

June 27, 2023

Game-Changers, welcome home.

Expand with Confidence:

Puerto Rico, Your Gateway to the U.S. Market



About Invest Puerto Rico





About Invest Puerto Rico

Mandate

Invest Puerto Rico was created by Act 13-2017 as the official **business attraction** organization for the island, utilizing the expertise of the private and public sectors.

Mission

Promote Puerto Rico as a **competitive investment jurisdiction** to attract new business and capital investment to the island.

Vision

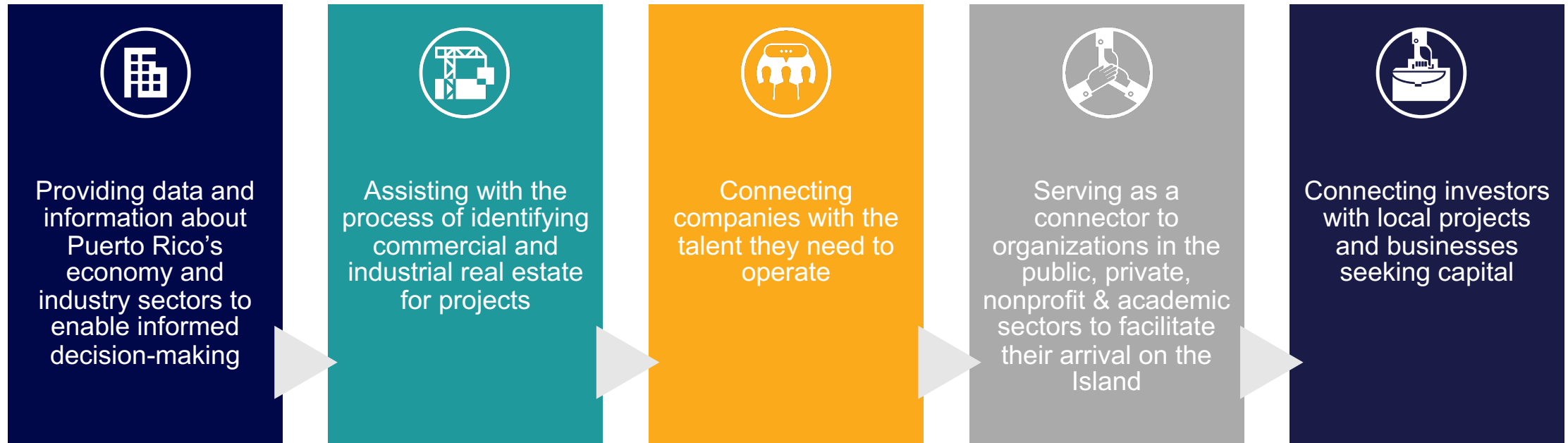
Serve as a **transformational and results-oriented** accelerator of economic development in Puerto Rico.



Our Services



We help companies and investors establish their operations on the island by:



Puerto Rico

Economic Snapshot





Puerto Rico's Economy

- More populous than 20 states
- Largest and most diversified economy in the Caribbean
- Exports to over 135 countries around the world

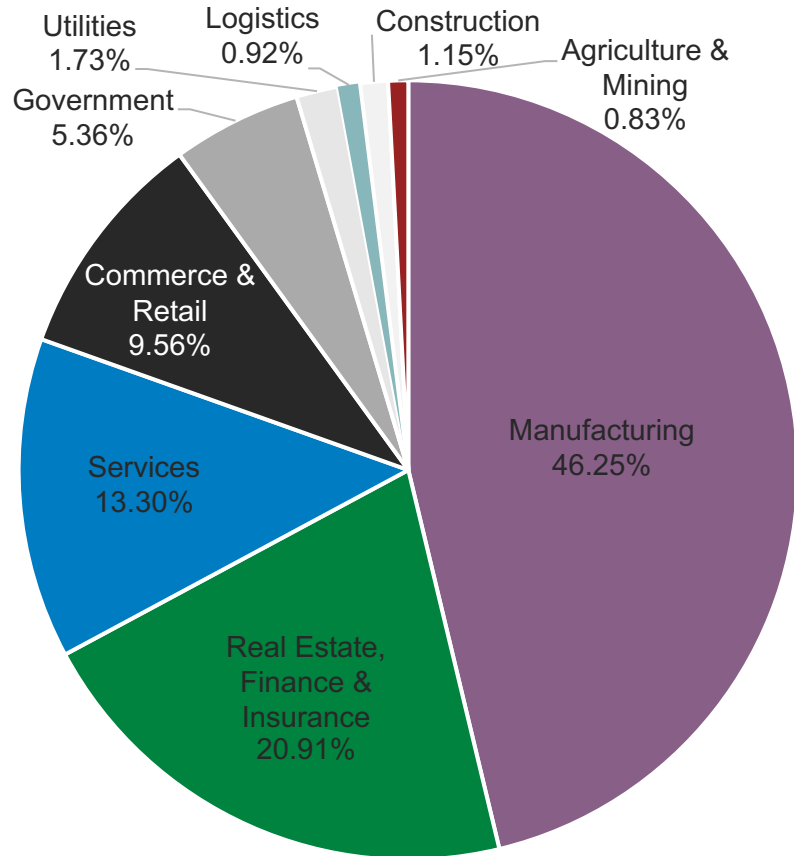


Profile	
Total Population	~3,200,000
Area	3,515 sq. miles (9,104 sq. km)

Source: U.S. Census Bureau

Economy	
Job Growth (2017 – 2022)	16.5%
Unemployment Rate (Aug 2022)	5.8%
Jobs (Aug 2022)	1,181,500
Annual Mean Wages (May 2021)	\$30,480 in PR compared with \$58,260 in U.S.

Puerto Rico's Economy



Exports Value

\$59.8 billion

Imports Value

\$51.5 billion

GNP \$77.9 billion

GDP \$113.4 billion

GDP per Capita \$35,400

Manufacturing Sector Exports

- 76.98% Pharmaceuticals & Medicines
- 8.83% Medical Devices
- 2.83% Electrical Equipment, Appliances, & Components
- 2.17% Computers & Electronics
- 2.11% Food, Beverages, & Tobacco
- 1.81% Basic Chemicals
- 5.26% Others

Tourism represents 7- 8% of GDP

Source: Puerto Rico Planning Board 2022

Why Puerto Rico

Our Value Proposition



Puerto Rico is **the destination** for bioscience, with globally recognized companies in pharmaceutical & medical devices that have chosen Puerto Rico for their manufacturing operations.



