



**The Puerto Rico Chamber of Commerce
Birling Capital, BDO Puerto Rico, LLC and El Nuevo Día present:**



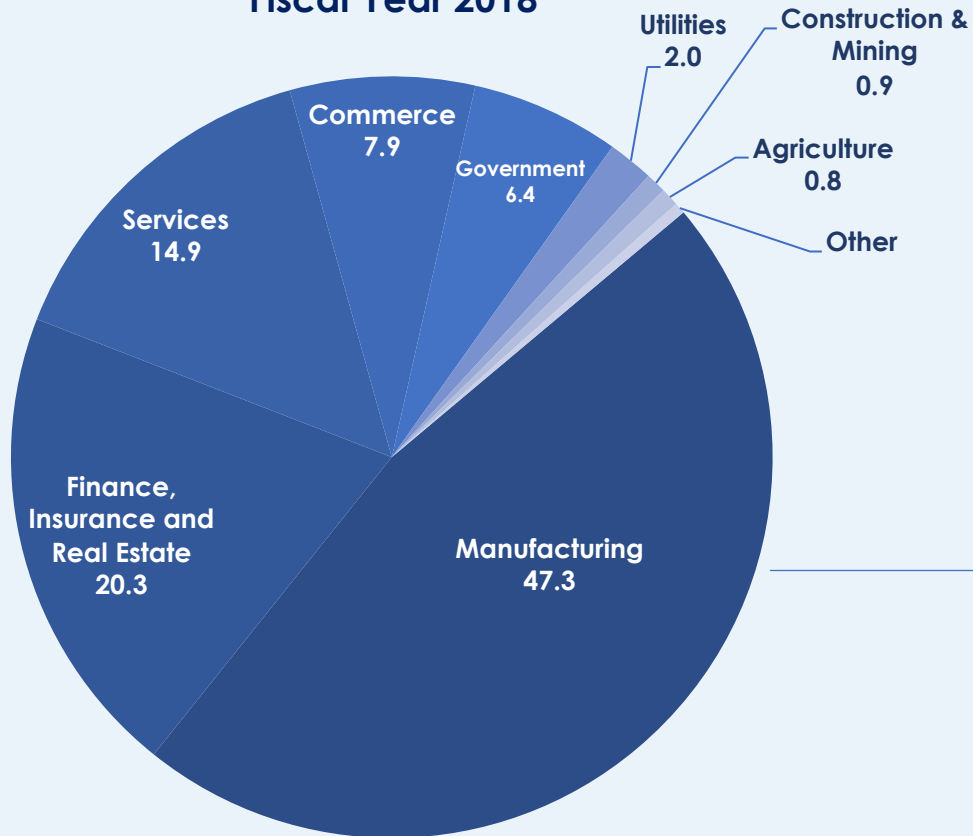
Puerto Rico Economic Development Update

**Manuel A. Laboy Rivera
Secretary**

Department of Economic Development and Commerce

Our Economy

Gross Domestic Product Share by
Main Economic Sector
Fiscal Year 2018



Strategic Objective:
Grow and diversify our economy

GNP \$68.0 billion
GDP \$101.1 billion
GDP Per Capita \$31,022
Exports Value \$60.6 billion
Imports Value \$46.5 billion

TOURISM: 2.0% of GDP and estimated to 7.4%* in 2018 as a total contribution to the Economy GDP (including wider effects from investment, the supply chain and induced income impacts).

*calculated by the World Travel & Tourism Council (WTC)

Contribution to Total MFG GDP FY 2018

36.3% Pharmaceutical Industry (includes Bio-Pharma)
22.0% Computer and Electronics
26.9% Basic Chemicals
5.4% Medical Devices
2.5% Beverages & Tobacco
2.5% Food
1.5% Electrical Equipment & Components
3.0% Others

Puerto Rico Conference 2020: Empowering Investment

Public Policy for Economic Development



Investment



Export



Technology



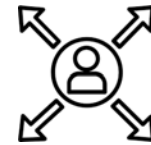
Innovation



"Ease of Doing
Business"



New Business



Retain/
Expand Business



SME's

Puerto Rico Conference 2020: Empowering Investment

Strategic Sectors

$$\text{GDP} = \text{Personal consumption expenditure} + \text{Government consumption expenditure} + \text{Gross public* domestic investment} + \text{Gross private domestic investment} + (\text{Sales Exports} - \text{Purchases Imports})$$

1 AGRO INDUSTRIES

- Specialty Crops
- Basic Basket
- Food Processing

2 ADVANCED MANUFACTURING

- Bio Science
- Medical Devices
- Material Science

3 AEROSPACE

- Electro-Mechanical Components
- MRO
- Engineering & Testing

4 TECHNOLOGY

- IOT & Smart Cities
- Blockchain
- FinTech
- Sharing Economy
- Healthcare IT

5 CREATIVE ECONOMY

- Film Productions & Streaming
- Creative & Digital Content
- Music, Culture, Arts and Entertainment



