



MEDICAL CANNABIS BUSINESS CLIMATE

Yolanda Díaz Rivera, Esq., LLM

Special Assistant to the Secretary

Department of Economic Development and Commerce



GOVERNMENT OF PUERTO RICO
Department of Economic Development and Commerce



Our Mission

Achieve competitiveness and reduce the cost of doing business in Puerto Rico

Become the main innovation center of the Caribbean, the US and Latin America

Facilitate creativity and sustainable projects

Develop and support our human capital

Strategic Sectors & Focus



Attract new businesses to invest in Puerto Rico

Create new and well paying jobs

Strengthen our entrepreneurial sector and increase exports of goods and services from our Small & Medium Enterprises

Facilitate the expansion of our current businesses and industrial base

Who's doing business in Puerto Rico?

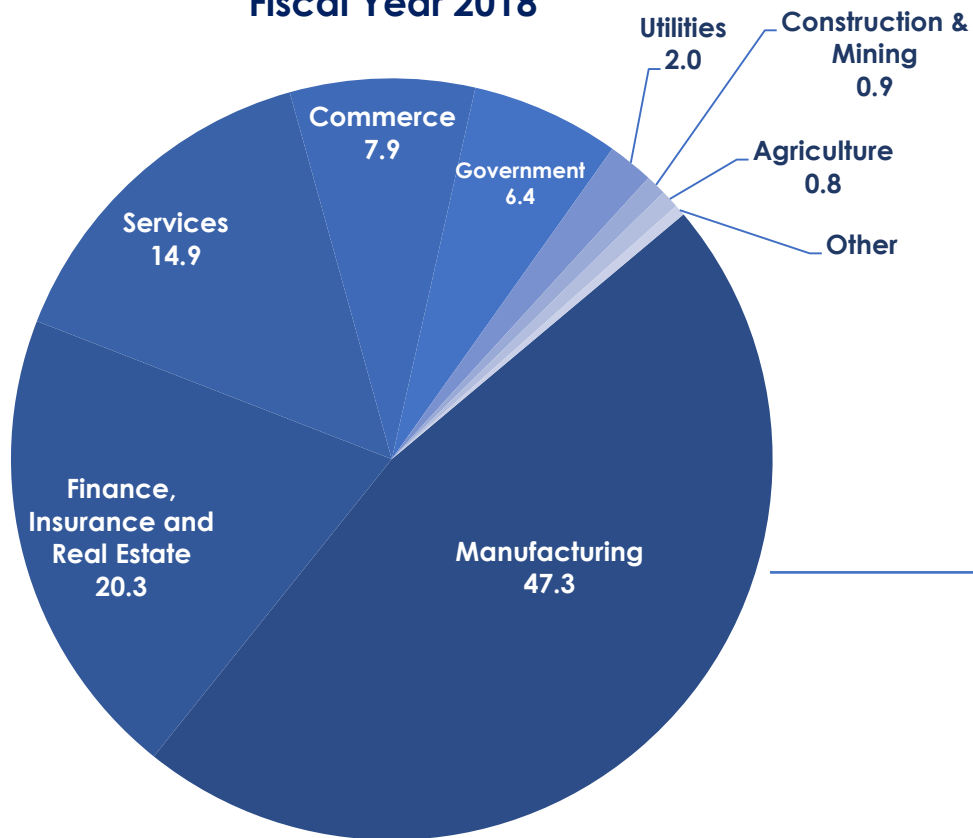


- 1 12 out of the top 20 pharmaceutical and biotech companies have manufacturing sites in Puerto Rico
- 2 12 out of the top 20 medical devices companies have manufacturing sites in Puerto Rico
- 3 Over 100 tech companies have chosen Puerto Rico as home in the last 5 years
- 4 Since 2012, at about 1,400 companies under Act 20 (export services) and 2,000 individual investors under Act 22
- 5 Most of Microsoft software updates downloaded in the Americas is validated and distributed from Puerto Rico
- 6 Honeywell operates business support operations such as engineering design, supply chain, finance, and IT among other, for the Company's defense programs
- 7 Amgen has its largest manufacturing facility located in Juncos, PR. More than 90% of its products are either formulated, finished or packaged at this site
- 8 TOP COUNTRIES WITH COMPANIES IN PUERTO RICO



