

DEPARTMENT OF ECONOMIC  
**DEVELOPMENT**  
AND COMMERCE



# PUERTO RICO'S VALUE PROPOSITION FOR AEROSPACE + DEFENSE

José Castro Segarra, Senior Business Development Officer

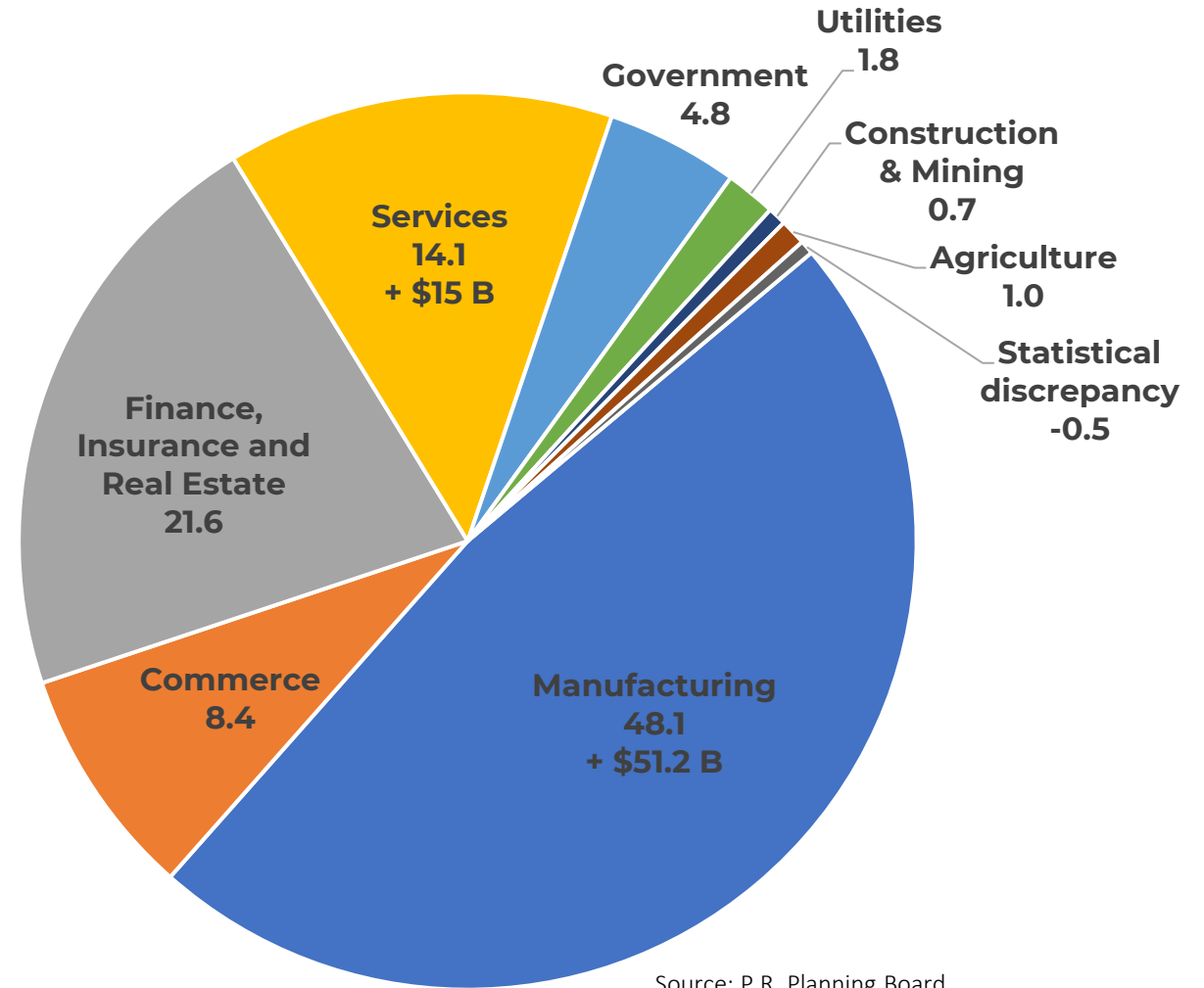
# PUERTO RICO'S ECONOMY

- 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