6 OCEAN ECONOMY

- Ocean Technologies
- Ocean-Related Activities
- Deep Ocean Applications

7 BIO ECONOMY

- Bio-Based Raw Materials
- Industrial Hemp
- Medical Cannabis
- Bio Fuels
- Recycling

8 EXPORT SERVICES

- Insurance & Finance
- Consulting
- Technology

9 VISITORS ECONOMY

- Groups & Conventions
- Leisure & Cruise Industry
- Medical Tourism
- Sports & Nautical Tourism
- Eco & Agro Tourism

Act 60-2019

PUERTO RICO INCENTIVES CODE



INDIVIDUALS



EXPORT



FINANCE &
INSURANCE SERVICES



VISITORS
ECONOMY



MANUFACTURING



INFRASTRUCTURE &
GREEN ENERGY



AGRICULTURE



CREATIVES
INDUSTRIES



ENTREPRENEURSHIP



OPPORTUNITY
ZONES

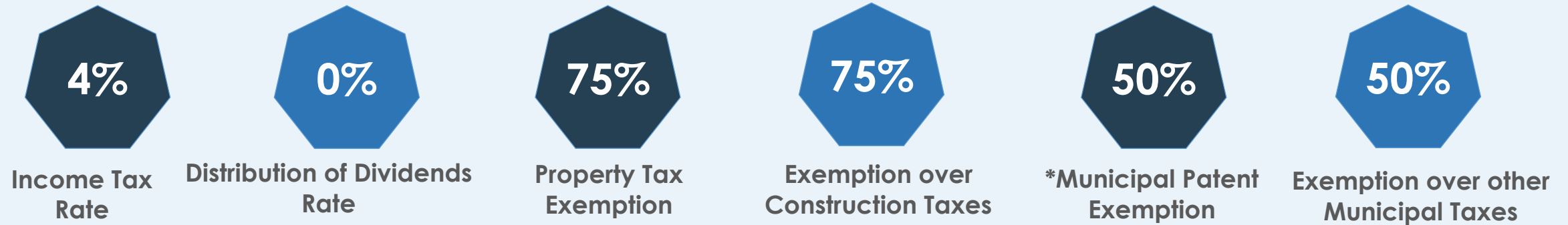


OTHER
INCENTIVES

Agile - Simple - Transparent

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General Benefits



- 15 year term Tax Exemption decrees subject to renegotiation for 15 additional years.
- Creation of a digital portal to grant the incentives.
- Incorporation of **Difficult Recruitment Professional Resident** incentive.

Additional benefits for small and medium size businesses (income less than \$3MM) and exempted businesses in Vieques and Culebra:

- **Small and Medium Size Businesses**
 - 2% income tax rate
 - 100% municipal taxes exemptions during the first 5 years
- **Vieques and Culebra**
 - 2% income tax rate
 - 100% municipal taxes exemptions during the first 5 years

* The 100% exemption over 3 semesters of Act 73 patents is maintained.

Progress:

- Act approval: 7/1/2019
- Transition to Act 60-2019: 1/1/2020
- Economic Incentives Fund: 3/15/2020
- Regulations: 6/30/2020
- Business Incentives Office: 6/30/2020
- Transparency and Public Information Access: 6/30/2020
- Single Business Portal (SBP): 9/30/2020

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Key Performance Indicators (KPIs)

**Decrees
Approved**

**ACT 22
2019: 495**

**ACT 20
2019: 557**

**ACT 73
2019: 66**

**ACT 273
2019: 9**

**ACT 14
2019: 903**

**ACT 135
2019: 9**

**ACT 83
2019: 1**

Manufacturing and Export (Act 20 & 73)

For 2019:

- ✓ **We attended : 144 cases**
- ✓ **Direct jobs committed: 9,077**
- ✓ **Investment: \$158,303,664**

Film Industry (Act 27)

FY	Committed Tax Credit (\$)	Investment in Puerto Rico (\$)
2019-20	56,338,140.00	101,946,974.00

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Se frena la caída poblacional

Mon, Dec 30, 2019

Economía, Estadísticas

Llegaron a la Isla 8,000 personas más de las que se fueron

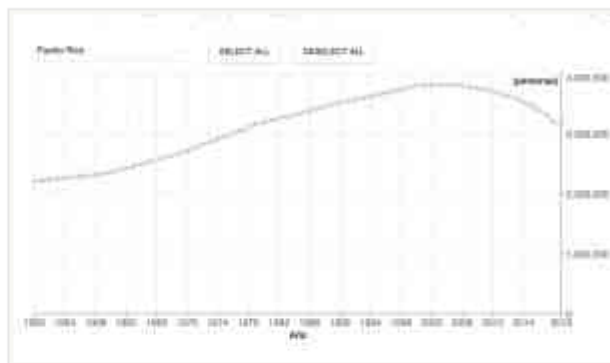
★ Por redacción de Sin Comillas

Al 1ro de julio de 2019, la población en Puerto Rico fue 3,193,694, lo que supone 340 habitantes más en julio de 2018, según los estimados anuales de la población de la Oficina de Censo de Estados Unidos.

