Invest Puerto Rico
FY2021-2022 Strategy
FY2021-2022
Strategy/Promotion Plan
Back in 2019, the Promo Plan was designed to serve as a flexible guide based on fundamental economic indicators to message, attract, and land companies and investors.
A detailed analysis was conducted to determine where InvestPR could have the greatest impact and should focus in the near-term.

### Analysis of All Industry Sectors

#### Across Detailed Criteria

- A. Growth Forecast (Global)
- B. Growth Forecast (U.S.)
- C. Tradable Sectors
- D. Global FDI Trend by Sector (# Deals)

#### Competitive Advantages and Disadvantages

- E. Access to U.S. Law & Stability
- F. Post-Hurricane Maria Uncertainty
- G. Tax Code Incentive Advantage
- H. Shipping Cost
- I. Direct Benefit to Rural Areas
- J. Regional Multiplier Effect (Job Creation)
- K. Current Industry Size (Employment)
- L. Sector Employment Trend
- M. Stakeholder Support

### Analysis 1

Narrowing the Sector Targets

### Analysis 2

Defining Messaging

### Analysis 3

Optimizing Channels

### Analysis 4

Factoring Disruptive Factors
An evaluation scorecard was used to understand where efforts were best directed in terms of sectors and audiences that should be targeted for messaging, conferences, conventions, outreach, and local capacity building.

**RESULTS**

By evaluating with data the horizontal sectors through the vertical criteria, we can see which sectors are revealed as those that should be targeted for the attraction of New Businesses and investment.
The result of the analysis pointed towards Knowledge Services as the sectors where InvestPR could have the greatest impact in the near term.
InvestPR developed an action framework to deliver on its role, with built-in flexibility to account for potential future disruptors.

**Prioritization Levels**
- **Tier 1**: CORE - Capture priority opportunities
  - 60% Legacy & Prominence
  - 60% Attractive Tax Policy
  - 60% Privileged Setting
  - 60% Organizational Support
- **Tier 2**: NURTURE - Support and build industry capacity
  - 30% Human Capital
  - 30% Quality of Life
  - 30% Future Disruptions
- **Tier 3**: DISRUPTION - Monitor “game changers”
  - 10% Tier 2
  - 10% Tier 3

**Target Sectors**
- Knowledge Services
- Consulting and Technical Services
- Business Support Services
- Software and IT
- Finance and Insurance

**Messaging**
- **Legacy & Prominence**: Decades of experience and local excellence that's globally competitive at the highest levels.
- **Attractive Tax Policy**: Favorable business environment that delivers competitive tax benefits.
- **Privileged Setting**: Strategic location with well-established logistics and infrastructure.
- **Organizational Support**: A network of collaborators that reached far beyond conventional spaces.
- **Human Capital**: Robust talent development resulting in a highly skilled, educated and bilingual workforce.
- **Quality of Life**: An enriched island life with an appetite for culture and leisure that's contagious.

**Channels**
- **Website**: Inform & educate potential investors
- **Digital & Print**: Targeted advertising & content
- **Conferences & Events**: Build & solidify relationships

**Geographic Focus**
- **Immediate**: U.S. (high tax states)
- **Longer Term**: Europe, Latin America, Asia

**Continuous Improvement**
- Product Improvement
- Research Value Proposition
- Talent Development
- Stakeholder Engagement

**Level of Effort**
- 60%
- 30%
- 10%
Factoring in Disruptors

InvestPR has continuously been monitoring and adjusting the promo plan since it was launched in 2019 to account for the following current and potential disruptors:

- **Covid-19**
  - Shift from ‘just in time’ to ‘just in case’ supply chains
  - Accelerated corporate exodus from China and East Asia
  - Increased attention on domestic production and access to critical materials
  - Encouraged rapid digitization across all sectors
  - Halted domestic and global travel
  - Shift from in-person to virtual events

- **Federal Funds**
  - Increased flow and availability of federal funding for a variety of high-priority projects that impact competitiveness and IPR’s ability to attract businesses, including:
    - Disaster relief and mitigation
    - Targeted sector relief due to COVID-19
    - Grid modernization

- **Transshipment Waiver**
  - Federal waiver granted for Puerto Rico’s international airports to serve as global transshipment hubs can change the competitiveness profile of importers and exporters, as well as commercial routes.