# 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.



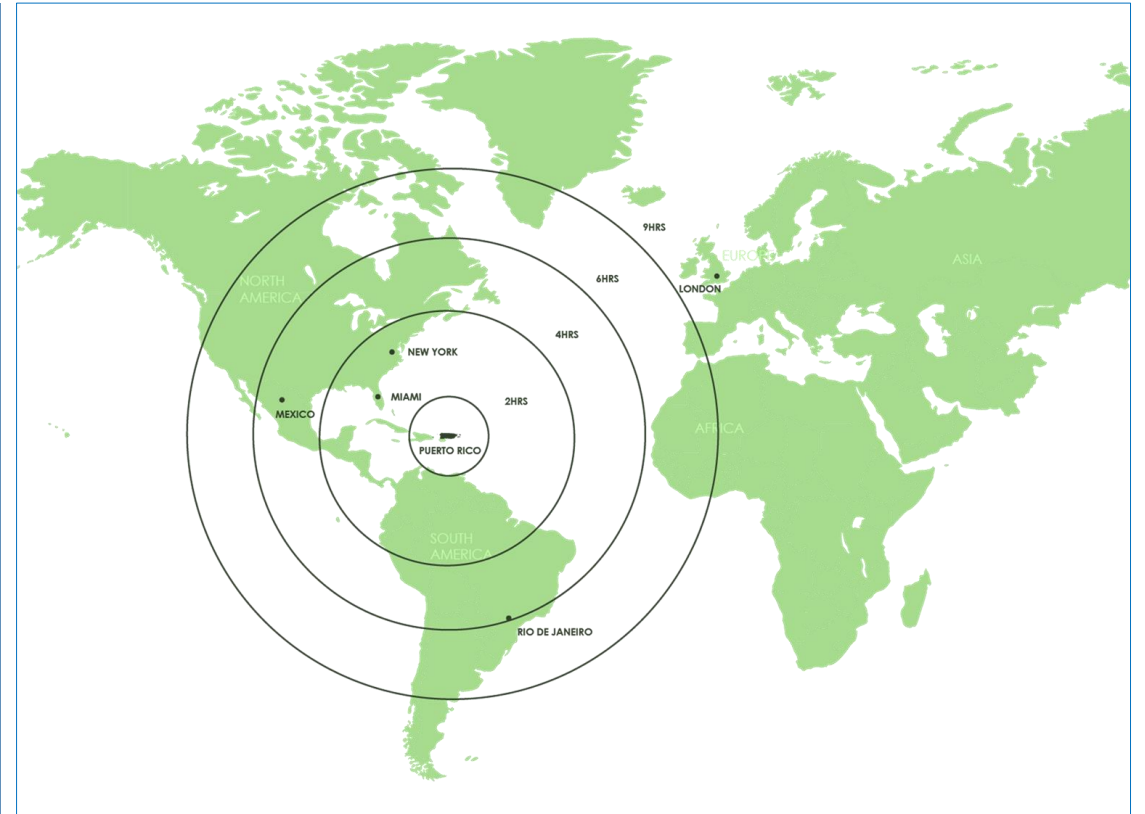
## Strategic Geographical Location

- Poised for global transshipment



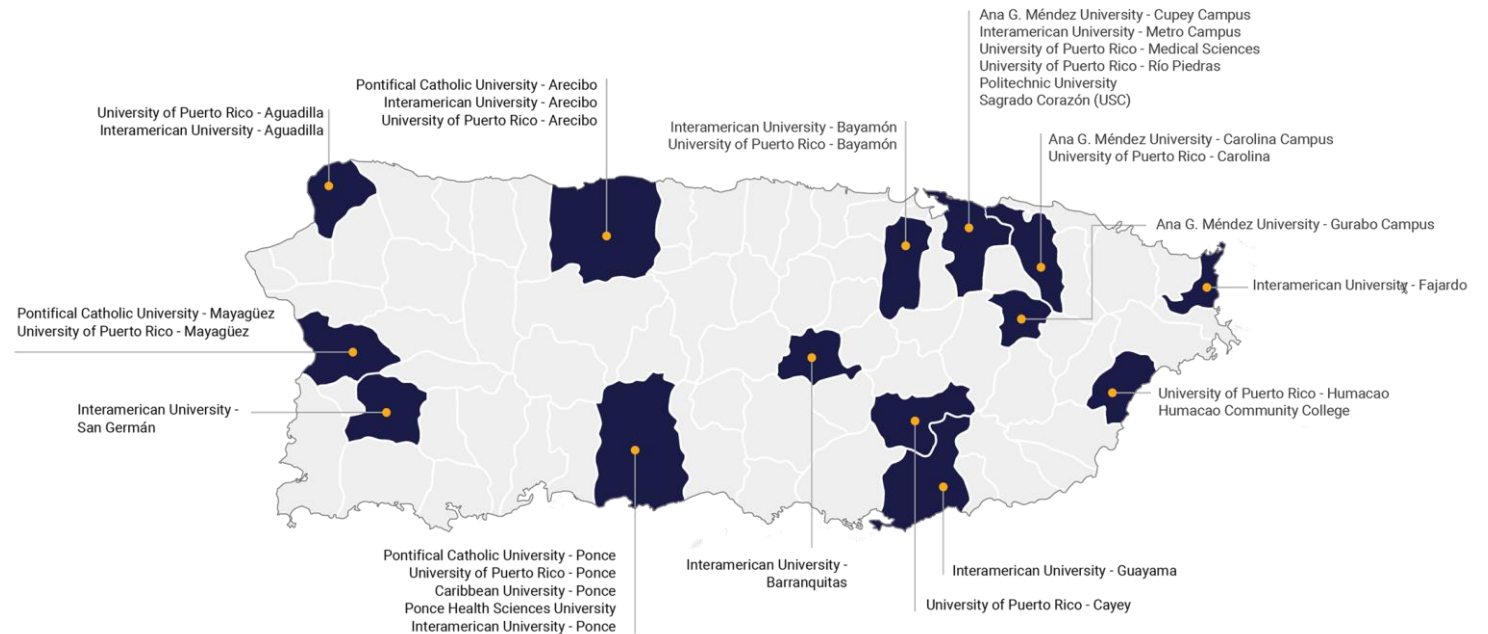
## Logistics & Infrastructure

- 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