Los datos suponen un cambio. Los estimados anuales habían reflejado una continua disminución de la población durante los últimos 15 años. La población llegó a caer 3.9% en el 2018, un año después del huracán María (septiembre, 2017).

Entre julio de 2018 y julio de 2019 se produjeron los siguientes cambios:

- la población creció 0.01%
- hubo unos 21,000 nacimientos
- cerca de 29,000 defunciones
- el crecimiento natural de la población es cercano a -7,000 personas



El 2019 cerrará con el primer aumento del empleo en siete años

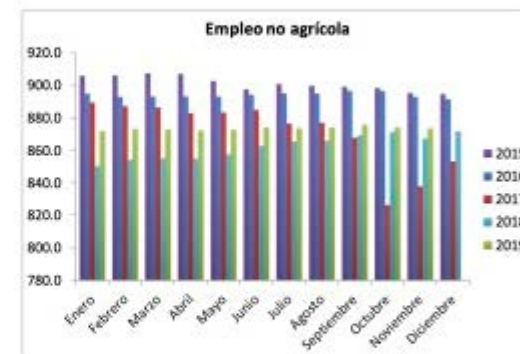
Sun, Dec 22, 2019

Economía, Estadísticas

★ Por Luisa García Pelatti

A falta de conocer los datos del mes diciembre, en el año 2019 se producirá el primer aumento en el empleo desde 2012. En noviembre, el empleo creció 0.7% respecto al mismo mes del año pasado, hasta 873,600 lo que representa 6,300 empleos adicionales, según datos ajustados estacional de la Encuesta de Empleo Asalariado No Agrícola del Departamento del Trabajo y Recursos Humanos.

El empleo ha estado aumentando durante 15 meses. Entre enero y noviembre el empleo ha crecido 1.4% respecto al mismo periodo del año pasado. Pero al mismo tiempo, la tasa de participación a penas supera el 40%. En los últimos siete años no ha superado ese nivel.



Puerto Rico Conference 2020: Empowering Investment



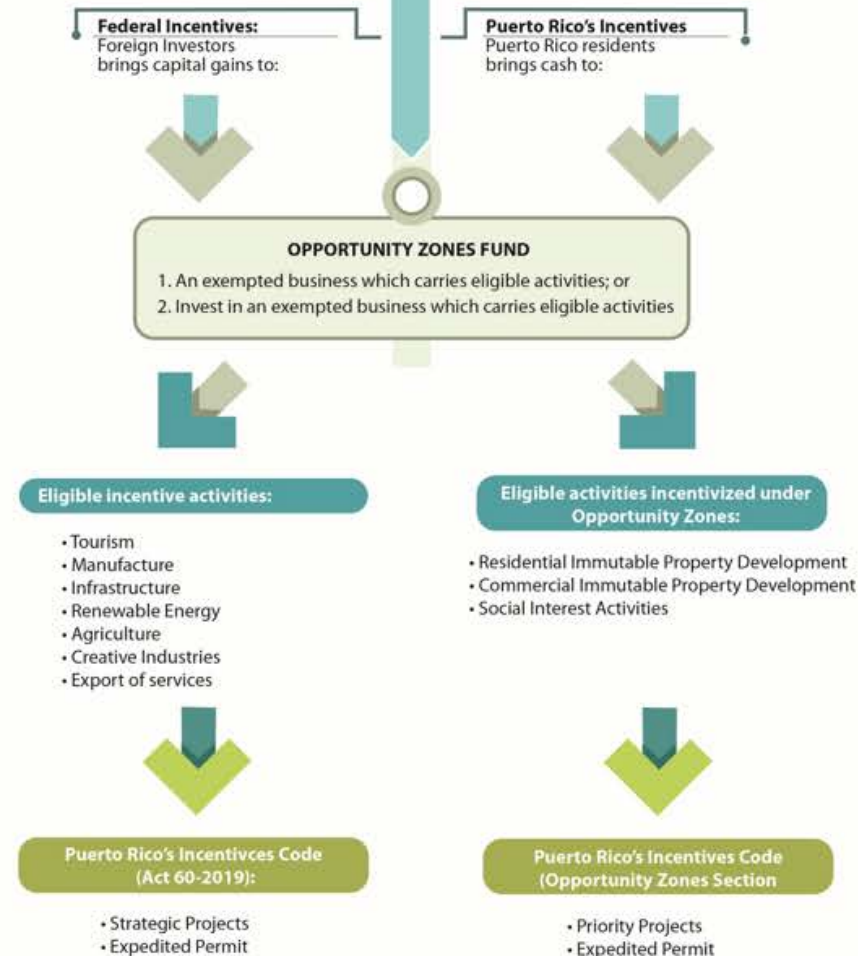
Opportunity Zones

- The **Opportunity Zones Program** aims to encourage investment in low-income urban and rural communities in exchange for tax benefits
- **More than 95% of Puerto Rico** has been identified as an Opportunity Zone

Progress:

