



GOVERNMENT OF PUERTO RICO

Department of Economic
Development and Commerce

AIR CARGO COMMITTEE ACTION PLAN

Version 1.0

09/30/2020

Table of Contents

Chapter 1: Introduction.....	3
Chapter 2: Attract New Business	6
Chapter 3: Develop Capabilities	12
Chapter 4: Build Infrastructure	13
Chapter 5: Funding.....	15
Chapter 6: Project Management and Oversight	16
Chapter 7: Conclusion	17

Chapter 1: Introduction

On April 2020, the U.S. Department of Transportation (hereinafter, “USDOT”) granted certain general authorities to foreign airlines under 49 U.S.C., Sec. 40109, to allow them to provide some expanded cargo and shuttle services at international airports in Puerto Rico.

As a result of this Order, cargo and/or international passenger airlines may:

1. Transfer cargo and passengers from any of their aircrafts to any of their other aircrafts in Puerto Rico, provided that both aircrafts have been operating to or from their home country;
2. Change the type or quantity of aircraft used to transport cargo and/or passengers in Puerto Rico airports (an exemption to international airlines to expand the transfer of international cargo and/or passengers at the following airports in Puerto Rico: (1) Mercedita Intl. Airport (PSE) in Ponce; (2) Rafael Hernández Intl. Airport (BQN) in Aguadilla; and (3) Luis Muñoz Marín Intl. Airport (SJU) in Carolina) as long as:
3. On one-way flights, transportation outside Puerto Rico is a continuation of transportation from the airline's home country to Puerto Rico; and
4. On return flights, transportation to the airline's home country is a continuation of transportation from Puerto Rico.
5. Mix cargo and/or passengers in international cargo aircraft and/or domestic passengers;
6. Unload passengers and/or cargo in Puerto Rico so that they can be transferred to a U.S. airline for transportation to a final destination in the United States or some other foreign country;
7. Board cargo and/or passengers in Puerto Rico, transferred from a U.S. airline, whose flight to Puerto Rico came from the United States or from some foreign country;
8. Unload passengers and/or cargo in Puerto Rico so that they can be transferred to another international airline that transports them to a final destination in some other foreign country; and
9. Board cargo and/or passengers in Puerto Rico, transferred from other foreign airlines, whose flight to Puerto Rico came from some foreign country.
10. Grant all foreign air carriers that currently hold, or that may subsequently receive, effective Department authority to engage in scheduled foreign air transportation, to allow them to serve Puerto Rico, and to coterminate Puerto Rico with the other U.S. points for which they hold our authority.
11. Eligible foreign air carriers are invited, to apply for exemption authority to serve additional U.S. points on an extra bilateral basis, carrying passengers and/or cargo, where those additional points would be served only on flights also serving Puerto Rico.



Source: Puerto Rico Government Application to DOT and MapInfo (Map). | GAO-20-XXX

This creates a unique economic development opportunity for Puerto Rico. To enable this opportunity and ensure that it is harnessed in a way that achieves its economic development potential, the Governor of Puerto Rico instituted through Executive Order 2020-051 the "Committee for the Marketing, Promotion, Strategy and Logistics of Cargo Transfers and International Passengers in Puerto Rico" (hereinafter referred to as the "Committee").

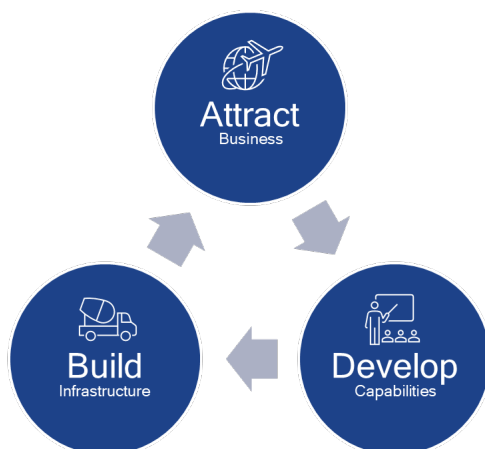
Among the tasks entrusted to the Committee is the coordination of the public policy strategy that will be aimed at educating about benefits and the opportunities presented by the two (2) year exemption to maximize the economic impact and performance of this unprecedented opportunity. In addition, this committee shall submit this initial report for the purpose of identifying public policy strategies aimed at maximizing the benefits and performance of the exemption granted by the USDOT. These tasks are also in line with what is stated in *Exhibit 66* of the 2020 Commonwealth's Fiscal Plan. Once approved, the committee will report quarterly on the progress and development of these as well as any additional challenges or areas of opportunity to be assessed in order to meet the objectives of the local Executive Order.

