



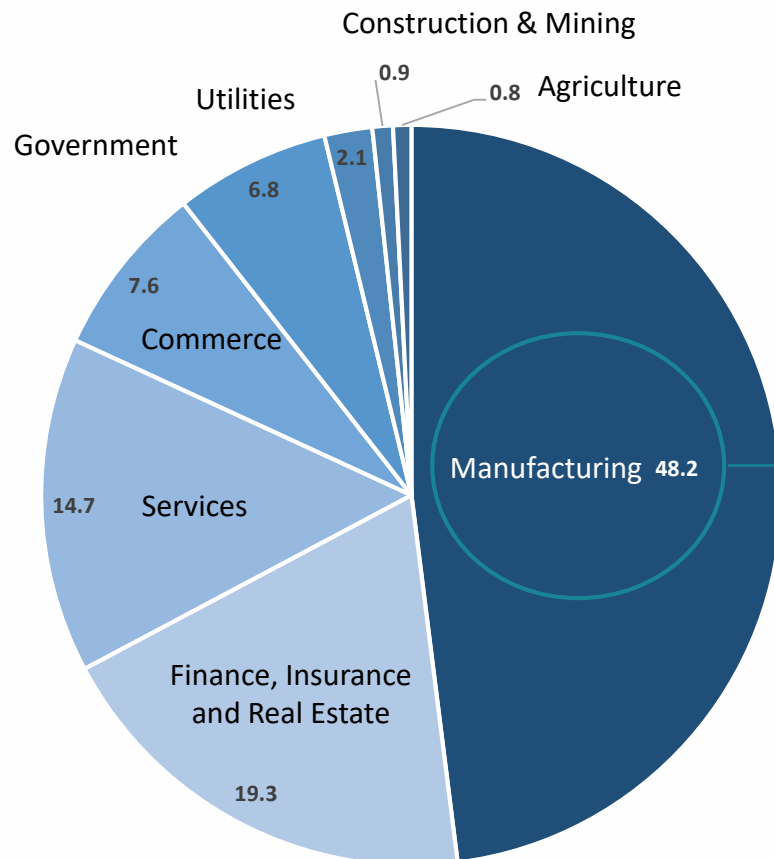
Strengthening Puerto Rico's Investment Climate and Ease of Doing Business

Manuel A. Laboy Rivera, Eng.
Secretary, Department of Economic Development and Commerce