- Web portal:
 - December 2019
 - Additional updates: March & April 2020
- Assets Inventory:
 - December 2019 - PRIDCO only
 - March 2020 – Municipalities
 - April 2020 – Private sector
- Regulation: April 2020

OPPORTUNITY ZONES



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Act 74: Visitor Economy

- ✓ **Hotels:** 122 (reopening, remodeling and new contractions)
- ✓ **New Rooms:** 7,897
- ✓ **Operational Jobs:** 9,562
- ✓ **Construction Jobs:** 33,071
- ✓ **Investment:** \$4,305,016,552
- ✓ **Tax Credit:** \$772,797,177

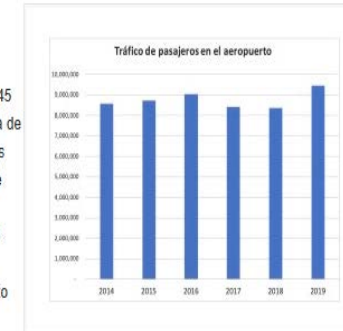
El tráfico de pasajeros creció en el 2019 por primera vez en tres años

Sun, Jan 12, 2020

Economía, Estadísticas

★ Por Luisa García Pelatti

Durante 2019 pasaron por el aeropuerto Luis Muñoz Marín 9.45 millones de pasajeros. Es la cifra de pasajeros más alta en los últimos seis años. Son 633,445 más que hace un año, según datos del Grupo Aeroportuario del Sureste (ASUR), la compañía matriz de Aerostar, que opera el aeropuerto mediante una concesión desde 2013. Se trata de un aumento de 12.8% y es el primero en los últimos tres años.



El número de pasajeros había alcanzado un nivel récord de 9.04 millones de pasajeros en el año 2016 y se confiaba en superar esa cifra si no hubiera sido porque el huracán María obligó a cerrar el aeropuerto durante algunos días y posteriormente limitó la llegada de vuelos comerciales. En el 2017, el tráfico de pasajeros cayó 7.0%, hasta 8.41 millones de pasajeros.

ECONOMÍA Y NEGOCIOS WWW.MITRO.ES
JUEVES, 11 DE FEBRERO DE 2020

Abre hotel Aloft en El Distrito

La hostelería está ubicada en un nuevo lugar de entretenimiento que se construye con una inversión de \$175 millones

MILADYS SOTO RODRÍGUEZ
@milsoto

El hotel Aloft San Juan abrió sus puertas ayer en El Distrito, tras una inversión de más de \$50 millones y creará 70 empleos directos. Federico Stubbe, presidente de PRISA Group, empresa desarrolladora del lugar de entretenimiento, expuso en la inauguración del hotel que el total de empleos directos e indirectos creados tanto en la etapa de construcción como de operación asciende a 1,420. En conferencia de prensa, se detalló que el hotel de 177 habitaciones en una torre de siete pisos es el primero de esa cadena en Puerto Rico y en el Caribe. Se abrirá un segundo hotel en Ponce. "Hemos combinado en un mismo espacio muestras culturales y opciones de entretenimiento", señaló por su parte Christian Nieves, gerente general del hotel. Noelia García Bardales, directora ejecutiva del Distrito de Convenciones de Puerto Rico, dijo que con esta apertura completan la oferta de la isla como un destino para grupos y convenciones. "Con este desarrollo exponenciamos nuestra capacidad de atracción de grupos tan



Aloft Hotels pertenece a Marriott International y tiene presencia en 27 países con un total de 171 hoteles. SUMINISTRADA

to locales como internacionales y aseguramos una experiencia que refleja nuestra personalidad cultural única", expresó.

El hotel tiene el bar WXYZ bar en el lobby, con espacio para reuniones, y tendrá una oferta gastronómica disponible las 24 horas.

Abrirán más establecimientos
Por otro lado, Stubbe dijo que el 20 de marzo se inaugurará el Coca-Cola Music Hall.

"Les vamos a dar mucho trabajo a los músicos de Puerto Rico, que tanto les hace falta", afirmó.

El empresario agregó que durante el año también estrenarán en El Distrito de siete a ocho conceptos de bebida, comida y entretenimiento.

"Hemos sobrepasado zika, bancarrota, Irma, María, renuncias, corrupción, terremotos, hasta meteoros, pero aquí estamos en 2020 parados y orgullosos".

Federico Stubbe, hijo, presidente de PRISA Group, desarrolladora de El Distrito

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Invest Puerto Rico
(Act 13-2017)



investpr.org

Discover Puerto Rico
(Act 17-2017)



DiscoverPuertoRico.com

Puerto Rico investment-promotion entity appoints new CEO

By Eva Lloréns Vilez on February 21, 2019



Rodrick Miller, sitting second from left, was appointed CEO of InvestPR (Courtesy)

SAN JUAN — Invest Puerto Rico's (InvestPR) board announced Thursday the appointment of Rodrick T. Miller as its CEO, to lead the entity's mission in attracting new business and investment capital to the island.

Although a nonprofit, the island's new investment-promotion entity is private-sector led, and selected Miller for his experience at economic development agencies in Detroit and in New Orleans.