The composition of that Committee shall be as follows:

- Secretary of DEDC - President
- Secretary of State -
- Governor's Chief of Staff - Co-President
- Secretary of Transportation and Public Works Department - Vice-President
- Executive Director – Puerto Rico Ports Authority - Secretary
- Executive Director – Invest Puerto Rico
- Executive Director – Discover Puerto Rico
- 1 member of the Puerto Rico Chamber of Commerce
- 1 member of the Puerto Rico Manufacturers Association
- 2 experts in logistics and private sector transport - Appointed by the Governor

During the first Committee meeting, by unanimous vote, the Committee decided to invite a representative from the Economic Development Administration ("EDA"), a representative from the Fiscal Oversight and Management Board ("FOMB"), and representative from the Puerto Rico Hotel and Tourism Association ("PRHTA") to be part of the Committee, as per Executive Order 2020-051.

As it pertains to the Committee's job at hand, this action plan focuses on initiatives that can (1) **attract new business**, (2) **develop the necessary capabilities**, and (3) **build the necessary infrastructure** to maximize the opportunity.



Puerto Rico is uniquely positioned to take advantage of the USDOT lift on air cargo restrictions. For one, Puerto Rico is the geographical epicenter of the "Great Circle". This means that the Island is in the crisscross of existing high traffic routes between Europe and Latin America. This favorable position offers a great opportunity of interconnecting routes these two continents by serving as a natural "pit stop" for long and international flights. This is something that can be

exploited in terms of both air cargo and passengers, taking advantage of the global tendencies of air cargo. Moreover, this increase in air accessibility only strengthens the robust biopharma ecosystem that the Puerto Rico has fostered for the last half century by enhancing its supply chain and logistics component.

The resulting increase in air flux will require a specialized employment force to tend to the needs of a thriving air transfer hub. To do so, it is necessary to develop a strategy to elevate the Island's capacity to serve a state-of-the-art logistics industry technology needs both from an industry innovation and industry training perspective. This plan will require engagement from local universities in order to set up curriculums and training programs to capacitate individuals and private parties wanting to engage in the sector with the knowhow to operate efficiently in the industry.

All this is made viable by having adequate access to all the supporting infrastructure that will enable the flourishing of the air cargo hub. Currently, Puerto Rico has three major international airports that are in good operating condition and which have been identified to host the growth expected by the air cargo hub initiative. Notwithstanding, the infrastructure needs of the magnitude of growth expected needs to be gauged against the existing capacity of logistics related infrastructure to match optimal industry growth needs and identify competitive barriers that are cited as obstacles by prospects. This includes storage space within or adjacent to all three airports as well as reliable access roads to and from the airport to ports and other facilities necessary for the transfer hub.

The aforementioned air traffic exceptions coupled with Puerto Rico's strategic geographical location; potential for technical capacity building, and airport infrastructure growth capabilities; makes this federal measure a pivotal turning point in terms of the impact of the industry reception.

This initial report will serve as the Air Hub Action Plan for this committee and as required in *Exhibit 66* of the approved 2020 Commonwealth's Fiscal Plan. The Committee has identified a series of initiatives detailed in this plan aligned with the vision to capitalize on the Air Cargo Exemption given by the USDOT. In the following chapters of this report, and in compliance with EO 2020-051, we detail these initiatives delineated by main contributors to this initiative including Discover Puerto Rico ("DPR") and Invest Puerto Rico ("IPR"). These have been identified as partners in their respective industry sectors to lead this initiative along with the private stakeholders that shall be interested in capitalizing in this opportunity.

Chapter 2: Attract New Business

In this chapter, we will discuss all efforts that enhance Puerto Rico’s attractiveness to lure in new businesses to serve the Air Transport Hub. This can be achieved by targeting Marketing, Promotion, and Business Development initiatives to leverage the environment generated by the USDOT which supports the creation of both an Air Cargo and Passenger Hub. These two further support the Bioscience Reshoring initiatives.

2.1 Air Cargo Hub

These initiatives focus on the creation of a value proposition that makes a case for enhanced hub efficiency to existing markets and hub market growth to new prospects. It is earmarked in the development of an aggressive awareness campaign to educate global prospects on the changes in Puerto Rico transshipment rules. Secure tools to provide cost/benefit analysis for companies considering restructuring shipping and passenger routes.