GOVERNMENT OF PUERTO RICO
Department of Economic Development and Commerce

Gross Domestic Product Share by Main Economic Sectors FISCAL YEAR 2017



GPN \$70.1 billion

GDP \$105.0 billion

GDP PER CAPITA \$30,516

EXPORTS VALUE \$71.9 billion

IMPORTS VALUE \$43.3 billion

TOURISM: Approximately 7% of GDP

MANUFACTURING SECTOR GDP

44.6% Bio-Pharma/Life Science

20.2% Computer and Electronics

19.8% Basic Chemicals

5.4% Medical Devices

3.1% Beverages & Tobacco

2.4% Food

1.4% Electrical Equipment & Components

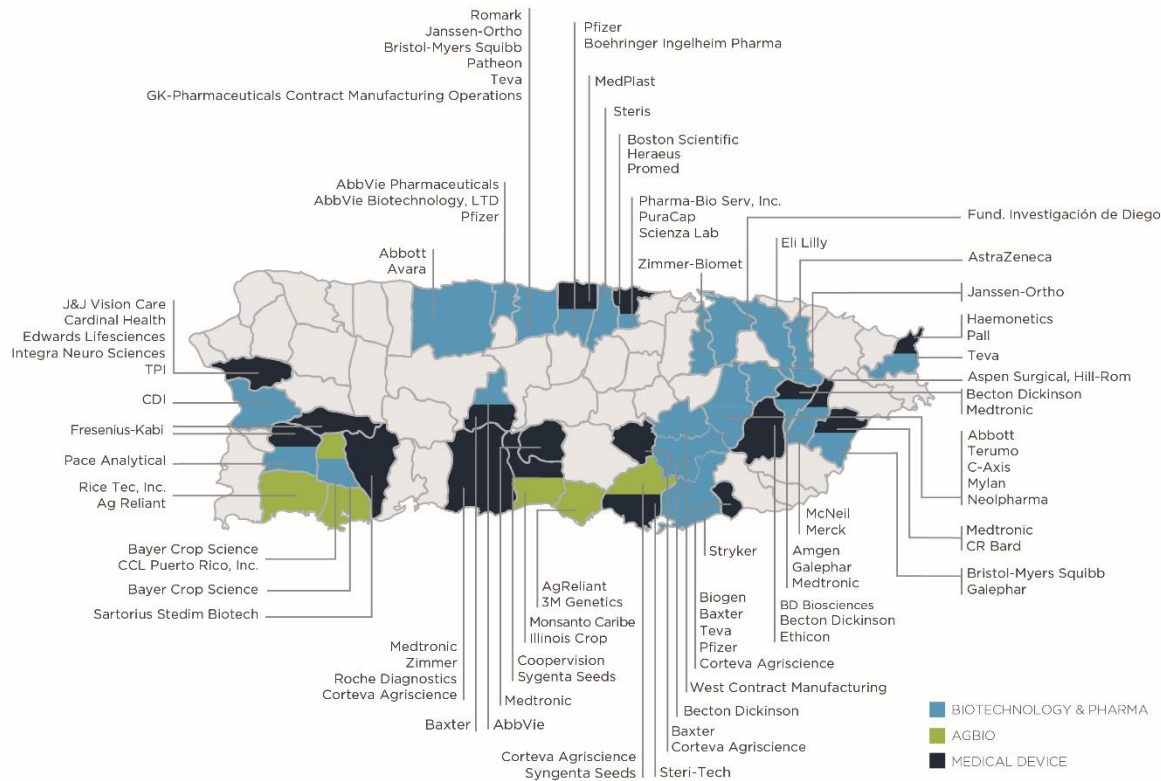
3.1% Others



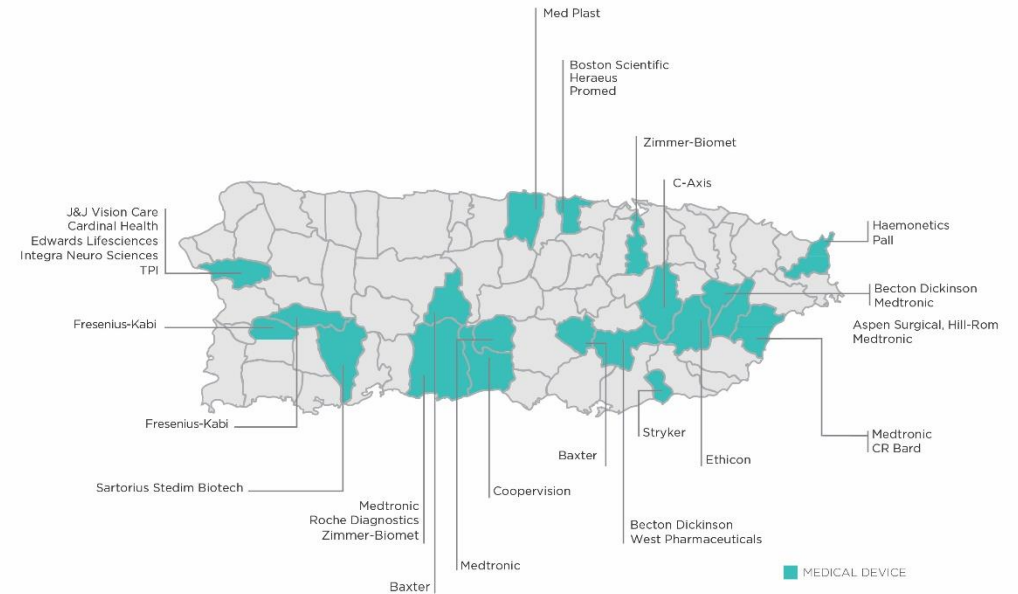
Strategic Sectors

Biopharma

Life Sciences in Puerto Rico



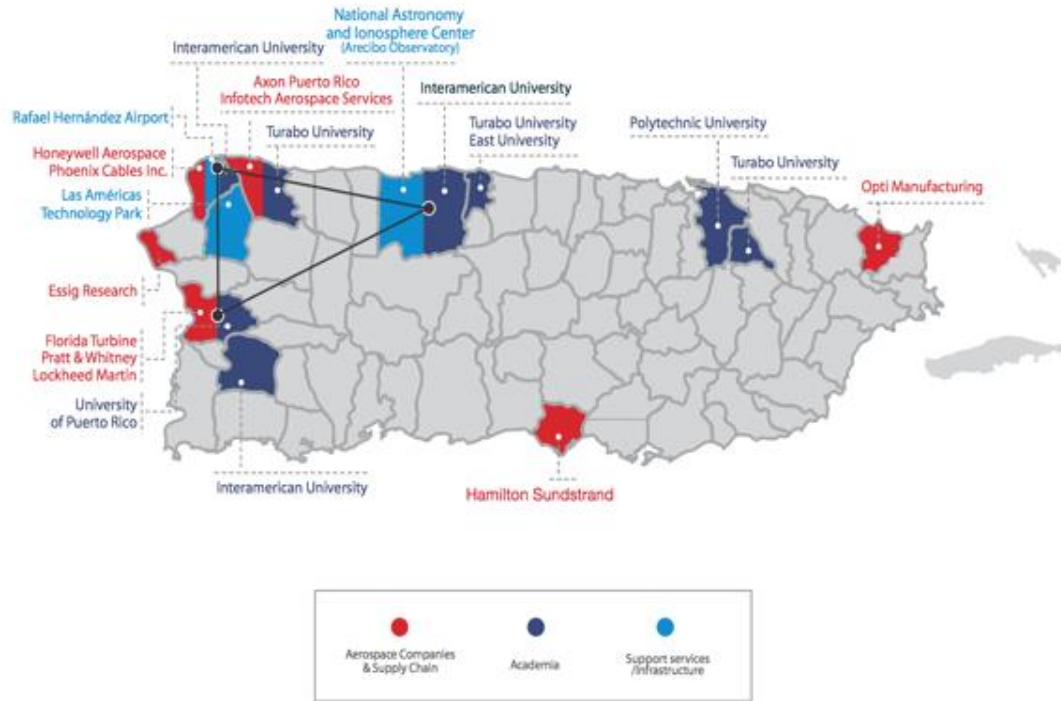
MEDICAL DEVICES IN PUERTO RICO



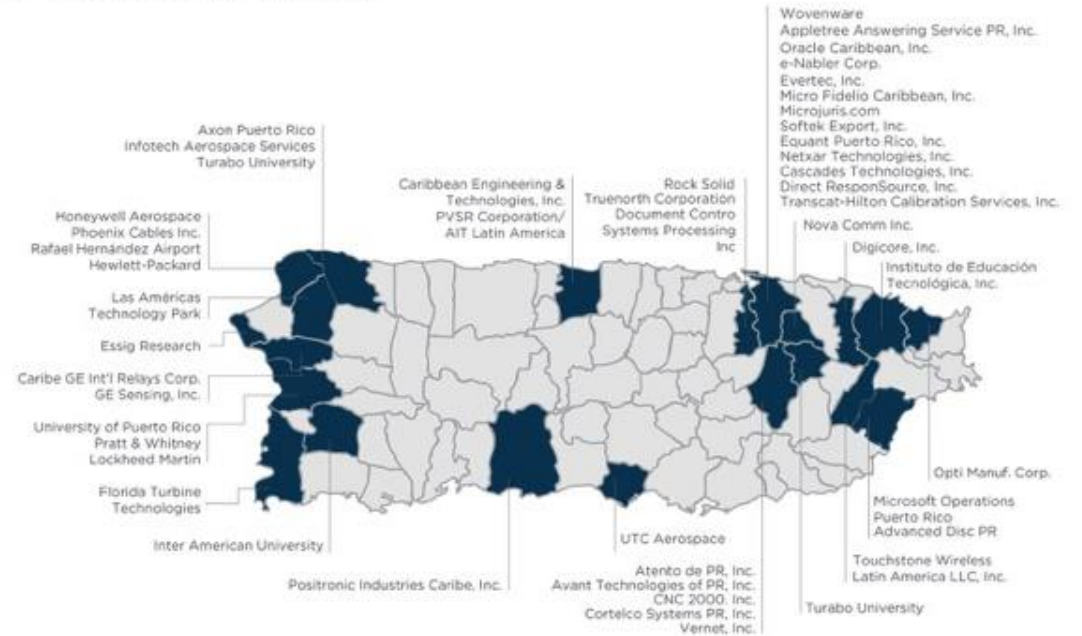
Strategic Sectors

Aerospace & Information Technology

PUERTO RICO'S AEROSPACE ECOSYSTEM



INFORMATION TECHNOLOGY IN PUERTO RICO



**Economic
Development Plan
Vision and Public
Policy – Governor
Rosselló**

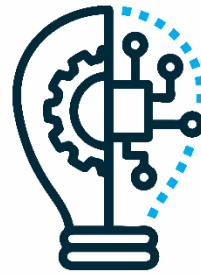
PUERTO RICO



Open for Business



Connector of the Americas



Innovation Hub

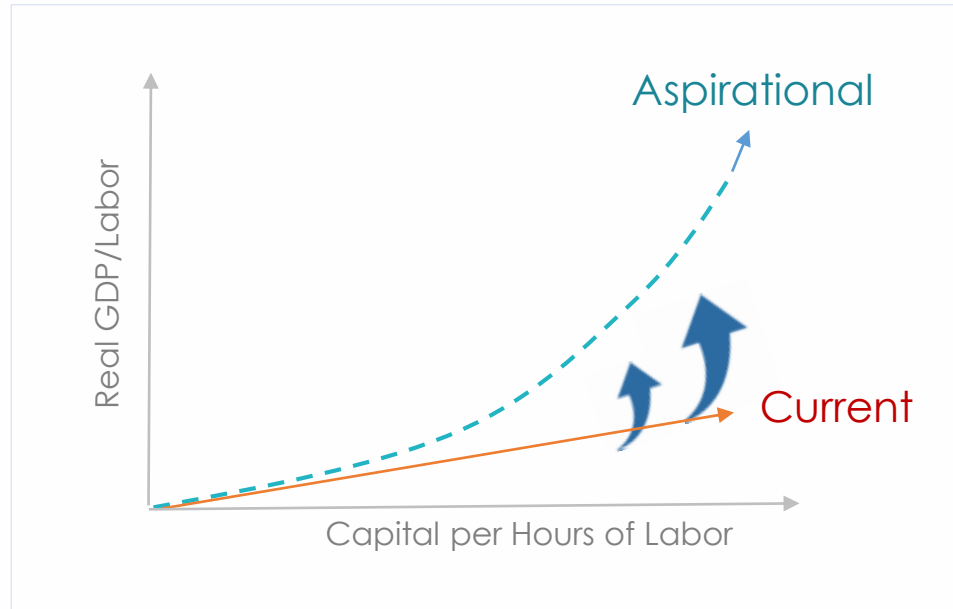


Leader of the Human Cloud



$$\text{GDP} = \left| \begin{array}{l} \text{Personal} \\ \text{consumption} \\ \text{expenditure} \end{array} \right| + \left| \begin{array}{l} \text{Government} \\ \text{consumption} \\ \text{expenditure} \end{array} \right| + \left| \begin{array}{l} \text{Gross public*} \\ \text{domestic} \\ \text{investment} \end{array} \right| + \left| \begin{array}{l} \text{Gross private} \\ \text{domestic} \\ \text{investment} \end{array} \right| + \left| \begin{array}{l} \text{(Sales} \\ \text{Exports} \end{array} \right| - \left| \begin{array}{l} \text{Purchases)} \\ \text{Imports} \end{array} \right|$$

- ✓ Productivity is expressed in function of **youth & workforce development, innovation and competitiveness** as our main components.



Factors such as **labor, capital** and **technology**, among others, will affect the available resources.



We are committed to continue improving our business climate in order to be an optimal and competitive investment destination



The current circumstances create momentum for implementing a comprehensive structural reforms package to attract private capital investment and achieve strong, sustainable and balanced economic growth



The **Single Business Portal (SBP)** will become the Government of Puerto Rico's One-Stop-Shop digital platform for all businesses to apply for permits and economic incentives.

PERMIT REFORM 2019

- Consolidates dozens of licenses, certifications and use permit into a Single Permit
- Consolidates various construction related permits into a Single Construction Permit
- Consolidates various construction operational activities into a Single Construction-Operational Permit
- Updates the Joint Regulation and Digital Platform to include municipalities with permits office

SBP

- The SBP will group all permits as per 2017 Permit Reform, plus all economic incentives as per New Incentives Code, based on the concept of Unique Profile for each business
- Initial incentives already available: Act 20-2012, Act 22-2012 and Act 14-2017
- Can be access thru www.businessinpuertorico.com

NUEVO GOBIERNO
IMPLEMENTANDO TECNOLOGÍA E INNOVACIÓN

SINGLE BUSINESS PORTAL (SBP)

NUEVA HERRAMIENTA QUE FACILITA EL PROCESO DE TRAMITAR:

- PERMISOS
- LICENCIAS
- CERTIFICACIONES
- INCENTIVOS
- ¡ENTRE MUCHOS MÁS!

