

11 February 2025

Testimony in support proposed bill *H.B. 5008: An Act Establishing the Connecticut-Puerto Rico Trade Commission*

Good afternoon, Chair Hartley and members of the Commerce Committee.

Thank you for the opportunity to provide a testimony today. My name is Charles R. Venator-Santiago. I am the director of the University of Connecticut's Puerto Rican Studies Initiative (<https://puertoricanstudies.clas.uconn.edu/>). I was asked to provide some recommendations on the impact and possibilities of *H.B. 5008* on Puerto Ricans residing in Connecticut and the broader impact that the creation of this trade commission may have on the state of Connecticut and Puerto Rico.

Background

Between 1898 and 1901, the United States invented a new territorial doctrine to govern Puerto Rico, and the other territories annexed during the Spanish American War of 1898. The United States annexed Puerto Rico under the terms of the *Treaty of Paris of 1898*. Unlike prior all prior treaties of territorial annexation, the *Treaty of Paris* did not contain a clause providing for the collective naturalization of the residents of Puerto Rico or a clause preparing Puerto Rico for eventual statehood. In 1900, under the guidance of the U.S. Department of War, Congress enacted the *Foraker Act*, an organic or territorial act designed to govern Puerto Rico. The Third Article of the *Foraker Act* extended the *Dingley Tariff of 1897* to Puerto Rico and imposed a 15% tariff on merchandize trafficked between Puerto Rico and the United States. This was the first time that the United States annexed a territory and treated the island as a foreign possession for commerce purposes. A clear violation of the Uniformity Clause of the Constitution (U.S. Const. Art. 1, §8, cl. 1). Senator John C. Spooner (R-WI), arguing in defense of the *Foraker Act of 1900*, summarized the Article 3 of the *Foraker Act* in the following language:

Territory belonging to the United States, as I think Puerto Rico and the Philippine Archipelago do, becomes a part of the United States in the *international sense*, while not being a part of the United States in the *constitutional sense*.¹

A year later, the Supreme Court affirmed this logic in the so-called *Insular Cases*. More specifically, the Supreme Court established that Puerto Rico could be selectively governed as an “unincorporated

¹ Remarks by Senator Spooner of Wisconsin, speaking on behalf of the *Foraker Act*, on April 2, 1900, 33 Cong. Rec. 3608, 3629 (1900).

territory” or a territory that could be ruled as a foreign possession in a domestic or constitutional sense. Congress has not enacted any legislation providing for the “incorporation” of Puerto Rico since then. Puerto Rico remains an unincorporated territory today.

Because Puerto Rico is not an incorporated territory, it can be selectively ruled as a part of the United States, as a foreign possession, and as something else. A central feature of the hodgepodge of laws enacted for Puerto Rico since 1898, includes the idea that Puerto Rico can be treated as a state for interstate commerce purposes or as a foreign country. However, because Puerto Rico is a possession of the United States, Congress has recognized that companies with federal defense and security contracts can operate in Puerto Rico while still claiming special tax benefits. This opens the door for a lot of companies to establish subsidiaries in Puerto Rico and choose to take advantage of Puerto Rico’s special tax situation, while still operating within the United States. Likewise, U.S. corporations can operate as is they were located in the United States and the equivalent of state and federal taxes.

Having said this, the Puerto Rican government continues to operate under the supervision of a congressionally appointed fiscal oversight and management board (FOMB) established by the *Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) of 2016* which is tasked with authorizing all economic decisions rendered by the Puerto Rican government. The FOMB is currently on a second phase of economic development and, at least prior to the election of President Trump, had significant resources to help build a stronger Puerto Rican economy. This means that the FOMB, and by extension Congress, will have some role in any trade commission development.

Puerto Rico’s relationship with Connecticut is unique. Puerto Ricans have been migrating to Connecticut since the 1850s. Today, Connecticut is the state with the highest percentage of Puerto Ricans in the nation and the sixth state with the largest number of Puerto Rican residents. The latest (2023) U.S. Census population counts estimate that Puerto Ricans account for about 8.3% of the residents of the state. A trade commission will strengthen the relationship between Puerto Ricans in both places and could potentially help expand commercial relationships between Connecticut and Puerto Rico.

Unfortunately, we do not have sufficient information (data) to submit a comprehensive study. So, this testimony is informed by a cursory understanding of the current economic landscape in Puerto Rico and Connecticut. However, this cursory overview suggests that there a trade commission could lead to potential economic benefits to both the state of Connecticut and Puerto Rico. Our first recommendation is to commission a study with access to Connecticut’s and Puerto Rico’s trade data.

Recommendations

H.B. 5008 contains six amendments to Connecticut's General Statutes. Below are some recommendations:

(1) advance bilateral trade and investment between the state and Puerto Rico, (4) encourage mutual economic support between the state and Puerto Rico, (5) encourage mutual investment in the infrastructure of the state and Puerto Rico,

A cursory overview of Connecticut's exports suggests that in 2023, Connecticut exported goods valued at approximately \$15.8 billion.

Several prominent corporations with a significant presence in Connecticut also operate in Puerto Rico. Notable examples include:

- **Henkel Corporation:** Headquartered in Rocky Hill, Connecticut, Henkel operates a 200,000-square-foot facility in Sabana Grande, Puerto Rico. This plant employs over 180 individuals and manages 39 production lines, manufacturing various adhesives used in medical devices, automotive components, and industrial equipment.
- **Hubbell Incorporated:** Based in Shelton, Connecticut, Hubbell designs and manufactures electrical and electronic products for various applications. The company maintains manufacturing facilities in multiple locations, including Puerto Rico, thereby extending its operational footprint beyond the continental United States.
- **Hamilton Sundstrand:** Formerly headquartered in Windsor Locks, Connecticut, Hamilton Sundstrand was a major aerospace and industrial products manufacturer. Before merging into Collins Aerospace, the company had significant operations in Puerto Rico, contributing to the aerospace sector on the island.
- **Tradewind Aviation:** Headquartered in Oxford, Connecticut, Tradewind Aviation operates flights in the Caribbean, including services to and from Puerto Rico. The airline provides both private and scheduled flights, enhancing connectivity between Puerto Rico and other Caribbean destinations.
- **Pratt & Whitney:** Headquartered in East Hartford, Pratt & Whitney is renowned for manufacturing aircraft engines utilized in both commercial and military aviation. Pratt & Whitney Puerto Rico, Inc. operates in Aguadilla, Puerto Rico.

Questions that might be asked are: what do these companies need to expand their operations in Puerto Rico? How can a trade commission assist in this process?

(2) initiate joint action on policy issues of mutual interest to the state and Puerto Rico,

A CT-PR Trade Commission can better facilitate this initiative.

(3) promote business and academic exchanges between the state and Puerto Rico,

Some Puerto Rican universities already have these types of agreements with Connecticut universities. However, a trade commission can assist in renegotiating a more uniform series of agreements between Connecticut and Puerto Rican institutions of higher education.

and (6) address such other related matters as determined by the commission.

We recommend creating a working group with access to government economic data, which can delineate concrete possibilities for trade and commerce between Connecticut and Puerto Rico. Again, a cursory analysis suggests that there is a lot of potential for expanded trade between Connecticut and Puerto Rico.

Thank you for the opportunity to share our recommendations and we welcome your questions.

Sincerely,



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