2.1.1 Create a comprehensive messaging campaign and related collateral materials

Individual sell sheets for transshipment, bioscience, and related incentives, required to begin outreach to companies, have been completed. These documents are based upon IPR research on competitive assets and value proposition and were vetted by industry experts for content both on Island and externally. See examples below:



Figure 1: Sell sheet for transshipment, bioscience, and related incentives

Additionally, a comprehensive 30-page industry profile on bioscience highlighting all related differentiated competitive assets has been completed with a companion piece that is specifically focused from a real estate perspective. Following are screenshots of the table of contents for each of those two documents.

Table of Contents	
BioScience Industry in Puerto Rico.....	3
Letter from the CEO.....	3
Introduction.....	4
Highlights.....	5
Reshoring Opportunity.....	7
Exciting Growth Opportunity.....	9
BioScience Subsectors in Puerto Rico.....	10
Drugs & Pharmaceuticals.....	12
Medical Devices & Supplies.....	14
Agricultural Biotechnology.....	16
Research & Development.....	18
Distribution & Logistics.....	19
Competitive Business Profile.....	21
Workforce & Talent.....	22
Academics & Education.....	23
Air Transshipment Hub.....	24
Real Estate.....	25
Industry Support.....	26
Organizational Support.....	27
Tax Incentives.....	28

Figure 2: Bioscience Industry Profile



Figure 3: Life Sciences Manufacturing Report

Similarly, webpages have been created for transshipment and bioscience, with homepage banner placement.

2.1.2 Identify select airlines that could benefit most of the belly cargo/passengers transfer option in PR (map existing routes and future opportunities)

Invest Puerto Rico has identified cargo carriers and has begun compiling a spreadsheet with contacts, outreach strategy, and results tracking. Additionally, IPR is engaging these contacts to identify needs and aggregated cargo data that can

be used to identify efficiencies to enhance the value proposition that the Island presents. This list includes 17 companies specifically using cargo as a first line validator for new route decisions.

2.1.3 Contact companies directly with teams of subject matter experts capable of isolating competitive differentiators in global comparisons

Now that prospect targeting and collateral pieces have been completed, outreach strategies for each are being designed with completion slated for the end of September. These outreach efforts will need to be supported by strong data sources that answer questions regarding cost benefit analysis. IPR has research and compiled data tools specific to inbound and outbound cargo, routes, products, and final destinations. We will be securing this data as it aligns to requests from prospects.

2.1.4 Create clear strategy of alignment to supplemental funding sources with components of plan deployment

Currently EDA and Development Finance Corporation (DFC) funding are the only sources that have been explored. As work becomes more granular in detail it will be aligned to mission objectives of other funding sources as listed in the Strategy. Sources will include public, private, and global partnerships

Next Steps: Invest Puerto Rico anticipates submitting an application to EDA for funding to support their outreach and business development efforts.

2.1.5 Identify successes and use these best practices to inform and guide the development of other areas of the strategy

Invest Puerto Rico has secured a dedicated contract consultant to work as the Project Manager for the months of September and October. A process will be developed for collecting, organizing, and distributing information gathered and best practices identified in a collaborative tool and data base. This will then inform future decision making.

CHAPTER 2.1: CURRENT INITIATIVES FOR AIR CARGO HUB PROMOTION & DEVELOPMENT			
	INITIATIVE	RESPONSIBLE PARTY	TIMEFRAME
2.1.1	CREATE A COMPREHENSIVE MESSAGING CAMPAIGN AND RELATED COLLATERAL MATERIALS	IPR/DPR	MAY 2020 - NOV 2020
2.1.2	IDENTIFY SELECT AIRLINES THAT COULD BENEFIT MOST OF THE BELLY CARGO/PASSENGERS TRANSFER OPTION IN PR (MAP EXISTING ROUTES AND FUTURE OPPORTUNITIES)	IPR/DPR	SEP 2020 - MAR 2021
2.1.3	CONTACT COMPANIES DIRECTLY WITH TEAMS OF SUBJECT MATTER EXPERTS CAPABLE OF ISOLATING COMPETITIVE DIFFERENTIATORS IN GLOBAL COMPARISONS	IPR	DEC 2020 – JUN 2021
2.1.4	CREATE CLEAR STRATEGY OF ALIGNMENT TO SUPPLEMENTAL FUNDING SOURCES WITH COMPONENTS OF PLAN DEPLOYMENT	IPR	JAN 2020 – DEC 2020*
2.1.5	IDENTIFY SUCCESSES AND USE THESE BEST PRACTICES TO INFORM AND GUIDE THE DEVELOPMENT OF OTHER AREAS OF THE STRATEGY	IPR	MAY 2020 – MAY 2022

2.2 Passenger Hub

Order # 2020-4-10 by the United States Department of Transportation (USDOT) provides Puerto Rico with a unique mechanism to enhance air service capacity to the Island’s three airports in Aguadilla, Ponce, and San Juan. This order is unique in many respects, but most notably the inclusion of provisions related to passenger service. Add to this the massive change in supply chains and transit logistics, and it’s clear that the airline business model is undergoing massive disruption.