#QuickFacts



Largest exporter of biopharmaceuticals in the United States

OVER

\$53B

In total Bioscience exports

OVER

50 years

Of experience in Pharma and Medical Device Manufacturing

OVER

30 years

In sterile manufacturing

8

Of the 15 top grossing Pharma companies have operations on the Island

11

Of the top 20 Class 3 Medical Device manufacturers have operations on the Island



Highest concentration of both Pharmaceutical Manufacturing and Medical Device experts in the U.S.

Puerto Rico Excels in Manufacturing & Services



Biosciences

- National leader in biotech exports, more than 2x the next two states combined
- 8 of global top 15 grossing pharma companies
- 5 of the top 10 drugs and 8 of the top 15 biopharma products in global sales are produced in Puerto Rico



Advanced Manufacturing

- Expertise in aerospace and electronics manufacturing
- Supports national security and defense industries
- Honeywell, Infosys, Infotech, and Lufthansa call Puerto Rico home in this sector



Energy

- Solar is Puerto Rico's fastest-growing source of clean energy with the metro area receiving 2,900+ hours of sunlight a year.
- Five SolSmart Certified communities support solar development in the municipalities of Barranquitas, Ciales, Morovis, Orocovis, and Villalba.



Technology

- Educated workforce with nearly 50% of graduates in STEM fields
- #1 in LAC in higher education and training
- #1 in LAC for intellectual property protection
- #2 in LAC in rate of digital skills among the population



Transportation & Logistics

- Busiest air and seaport in the Caribbean
- Direct flights to the US, Latin America, and Europe
- Billions allocated for additional improvements to expand capacity
- Sophisticated supply chain capacity for sensitive materials and goods



Value Proposition



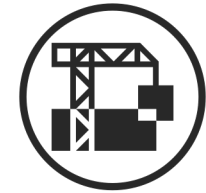
Business Climate



Talent and Education



Location



Infrastructure & Logistics



Landing Pads



Tax Benefits & Policy



Organizational Support



Lifestyle

Business Climate

As a **U.S. jurisdiction**, Puerto Rico offers the same level of operational security, stability, and protections you'd expect from the United States, so you can **invest with confidence**.

- The U.S. Dollar is the official currency
- U.S. federal law, and all the framework and protections that go with it, apply in Puerto Rico; including **intellectual property and patent protection**
- U.S. banking laws and regulations apply, including the credibility and protections by the Federal Deposit Insurance Corporation (FDIC)
- Regulatory agencies like the **Federal Drug Administration (FDA)** apply
- Manufactured goods can be labeled as **"Made in USA"**



Talent & Education

Puerto Rico is home to over **80 institutions** of post-secondary learning, including universities, colleges, community colleges and technical institutes.

- The largest public university in Puerto Rico is the 11-campus University of Puerto Rico.
- Approximately 18,000 undergraduate degrees and 2,500 post-graduate degrees are awarded in STEM fields annually.

50%

of university graduates hold a STEM degree (outpacing the US national average by 20%)

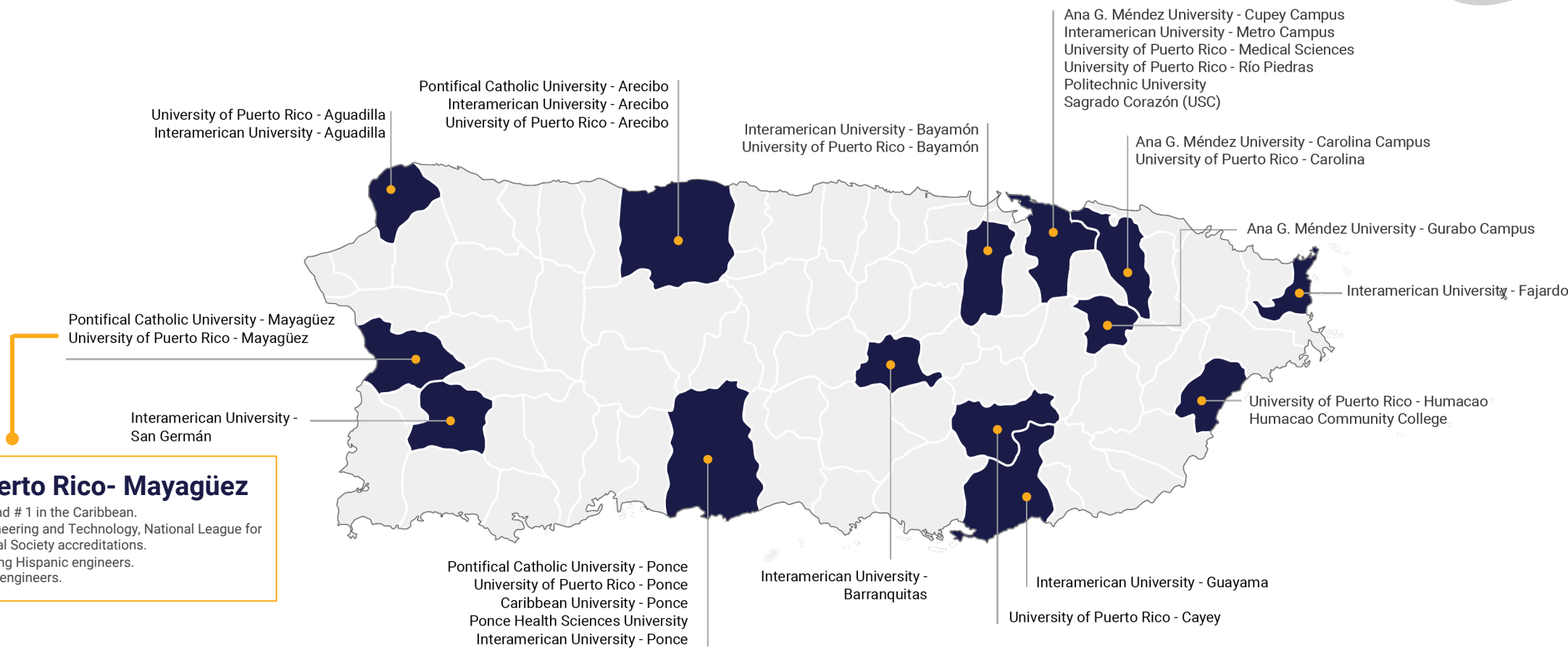
6th

highest availability of scientists and engineers in the world (according to the World's Economic Forum's Global Competitiveness Report)