¡ENTRA A LA PÁGINA HOY!

businessinpuertorico.com/sbp

Public Private Partnerships (Act 29-2009)



www.p3.pr.gov

Puerto Rico has a proven track record in P3's
Landmark projects such as **Toll Roads PR-22 / PR-5** and **Luis Muñoz Marín International Airport** showcase our competitiveness in planning and implementing P3 projects in a success manner

Act 1-2017: Key Amendments to Strengthen P3 Framework

Allows **private sector** to submit unsolicited proposals, enabling collaboration and partnerships to accelerate development of critical infrastructure and optimization of government operations

Attractive tax incentives

10% income tax rate (**operaciones covered under P3 contract**)

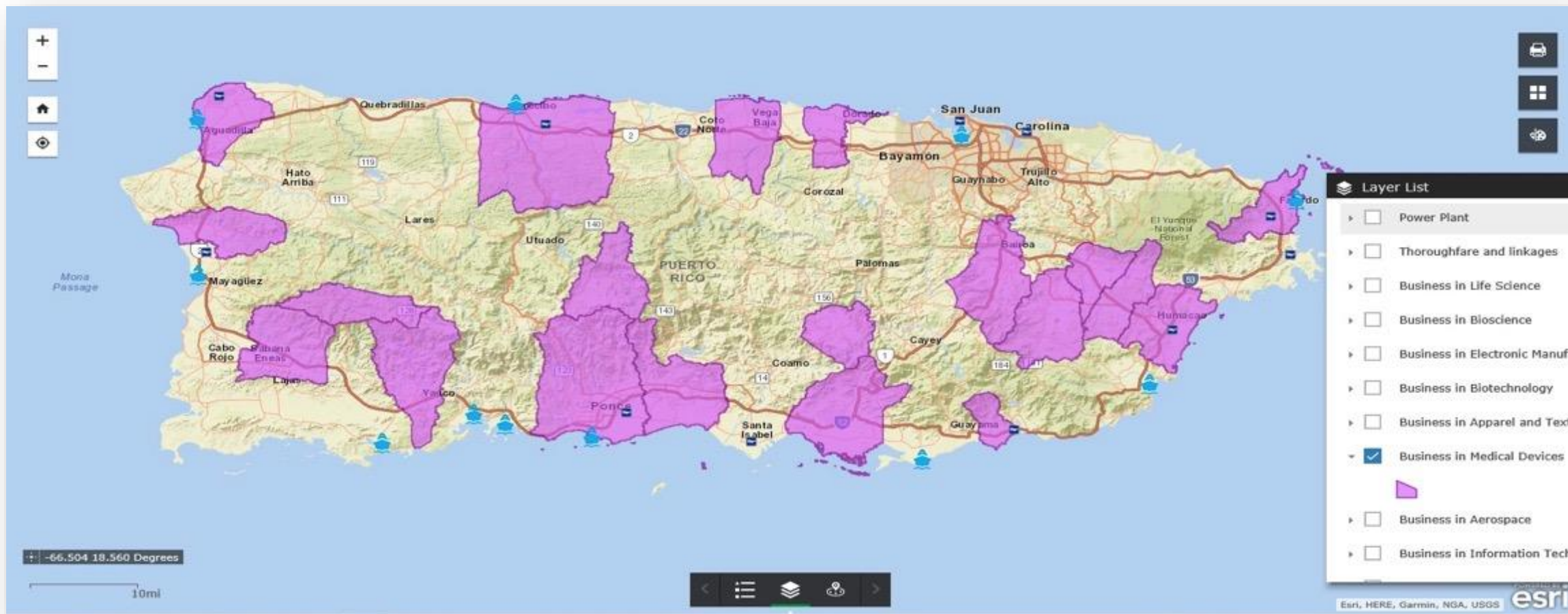
100% exemption for real property taxes (**duration of the contract**)

PROJECTS

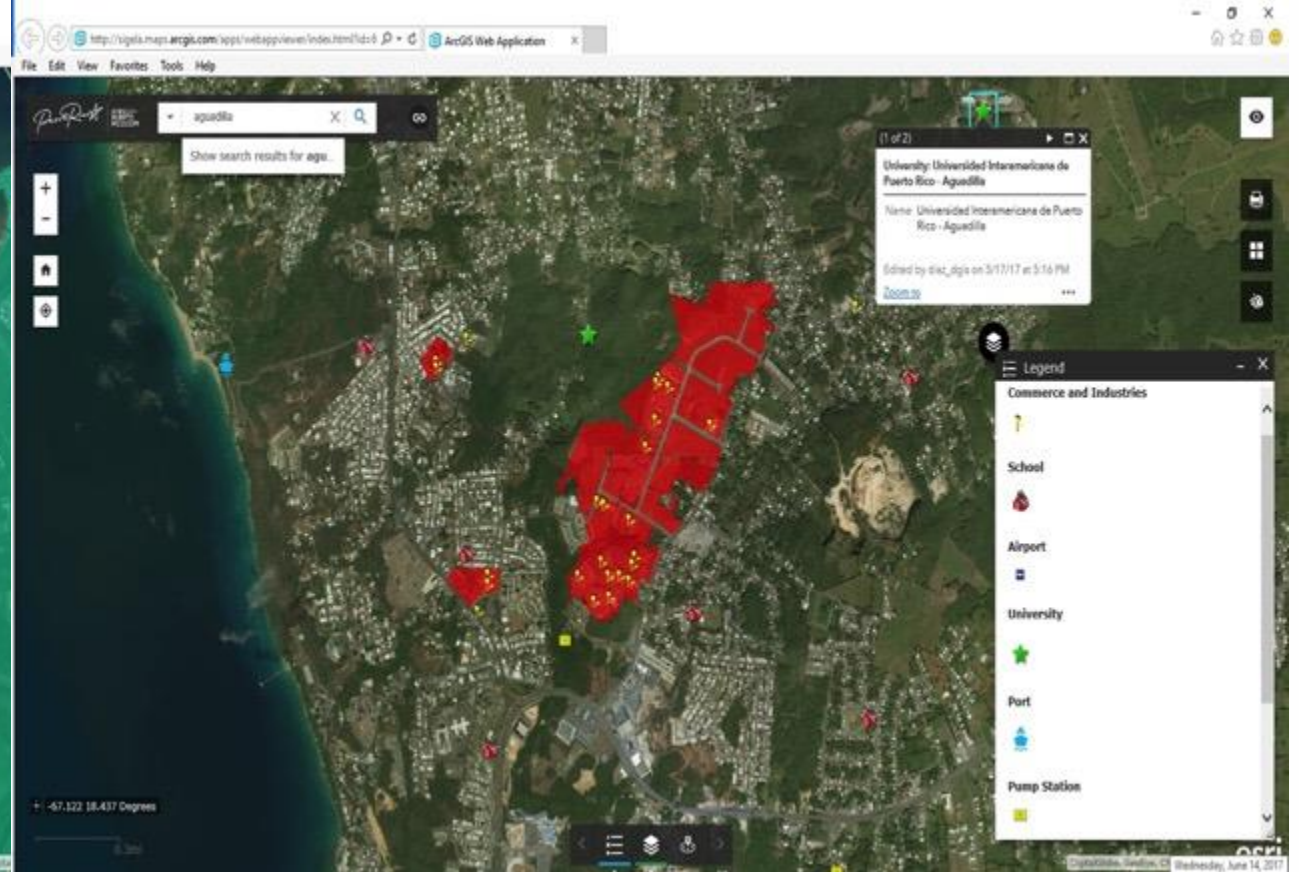
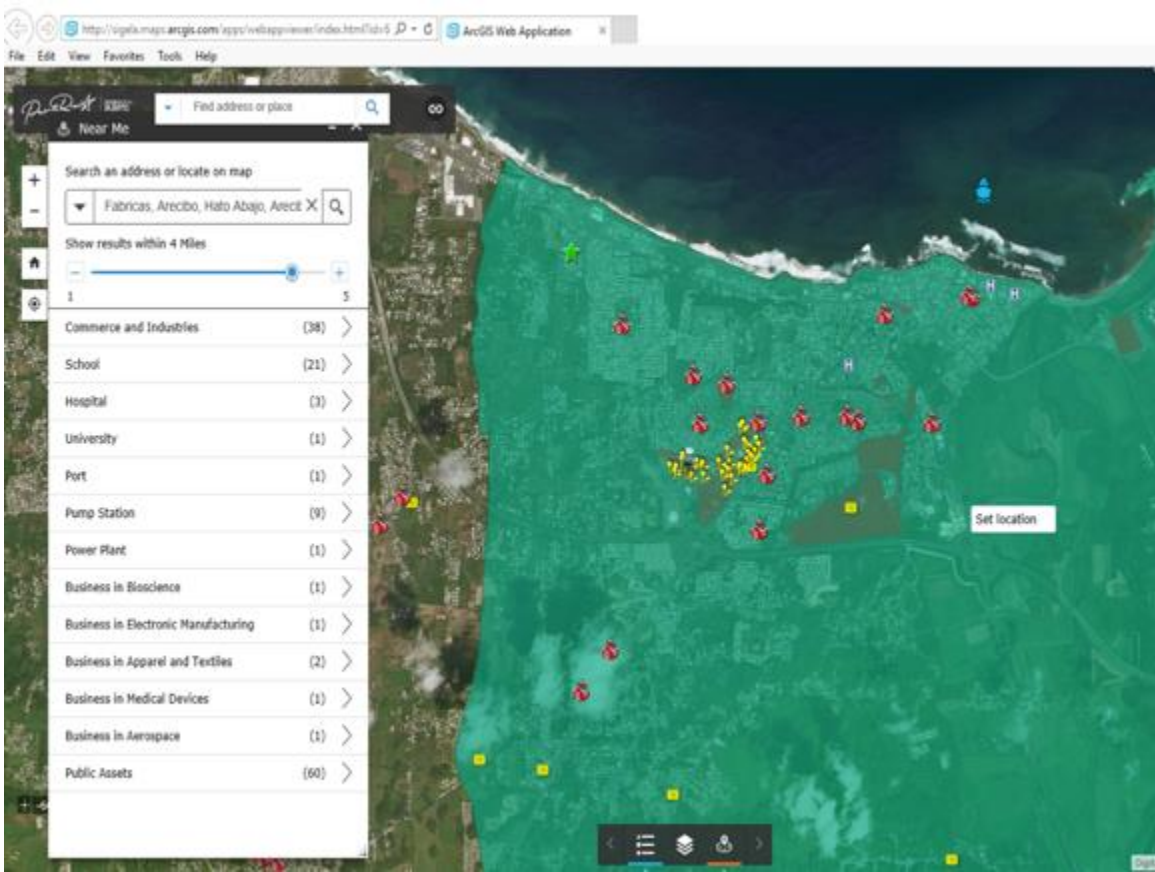
- Transportation
- Air and maritime ports
- Toll roads
- Energy
- Social infrastructure
- Potable water, wastewater treatment
- Solid waste management
- Other qualifying activities