Several actions must be taken to optimize the utilization of this new USDOT Order, all of which have been identified herein. With the right support and an adequate investment in demand generation, Discover Puerto Rico, with the support of this committee, is prepared to work with its partners in the public and private sectors, most notably Invest Puerto Rico, to aggressively market this new set of benefits to further air service development in Puerto Rico. While it remains to be seen what can come from this effort, the timing of this new USDOT Order presents a unique, unprecedented opportunity for Puerto Rico, its tourism industry, and its airline partners.

2.2.1 Develop a comprehensive airline target strategy that evaluates value proposition for each listed prospect

Invest Puerto Rico has used select business intelligence and AI tools to identify a comprehensive list of all airline industry partners that might be framing new business plans and where alternate cost benefit analysis might create value for the operations model. This list has 36 unique prospect companies. Invest Puerto Rico has begun collecting appropriate contact information and is developing customized outreach plans for each prospect. Each outreach plan will include identification of a team of appropriate public and private subject matter experts to maximize crafting the ideal value proposition for that company.

2.2.2 Create and deploy a strategy for maximizing engagement with future CAPA and IATA events. Develop multi-year strategy for establishing a presence followed with a return event on the Island

In partnership with the Puerto Rico Tourism Company, ascribed to DEDC and soon to become the Office of Tourism, IPR met with CAPA regarding a strategy to respond to the cancellation of the CAPA Annual Meeting, slated to be held on the Island in October of 2020. The event has been cancelled and will be replaced with a series of virtual webinars in 2020. Puerto Rico will have the option of designing and participating in one or more of these events, and discussions are ongoing. The location for the CAPA Annual Meeting for 2021 had been pre-committed to Fort Lauderdale. Discussion is occurring between CAPA and IATA to host that event jointly.

Next Steps: IPR, with the support from DPR and DEDC, will be working to solicit a significant joint partner sponsorship at this event, with the condition that the event return to Puerto Rico is 2022. CAPA is very receptive to the idea, and discussion is ongoing. It is likely that a membership to CAPA will optimize those conversations, and currently there is no entity on the Island with this membership.

2.2.3 Increased Air Capacity Through Improved Efficiencies in Existing Routes

Matching the existing traveler demand with carrier capacity and supply chain logistics to identify opportunities for improved efficiencies and increased revenues. The result would be increased seat capacity, whether through increased frequency and/or larger aircrafts

2.2.4 Accelerate the creation of new routes

Capture increased domestic and international visitation by applying the USDOT Order to boost carrier revenues and reduce the risk of a new route, thereby lowering the barriers to expansion

2.2.5 Enhance Multi-Destination Routes

Use Cargo Shipment to enhance the profitability of routes that combine Puerto Rico with other Caribbean destinations and increase the number of routes through local airports

2.2.6 International Passenger Hub

Create an international passenger hub for dedicated service by one or more carriers allowing airlines to concentrate passenger service and flight operations at SJU enabling substantial traffic to flow via SJU with less than 10% circuitry, generating shorter flight times, reduced operating costs and more efficient logistics

Key Enablers:

- Analyze the opportunity to passenger carriers along creative strategizing and plans to boost demand for the destination
- Identify a reliable carrier with a high degree of commitment
- Long term extension of the USDOT Order

CHAPTER 2.2: CURRENT INITIATIVES FOR PASSENGER HUB PROMOTION & DEVELOPMENT		
INITIATIVE	RESPONSIBLE PARTY	TIMEFRAME
2.2.1 DEVELOP A COMPREHENSIVE AIRLINE TARGET STRATEGY THAT EVALUATES VALUE PROPOSITION FOR EACH LISTED PROSPECT	IPR/DPR	SEP 2020 – MAR 2021
2.2.2 CREATE AND DEPLOY A STRATEGY FOR MAXIMIZING ENGAGEMENT WITH FUTURE CAPA AND IATA EVENTS. DEVELOP MULTI-YEAR STRATEGY FOR ESTABLISHING A PRESENCE FOLLOWED WITH A RETURN EVENT ON THE ISLAND	IPR/DPR	JAN 2021 – JULY 2021
2.2.3 INCREASED AIR CAPACITY THROUGH IMPROVED EFFICIENCIES IN EXISTING ROUTES	DPR	SEP 2020 – DEC 2020
2.2.4 ACCELERATE THE CREATION OF NEW ROUTES	DPR	SEP 2020 – JULY 2021
2.2.5 ENHANCE MULTI-DESTINATION ROUTES	DPR	SEP 2020 – JULY 2021
2.2.6 INTERNATIONAL PASSENGER HUB	DPR	JAN 2021 – DEC 2022

