

# Advanced Manufacturing



## Industry Highlights

- As a U.S. jurisdiction, Puerto Rico offers the same level of operational security, stability, and protections you'd expect from the United States
- Manufactured goods are labeled as "Made in USA" and made by US Citizens
- Almost 50% of Puerto Rico's GDP comes from our manufacturing efforts, mostly focused on Pharmaceuticals & Medical Devices
- Sophisticated supply chain capacity for temperature-controlled sensitive materials and goods and counts with major couriers including UPS, FedEx, Crowley, Sea Star Liner, DHL, Martinair and Maersk.
- Puerto Rico's strategic geographic location between the Americas makes it an ideal entry point to North American and Latin American markets

### Globally Unique Incentives

**4%** fixed corporate income tax rate on eligible income

**100%** tax exemption on long-term capital gains

**75%** exemption on property tax

**75%** exemption on municipal construction rate

**50%** exemption on municipal license tax

**15 years** standard tax exemption grant period, subject to renegotiation for an additional 15 years

Manufacturing has been a pillar of Puerto Rico's economy for over 75 years. The Island has achieved excellence in the sector, with global leadership in biosciences, engineering, aerospace, and other sectors. Multinational companies continue to come to the Island in recognition of its favorable business environment and other value assets. These include modern infrastructure, a highly skilled workforce, such as engineers and other technical workers, ease of doing business, professional clusters and networks, and incentive programs. The Island features robust manufacturing process capabilities and provides unprecedented access to innovation, such as IoT 0G networks, an industry-facing 5G lab, and more. With a long history of manufacturing experience and thousands of engineering talent graduating yearly, the Island has attracted multi-million dollar investments from these and other major companies in recent years.

As a public-private partnership, LIFT brings together government, industry, and academia to accelerate the connection between materials, processes, systems, and talent across the U.S. manufacturing base. That national ecosystem includes large OEMs, the top academic and research institutions nationwide, and small and medium-sized manufacturers and start-up organizations, each working in concert to position the United States as the global leader in advanced manufacturing.

## Reshoring & Nearshoring

Puerto Rico is a premier destination for companies looking to reshore advanced manufacturing operations. And it's easy to see why: the island offers a unique value proposition ready to support operational excellence, business efficiencies, and game-changing innovation:

Favorable tax rates, incentive programs, infrastructure, and a highly skilled workforce, such as engineers and other highly technical workers, facilitate the establishment of advanced manufacturing companies in any sector.

Expansive Foreign Trade Zones (FTZs) support cost-effective global business practices. Combined with the three international transshipment hubs, global companies benefit from proximity to lower cost supply chains.

Ongoing improvements to Puerto Rico's existing infrastructure will accommodate greater manufacturing output, including the roll-outs of 5G and 0G networks, increased connectivity rooted in Blockchain & the Internet of Things (IoT) technology, artificial intelligence, automation, and more.

## Energy

The federal government has allocated over \$80B for infrastructure repairs, especially projects related to energy, telecommunications, and transportation.

Conventional generators, along with microgrids powered by co-generation and renewable energy sources, are effective methods for dealing with hurricane season. These on-site CHP systems use established technologies to provide uninterrupted power during utility disruptions and can be supplemented with renewables and batteries to create self-contained micro-grids.

Jurisdiction	Local Corporate Tax Rate	Federal Corporate Tax Rate	Total Manufacturing Jobs	Avg. Salary for Manufacturing Jobs	Total Export Production
Puerto Rico	4%	0%	81,822	\$ 42,000	\$ 62.3B
Arizona	4.90%	21%	188,222	\$ 90,500	\$ 24.1B
Florida	5.50%	21%	403,100	\$ 74,500	\$ 55.5B
Georgia	5.75%	21%	408,856	\$ 67,700	\$ 42.4B
Michigan	6%	21%	600,463	\$ 76,500	\$ 55.5B
California	8.84%	21%	1,320,435	\$ 115,000	\$ 175B
Pennsylvania	9.99%	21%	560,254	\$ 73,600	\$ 44.7B

Note: 4% tax rate assumes qualified business income with incentives under Act 60 in PR. Federal rate in Puerto Rico is on locally-sourced income. Export production numbers refer exclusively to products leaving U.S. jurisdiction. Total employment includes direct and indirect employees and comes from the Bureau of Labor Statistics (2022), along with the annual average wage data.

## Puerto Rico boasts 80+ manufacturing facilities across diverse industries

			
			
			
			



### 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 Manufacturers Association (PRMA)
- Puerto Rico Manufacturing Extension (PRiMEX) #1 rated MEP in the U.S.
- Mechanical Contractors Association of Puerto Rico (MCAPR)
- Puerto Rico Aerospace Technology Consortium (PRATC)
- Aeronautical & Aerospace Institute of Puerto Rico (AAIPR)



### 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
- Strong Foreign Trade Zones across the Island, with 500+ available properties
- Geographic proximity to low-cost supply chains in the Caribbean Basin