

# Logistics



## Market Highlights

**\$17B+** in international exports and imports for the 2020 Fiscal Year

**1,730** companies rely on air cargo, representing 57% of the island's GDP

**90%** of all industry air cargo that passes through Puerto Rico are BioScience products

**FTZ** Puerto Rico has the only Foreign Trade Zone with 100% exemption of municipal license tax on exports to foreign countries (non-United States)

**Over \$53B** annual BioScience production means a high dependency on quality cold chain and warehousing

**✈️** Puerto Rico is the highest volume port system in the Caribbean (900,000+ TEU)

Logistics are essential for citizens and businesses in Puerto Rico. As an island, Puerto Rico's high-valued goods need to be imported and exported both to national and international markets. Industry excellence and tropical weather ensures local supply chain mastery in handling, storing, and shipping time and temperature sensitive materials to over 85 countries around the world.

Puerto Rico is a global logistics leader, serving as the highest volume port system in the Caribbean and the first location in the U.S. to receive a DOT waiver allowing international cargo and passenger transfers. The island is the ideal technical stop for international flights between the Americas, Europe, and the Middle East.

The island offers expansive and readily available FTZ designations and regional cost-reducing supply chain options to ease reshoring opportunities. Scaled companies also have much to gain by leveraging the influx of over \$77 billion in federal funds in vital areas such as logistics, energy, and broadband access.

## Puerto Rico: At the Nexus of Opportunities

 <p><b>Priority to Reshore</b></p> <p>Accelerate life-critical manufacturing given the island's rich history of pharmaceutical and medical device manufacturing.</p>	<p><b>Industry Restructuring</b></p> <p>COVID-19 and airline industry contraction entail restructuring passenger routes to maximize high-value belly cargo.</p>
<p><b>Foreign Trade Zone</b></p> <p>Strategic location, expansive and readily available FTZ designations, and regional cost-reducing supply chain options.</p>	<p><b>U.S. Jurisdiction</b></p> <p>Perfect mix of U.S. protections and Island government policy, with unique international banking expertise and flexibility.</p> <p>The Jones Act reserves the trade between U.S. ports to ships built and flagged in the United States.</p>

### Logistics Routes



SJU: Luis Muñoz Marín Intl. Airport - Carolina, PR • BQN: Rafael Hernández Intl. Airport - Aguadilla, PR PSE: Mercedita Intl. Airport - Ponce, PR

### The air transshipment waiver means:

- Airlines can now deliver cargo to places through a partner airline
- Air carriers can load cargo from many destinations onto the same incoming plane, then consolidate and transfer outgoing cargo according to country or airport

# Airport Profiles

	<b>SJU</b> Luis Muñoz Marín Intl. Airport - Carolina, PR	<b>BQN</b> Rafael Hernández Intl. Airport - Aguadilla, PR	<b>PSE</b> Mercedita Intl. Airport - Ponce, PR
Passengers	8.4 million	> 472,000	> 168,000
Inbound (lbs.)	301.5 million	69.4 million	342,700
Outbound (lbs.)	170.9 million	58.3 million	2,720

The three cargo ports in Puerto Rico are the Port of San Juan, owned by the Puerto Rico Port Authority (PRPA); the Port of Ponce (Port of the Americas), owned by the Municipality of Ponce; and the Port of Mayagüez, owned by the Mayagüez Port Commission. The Port of San Juan is one of Puerto Rico's most important infrastructures with 16 docks ranging from cruise stops to loading docks, including the island's largest dock for containerized and roll-on/roll-off (RO/RO) cargo. Puerto Rico relies on maritime shipping to maintain daily life, economic activity, and government services.

## The largest noncontiguous Foreign Trade Zone in the U.S.

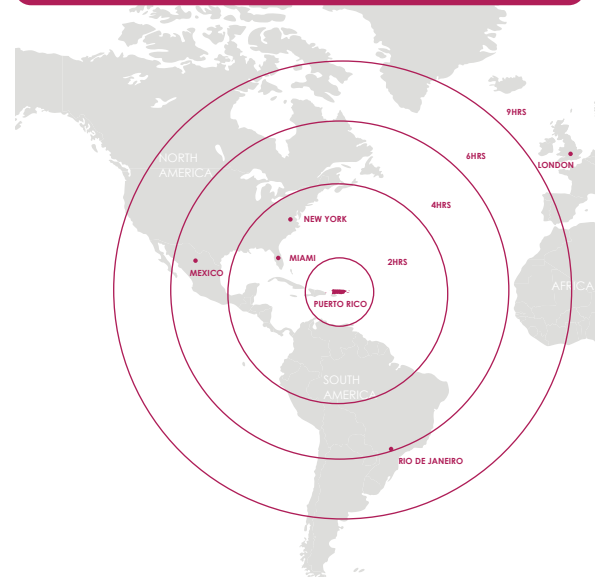
Foreign Trade Zones (FTZs) allow companies to obtain significant financial savings, given that raw materials, components, and finished goods may be stored or processed within a zone while deferring or eliminating the custom duty rate of such merchandise. If items are shipped to non-U.S. destinations, the payment of duties is exempted.

- FTZ 7** Puerto Rico Foreign Trade Zone; managed by the Puerto Rico Industrial Development Company. It is the largest non-contiguous FTZ in the U.S., featuring 4,554 acres, 714 buildings with a total of 19.5 million square feet, located across the island, and holds the #7 spot among all U.S. states & territories for overall zone impact.
- FTZ 61** San Juan Foreign Trade Zone; managed by the Department of Economic Development and Commerce. The zone is located in the Guaynabo area, on the northern coast of Puerto Rico.
- FTZ 163** Managed by Zona Libre del Sur; the zone is located in the city of Ponce, on the southern coast of Puerto Rico.

**SJU:** Load factor of 87.14, higher than the national average of 86.42 (passenger-miles as proportion of available seat-miles in percent).

**BQN:** An advanced MRO facility with infrastructure built on a former U.S. Air Force Strategic Command Base. It features the longest runway in the Caribbean. Refueling station is in an FTZ, meaning the fuel isn't taxed, leading to the lowest jet-fuel prices in the hemisphere.

## The Epicenter of Transatlantic Routes



## Among the Most Competitive Incentives in the United States

4% Corporate Tax Rate

R&D Tax Advantages

Tax Exemptions for Export Services and Air Carriers

Multiple Manufacturing Incentives Available



### Location Benefits

- "Made in the U.S.A." designation capability
- Tax-free jet refueling stations in an FTZ



### Talent & Workforce

- Nearly 2x the national concentration of aircraft cargo handling supervisors (LQ=1.75)
- Recognized intermodal expertise related to cold chain



### Advanced Academic Community

- 6x the concentration of STEM graduates over the next highest states
- Specialized logistics curricula at multiple colleges and universities



### Organizational Support

- Puerto Rico Shipping Association (PRSA)
- Aerospace & Aeronautic Institute of Puerto Rico (AAIPR)
- PSE supports the Port of Ponce, one of Puerto Rico's maritime hubs



### Real Estate Opportunities

- 1.1M sq ft of land adjacent to SJU and over 1,500 acres available at BQN for industrial expansion and enhanced capabilities