- **GILTI**
  - GILTI is product manufacturing focused and would affect multinational manufacturing
  - Could change PR’s reshoring/near-shoring value proposition, as well as overall competitiveness
  - Could be mitigated by amendment exempting Territories
  - Could also be mitigated by amendment to exclude products on the supply chain Executive Order

- **Biden’s Tax Plan**
  - Could negate the effect of local tax incentives for manufacturing
  - Could influence Treasury Department’s approach to 154 exemptions
  - Could shift value proposition from focus on incentives to focus on more tangible built-in bioscience advantages and domestic re-shoring

- **Local Tax Policy**
  - How the interplay of GILTI/ Biden Tax Plan ends up affecting Act 154 could leave a big gap whole in the PR budget that would need to be mitigated with new local corporate taxing structures
  - The reforms of CRIM and excise taxes, included in FOMB recommendations, could additionally impact local tax
  - Increased scrutiny of incentive laws (ie Act 22) could lead to legislative reform

- **National Supply Chain Legislation**
  - Could help drive the consolidation of the manufacturing industry in Puerto Rico, creating new jobs and boosting the Island’s local economy
  - Meant to mitigate any potential damage from GILTI or Biden Tax Plan to PR
  - Works under the scope of the $2.2 trillion CARES Act. Requires a federal study with recommendations on ensuring the domestic supply of essential medial products
Based on the economic disruptors faced in the last year, the sector scorecard was refreshed from a qualitative perspective.

### No Change
- **Still uncompetitive**: Construction, Natural resources and mining (Except Ag)
- **Still competitive**: Information, Professional and business services

### Positive Change
- Manufacturing
- Trade, transportation, and utilities
- Education and health services

### Negative Change
- Financial activities
- Leisure and hospitality
**Revised Promo Plan**

The results of the adjustments include renewed attraction focus on bioscience manufacturing and logistics/transshipment opportunities as well as more pointed geographic market efforts.

<table>
<thead>
<tr>
<th>PRIORITY LEVELS</th>
<th>TARGET SECTORS</th>
<th>MESSAGING</th>
<th>CHANNELS/OUTREACH MODES</th>
<th>GEOGRAPHIC FOCUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Core 60%</td>
<td>Knowledge Services</td>
<td>Legacy &amp; Prominence Decades of experience and local excellence that's globally competitive at the highest levels.</td>
<td>PERSONAL NETWORKS Use trust to deliver wins</td>
<td>NATIONAL FOCUS U.S. exclusive small and medium sized companies from tax competitive states</td>
</tr>
<tr>
<td>Tier 2 Nurtute 30%</td>
<td>Industrial Value Chain</td>
<td>Attractive Tax Policy Continued tracking of tax policies to deliver on competitive tax benefits.</td>
<td>WEBSITE Inform &amp; educate potential investors</td>
<td>GLOBAL FOCUS Europe, Latin America</td>
</tr>
<tr>
<td>Tier 3 Disruption 10%</td>
<td>Consulting and Technical Services</td>
<td>Human Capital Robust talent development resulting in a highly skilled, educated and bilingual workforce.</td>
<td>DIGITAL &amp; PRINT Targeted advertising &amp; content</td>
<td>CONTINUOUS IMPROVEMENT</td>
</tr>
<tr>
<td></td>
<td>Software and IT</td>
<td>Privileged Setting Strategic location with well-established logistics, and new capabilities and infrastructure.</td>
<td>CONFERENCES &amp; EVENTS Build &amp; solidify relationships</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Logistics Enhancement</td>
<td>Reinvention Opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Support Services</td>
<td>Future Disruptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Biosciences</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Innovation Technologies</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Knowledge Services**

- **Legacy & Prominence**: Decades of experience and local excellence that's globally competitive at the highest levels.
- **Attractive Tax Policy**: Continued tracking of tax policies to deliver on competitive tax benefits.
- **Human Capital**: Robust talent development resulting in a highly skilled, educated and bilingual workforce.
- **Privileged Setting**: Strategic location with well-established logistics, and new capabilities and infrastructure.
- **Reinvention Opportunities**: Strategic location with well-established logistics, and new capabilities and infrastructure.

**Industrial Value Chain**

- **Organizational Support**: Well-coordinated network of collaborators that reached far beyond conventional spaces.
- **Quality of Life**: An enriched island life with a unique culture and diverse leisure amenities.