars at current income levels. To address the potential offered by conversion, we must find suitable older model cars that are cheap to purchase, light in weight, marketable, plentiful, and preferably have manual transmissions. The initial candidates do not require a working engine and are low end autos without bells and whistles. In total, an average investment of about \$10,000 is required for each, half of which is for the used car. More upscale vehicles would cost more.

As an independent country, we could avail ourselves of new, small, inexpensive, foreign cars and buses that are not available in the States because they don't meet EPA or other standards. They could be shipped here without engines and retrofitted with batteries and motors.

There is added synergy when we take control of our energy production and reach even lower costs of operation. This is a business opportunity that does not create an inflow of cash, as an export business, but contributes to the net balance of payments by reducing cash outflows to foreign countries, typically the US.

#### g. Financial Services.

Offshore banking has historically been a lucrative industry for small independent islands. The regulatory landscape has changed dramatically in recent years thanks to the omnipotent US Treasury. Nonetheless, there are now and will be in the future many legal financial activities that could prove profitable to the island. These businesses may well change very rapidly and represent targets of opportunity undefined at the moment.

While income tax benefits may not accrue to US citizens due to current US laws, many other nations do not tax their citizens on income earned in other countries. With no income tax, we could become a huge draw for wealthy investors and entrepreneurs who relocate and/or open businesses here.

Local financial services will include an expanded role for local lending. One element that retards the climb out of poverty is the inability of the poor to receive mortgages or business loans. This cannot be a give-away, but a program of small scale lending is absolutely required and will possibly need to be backed by limited public funding.

#### h. Independent Contractors, Employees, and Entrepreneurs.

In today's world, the emergence of the telecommuter is a huge factor in locating or relocating people. Able to live wherever it suits them, these workers are no longer bound by the traditional limitations of the corporate office location. They locate based on family, weather, special interests, taxes, cost of living, etc. They do typically need stable infrastructure: electricity, cell phone, and internet being the big items. While they don't often have many, if any, employees, they spend money and pay property taxes (directly if they are owners or indirectly if renters) locally.

High tech firms have difficulty finding and hiring suitably trained workers in their local areas. They will often opt to hire foreign workers with the critical expertise they need. Due to immigration and work visa limitations in the States, hiring these aliens can become next to impossible. Therefore, companies are forced to open "branches" in other countries to gain the required capabilities. Vieques could provide an excellent location for such branch offices.

#### i. Agriculture & Aquaculture

Our experience in agriculture is mostly a memory. We have several farms and cattle ranches, but we are not generally experts. What we know is that we have the natural conditions to allow for successful food production, but we have to develop a plan to capitalize on the desires of many to become more self-sufficient and entice people to enter the business.

Our small size and remoteness makes it inefficient to export outside of PR. However, if we could develop a boutique brand, it is possible that exporting to high end markets could be justified. As an example, from a marketing point of view, if the world knew that every item from

the Independent Vieques was totally organic, it could give our industry a leg up. The cost and effort for organic certification is typically onerous because of contamination potential from neighboring farms. Vieques could outlaw items that prevent certification and keep such cost to a minimum. We could have a small processing plant that was able to switch operations quickly to accommodate the variety of seasonal fruits and vegetables.

Aquaculture becomes a major possibility with the initiation of the OTEC operation generating fresh water. Fish farms and seaweed harvesting are other options the ocean provides us if we can inspire our citizens to take advantage of these relatively unique opportunities.

As an independent country, we can set our immigration policies to include appropriate work visa offerings for foreign agricultural workers, not just for unskilled labor, but also for others with education and experience in similar environments.

#### j. Space Port.

Four private US companies are currently competing for contracts to carry personnel and supplies into space. These high tech startups are revolutionizing the industry. This emerging commercial enterprise generally requires near equatorial launch sites that are easy to resupply and viable for housing launch crews and other required facilities. Vieques offers much of what these companies might need. The far eastern end of the island will not ever be deemed safe enough for tourism or residential development, but it might be quite suitable for a launch facility.

Currently, launch sites in central Pacific islands are positioned well for launch and orbital insertion; however, they are not well suited for logistical support. Launching from California, Texas, and Florida space ports are logistically easier, but not as efficiently positioned for orbital insertion. Additionally, these companies might soon tire of the restrictions, regulations, administrative procedures, and other obstacles attendant to the use of a US government facility. Safety is, of course, paramount, but the other government hassles can become onerous and expensive. Vieques could provide both land and water based areas (down range platforms) where this new industry could economically build the required infrastructure from the ground up and operate without bureaucratic interference.

#### h. Sand Harvesting.

Fine beach sand is used in plaster, stucco, and also in some concrete components. The Punta Arena area at the west end of the island has a tremendous supply such sand that can be easily extracted, washed, and exported or when combined with our quarry rock, used to manufacture concrete blocks and other components for local use and export. Vieques used to manufacture concrete blocks decades ago.

i. Air-Sea Cargo Hub

The elimination of the Jones Act combined with the long runway at our airport and the harbor left from the Navy gives the retired Roosevelt Roads complex excellent opportunities to act as a very profitable mini distribution center adjacent to the PR market. There is significant demand for an airport facility that would allow foreign cargo aircraft to refuel on their way from South America or Mexico, drop off freight for Vieques and Puerto Rico, and then continue on to the US (and back). They are currently prohibited from doing this under the Jones Act (with amendments).

Likewise, shipping experiences the same restrictions. We have excellent potential for developing the port for cargo. With the expansion of the Panama Canal, container ships with over three times the capacity of previous models will soon be reaching the Caribbean. These ships are too large to dock at most existing facilities, so a system of hubs allows the bigger vessels to transfer up to 20,000 containers to and from several much smaller ships that then run more local routes. Competition for creating these transshipment ports began several years ago, but our port is only 40 feet deep and not acceptable for the very big ships. Opportunities to capture smaller vessels in need of transshipment could be successful using the existing facilities as a base without the need to significantly dredge the port. While not necessarily a “boutique” operation, it could offer better economy and service for smaller shippers. [An interesting investigation was performed by [“Caribbean Business”](#) a number of years ago.]