



# Puerto Rico

Chamber of Commerce

## First E<sup>3</sup> Summit of the Americas 2011

Education + Entrepreneurship + Exports =  
**COMPETITIVENESS**



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# Port of the Americas

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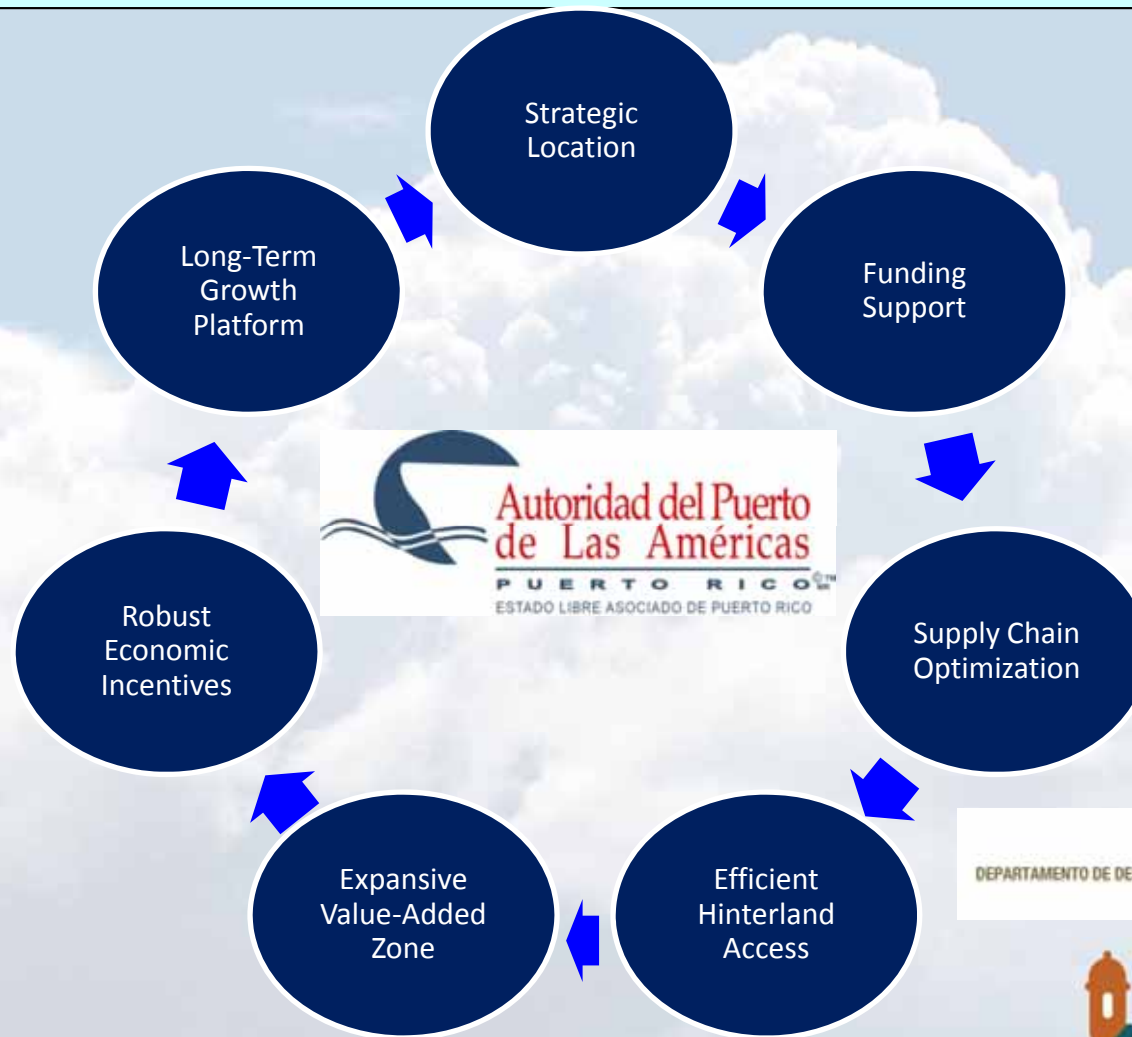


## Port of the Americas Authority - Public Corporation created by Law 171 of August 11, 2002

- Objective: promote, develop, improve, possess, operate, administer all of the installations and regulate all activities at the Port.