80+ colleges & universities



University Map



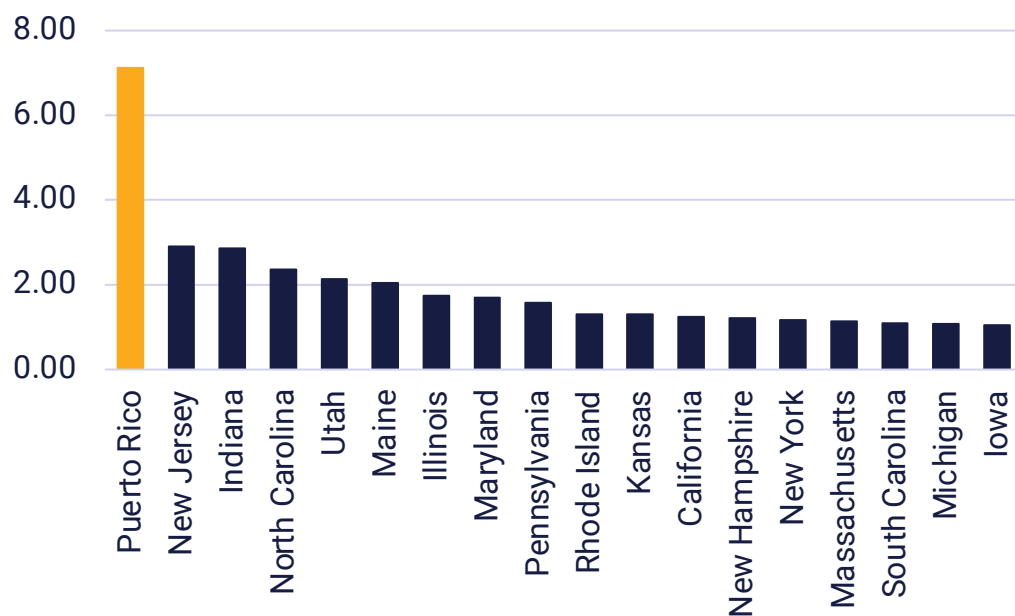
University of Puerto Rico- Mayagüez

- ✓ Rated best university in PR and # 1 in the Caribbean.
- ✓ Accreditation Board for Engineering and Technology, National League for Nursing, & American Chemical Society accreditations.
- ✓ # 1 public university graduating Hispanic engineers.
- ✓ Top 10 in graduating women engineers.

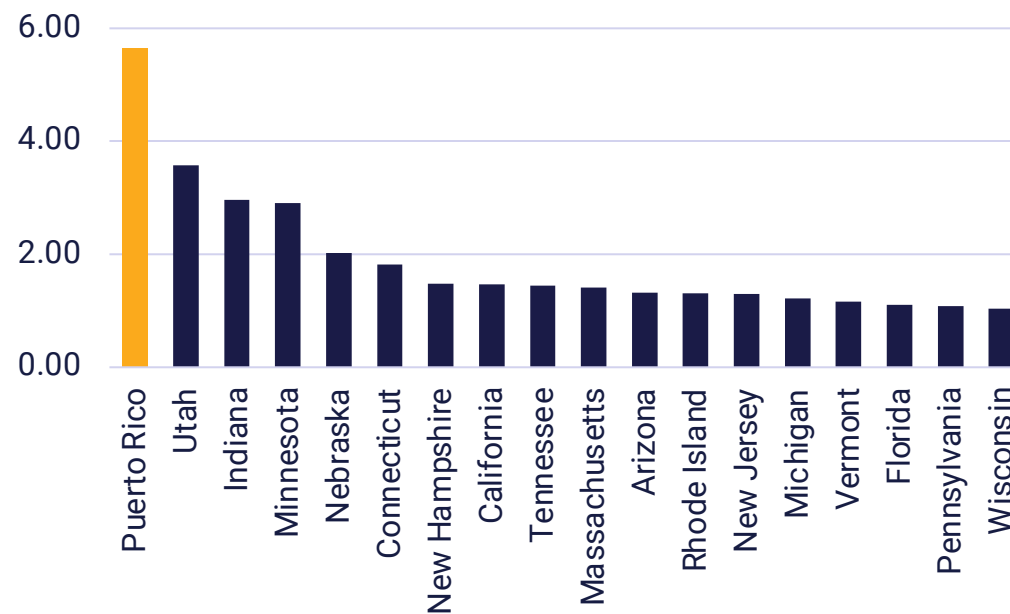
Puerto Rico has the highest concentration of Pharmaceutical & Medical Device Manufacturing professionals in the U.S.



 **Pharmaceutical Manufacturing
2021 Employment Location Quotient**



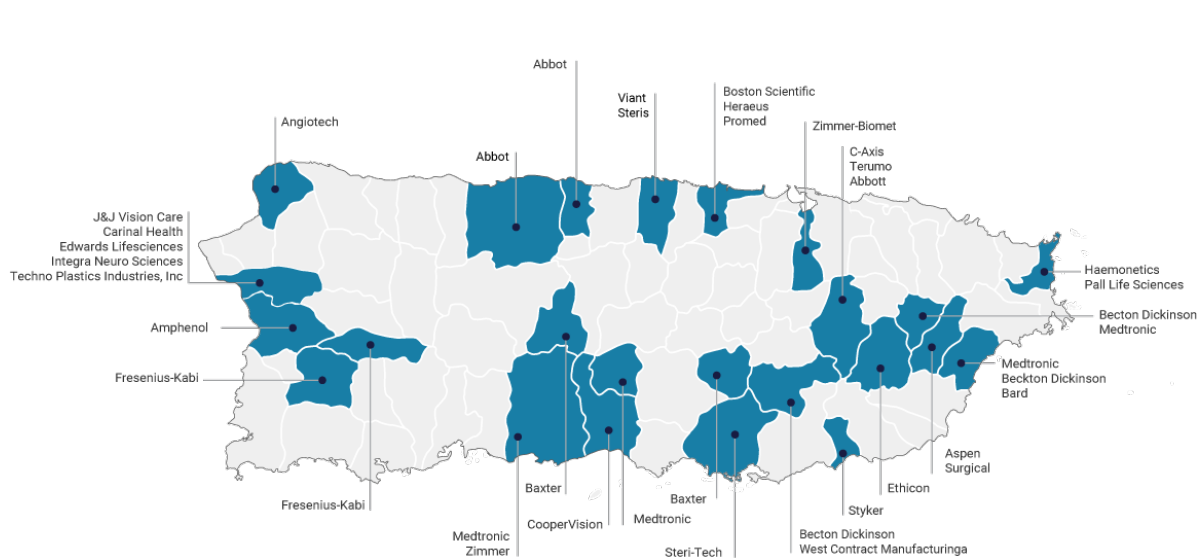
 **Medical Device Manufacturing
2021 Employment Location Quotient**



