PUERTO RICO’S VALUE PROPOSITION FOR AEROSPACE + DEFENSE

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PUERTO RICO’S ECONOMY

• More populous than 20 states (~3,221,000 inhabitants)
• Largest and most diversified economy in the Caribbean
  ▪ Labor Force 1,130,100 (Feb 2023)
  ▪ Unemployment 6.0% (Feb 2023)
  ▪ Total Employment 1,216,000 (Mar 2022)
  ▪ Annual Mean Wages $30,480 (May 2021)
• GDP $106.5 billion (2021)
• GDP per Capita $32,547 (2021)
• Exports to over 130 countries around the world
• Positive export balance of $8.277 billion (2022)

Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics, Puerto Rico Department of Labor and Human Resources
Gross Domestic Product
Fiscal Year 2021

Manufacturing 48.1
+ $51.2 B

Commerce 8.4

Finance, Insurance and Real Estate 21.6

Services 14.1
+ $15 B

Government 4.8

Utilities 1.8

Construction & Mining 0.7

Agriculture 1.0

Statistical discrepancy -0.5

Source: P.R. Planning Board
Business Climate and Strategic Location

**U.S. Jurisdiction**
- Federal insurance and banking regulations.
- U.S. Dollar
- Stable business environment
- Legal & intellectual property protections of the U.S.

**Strategic Geographical Location**
- Poised for global transshipment

**Logistics & Infrastructure**
- 3 international airports, 11 seaports, 9 regional airports
- Largest non-contiguous FTZ in the US with over 500 properties
- Island-wide ICT infrastructure including 0G and 5G providers
Talent and Education

- Puerto Rico is home to over **80 institutions** of post-secondary learning, including universities, colleges, community colleges and technical institutes.

- Approximately 18,000 undergraduate degrees and 2,500 post-graduate degrees are awarded in STEM fields annually.

50% of university graduates hold a STEM degree (outpacing the US national average by 20%).

6th. highest availability of scientists and engineers in the world (according to the World’s Economic Forum's Global Competitiveness Report.)
Infrastructure and Connectivity

- Puerto Rico is the **only US jurisdiction with both 5G and IoT network capabilities.**
- Wireless infrastructure has been improved and made more redundant with federal funding, and there are hundreds of millions still to be invested to harden the system.
- A 2021 FAIRNET Internet Report shows that PR has **21st fastest internet in the world**, ahead of US.
- Puerto Rico has high levels of **broadband connectivity**, carried to the Island by submarine cables, with a **new connection being planned** for Ponce.
- The **Puerto Rico 5G Zone** is one of four national 5G test beds, partnered with Indiana 5G Zone at Purdue.
• 50% of the Aerospace + Technology Companies conduct R+D in Puerto Rico

• 50% of clusters members expect to expand job opportunities in the next months (+100 positions)

• The Puerto Rico 5G Zone is building out a hub to focus on aerospace + defense related spectrum research.

Aerospace and Defense Cluster Map

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The Puerto Rico Advantage

Why Aerospace Makes Sense

AEROSPACE CLUSTER

- International Traffic in Arms Regulation (ITAR) and Export Administration (EAR) compliant
- Restricted FAA flight areas for testing
- Rafael Hernández - Aguadilla Airport has the longest runway in the Caribbean

I+E SUPPORT ECOSYSTEMS

- Tech innovators and entrepreneurs
- Recognized accelerators and incubators
- Access to startup capital and support
- Workforce development programs for software development, machine learning, and more

IMPACT

- 6,000+ direct jobs created
- $625M+ annual economic impact
- $59,000 average salary
- +95% Hired local talent
- Academic partnerships
Success Stories
Tax Benefits

- **4%** Income Tax Rate
- **75%** Exemption Property Tax
- **75%** Exemption Construction Tax
- **50%** Exemption Municipal Tax
- **50%** Tax Credit In R+D
- **0%** Taxes on Dividends Distribution

Eligible Activities

- Research & Development
- Advanced Manufacturing
- MRO
- Launch Operations
- Export Services
Cash Incentives

**Job Creation**
Based on number of employees + payroll

**Infrastructure**
Based on need of the client

**M+E**
Up to 30% of the need of the client

1. Application / Business Plan
2. Calculate Cost-Benefit
3. Letter of Intent
4. Client signs LOI
5. Proposal to Secretary of DDEC
6. Approval of Incentives
7. Incentives Agreement
8. Reimbursed Expenses
At DEDC, we help organizations build strong business cases. Your business will thrive due to our talented workforce behind our value proposition.

Puerto Rico is an island of opportunities where any company can establish, relocate or expand their operations while enjoying the benefits of doing business in a U.S. jurisdiction.