## The Port of the Americas is a compelling infrastructure platform for numerous key reasons



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## Challenges: 2009 Ports Rankings

ranking 2009	port	country	TEU's	Ranking change
1	Singapore	Singapore	25,870,000	
2	Shanghai	China	25,002,000	
3	Hong Kong	China	21,040,000	
4	Shenzhen	China	18,250,100	
5	Busan	S Korea	11,954,861	
6	Guangzhou	China	11,190,000	↑
16	Los Angeles	US	6,748,995	
23	Panama	Panama	4,222,498	↓
61	Kingston	Jamaica	1,692,811	↑
62	San Juan	US	1,673,745	↑
89	Freeport	Bahamas	1,100,000	↓
94	Caucedo	Dominican Republic	960,845	↑

Caucedo – 12% increase from 2008  
Source: Container Management



## Port Competitiveness Cost Analysis Elements

- Vessel related: transit time and fueling cost, tug boats, pilotage, waiting time, etc.
- Port Fees: harbor dues, dockage, wharfage, security fees, etc.
- Cargo handling: labor cost, benefits, and restrictions, handling efficiency, agents, demurrage cost, equipment availability and cost, etc.
- Regulatory related activities: Customs duties and tariff, other governmental interventions
- Land Availability, purchase and leasing cost
- Other country or port specific issues: Land transportation options and cost, government incentives, free trade zones, labor skill, industry operating costs, etc.

## GNI per capita

COUNTRY	POPULATION*	GNI PER CAPITA*
Venezuela	28,384,000	\$ 10,090
Brazil	193,733,795	\$ 8,040
Colombia	45,659,709	\$ 4,990
USA	307,007,000	\$ 46,360
Mexico	107,431,225	\$ 8,960
Nicaragua	5,742,800	\$ 1,000
Jamaica	2,699,617	\$ 4,590
Costa Rica	4,578,945	\$ 6,260
Panama**	3,322,576	\$ 6,570
Bahamas	341,713	\$ 21,390
Dominican Republic	10,090,151	\$ 4,550
Puerto Rico ***	3,967,288	\$ 10,960
Trinidad & Tobago	1,338,585	\$ 16,700