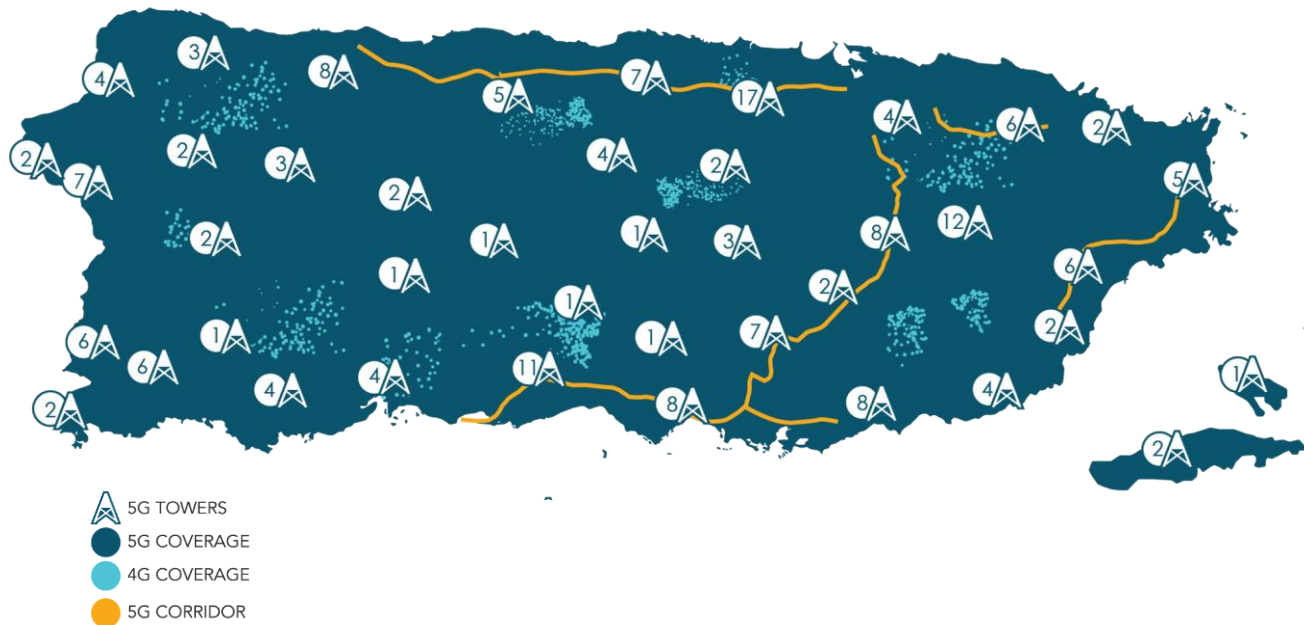
- Puerto Rico is home to over **80 institutions** of post-secondary learning, including universities, colleges, community colleges and technical institutes.
- Approximately 18,000 undergraduate degrees and 2,500 post-graduate degrees are awarded in STEM fields annually.