The new CEO, who will be making \$200,000 a year and moved with his family to the island, met earlier this week with Gov. Ricardo Rosselló to talk about InvestPR's mission and what other jurisdictions are doing.

"The results he delivered in markets similar to Puerto Rico are proof that the right promotion strategies can help drive job growth, innovation and private investment. We're confident he'll deliver results for Puerto Rico," InvestPR Chairman Manuel Laboy said in a statement.

During his career, Miller has led such efforts as the attraction of Microsoft Regional Headquarters to Detroit and helped structure transactions that led to developments such as the Outlets at the Riverwalk in New Orleans and the Coyotes Stadium in Phoenix.

He was named Young Economic Developer of the Year by the International Economic Development Council and one of the top 50 economic developers in North America by Consultant Connect.

"I have found Puerto Rico to boast amazing potential, boundless energy, a unique culture and a fantastic opportunity to shift its competitive position and create new value. Although competition for investment is fierce, Puerto Rico is in the middle of an economic pivot and the long-term upside is limitless," said Miller, who speaks Spanish and has been in Puerto Rico numerous times.

InvestPR is taking over the role of attracting foreign investment from the Puerto Rico Industrial Development Co. and the island's Economic Development Department (ODEC by its Spanish initials) while the agencies focus on expanding and retaining local companies.

Miller said the tasks have to be separated because the private sector is better suited to attracting foreign investment.

Among the CEO's immediate priorities will be to deepen InvestPR's relationships with its private sector partners, finish the organization's team-building process and complete and roll out its work

TRAVEL WEEKLY
THE TRAVEL INDUSTRY'S TRUSTED VOICE

CARIBBEAN

Puerto Rico taps Brad Dean to head marketing organization

By Gay Nagle Myers | Mar 16, 2018

The newly established Puerto Rico Destination Marketing Organization (DMO) named Brad Dean as CEO, effective in late April.

The private, not-for-profit DMO was created in March 2017 through bi-partisan legislation as a merger of the Puerto Rico Tourism Co. (PRTC) and Meet Puerto to develop the destination's brand, promote Puerto Rico, attract visitors and increase exposure.

The DMO will manage all global marketing, sales and promotion of Puerto Rico in collaboration with local government and tourism partners.

The legislation reflects the government's aim to transfer more responsibilities to the private sector to improve the destination's development initiatives with one message and one brand.



Brad Dean

Dean most recently served as the president and CEO of the Myrtle Beach Area Chamber of Commerce for 15 years. He is a member of the federal National Advisory Committee on Travel and Tourism Infrastructure and the U.S. Travel and Tourism Advisory Board.

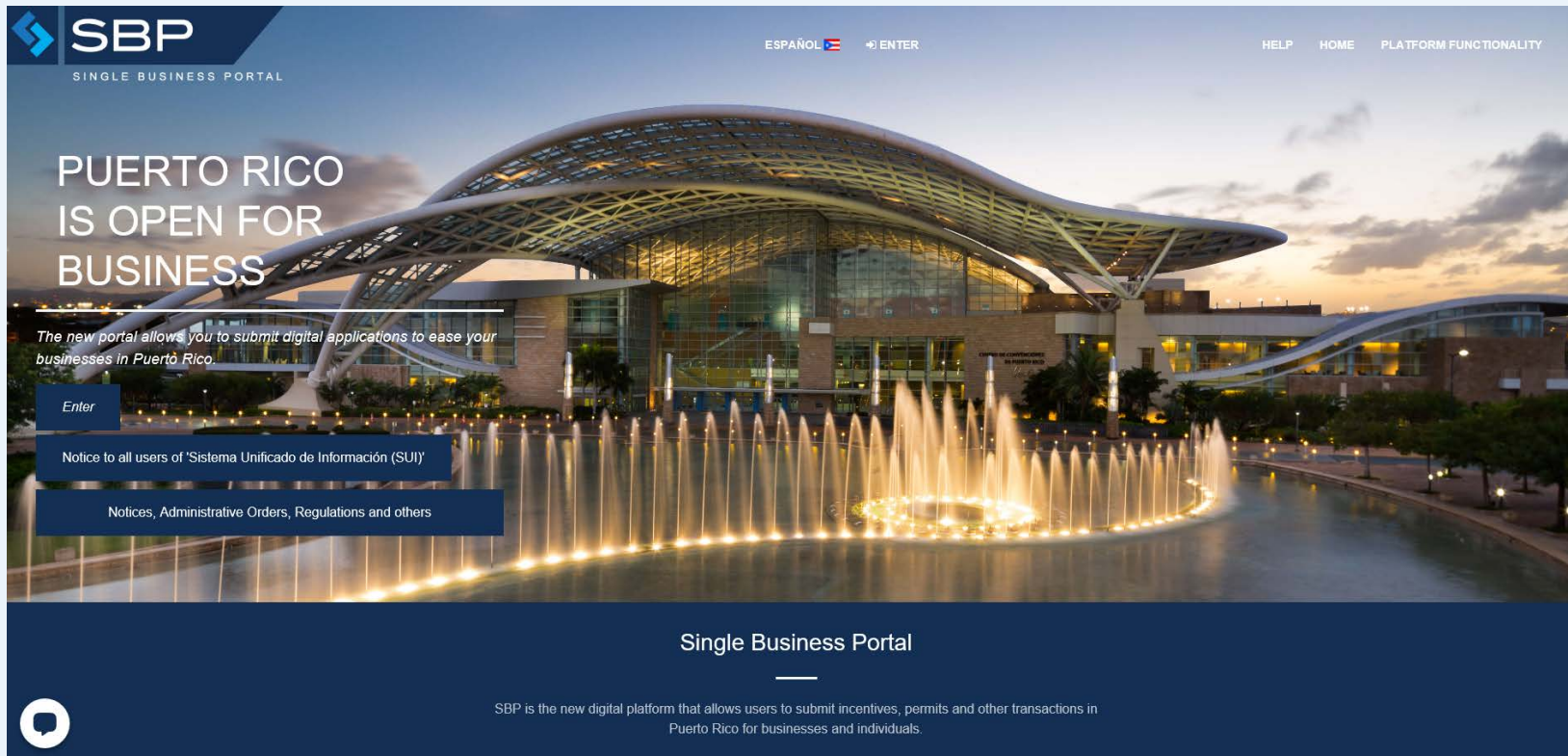
He currently serves on the Global Leadership Committee for Destinations International and on the U.S. Travel Association's executive committee.