Assets Map



Assets Map



Invest Puerto Rico
(Act 13-2017)

Discover
Puerto Rico
(Act 17-2017)

INVEST
PUERTO RICO



New Incentives Code

New Incentives Code seeks to revamp the way in which all economic incentives are reviewed, approved and managed.

- The Incentive Code seeks to encourage activities that produce a positive **RETURN OF INVESTMENT (ROI)**.
- Establish an easy and efficient process to request incentives.
- Strengthen compliance and control of incentives.
- 100% fiscal transparency, accountability and fiscal risk for all the economic incentives.

SUBSECTION AND CATEGORIES OF NEW CODE



PROPOSED NEW INCENTIVES CODE

- New code proposes to add all incentive laws and programs under one law.
- The new code will be divided into sections with different characteristics and prerequisites for each to attend different sectors and strategic economic activity.
- Will follow the proposed economic principles to promote innovation, competitiveness and activities that increase the value of Puerto Rico.



Strategic Sectors

1 AGRO INDUSTRIES

- Specialty Crops
- Basic Basket
- Food Processing

2 ADVANCED MANUFACTURING

- BioPharma
- Medical Devices
- Material Science

3 AEROSPACE

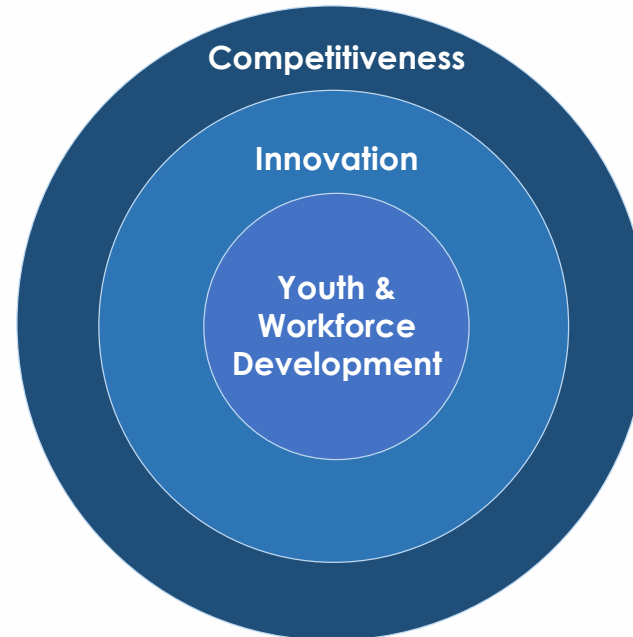
- Electro-Mechanical Components
- MRO
- Engineering & Testing

4 INFORMATION TECHNOLOGY

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

5 CREATIVE ECONOMY

- Film Productions & Streaming
- Creative & Digital Content



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 FINANCE & INSURANCE

- International Insurance Center
- International Financial Entities

9 VISITORS ECONOMY

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



Department of Economic Development and Commerce (DEDC)

- DEDC Reorganization & Consolidation of Agencies & Programs
- Youth Development Program
- Workforce Development (OJT, Apprenticeship Program)
- Innovation & Entrepreneurship
- Energy Efficiency & Conservation Program
- Retention of Medical Professionals (Act 14)
- Bio-Economy Viability Study
- DOT Air Cargo Waiver (with Ports Authority)
- Innovative Start-ups
- SMEs in Food & Beverage (with UPR Mayagüez)
- Industrial Hemp (with Department of Agriculture)
- Woman Business Portal
- Blockchain Advisory Council
- Sharing Economy
- Federal Contracting Center
- Medical Tourism
- EB-5 Program



Department of Economic
Development and
Commerce (DEDC)



Eb-5: What is Eb-5 Visa?

- Pathway to Permanent Green Card
- Immigration Investor Visa
- Employment-Based 5th Preference Visa
- U.S. Citizenship and Immigration Services
- 10,000 visa numbers available per Fiscal Year
- Stimulate economy through job creation and foreign investment
- 2 levels based on TEA designation



In a Nutshell

- As a government sponsored program, **DEDC, as a Regional Center Creator, will assist private EB-5's regional centers** in developing a business plan, engaging an escrow agent (as an example, PR's EDB) and both securities and immigration attorneys **to ensure that the investments are properly structured and are in compliance** with SEC and USCIS regulations, respectively.
- Rather than competing against Puerto Rico's established regional centers, **DEDC will help market their projects**, at an international level, **and provide assistance** with their U.S. Citizenship and Immigration interaction.



Disaster Recovery Action Plan

(CDBG-DR) Community Development Block Grant – Disaster Recovery

- I. On **February 1, 2018**, Congress made available **\$1.5 billion in CDBG-DR** in response to the hurricane in order to recover, rebuild and stimulate economic growth in Puerto Rico.
- II. On **April 10, 2018**, Congress granted an **additional \$18.5 billion in CDBG-DR** for the recovery of the island.

FUNDS INTENDED FOR ECONOMIC DEVELOPMENT PROGRAMS - \$ 145M [Action Plan under Review]

1	2	3	4	5	6
\$35M	\$50M	\$10M	\$15M	\$10M	\$25M
Construction and Commercial Revolving Loan	Small Business Financing	Workforce Training	Tourism and Business Marketing	Small Business Incubators and Accelerators	Strategic Projects
Program aimed at contractors and subcontractors to develop or strengthen their competitive capacity and ensure recovery projects financed with federal funds	Small emerging and established businesses (Start-ups) , and / or recovering from the hurricane. Mainly for working capital	To create economic opportunities for the unemployed and underemployed, through an Apprenticeship Program focused on construction and hospitality	To continue the stabilization or increase income related to tourism and attract companies to establish or relocate in Puerto Rico	Program aimed at repairing existing small business incubators or building new incubators	To create and retain jobs through commercial investments and making improvements in commercial / retail districts



PURPOSE:

Spur investment of unrealized capital gains held by U.S. taxpayers, in economically distressed communities.

- An estimate of **\$6 trillion in unrealized capital gains** is available to be redeployed in distressed communities.
- In, 2018, U.S. Treasury designated over 8,700 Opportunity Zones as a Low-income communities (LICs) across the country – including **Puerto Rico which is almost 95% OZ qualified.**
- **Investments** in Opportunity Zones **must be made by an Opportunity Zone Fund.** These are corporations or partnerships organized for the purpose of investing in qualified Opportunity Zone property that hold at least 90% of their assets in qualified investments.



01

DEFERRAL OF REINVESTED GAIN:

Recognized gains that are re-invested into an O-Zone Fund are deferred until earlier of 12/31/2026 or sale of investment in O-Zone Fund.

REDUCTION OF REINVESTED GAIN:

Recognized gains that are re-invested into an O-Zone Fund are reduced by 15% if investment held for 7 years and 10% if held for 5 years.

02

03

TAX – FREE APPRECIATION ON O-ZONE FUND INVESTMENT:

Appreciation on investment in O-Zone Fund is not subject to federal income tax if held for at least 10 years.



Puerto Rico's Unique Advantages

- **94% of Puerto Rico** has been **designated an Opportunity Zone**
- **Transformative Business activities can benefit** from both Opportunity Zones benefits and CDBG-DR Impact Zone benefits.
- **Governor's Rossello's** long term transformation plans are aligned, and **Support, Opportunity Zones investor's ten year investment horizon.**
- Puerto Rico's depressed property value has the **potential to Support Strong ROI's.**

- **Federal funding investment will enhance tax-free investment appreciation**
- **Puerto Rico's economic incentives** already exceed those in most states and **will be adjusted as required to remain competitive**
- **Expedite permitting and regulatory approvals** to promote Opportunity Zones
- **Significant long term investor interest already** in key sectors, such as Tourism and Public Private Partnerships.