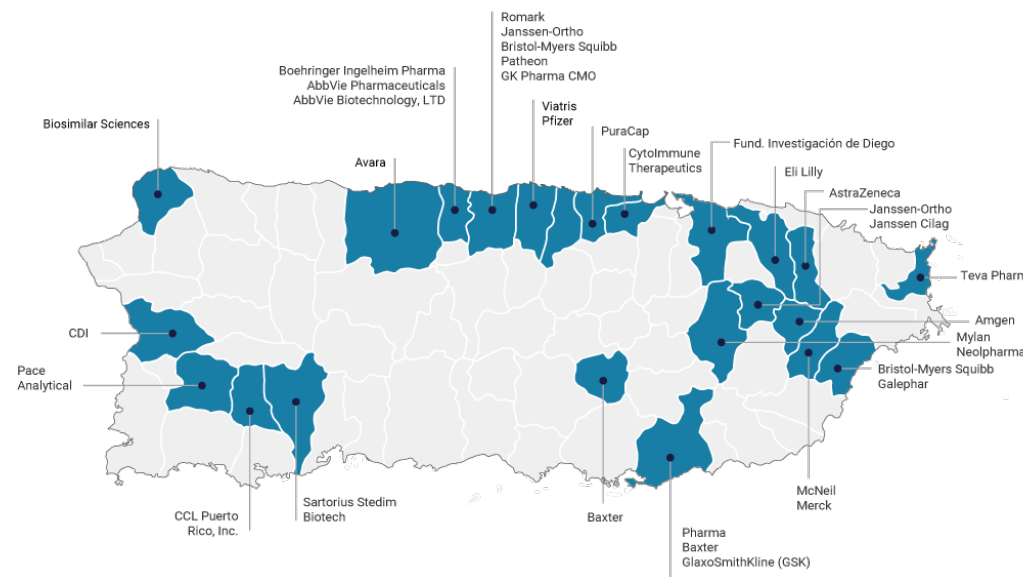
Source: Quarterly Census of Employment and Wages - Bureau of Labor Statistics: NAICS 3254 Pharmaceutical and medicine manufacturing, All States and U.S.

Bioscience Manufacturing

Puerto Rico is your destination for advanced manufacturing. The local sector is thriving, with globally recognized brands in pharmaceutical and medical devices that have chosen Puerto Rico for their manufacturing operations.



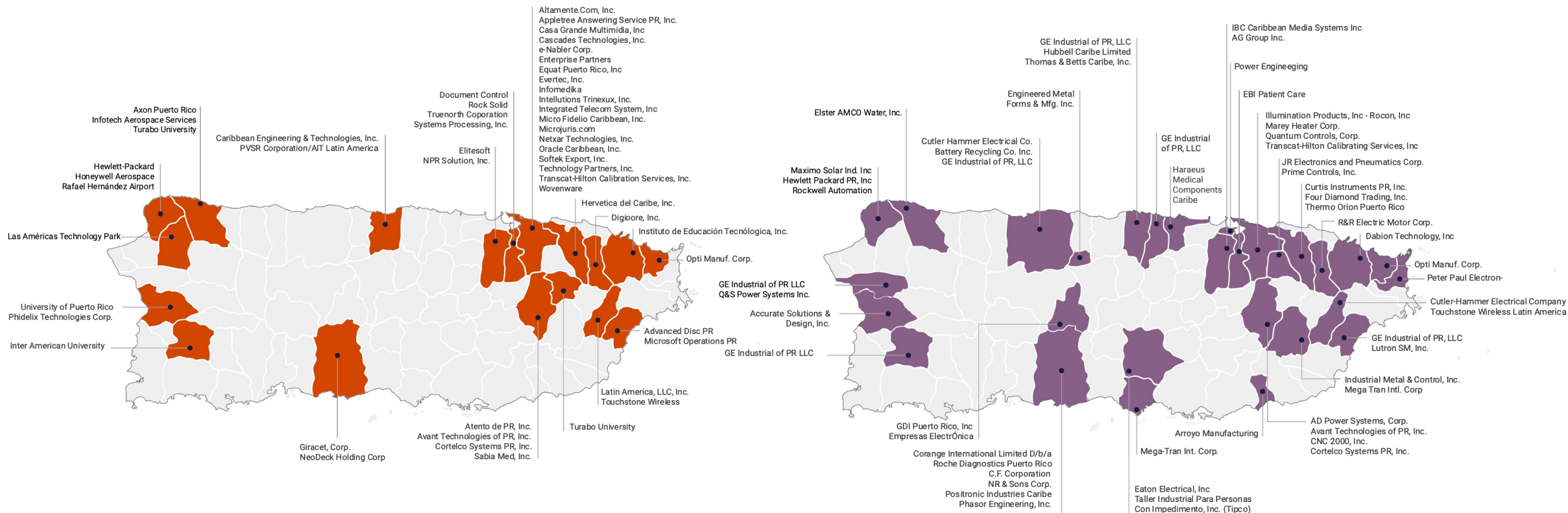
Medical Devices



Pharmaceuticals

ICT & Electronics Manufacturing

Puerto Rico's tech ecosystem is supported by advanced manufacturing in electronics, servicing medical device, aerospace, and information technology, among other sectors.