2.3 Bioscience Reshoring

The current COVID-19 pandemic has unveiled a serious national security risk involving the potential disruption of globalized supply chains, specifically in the pharmaceutical industry. The fact that the US pharmaceuticals have, in the last 20 years, moved most manufacturing to Asia and Europe, looking for lower costs of production, has created a dangerous dependence on foreign countries' ability to export. At the same time, within US boundaries, Puerto Rico continues to be a key player in the industry and a turnkey option to reshoring and reigniting the pharma manufacturing industry and mitigating these risks. This reshoring effort is already underway, and this executive order only strengthens the opportunity for Puerto Rico offering the Bioscience Industry further capabilities.

2.3.1 Build upon the low hanging fruits of an existing robust supply chain of the pharma and food industry in PR

Invest Puerto Rico has commissioned a contractor with significant previous experience in prior prospect that considered the Island as a destination. The contractor, Jerry Lectora, has reached out to these entities to identify questions and barriers. Subsequently, he is working with other industry experts on the island to identify answers or solutions.

2.3.2 Develop a bioscience target strategy that prioritizes companies based upon federal objectives related to reshoring

Invest Puerto Rico has developed a list of prospects based upon the criteria of companies with foreign operations that have a greater than 75% market share in the US, have products that align with the US Government's 'Critical Supply Chain Products' list from a national security perspective, and where Puerto Rico has a documented competitive value proposition. These companies have been ranked based upon likelihood to engage and speed to deal close, with previous presence or affiliation with manufacturing production on the island elevating prospects to the top of the list.

This list formed the basis for the engaging partners from the White House including the RADM Brown, the Office of Manufacturing, Trade, and Production, and Development Finance Corporation in conversations to schedule an 'Industry Capabilities Tour' to highlight the superior potential for the Island to serve Federal Agency and National Security needs. Planned in partnership with partners from the IPR Transshipment Committee working group, this event resulted in increased recognition from the White House of the value of Puerto Rico to reshoring efforts.

This physical tour, which took place on Wednesday and Thursday, August 18th and 19th, included tours and information on over 30 life science capable properties, and culminated in a public 'Roundtable Discussion' webinar that has been

pushed in global networks earning significant earned media. Most importantly, its elevated understanding of the complete chain of need capacity improvements that would be required to appropriately support increased pharmaceutical and medical device production on the Island. RADM Brown’s parting words in the webinar specifically focused on the importance of logistics.

The event itself was the impetus for launching a supportive tagline from White House Officials, “China You’re Fired, Puerto Rico You’re Hired!” This battle cry has now become part of the national narrative for gaining support for focused investment on the Island related to reshoring critical national security needs.

The implications reach much farther than the White House and related influencers, this tag line has been adopted by many partners on the Island as a unifying message. This message will be positioned as validation for policy support related to the Air Transshipment Waiver, as Invest Puerto Rico develops the business case for why this waiver, and other cabotage rules on the Island, need to be extended and expanded.

Additionally, work on developing a Foreign Trade Zone strategy has begun. Staff has meet with national and global partners regarding maximizing assets on the Island. This has included research on policy that impacts Puerto Rico’s value proposition including The Caribbean Basin Initiative, CAFTA, and import status designation. This has included collaboration with potential ‘World Trade Center’ partners in the US and Central America.

Next Steps: Significant to this effort is development of a value proposition and related collateral materials for unique Finance and International Banking capabilities on the Island. These collateral pieces are proposed for completion in the next month. Once these are completed future geographically targeted outreach will align to the most significant market opportunities that surface through banking partner relationships.