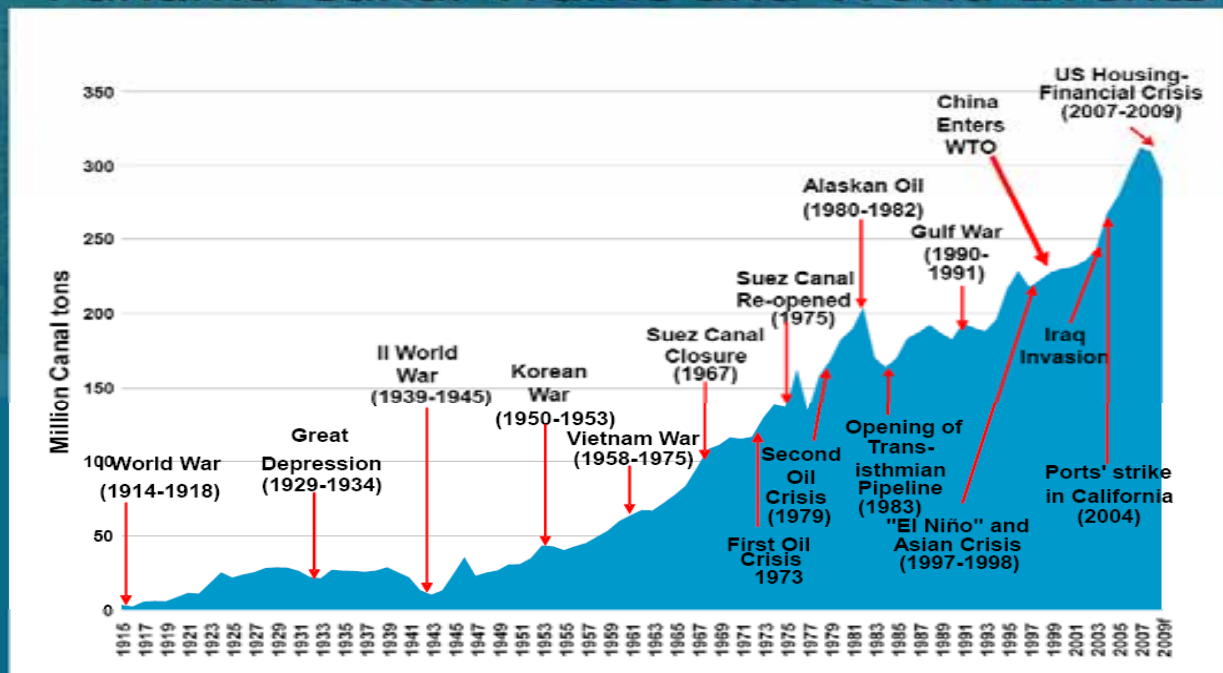
\* The World Bank 2009

\*\* US Department of State (population may 2010)

\*\*\* Puerto Rico Census 2010 - population 3,791,913

Puerto Rico's strategic location will benefit from the Panama Canal expansion in 2014 and consistent growth.

## Panama Canal Traffic and World Events



Source: Panama Canal Authority



Source: Alberto Aleman Zubieta at AAPA conference, January 26, 2010



- Labor cost
- Aggressive competition
- Require new shipping routes to be established
- Highly regulated market
- Other Caribbean Ports are expanding
- Limited market recognition

## 2010-2011 Global Competitiveness Ranking 2010 World Economic Forum

Rank *	Country	Ranking change
1	Switzerland	
2	Sweeden	↑
3	Singapore	↑
4	United States	↓
5	Germany	↑
22	Korea, Rep.	↑
29	Ireland	↓
41	Puerto Rico	↑
42	Spain	↓
53	Panama	↑
95	Jamaica	↓
101	Dominican Republic	↓

\* Rank is out of 139 countries

## Puerto Rico Competitive Advantage

- Economic Incentives: Central Government and Municipality
- Can provide overall supply chain efficiencies
- Strategic location
- Skilled labor: cargo handling, manufacturing, and distribution
- Made in USA Capability
- U.S. Foreign Trade Zones
- Stable government
- Security and Reliability
- Overall Government support to industry



## Puerto Rico's robust economic and tax incentives can support large scale industrial investments in the VAZ

Strategic Location

Funding Support

Supply Chain Optimization

Efficient Hinterland Access

Expansive Value-Added Zone

Robust Economic Incentives

Long-Term Growth Platform

### Investment Incentives Provided by Act No. 73 of 2008

- **Eligible Businesses:**
  - Export activities, 80% of employees must be PR residents
- **Income Tax Rates:**
  - 4% & 12% withholding tax for royalties, or 8% along 2% withholding tax on royalties
  - 0% on investment income and dividend distribution
- **Special Deductions:**
  - Accelerated depreciation for buildings and structures
- **Income Tax Credits:**
  - For initial investment, purchase of products manufactured in PR, jobs created, R&D, machinery and equipment, energy cost, intellectual property transfer



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### Investment Incentives Provided by Act No. 73 of 2008

- **Other Tax Exemptions:**

- 60% exemption from municipal licenses taxes
- 90% exemption from state and local property taxes
- Tax credit of up to \$5,000 per job created during the first year of operation
- 50% tax credit for qualified R&D expenses

- **Energy Affairs Administration:**

- Tax credits for renewable energy generation
- Tax credits for investment in equipment for production of energy
- Up to 10% tax credit for industrial energy consumption



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# Phase 3 B & 4





*“Worldwide commerce is the motor that moves civilization”*

Anonymous