Strategic Projects

A Focus on Regional Development

West Region

- **Microgrids:** PRIDCO Industrial Parks
Aguadilla
Añasco
Santa Isabel
Juana Diaz
- **Aerospace Cluster:**
Mayaguez,
Rincon,
Aguadilla
Isabela
Quebradillas
Arecibo

Central Region

- **Center of Excellence of Agriculture,** Utuado
- **Microgrids:** PRIDCO Industrial Parks, Jayuya

Greater San Juan

- **Science City:** San Juan
- **Cronos:** San Juan
- **District Live:** San Juan
- **Bahia Urbana:** San Juan
- **Medical Tourism:** San Juan, Bayamon, Guaynabo and Carolina



South Region

- **Port of Ponce:** Ponce
- **Redevelopment of the PR 127 Corridor (CORCO):**
Guayanilla
Peñuelas
- **Ag Bio Cluster:**
Lajas
Guanica
Sabana Grande
Juana Diaz
Santa Isabel
Salinas
Guayama

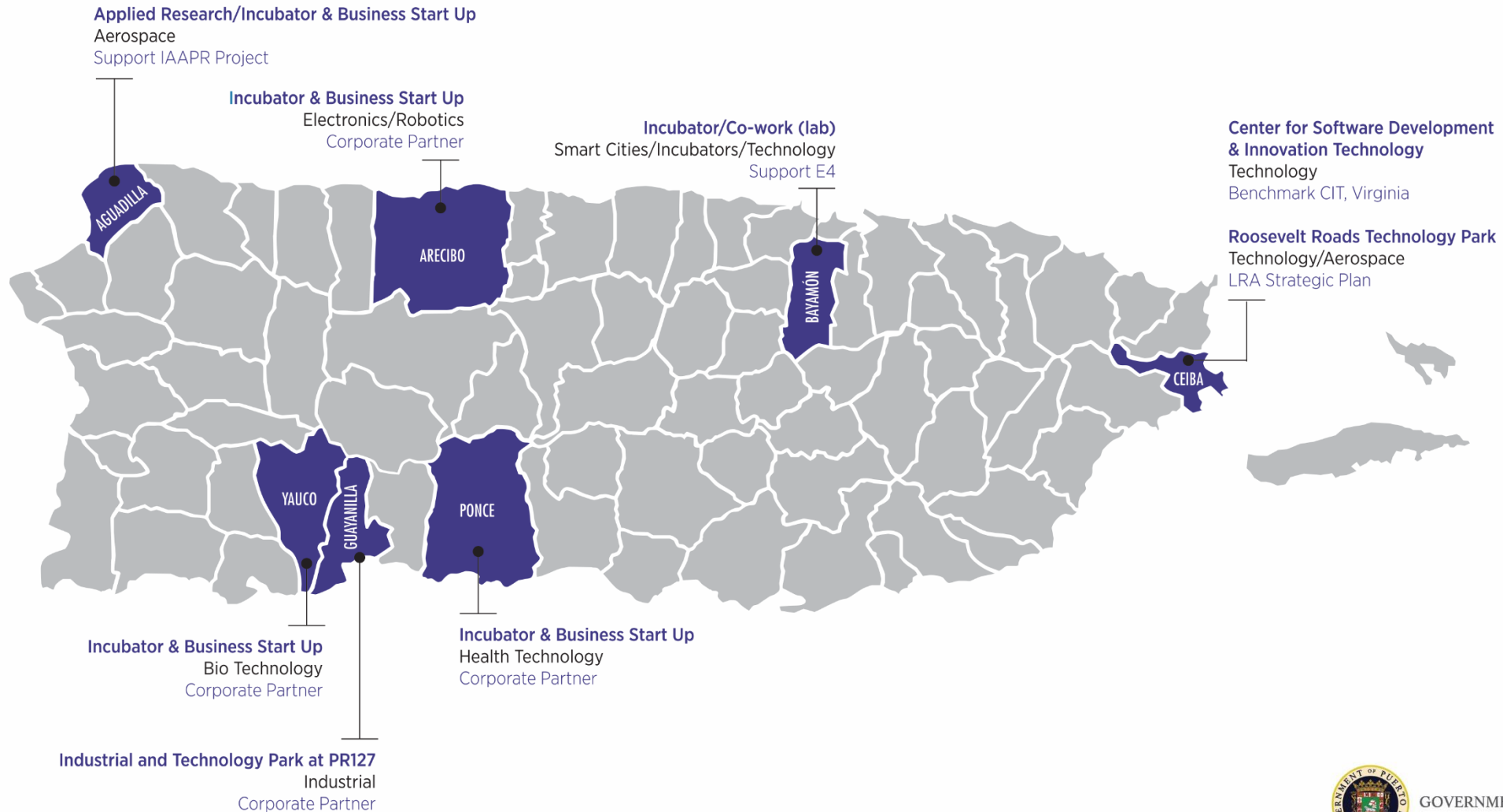
Sunrise Hub

- **Roosevelt Roads:** Ceiba
- **Puerto Rico Ocean Technology (PROTech):**
Arroyo
Maunabo
Patillas
Humacao
Yabucoa



Strategic Projects

Innovation & Technology Initiatives



Strategic Projects

PRIDCO Industrial Parks

Puerto Rico Industrial Development Company (PRIDCO) owns 23 MM FT² of industrial space across all of the 78 municipalities



1,500 units for rent or sale*



224 industrial parks



Average occupancy is 74%**

* Subject to market conditions and project development proposal

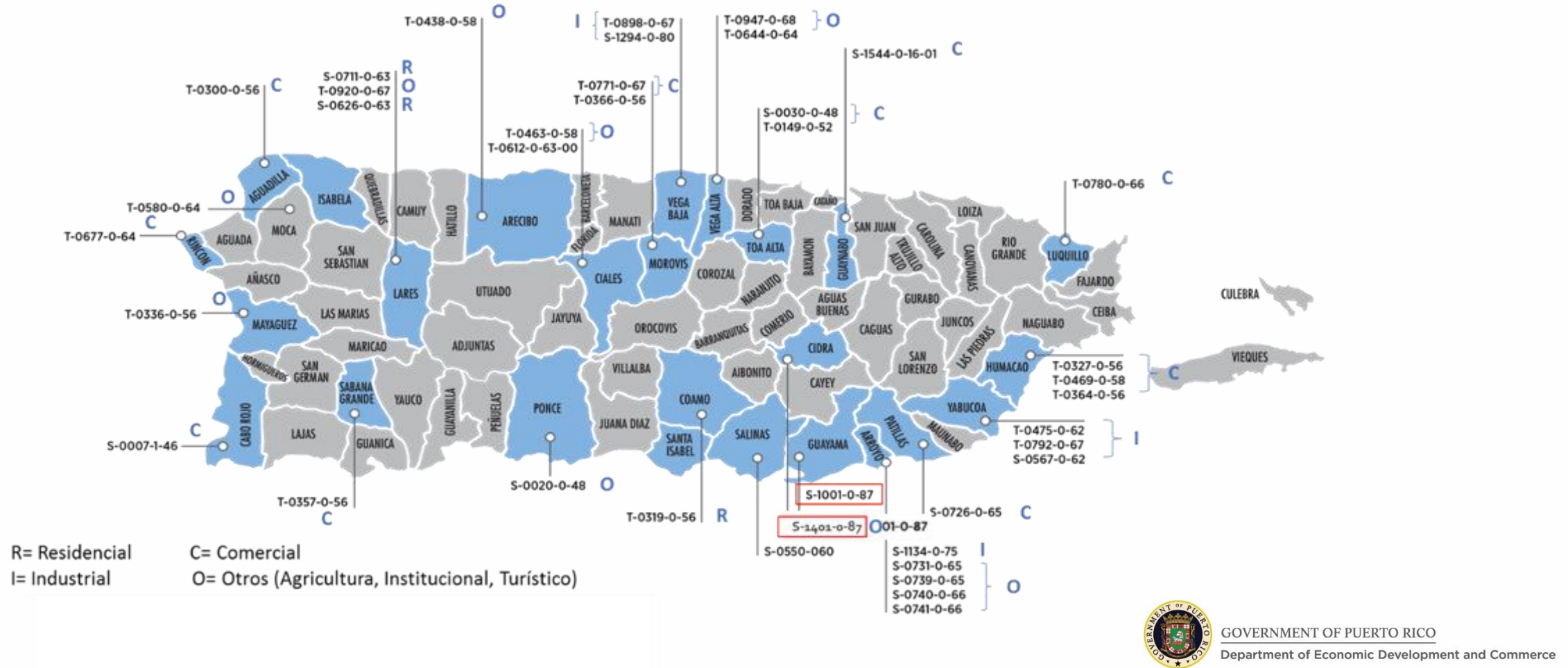
** Excludes “non marketable” units (~200 units out of 1,500 total inventory)