"I am honored by this opportunity to develop and introduce a new and powerful brand for the island," Dean said. "Puerto Rico's recent past has been challenging, but the future is bright for its tourism industry. I look forward to using the transformative power of travel and tourism to help catapult Puerto Rico, its residents and its businesses forward."

Roger Dow, president and CEO of the U.S. Travel Association, said that "Dean is the perfect fit for this challenging role and will have a significant impact on Puerto Rico's visitor economy."

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Permit Reform - Single Permit



Facilitates the process of doing business in Puerto Rico:



Permits



Licenses



Certifications



Incentives



And more

The Single Business Portal (SBP) is the one-stop-shop digital platform for all businesses to apply for permits and economic incentives.

businessinpuertorico.com/sbp

Progress

- SBP: Enhancements to the unique permit and enhancements to the processes and the system flows, to provide a better experience to the users
- Administrative determinations: OA 2019-01 – OA 2019-07

KPI's

- Conditioned Permits: 2,962
- Occupation authorizations: 219
- Construction Permits: 1,703

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Workforce Development - Workforce Innovation and Opportunity Act

OJT and Incumbent Worker Training

- ✓ Authorized Programs (Youth & Adults with barriers for employment, Dislocated Workers)
- ✓ 50% reimbursement of hourly wages while in training
- ✓ 50% training costs (new skills that are necessary to keep their jobs)

Apprenticeship Program (2018 – to present)

- ✓ Job from day One / Earn while you learn /Employer centered
- ✓ Credentialing (Registered with the US DOL)
- ✓ 7 registered sponsors
 - Construction Craft Laborer
 - Home Performance Laborer
 - Carpenter
 - Industrial Sewing Machine
 - Electronic Technician
 - Electromechanical Technician
 - Mechanical Engineering Technician
- ✓ Funding for OJT and Training through the State Expansion Grant and WIOA

Workforce Development Summit: May 21, 2020

Small Business Capitalizations Funds

- ✓ \$2.5MM were allocated toward small business capitalization after hurricanes Irma/María
- ✓ Up to \$5K to each business for operational costs, as well as for equipment and inventory replacement
- ✓ 497 small businesses have been impacted
- ✓ 1,092 jobs were saved because of this effort

Unified State Plan

- ✓ 4 year strategic plan to be submitted on April 2020
- ✓ Aligned with Economic Development and occupational demand

Emergency Service Coordination

DEDC/PROL



Puerto Rico Department of Labor: U/I DUA / ES

Arecibo - Callejón Las Palmas
Bayamón - Calle Palmer #110, Esq. De Viver
Barranquitas - Calle Barceló #66
Caguas - Calle Acosta #1
Carolina - Cond. Portales De Carolina
Coamo - Calle Bobby Capo #27
Fajardo - Calle Jorge Bird León #12
Guayama - Plaza Guayama Mall
Humacao - Calle Dufrenoy, Esq. Antonio López #104
Mayagüez - Av. Eugenio María de Hostos #830
Ponce - 60 Calle Puerto Viejo, Sector Playita
San Germán - 56 Calle De Viver
San Juan - Av. Ponce de León, San Juan
Vieques - Edif. Departamento De La Familia

Department of State :

Guánica
Guayanilla
Pailón
Ponce
Yauco

FEMA Disaster Recovery Centers:

Guánica - Colegio Mariano Tito Rodríguez
Guayanilla - Estadio Luis Peral Mercado
Pailón - Centro Comunal Alturas 2
Ponce - Polideportivo Frankie Collin Alers
Utah - Colegio Municipal Jorge González
Yauco - Estadio Raúl Oliveras