CHAPTER 2.3: CURRENT INITIATIVES FOR BIOSCIENCE RESHORING PROMOTION & DEVELOPMENT		
INITIATIVE	RESPONSIBLE PARTY	TIMEFRAME
2.3.1 BUILD UPON THE LOW HANGING FRUITS OF AN EXISTING ROBUST SUPPLY CHAIN OF THE PHARMA AND FOOD INDUSTRY IN PR	IPR/DEDC	AUG 2020 – AUG 2021
2.3.2 DEVELOP A BIOSCIENCE TARGET STRATEGY THAT PRIORITIZES COMPANIES BASED UPON FEDERAL OBJECTIVES RELATED TO RESHORING	IPR	AUG 2020 – DEC 2020

Chapter 3: Develop Capabilities

Develop a deployment strategy for raising the Island’s capacity to serve state-of the art logistics industry technology needs both from an industry innovation and industry training perspective.

3.1 Create an IoT, cybersecurity, 5G, & blockchain strategy for the supply chain life cycle

Invest Puerto Rico has been working with UPR, INDUNIV, EDA, and industry partners to design a pharma and logistics focused Center of Excellence for connected systems, IoT, and 5G open source research and development. The curriculum and sustainability models are based on best practice programs currently operating at University of Wisconsin Milwaukee and Purdue. Both programs have deep previous networks with industry on the Island, and would be designed to created industry- focused, applied services to companies on the island.

3.2 Create an Institute of Logistics studies as a stand-alone with drop in curriculum from an established University

A best practice has been identified at University of Louisville. This facility serves the World Headquarter Hub for UPS. The project is identified for development in 2021, and likely partners include UPR, the Polytechnic, and InterAmerican Universities.

3.3 Design research to inform future decision making on project prioritization and capacity building recommendations

Invest Puerto Rico is working with INDUNIV to create the outline for comprehensive ongoing supportive research through UPR that will serve industry needs and inform decision making going forward. The criteria for this study has been developed as a Subcommittee of the IPR Transshipment Committee, and criteria is informed by partners in the industry. Currently PR has assigned a team of student interns on this project with a first report due Midterm, and a final report due at the end of the fall semester. Work in the proposal by UPR has been divided into phases, with the research and data collection work being done this semester as Phase One, and work on developing an interactive tool for cost benefit analysis being Phase Two.

CHAPTER 3: CURRENT INITIATIVES FOR DEVELOPING CAPABILITIES		
INITIATIVE	RESPONSIBLE PARTY	TIMEFRAME
3.1 CREATE AN IOT, CYBERSECURITY, 5G, & BLOCKCHAIN STRATEGY FOR THE SUPPLY CHAIN LIFE CYCLE	UPR/UWM IPR (as Facilitator)	NOV 2020 – MAY 2021
3.2 CREATE AN INSTITUTE OF LOGISTICS STUDIES AS A STAND-ALONE WITH DROP IN CURRICULUM FROM AN ESTABLISHED UNIVERSITY	UPR (IPR as Facilitator)	DEC 2020 – DEC 2022
3.3 DESIGN RESEARCH TO INFORM FUTURE DECISION MAKING ON PROJECT PRIORITIZATION AND CAPACITY BUILDING RECOMMENDATIONS	INDUNIV	SEPT 2020 – FEB 2021

Chapter 4: Build Infrastructure

In this chapter, we will discuss the Logistics and Infrastructure initiatives most of which can be executed in the short term. These initiatives focus on the creation of robust tools and comprehensive data collection structures for future asset mapping to inform planning recommendations. Additionally, they provide input to the Air Cargo Committee Infrastructure Subcommittee to improve the capacity of logistics related infrastructure to match optimal industry growth needs and identify competitive barriers that are cited as obstacles by prospects.

4.1 Research and identify infrastructure needs, evaluate proposed improvements, evaluate optimal competitive growth, and prioritize asset development

A spreadsheet of projects, timelines, and dependencies have been developed in partnership with the full committee. Specific recommendations have been vetted by industry, and researched to identify need, cost, and return on investment. In the realm of airport facility improvements, all three airports require an expansion to their air cargo transfer facilities.

ADDITIONAL AIR CARGO TRANSFER FACILITY	TEMP. CONTROL	DRY
LUIS MUÑOZ MARIN ITNL AIRPORT (SJU)	20k-30k	>50k-75k
RAFAEL HERNÁNDEZ AIRPORT (BQN)	20k-30k	>50k-75k
AEROPUERTO MERCEDITA DE PONCE (PSE)	8k-10k	>20k

Next Steps: This information will be channeled to the Air Cargo Committee Infrastructure Subcommittee through a formal reporting process as it is endorsed by the full IPR Transshipment Committee.