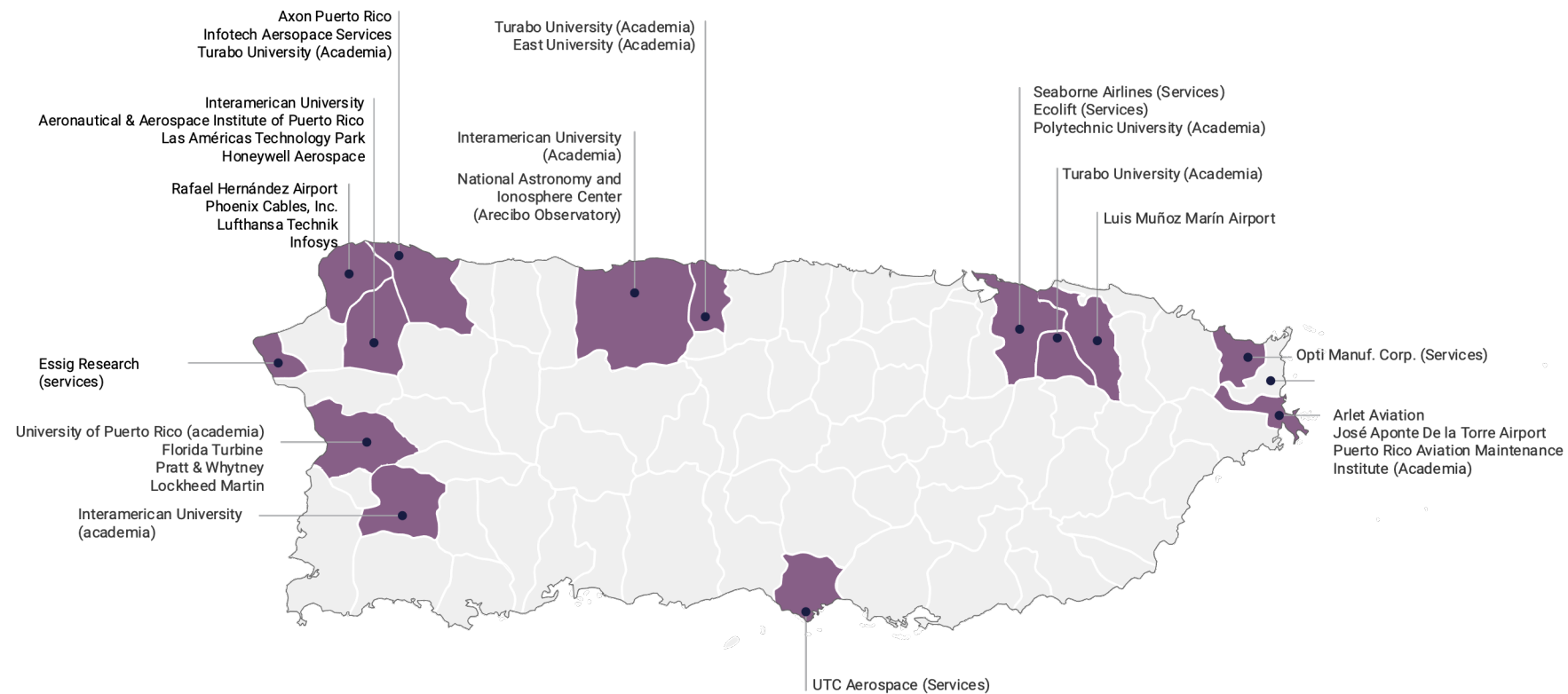


Information Technology

Electronics Manufacturing

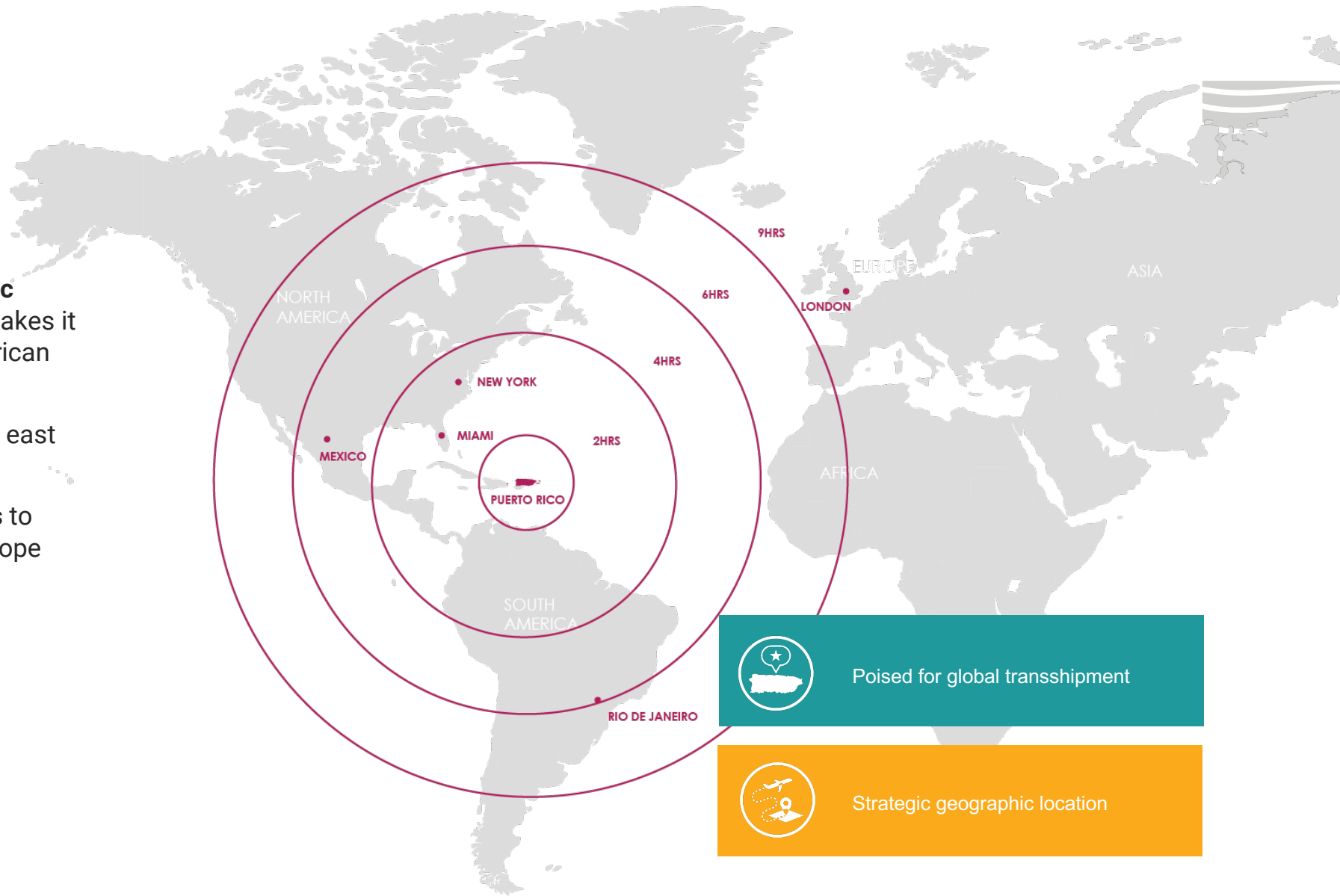
Aerospace

Puerto Rico's aerospace cluster is grouped in the Northwest, next door to Former Strategic Air Command Center Ramey Airforce Base, now the Rafael Hernandez International Airport.



