Agriculture, Food & Beverage

An emerging entrepreneurial paradise

Agriculture
Puerto Rico is undergoing an agricultural renaissance. A new generation of farmers, drawn by food security and environmental considerations, along with local farm-to-table, artisanal, and organic farming movements, have begun to have an impact.

Agriculture in Puerto Rico represents less than one percent of employment. Despite its size, there is emerging interest in hemp and medical cannabis, meaning that the next generation of agriculture has already arrived. New technologies, including hydroponics, aquaponics, and aquaculture, are taking hold, as well as anaerobic biodigesters and waste-to-energy activities.

The sector is empowered by more than 2,800 hours of sun annually and three growing seasons, making the Island ideal for farming. Puerto Rico imports over 80% of its food, demonstrating the significant opportunity to produce for the local market. Growth in this area will be supported by island-wide IoT coverage and a business-facing 5G lab, enabling new agricultural applications for cutting edge technologies.

Food & Beverage Manufacturing
Food & Beverage manufacturing are major contributors to the local economy, particularly the Island’s world-famous rum distilleries. Both multinational companies like Coca-Cola and Goya, and locally run firms like Vaquería Tres Monjitas and Molinos de Puerto Rico employ thousands of workers and contribute hundreds of millions to GDP. Compañía Cervecería de Puerto Rico, based in Mayagüez, sells $176M of its ubiquitous Medalla Light beer every year, and rum giants like Bacardí and Serrallés (Don Q), along with smaller craft producers, supply over 70% of US rum supply, more than half a billion dollars worth annually.

AgBio
The crops of the future are developed in Puerto Rico with ongoing research with corn, soy, sorghum, sunflower, cotton, among others since 1983. According to the AgBio Industry Association (PRABIA), over 85% of seeds used in AgBio research around the world pass through Puerto Rico. This is one of the fastest growing sectors of the economy and Puerto Rico offers many advantages including: year-round stable weather and environmental conditions, skilled and professional labor, soil quality, proximity to the U.S., rapid transportation system, agricultural academic research centers and intellectual property protection. Pioneer, Bayer, Sygenta, Mycogen Seeds and Dow-Agro are among the companies that have presence in the Island, employing over 2,500 employees, with an estimate operational budget over $75 million, and ranking #1 in total transgenic crop permits in the US during the last 5 years, according to APHIS.

Globally Unique Incentives
- 4% fixed corporate income tax rate on eligible income
- 75% exemption on municipal construction rate
- 100% tax exemption on long-term capital gains
- 75% exemption on property tax
- 50% exemption on municipal license tax
- 15 years standard tax exemption grant period, subject to renegotiation for an additional 15 years

Bona Fide Farmer Incentive
exemption from paying income taxes on 90% of income that comes directly from the agricultural or agro-industrial business.
Puerto Rican makerspace and IoT Lab, Engine-4, is implementing pilot projects to sense and track soil, water, and environmental indicators via IoT devices. These projects, in coordination with public educational programs, will link ground data with global networks to optimize planting and agricultural techniques.

Engine-4 has deployed a team of robots, called Farmbots, to help carry out this project.

Food Manufacturing by Sector, 2019

- Animal Slaughtering and Processing: 6%
- Fruit and Vegetable Processing: 8%
- Dairy Products: 8%
- Animal Food Manufacturing: 11%
- Commercial Bakeries: 21%
- Other food manufacturing: 44%

AgBio in Puerto Rico

Our rum making tradition dates back centuries to when sugarcane production began on the island of Puerto Rico. From the fields to the factories, a process was born and perfected over time. Since 1948, Rums of Puerto Rico has promoted and ensured that each of our rum brands meet the highest standards of quality. No other country shares our requirements for process and craftsmanship. The result: a spirit worthy of international acclaim.

Award-winning local rum producers like Bacardi and Serrallés (Don Q), along with smaller craft producers, account for over 70% of U.S. rum supply, more than half a billion dollars worth annually. Under current law, the excise tax on rum is $13.50 per proof gallon of rum sold stateside. In return, the federal government reimburses Puerto Rico $13.25.

The industry employs between 700 and 1,000 direct workers.

Puerto Rico has more to offer

- **U.S. Jurisdiction**
  - Federal insurance and banking regulations, U.S. dollar, and stable business environment
  - Legal & intellectual property protections of the U.S.

- **Workforce & Talent Development**
  - Wages in Puerto Rico’s manufacturing industries are 30%-40% lower than the U.S. national average
  - Bilingual in English and Spanish

- **Organizational Support**
  - Puerto Rico Department of Agriculture (DAPR)
  - Hemp Licensing & Inspection Office (OLIC)
  - Puerto Rican Farmers Association (PRFA)
  - Puerto Rico Agricultural Biotechnology Industry Association (PRABIA)
  - Food Marketing, Distribution & Industry Association (MIDA)

- **High Quality of Life**
  - Diverse outdoors activities from pristine beaches to dense rain forest, mountains, caves, and canyons
  - Rich cultural experiences from nighttime dancing to centuries old museums
  - Over 50 certified historic landmarks

- **Real Estate**
  - Island-wide ICT infrastructure, including multiple 5G providers
  - Available real estate options for aquaponics, hydroponics, aquaculture, and indoor and outdoor farming
  - Landfills that support biodigesters and waste-to-energy operations