4.2 Create updated airport plans

Two members from the Invest Puerto Rico team are serving as leadership in the development of an EDA funded Comprehensive Economic Development Plan for the Southwest Region of the island. This work will explore with regional partners the maximization of assets and infrastructure in the region, including shipping and logistics priorities. Through this process a template to better understand needs and opportunities will emerge, and that will inform similar activities in other regions of the Island. With these priorities and opportunities around logistics well defined, commissioning of economic input for revised airport plans can be undertaken. This information will also include data gathered from prospects.

4.3 Improve Airport Access and Logistics

To maximize regional assets and infrastructure, La Ceramica Industrial Park has been identified, which is only 2.5 miles from SJU Air Cargo Area and convert it into a Logistics Center or SJU Logistics Park to manage the projected increase in air cargo management. Also, in response to the projected increase traffic from air cargo, for both SJU and Mercedita, a need has been identified to upgrade main access roads to and from the airport to the ports of San Juan and Ponce.

4.4 Perform an initial research to inform the development of collateral materials for initial outreach

Invest Puerto Rico research team did a comprehensive asset mapping of both the BioScience and Transshipment/Logistics industries. These research projects served as the basis for the collateral materials developed, and guided development of the criteria for targeting activities. Additional tools are being explored to add additional layers of understanding for immediate outreach efforts to prospects. There is limited funding for these tools in Invest Puerto Rico's current budget, and other partners or funding sources are being explored.

4.5 Aggregate research findings and create an online tool for prospects

This will be scheduled for 2021 with anticipated supplemental funding.

CHAPTER 4: CURRENT INITIATIVES FOR BUILDING INFRASTRUCTURE

INITIATIVE	RESPONSIBLE PARTY	TIMEFRAME
4.1 RESEARCH AND IDENTIFY INFRASTRUCTURE NEEDS, EVALUATE PROPOSED IMPROVEMENTS, EVALUATE OPTIMAL COMPETITIVE GROWTH, AND PRIORITIZE ASSET DEVELOPMENT	PRMA	SEPT 2020 – MARCH 2021
4.2 CREATE UPDATED AIRPORT PLANS	IPR/PRPA	DEC 2020 – MARCH 2021
4.3 IMPROVE AIRPORT ACCESS AND LOGISTICS	PRPA	DEC 2020 – DEC 2022
4.4 PERFORM AN INITIAL RESEARCH TO INFORM THE DEVELOPMENT OF COLLATERAL MATERIALS FOR INITIAL OUTREACH	IPR	MAY 2020 – NOV 2020
4.5 AGGREGATE RESEARCH FINDINGS AND CREATE AN ONLINE TOOL FOR PROSPECTS	UPR/IPR	JAN 2021 – JULY 2021

Chapter 5: Funding

In this Chapter we will discuss possible sources of funding that will ultimately enable the initiatives numbered in this action plan. Among the possible sources of funding are public funds both local and federal.

5.1 Public Funding

At the state level there are several agencies that can destine funds to the enabling of the air transfer hub. In terms of the access roads the Department of Transportation and Public Works, the Highways and Transportation Authority as well as the municipalities can aide in the funding of the projects to upgrade the access routes to the respective airports.

Moreover, at the federal level the U.S. Department of Housing and Urban Development (HUD) approved a multi-billion-dollar allocation through the Community Development Block Grant – Disaster Recovery program. Among the programs within this allocation is the Economic Development Investment Portfolio for Growth Program. Said program is aimed at establishing the funding of projects that will significantly impact and enable the long-term economic growth and sustainability of the Island. It will also have the capacity to be a funding stream for projects determined by the central government to be key drivers for Puerto Rico’s new economy in alliance with the economic recovery plan.¹