Location

- Puerto Rico's **strategic geographic location** between the Americas makes it an ideal entry point to North American and Latin American markets
- **Direct access** to cities on the U.S. east coast, Europe, and Latin America
- Access to **shipping and air routes** to North and South America and Europe



Poised for global transshipment



Strategic geographic location

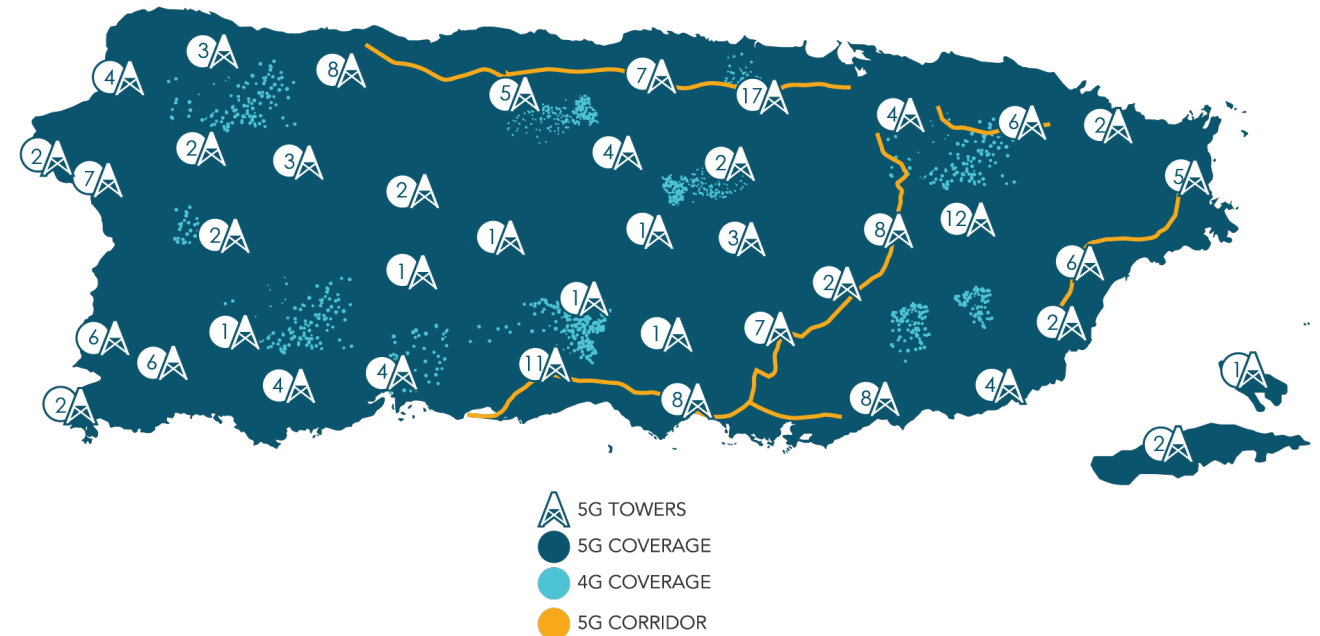
Infrastructure – Logistics

- Home to **3** International Airports
- Luis Muñoz Marín International Airport in San Juan (SJU) is the **busiest passenger hub in the Caribbean**
- **Highest volume** port system in the Caribbean – 90% of exports are Bioscience products
- Sophisticated supply chain capacity for temperature-controlled **sensitive materials and goods**
- The largest noncontiguous **Foreign Trade Zone** in the U.S - allows companies to store or process raw materials, components, and finished goods while deferring or eliminating the custom duty rate of such merchandise



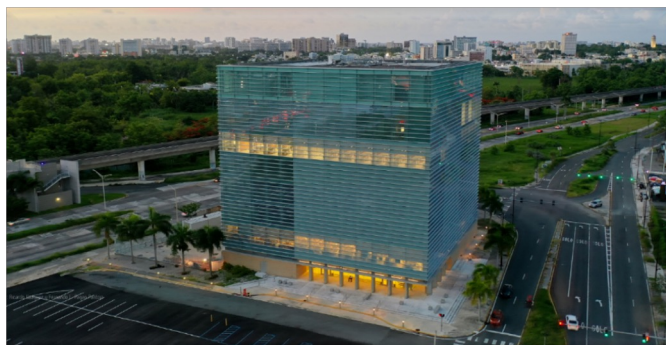
Infrastructure - Connectivity

- Mature ICT networks, **from 0G to 5G**, serve businesses in high-tech industries such as pharmaceutical, medical device, and aerospace engineering
- Puerto Rico is the **only US jurisdiction with both 5G and IoT network capabilities**
- **5G wireless connectivity** is widely available through at least **six major providers**
- Wireless infrastructure has been improved and made more redundant with federal funding after the Hurricanes of 2017
- Puerto Rico has high levels of **broadband connectivity**, carried to the Island by submarine cables



Landing Pads for Bioscience & Tech Innovation

Molecular Science Research Center



- \$73 Million, 153,000 SF, eight-story R&D facility located in the Science City District, San Juan
- State-of-the-art research center with laboratory spaces, instrumentation, and scientific expertise
- Ideal for advanced research in chemistry, neurobiology, biochemistry, molecular biology, and nanotechnology

OcyonBio



- Turnkey PDMO (partnership development management organization) and 180,000 SF facility dedicated to research, clinical trials, and commercialization to advance R&D and pipelines faster in a cGMP facility
- The PDMO partnership involves the facility's design, construction, hiring, and maintenance. Plus, the PDMO can manage your HR, accounting, financing, supply chain, warehousing, and shipping & receiving
- It gives you full control of people, facility, costs, IP, and schedule

Hub787



- Ideal for 5G, IoT, ISP, and AI & Machine Learning tech companies, as well as governmental agencies or contractors
- The highest level of connectivity, redundancy, and the only Tier III Cable landing Station and data center in the Caribbean
- Access to the most robust land fiber optic infrastructure in Puerto Rico

Innovation & Entrepreneurship

Puerto Rico offers a strong community network for tech innovators, entrepreneurs, incubators, accelerators, and shared workspaces.

- Co-working spaces and virtual offices
- Recognized accelerators and incubators
- Access to startup capital support
- Workforce development programs for software development, machine learning, and more