Our Economy

**Gross Domestic Product Share by
Main Economic Sector
Fiscal Year 2018**



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

Strategic Sectors

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

Medical Cannabis: Key Competitive Advantage



- Puerto Rico's ability to reach up to 4 industrial crops per year, has created a National and International interest for medical cannabis industries to relocate or open subsidiaries in the Island.
- As per the Medical Cannabis Regulatory Board's ("MCRB") statistics, by last July, 2019 there were 92,499 registered patients. Since the inception of the MCRB, the aforementioned numbers reflect a steady increase of 711 new patients per week.
- Related to dispensaries/manufacture/crops, among others, there are currently more than 150 certified establishments in the Island, (and growing).
- Incentives: Although currently Act 73-2008 does not apply entirely in this sector, DEDC is promoting incentives in the area of research and development ("R&D").
- As of June 30, 2019 PR Treasury Department's cannabis industry revenue collection was estimated at \$84.6MM (FY2019), \$80MM representing 10.5% IVU collected.
- Further, as an emerging market, medical cannabis is experiencing extensive market growth, including the development of R&D (Ex. strain/cultivars, among them - Intellectual property protected by U.S. laws).

PUERTO RICO INCENTIVES CODE



Individuals



Export



Finance and
Insurance Services



Visitors Economy



Manufacturing



Infrastructure &
Green Energy



Agriculture



Creative Industries



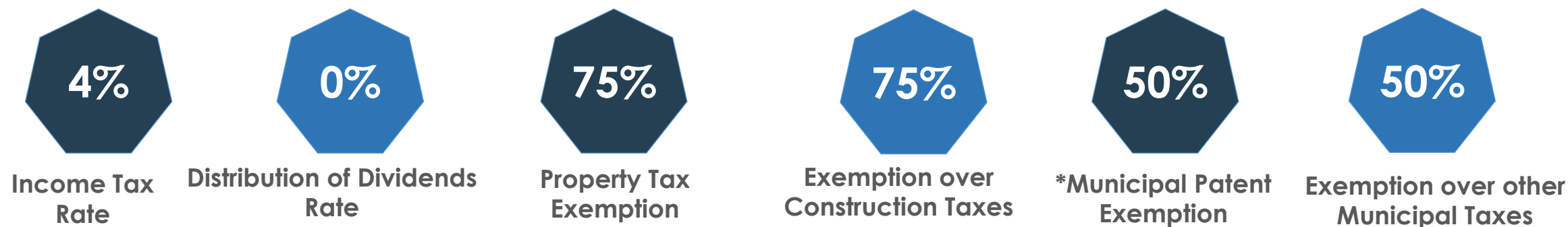
Entrepreneurship



Other Incentives



General Benefits



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.



Investment Ecosystem: Programs and Opportunities

Federal Programs

- New Market Tax Credits
- EB-5 Program
- Free Trade Zones
- Include PR in special USA tax treaties to avoid double taxation

Local Initiatives

- Invest Puerto Rico
- Destination Marketing Org. (DMO)
- New Incentives Code
- New Asset Mapping
- Infrastructure Reform

Investment Opportunities

- P3: Public Private Partnerships
- Science City
- Medical Cannabis
- Industrial Hemp



Yolanda Díaz Rivera, Esq., LLM
Special Assistant to the Secretary
Department of Economic Development and Commerce



THANK
YOU!

P.O. Box 362350
San Juan, PR 00936-2350



PHONE: 787-765-2900
yolanda.diaz@ddec.pr.gov