5.2 Private Funding

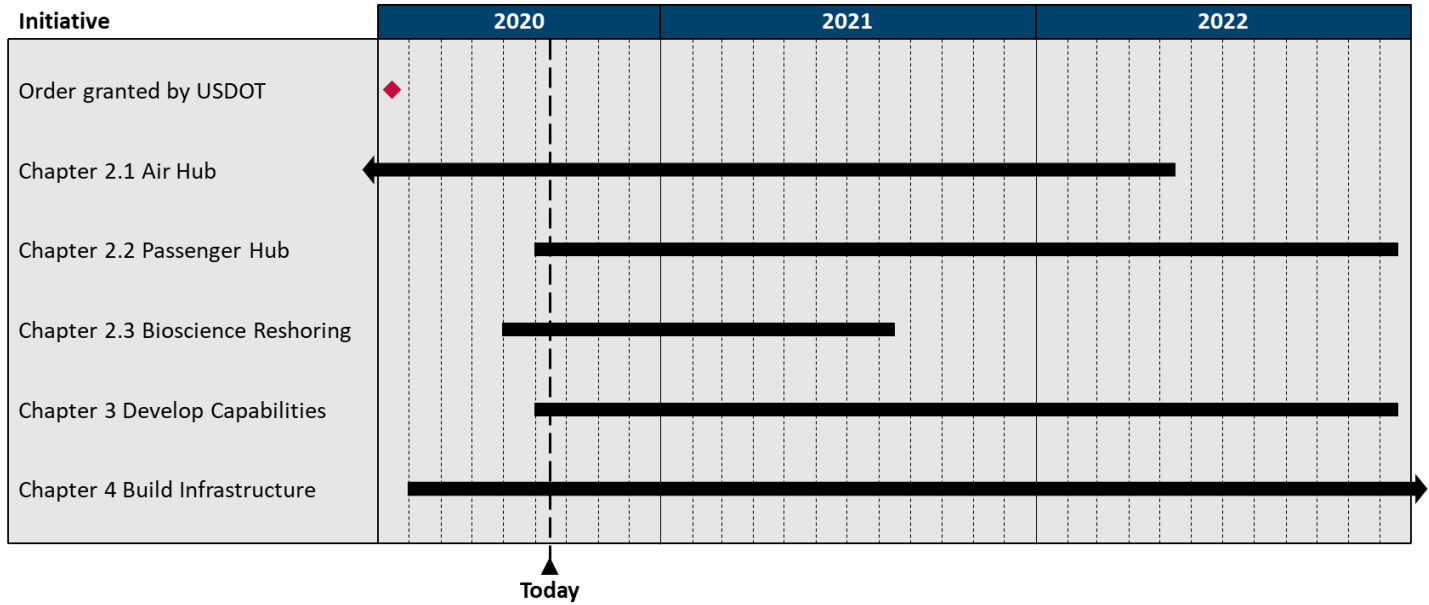
The private sector is also expected to partake in the funding initiatives given that there is a significant opportunity to capitalize on the economic activity that will be generated from the increase in air traffic. The private sector has ample opportunities to develop commercial activity in both the Development phase of capacity building and the Building of infrastructure. In terms of capacity building local private Colleges and Universities can develop programs to offer technical degrees tailored at the labor needs that will be generated from the increase air flow and complex logistics ecosystem that comes with it. In terms of infrastructure, landlords of adjacent or nearby properties that can be used to host transfer facilities among other facilities that might be needed by the initiative.

¹ <https://www.cdbg-dr.pr.gov/en/download/economic-development-investment-portfolio-for-growth-program/>

Chapter 6: Project Management and Oversight

This Committee is tasked with spearheading all efforts to ensure that the action plan yields the results economic experts forecast it can render. To do so, the Committee must establish an effective project management and oversight structure to ensure that all three major components of the plan are being tended to and on target. These initiatives will be led by independent subcommittees composed by DDEC, Invest PR, Discover PR, PRPA, PRMA and PRHTA. These subcommittees will be responsible of establishing the necessary project management infrastructure to ensure timely execution of initiatives. This committee will be responsible of overseeing the execution and reporting out progress.

Below we include a high-level Gantt chart to project the execution timeframe for the initiatives.



Chapter 7: Conclusion

This Action Plan is aimed at maximizing the economic development opportunities provided by the Air Cargo Exemption given by the USDOT. The Air Cargo Exemption provides a unique opportunity to steer Puerto Rico away from over a decade of economic contraction by promoting the Island as a transfer hub destination, developing capacity building capabilities to support the sector, and revamping the supporting infrastructure.

Given the current pandemic situation, Puerto Rico has the opportunity of becoming the forefront of the pharmaceutical manufacturing sector, which is already underway with approved Congressional legislation, and can only be enhanced by this exemption. Equally important, the tourism sector is expected to begin a strong recovery in 2021 after been severely impacted by the COVID19 pandemic. The international passenger component of the USDOT order should be an important piece of such recovery process. As a result, this Committee is motivated to carry out the Action Plan's potential into fruition as Puerto Rico's capacity to take full advantage of these unique set of opportunities.

However, some of the proposals contained herein are scoped to be actionable beyond the time frame provided by the USDOT. Therefore, a key role of this Committee shall be to keep record of the progress of the Action Plan in order to lead all lobbying efforts necessary to extend the exemption beyond the original time frame.