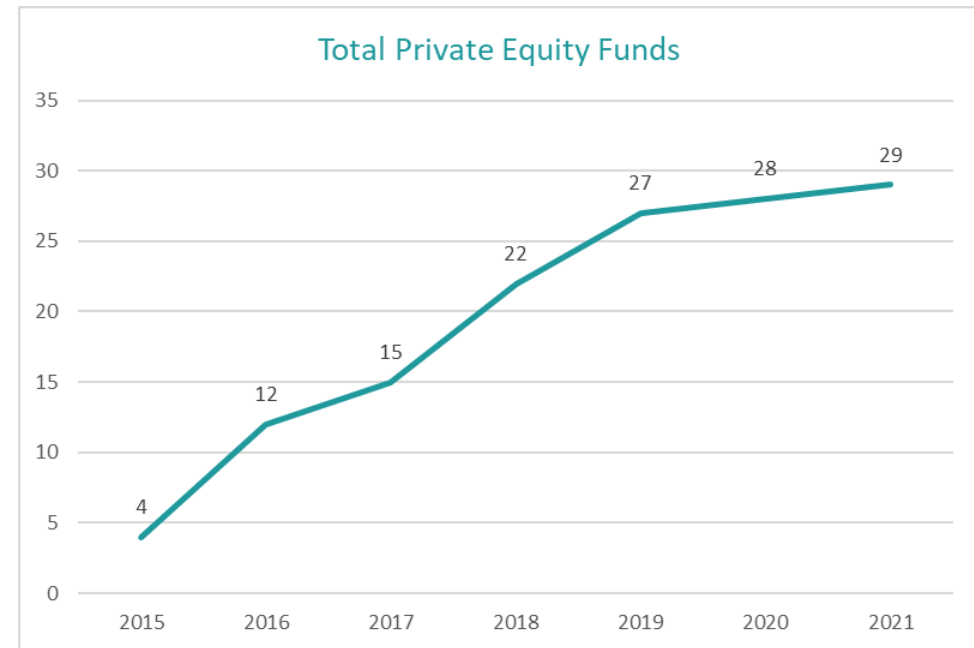
Puerto Rico has an impressive entrepreneurial ecosystem that includes non-profits, incubators, co-working spaces, & more



Investment Landscape

Investment into Puerto Rico has been accelerating in the past few years. As exciting research and innovation meets real world problem solving, investors are seeing opportunity and returns in supporting Puerto Rico growth.

- Puerto Rico is home to top investors include **Semillero Ventures, Morro Ventures, Grupo Guayacan, Moonsail Capital, Parliament Capital, ATO Ventures, Celeres Capital** and Puerto Rico's first angel investor group **Aurora Angel Network**.
- Many of the world's most innovative and experienced investment funds have been moving to and building out portfolios in Puerto Rico. These include **Pantera Capital, Phoenix Fund, Blackrock,** and major **family offices**.



A 7.25x increase in the number of private equity funds, from 2015 to 2022.

General Tax Benefits

4%

Local Corporate
Income Tax Rate

0%

Federal Corporate Income Taxes
on Locally Sourced Income

0%

Distribution of
Dividends Rate

75%

Exemption on
Property Taxes

50%

Municipal License Exemption*

* Percentage can be lower if
negotiated with the municipality

75%

Exemption on
Construction Taxes



Double Taxation Avoidance Agreement (DTAA)

United States

- **Federal Income Tax imposed by the Internal Revenue Code (IRC):**The DTAA applies to the Federal Income Tax of the US or in other words, the US income tax. However, the agreement does not apply to the following taxes:
 - Accumulated Earnings Tax: This tax is usually levied on companies whose retention ratio of earnings is unreasonable. The main intention of the introduction of this tax is to encourage companies to declare a dividend to the shareholders.
 - Personal Holding Company Tax: This tax is levied on closely held corporations where earnings are retained with an intent to avoid higher individual tax rates.
- **Social Security Taxes:** This tax is leviable on salaried individuals as well as self-employed taxpayers. This amount is used for maintaining the social security of the nation.
- **Exercise taxes imposed on insurance premiums and with respect to private foundations:** The DTAA applies to the premium paid to foreign insurers only to the extent the risks are not re-insured with a person who is not entitled to exemption from such taxes.

India

- Income Tax including a surcharge (excluding income tax on undistributed income of companies)
- Surtax

Tax Credits



Tax credit for buying products manufactured in Puerto Rico

- **Up to 25% of the purchases made during the taxable year**

Research and Development Activities Tax Credit

- **50% of qualified investment**
 - The R&D investment must be incurred by the exempted business for the improvement of procedures, products, or services
 - The activities must be experimental
 - Credits can be sold
 - Can be claimed for each year in which the tax incentives decree is effective

Up to
25%
Tax Credits
On qualified purchases of
products manufactured
in Puerto Rico

Up to
50%
Tax Credits
On qualified Research
& Development Activities –
Transferrable and
sellable

Cash Grants



DEDC Cash Grant Program

- **Job creation**
- **Infrastructure**
- **Machinery & Equipment**

Workforce Innovation & Opportunity Act (WIOA)

- **Federal Funding**
- **50% Matching Funds for OJT up to \$13.23 /hour payrate**
- **50% of the training costs for specialized training**

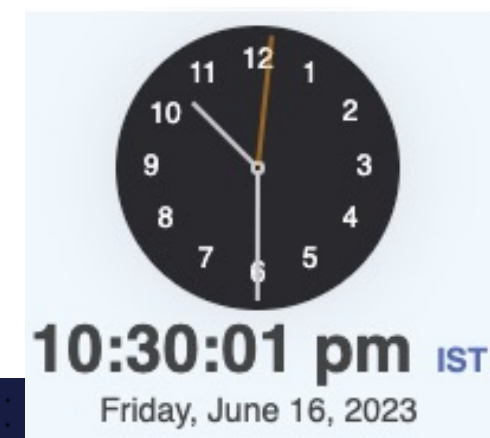
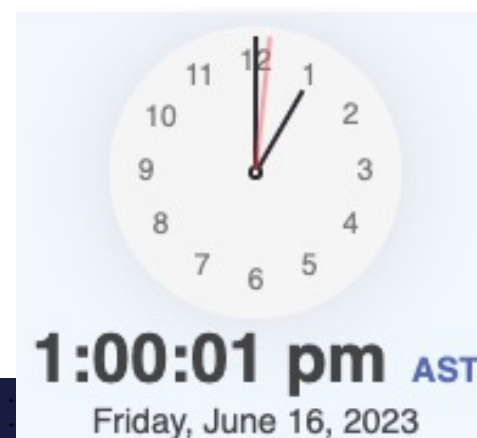
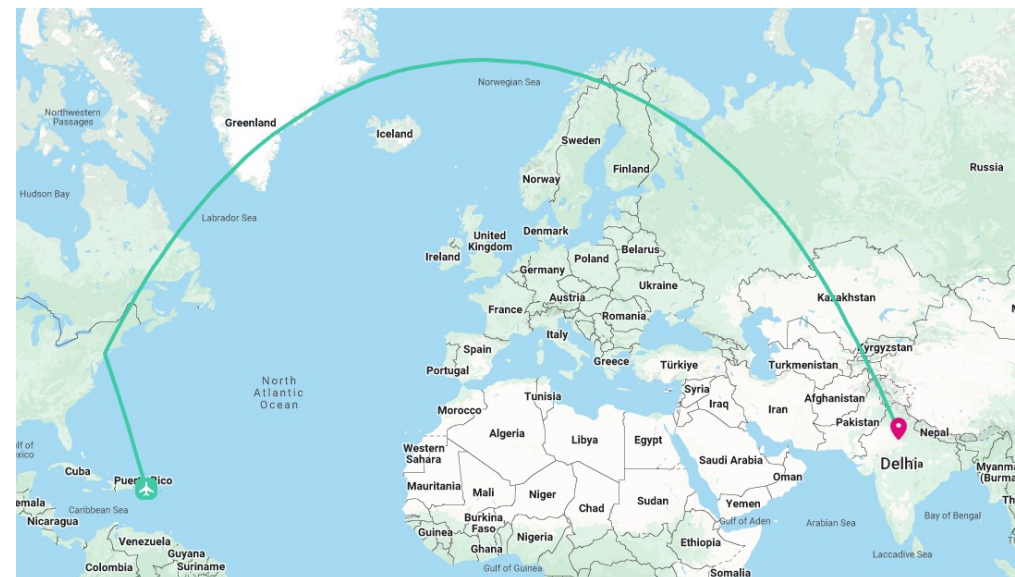
Displaced Workers Re-training Program