Department of State - Mobile Unit:

Adjuntas
Lajas
Morovis
Sabana Grande
San Germán
Utah

American Job Centers:

Aguadilla
Arecibo
Bayamón
Barranquitas
Caguas
Carolina
Coamo
Fajardo
Guánica
Guayama
Humacao
Mayagüez
Ponce
San Germán
San Juan

Municipalities within the Disaster Declaration

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Key Programs and Initiatives

YOUTH DEVELOPMENT PROGRAM

- ✓ Entrepreneur Challenge
- ✓ RobotMakers
- ✓ Juvempleo

INNOVATIVE SMEs

SMEs EMERGENCY FUNDS

- ✓ South-West Earthquakes

SMEs FOOD AND BEVERAGE (CITAI)

Export Incentives

EMERGENGING INDUSTRIES

- ✓ Med cannabis
- ✓ Industrial hemp
- ✓ Online sports betting/e-games/fantasy leagues
- ✓ Blockchain

PR EMPRENDE

- ✓ Commercial Missions

Portugal	March 30–April 3
Uruguay & Paraguay	April 20–24
Spain: Madrid y Barcelona	May 17–22
Dominican Republic	June 1–5
Perú	June 22–26
Ecuador	July 13–17
Costa Rica & Panamá	August 16–22
Orlando	September 7–11

HYDROPONICS

ASSETS MAPS

PUBLIC ENERGY PROGRAM POLICY

- ✓ SEP
- ✓ WAP
- ✓ State Energy Assurance Plan

Public Private Partnerships (P3)

Puerto Rico has a proven track record in Public Private Partnerships

Emblematic projects such as the tolls of the PR-22 / PR-5 and the Luis Muñoz Marín International Airport show our competitiveness in the planning and implementation of P3 projects successfully

Act 1-2017: Key amendments to strengthen the P3 framework

It allows the private sector to submit unsolicited proposals, which allows collaboration and partnerships to accelerate the development of critical infrastructure and the optimization of government operations

Attractive tax incentives

Income tax rate of 10% (operations covered by the P3 contract)

100% exemption for real estate taxes (contract duration)



Projects

- ✓ **Ferry Systems (Metro and Islands Municipalities)**
- ✓ **Replacement of water meters to electronic meters**
- ✓ **Student Life Project**
- ✓ **Comprehensive Cancer Center**
- ✓ **San Juan Cruise Port**
- ✓ **Regional Airports (directly by Ports Authority)**

For more information, visit p3.pr.gov

Puerto Rico Conference 2020: Empowering Investment

Electricity Network Modernization Plan (Gridmod)

Sustainable, resilient and customer-centric power grid is the key to Puerto Rico's economic growth. The Modernization Plan or “GridMod” is guided by three basic principles for “Build Back Better” after the devastation caused by hurricanes Irma and María:



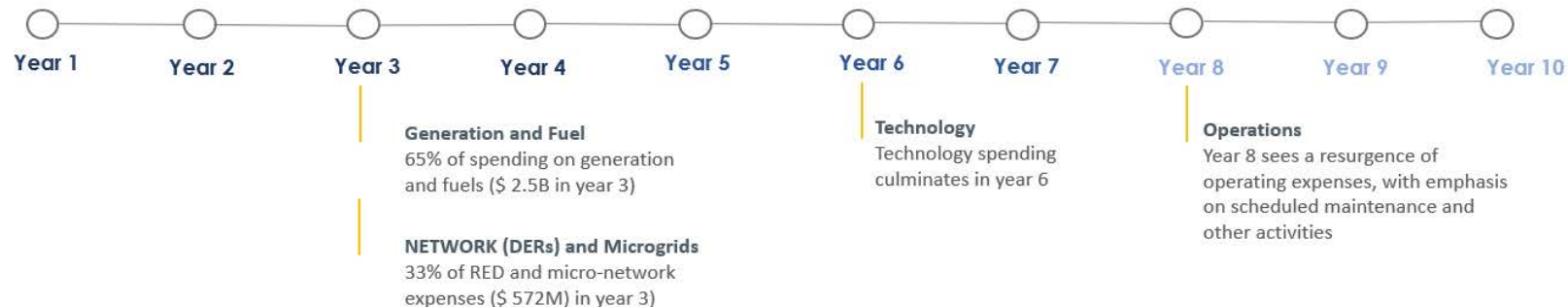
- Improve the scope of a reliable service for businesses and residents of the Island
- Transform the Customer Service System and increase the customer's commitment to the electricity company
- Allow users to produce and consume energy



- Strengthen the power grid to withstand extreme weather events in the future
- Invest in emergency preparedness
- Decentralize the network to receive and isolate interruptions
- Increase capacity to meet maximum demand



- Develop an energy ecosystem that stimulates labor and business growth, improving the stability of public services, the energy sector and the economy in general
- Increase the use of liquefied natural gas to get away from fossil fuels
- Position Puerto Rico as a leader in sustainable energy in the United States with the goal of producing 100% of removable generation by 2050