**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).

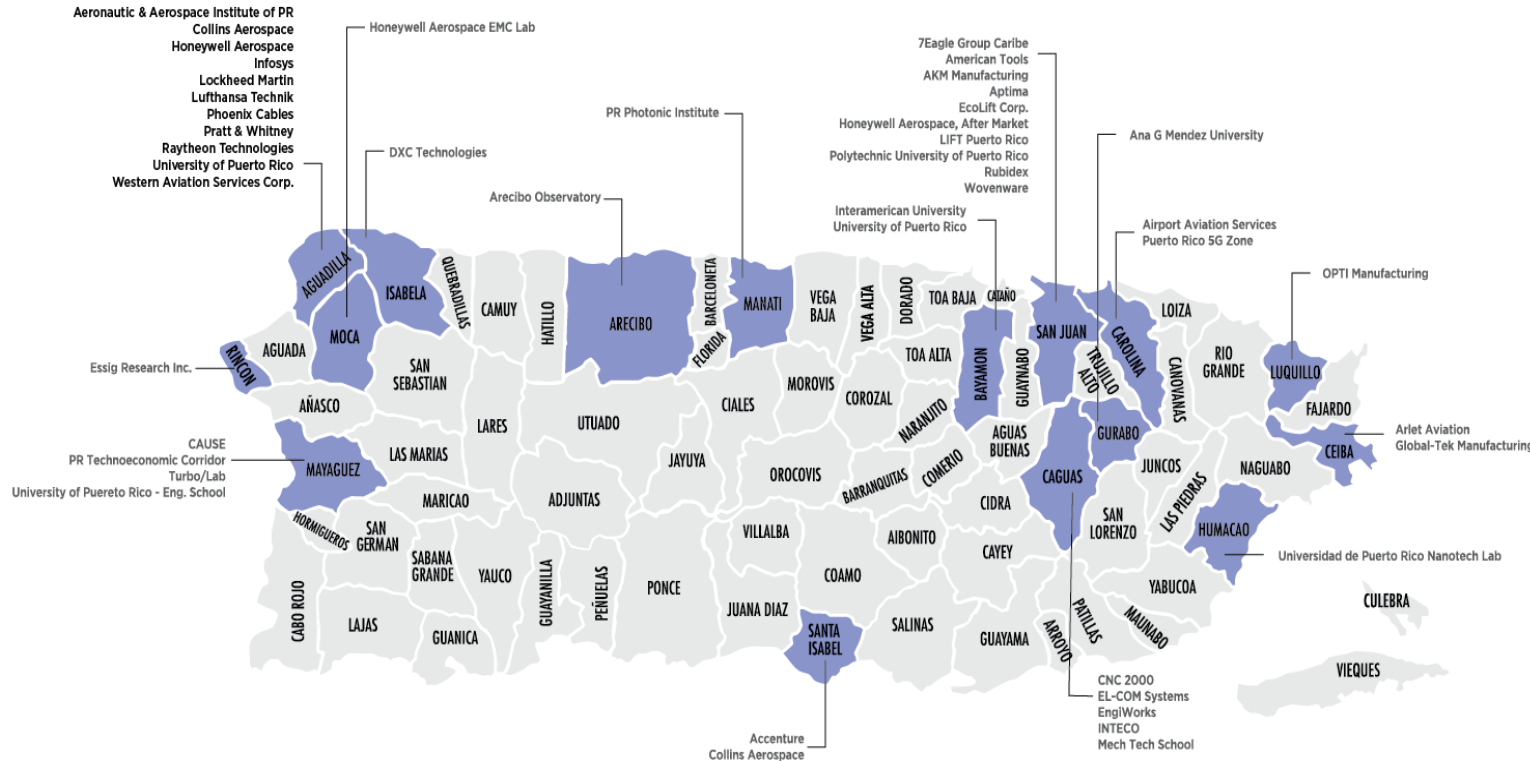
# Infrastructure and Connectivity



- 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.



# Aerospace and Defense Cluster Map



- 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.



# 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



**Honeywell**



**Infosys**<sup>®</sup>  
BPM



Phoenix Cables Inc.



**Lufthansa Technik**



# 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

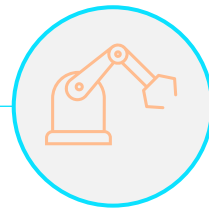
Eligible  
Activities



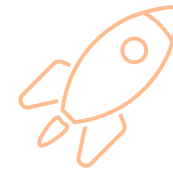
Research &  
Development



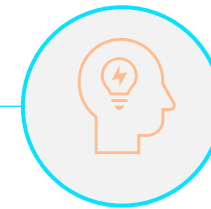
**MRO**



Advanced  
Manufacturing



**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



# Summary

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.

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## THANK YOU

**José Castro Segarra**

Senior Business Development Officer,  
Aerospace + Technology Cluster

[jose.castro@ddec.pr.gov](mailto:jose.castro@ddec.pr.gov)

787.672.8905

787.758.4747 ext. 3335



**ddec.pr.gov**