Strategic Projects

PRIDCO Industrial Parks

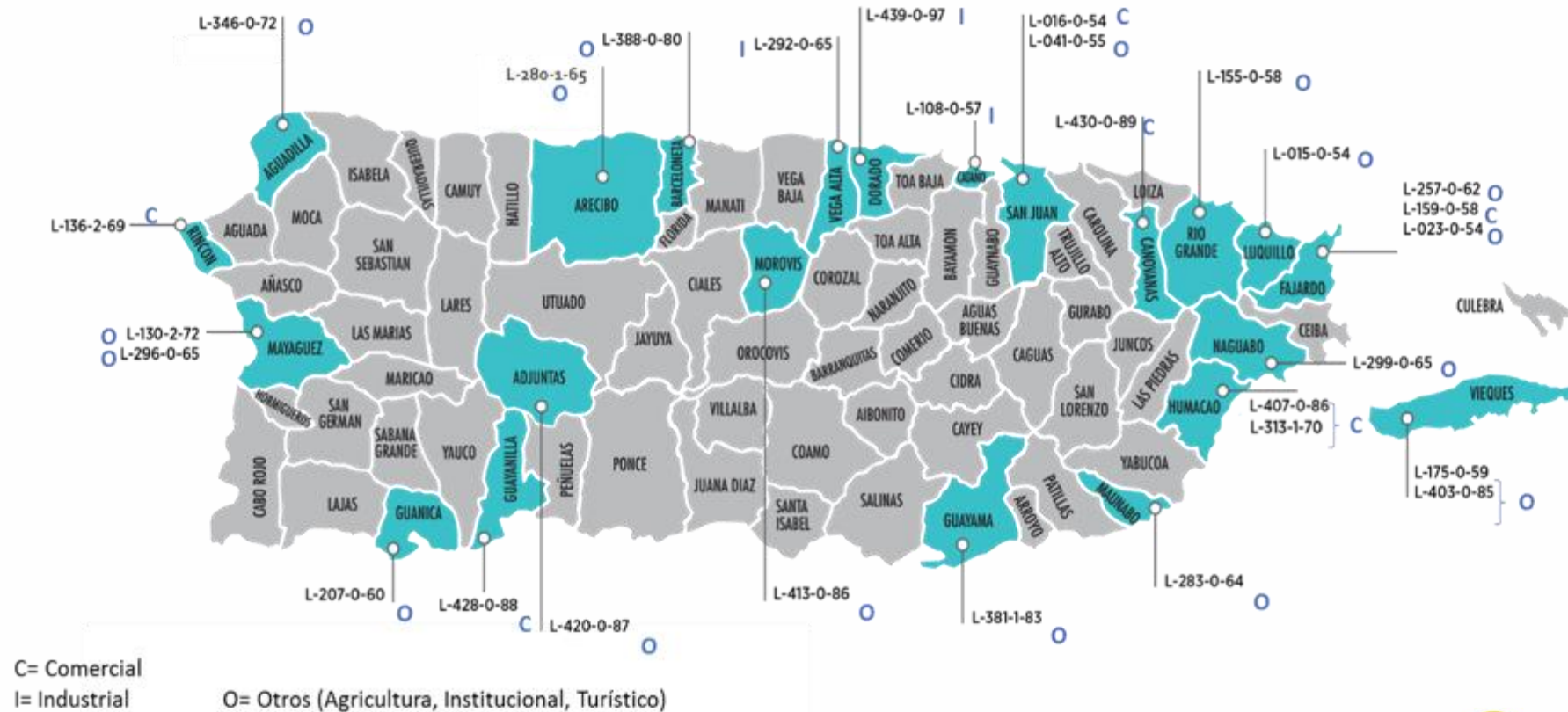
Pre-selected Buildings for Development (to Demolish or Remodel) with Private Investment



Strategic Projects

PRIDCO Industrial Parks

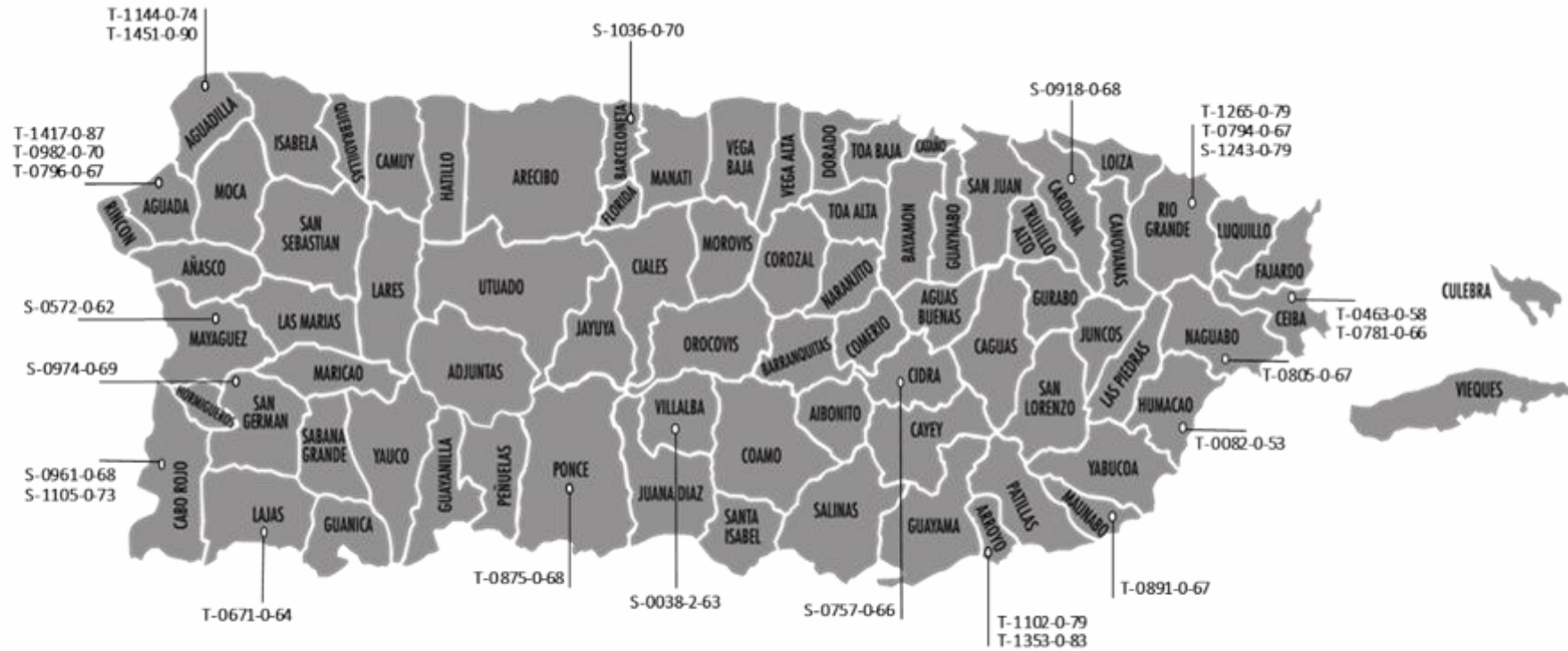
Pre-selected Lots for Sale or Development Projects with Private Investment



Strategic Projects

PRIDCO Industrial Parks

Vacant Buildings (5 or more years)



PRIDCO
INDUSTRIAL PARKS
Santa Isabel, Jayuya,
Añasco & Aguadilla
(RFP completed)

MICRO GRIDS



PROJECT
CRONOS
San Juan



PUERTO RICO
OCEAN
TECHNOLOGY
INDUSTRIAL PARK
(PROTech)



PUERTO RICO
OCEAN
TECHNOLOGY
INDUSTRIAL PARK
(PROTech)