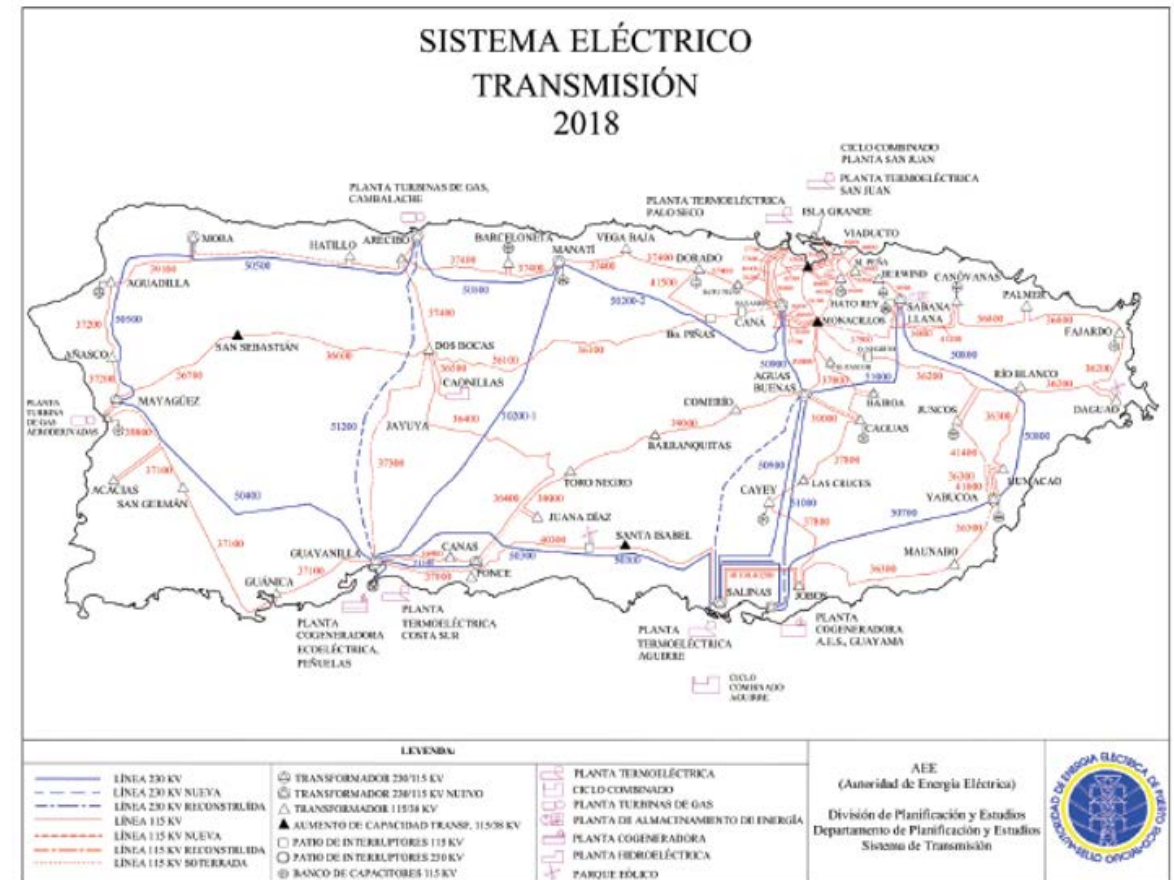


Public Energy Policy Program

Energy Situation in Puerto Rico

- The demand for electricity decreased from a peak of 3,685 MW in fiscal year 2006 to 3,159 MW in fiscal year 2014 and 3,060 MW for August 2017
- The Authority has a generation capacity of 5,839 MW, including the 961 MW provided by Ecoeléctrica and AES through energy purchase agreements.
- The main generation units are in the southern area of the island, while the greatest demand for energy is in the north of the island.

2018 Electric Transmission System



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Strategic Projects

- **Redevelopment of the PR127 Corridor (Old CORCO)** - Peñuelas & Guayanilla
- **Port of Ponce**
- **Science City** – San Juan
- **Dorado Beach Health – John Hopkins**
- **District Live** – San Juan
- **Bahía Urbana** – San Juan
- **Film District** – San Juan
- **Roosevelt Roads** – Waterfront Master; Downtown & South Area; New Technology Park; Micro Grids
- **Micro Grids** (Santa Isabel, Jayuya, Añasco & Aguadilla)
- **Cronos** – San Juan
- **Puerto Rico Ocean Technology Park (PROTech)** – (Arroyo, Maunabo, Patillas, Humacao and Yabucoa)



CDBG-Disaster Recovery Funds: Economic Development Programs



Puerto Rico Conference 2020: Empowering Investment

Federal Agenda

AIR CARGO – US DOT

**GDP ESTIMATE BY US
BEA**

**TCJA.154 – US
TREASURY**

**ELIMINATION
EEI – US CENSUS**



Manuel A. Laboy Rivera, Eng.

Secretary

Department of Economic Development and Commerce



THANK
YOU!

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THANK YOU!

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