JUVEMPLEO (New workforce incentive)

- **Program will allocate funding to give young graduates of trade schools their first work experience**
- **Funds the first 520 hours of payroll of the youth under the program.**

From India to Puerto Rico

- Around 3,500 Indians reside in Puerto Rico, the largest Asian population in Puerto Rico.
- The [Indian Association of Puerto Rico \(IAPR\)](#) is the organization that promotes and propagates Indian culture, tradition, and heritage in Puerto Rico by bringing together all the people interested in Indian culture, tradition, and heritage.
- It takes around 17 hours to fly from Puerto Rico to Delhi.
- Indian citizens who wish to live in Puerto Rico would typically need to apply for the appropriate U.S. visa, such as a work visa (such as H-1B or L-1 visa), student visa (F-1 visa), or family-based visa (such as an immigrant visa or a non-immigrant visa for immediate family members of U.S. citizens or permanent residents). The specific visa category would depend on the purpose of their stay and their eligibility under U.S. immigration laws.





Trade between Puerto Rico & India

- The tariffs between India and the United States can vary depending on the specific product and its classification under the U.S. International Trade Commission (USITC) Harmonized System (HS) codes.
- Puerto Rico's exports to India primarily consist of pharmaceutical products and medical devices. These exports include generic drugs, biologics, and other healthcare products.
- India's pharmaceutical market is one of the largest in the world, and Puerto Rico's high-quality pharmaceutical products meet the demand for affordable medications in the Indian market. Additionally, Puerto Rico's medical device industry exports various medical devices and equipment to India, contributing to the healthcare sector in the country.
- While pharmaceuticals and medical devices are the main exports from Puerto Rico to India, there may also be other trade opportunities in sectors such as chemicals, agricultural products, and specialized manufacturing goods. The specific export dynamics can vary over time based on market conditions and trade agreements between the two countries.
- India is known for its textile and garment industry, and Puerto Rico imports a significant amount of textiles and apparel from India. This includes fabrics, clothing, and accessories.
- India exports agricultural products such as spices, tea, rice, and processed food items to Puerto Rico.

India in Puerto Rico

Infosys

•With over 150 skilled professionals, **Infosys** Aguadilla serves clients globally in regions such as the United States, Europe, the Middle East, and Africa. Customer satisfaction is our top priority. As a regional hub and center of excellence for the aviation and aerospace industry, Infosys Aguadilla is poised to deliver significant business value to clients in various sectors, including healthcare and government, locally and worldwide.

Auro PR, Inc.

•Aurobindo's new company, **Auro PR, Inc.**, plans to make a significant investment of around \$100 million over the next few years and will potentially generate close to 500 jobs. Auro PR's journey to Puerto Rico began at a Select USA professional conference, where the company connected with Invest Puerto Rico. Company executives immediately saw the value of operating in Puerto Rico and began an exhaustive site evaluation process with various public and private stakeholders. The pharmaceutical company is very optimistic about its new operation in Caguas.

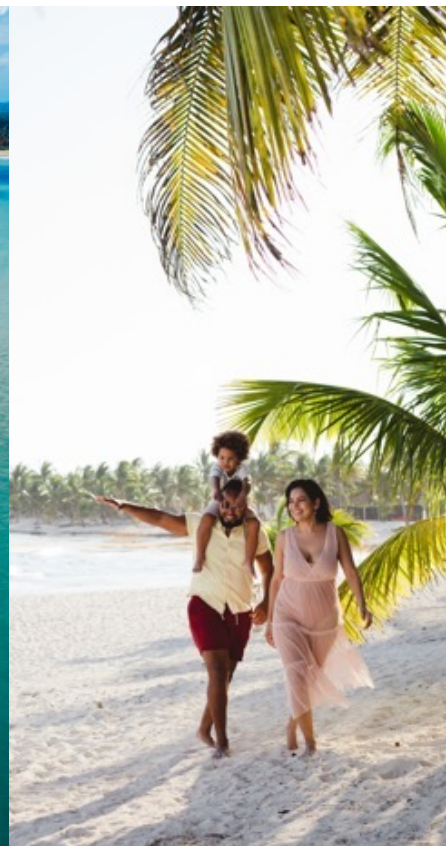
ASSIDUSS

•**ASSIDUUS** is a successful provider of a comprehensive package of end-to-end E-commerce solutions. With their team's extensive technical expertise and experience in developing and expanding direct-to-consumer (D2C) brands, they are driven by a young and passionate workforce. Crucially, they deeply understand the functioning of global E-commerce marketplaces.

zByte

•**zByte** chose to register in Puerto Rico due to several reasons. Firstly, businesses are migrating from regions like Europe, the US, and India to places like Latin America and Dubai, primarily because of high taxation and unclear regulations. While being a US territory, Puerto Rico can set its own tax rates, with some as low as 4% with no federal tax, compared to US rates starting at 21%. Additionally, Puerto Rico imposes zero capital gains tax, which is beneficial for zByte as it anticipates significant capital gains in the future. Apart from favorable business conditions, Puerto Rico also holds personal appeal for Kumar as it resembles his home state of Kerala with its beautiful Caribbean setting, abundant fruit trees like mangoes and Kerala bananas, and a rich seafood culture that his wife particularly enjoys.

Live & Work in Tropical Paradise



Access to Collateral Material & Content

Website



investpr.org

Sector Downloads



investpr.org/business-sector-downloads

Talent Profile



Questions?



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Thank you.