Puerto Rico Ocean Technology Industrial Park

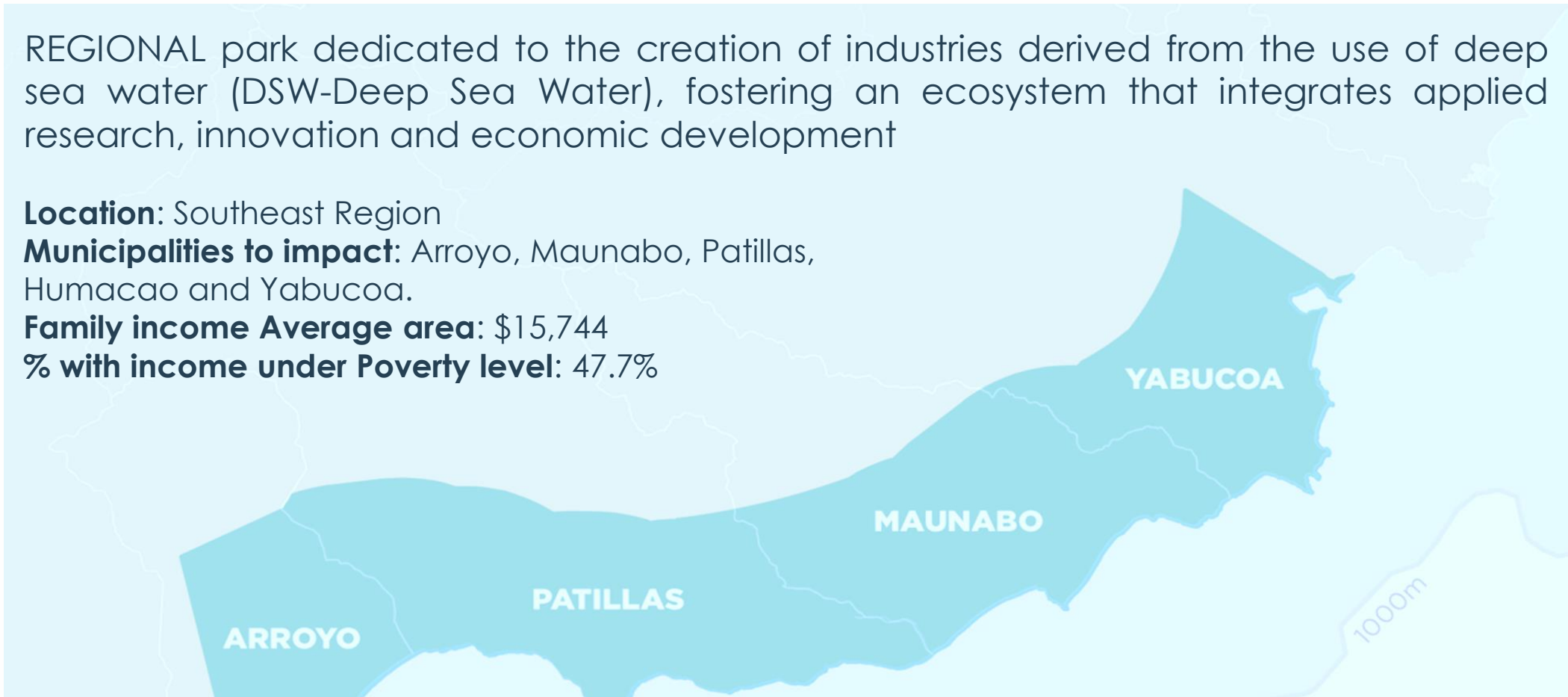
- REGIONAL park dedicated to the creation of industries derived from the use of deep sea water (DSW-Deep Sea Water), fostering an ecosystem that integrates applied research, innovation and economic development

Location: Southeast Region

Municipalities to impact: Arroyo, Maunabo, Patillas, Humacao and Yabucoa.

Family income Average area: \$15,744

% with income under Poverty level: 47.7%



DIRECT INDUSTRIES



AGRICULTURE



AQUACULTURE



SEAWEED
CULTIVATION



POTABLE WATER
PRODUCTION



A/C COOLING
WITH DSWC



CONVERSION OF OCEANIC
THERMAL ENERGY



RESEARCH



BUSINESS CENTER



MANUFACTURE



TOURISM



COMMERCE



EDUCATION

INDIRECT INDUSTRIES

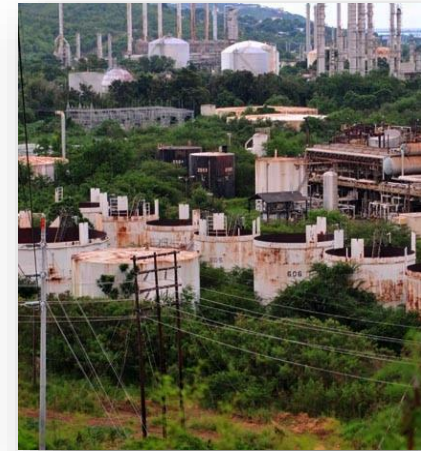


Enterprises Developed at the Hawaii Ocean Technology Park





REDEVELOPMENT OF
THE PR127
CORRIDOR
(CORCO)
Peñuelas, Guayanilla



VISION

Position Ponce as the 2nd port of Puerto Rico for cargo shipping operations, multipurpose activities, as well as a cruise Port of Call

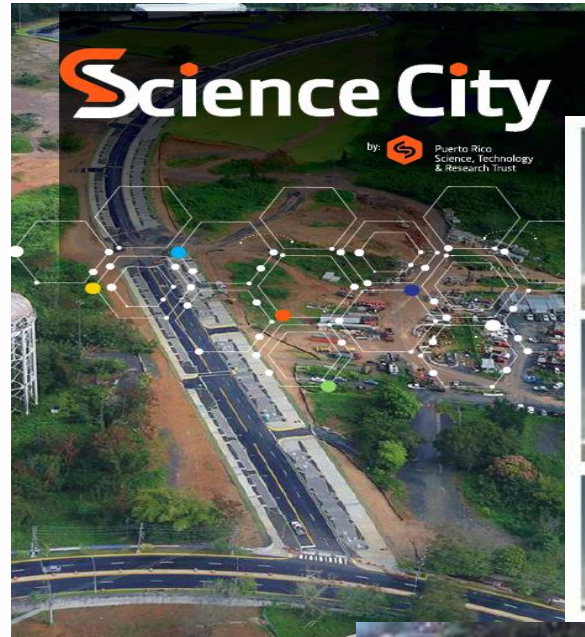
At the operational level, **Crowley**, among others, are using the current port facilities

Royal Caribbean has an itinerary for 2018 and 2019 where Ponce is the first stop before touring other islands; each stop translates into an average of \$200,000 in economic injection to merchants directly.

Parallel, the Puerto de Ponce Authority is in the process of updating the Master Plan, including Added Value Zones and the recommendations from Portek as part of their final report to the Board of Directors



SCIENCE
CITY
San Juan



Achievements

- Finished the construction of the Facility of Puerto Rico Environmental Research Laboratory (PRERL) and the Puerto Rico Vector Control Laboratory (PRVCUL) with an investment of \$3M. This modern laboratory has the highest technology.
- Finished the construction of one of the principal roads of Science City – Laboratory Road – with an investment of \$9M. This street runs through Science City from PR-21 to De Diego Avenue. The latter allow access for the future development in Science City.
- The Highway Authority in joint with the Trust have designed the Science City Boulevard, including the new exit ramp from Las Americas Expressway (PR18) to Science City. The expectation of construction is for the next fiscal Year.

Future Plans

- The schematic design for the Forward Center Building have been performed. The location will be adjacent to the Innovation Center – as part of new offices spaces for the future expansion of the Trust. Some meeting with Boston Scientific have been held.
- The Trust is working with a proposal to PRIDCO to administrate BDTC.

Puerto Rico Science, Technology & Research Trust

- RESEARCH GRANTS PROGRAM
- PR RESEARCH & INNOVATION Meet-ups
- FORWARD Research & Innovation Summit
- Colmena66 Tu Conexión Empresarial
- Unidad de Control de Vectores de Puerto Rico
- P 1 8
- Puerto Rico Brain Trust for Tropical Diseases Research & Prevention
- Puerto Rico Consortium for Clinical Investigation
- TT TECHNOLOGY TRANSFER OFFICE
- Puerto Rico Center for Tropical Biodiversity & Bioprospecting



Dorado Beach
Health
(Johns Hopkins)



Convention Center San Juan



Puerta de Tierra, Old SJ



Film District Convention Center San Juan



Phase I

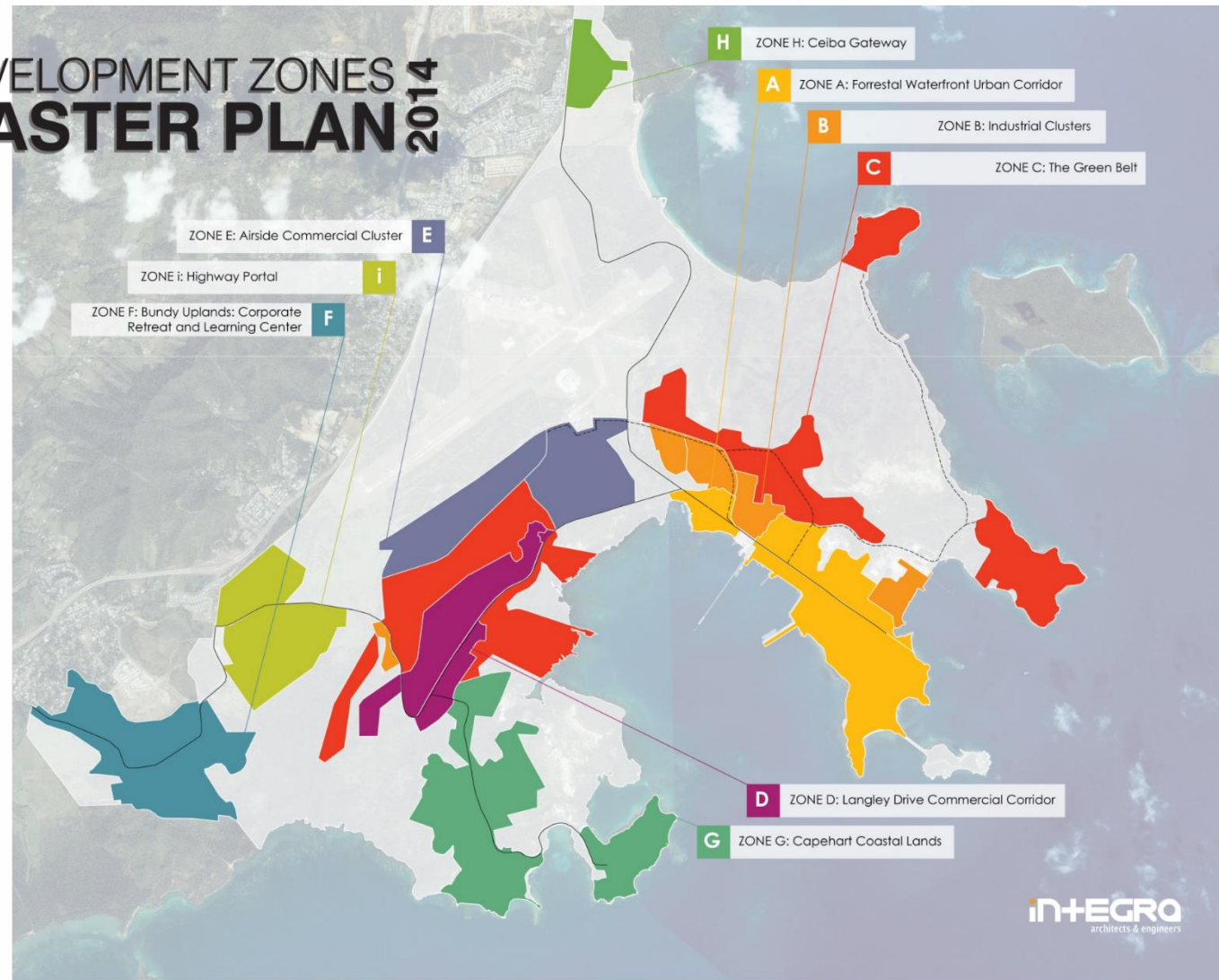


Phase II



Roosevelt Roads Redevelopment

DEVELOPMENT ZONES MASTER PLAN 2014



Waterfront Master Plan Roosevelt Roads



INTEGR

WATERFRONT MASTER PLAN ROOSEVELT ROADS
Ceiba, Puerto Rico

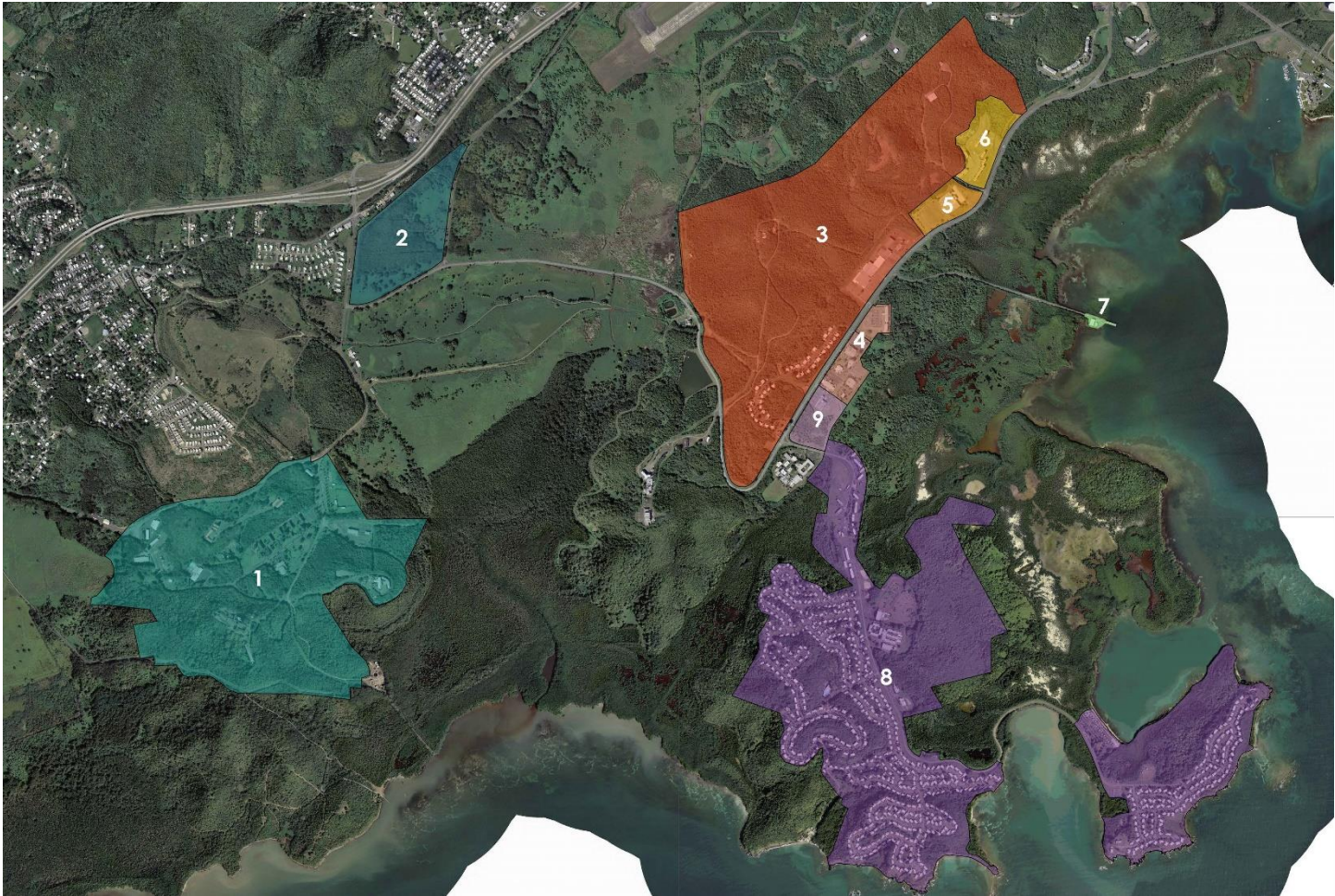


GOVERNMENT OF PUERTO RICO
Local Redevelopment Authority
for Roosevelt Roads



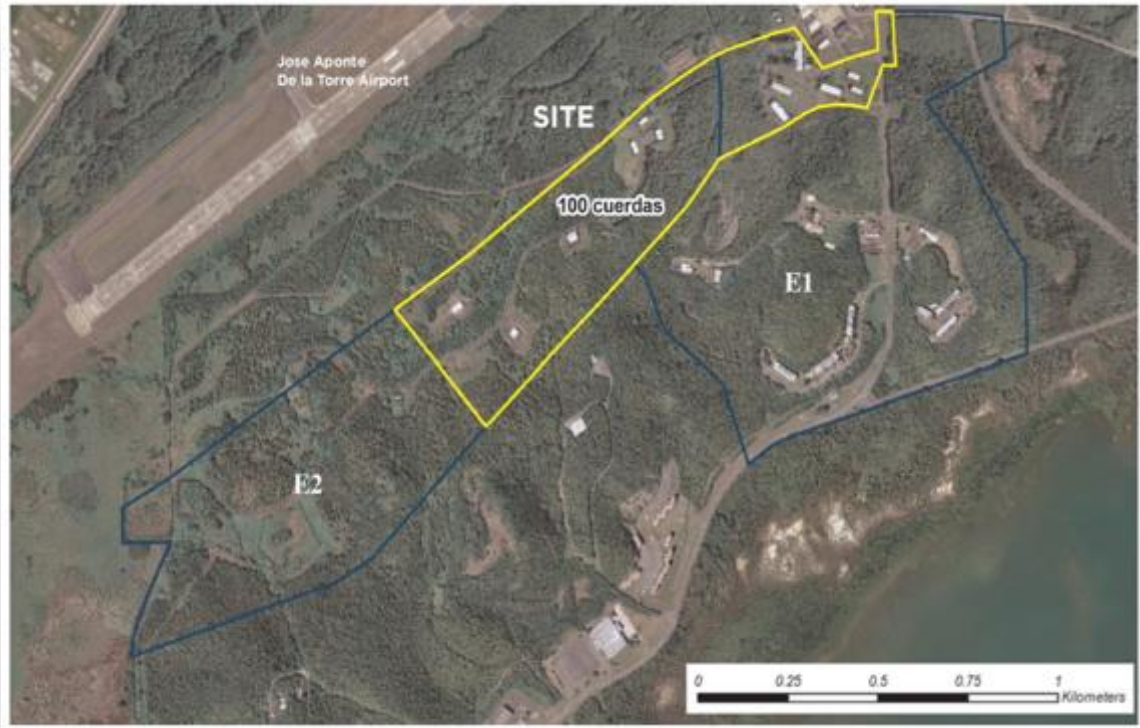
GOVERNMENT OF PUERTO RICO
Department of Economic Development and Commerce

Downtown & South
Area Plan
Roosevelt Roads



Roosevelt Roads

New Technology Park



Roosevelt Roads

MicroGrid Project (RFP completed)









Unprecedented Investment Opportunities:

P3's, OZ, Local Incentives and DR Funds

-  Energy
-  Information Technology
-  Manufacturing/Industrial
-  Life Sciences
-  Aerospace & Engineering

-  Telecommunications
-  Food and Beverages
-  Real Estate
-  Hospitality and Tourism
-  Sharing Economy

-  Health and Wellness
-  Medicinal Cannabis
-  Industrial Hemp
-  And more...



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THANK
YOU!