Capitalizing Business Through Foreign Direct Investment

Francisco Chévere, Esq.
Executive Director
Puerto Rico Trade and Export Company
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Puerto Rico Trade & Export Company

• Puerto Rico Trade & Export Company, “CCE” for its acronym in Spanish, is in charge of carrying out the public policy for the strengthening and promotion of small and medium sized enterprises (SMEs) on one hand and exports and entrepreneurship on the other.

• Exports led foreign direct investment (FDI) has been a key element in Puerto Rico’s economic growth.
Puerto Rico Exports in FY 2014

- During FY 2014, registered exports from Puerto Rico increased by $60.3 million up to a total value of $62,457.2 million, representing a rate of growth of 0.1% compared to FY 2013. This is the second consecutive year of growth in exports after a significant reduction of -9.2% in FY 2012.

95% of the exports of Puerto Rico during the fiscal year 2014 were composed primarily of pharmaceutical products and drugs (69.4%), medical equipment (9.1%), chemical Basic (6.5%), food (3.5%), electrical equipment (1.65), instruments (1.5%), petroleum products (1.0%), commercial refrigeration equipment (0.7%), computer equipment (0.7%) and pesticides, fertilizers and other agricultural chemicals.

Source: Puerto Rico Institute of Statistics
The 92.5% of the exports of Puerto Rico in fiscal year 2014 were destined to the following ten (10) countries: United States (71.8%), Belgium (4.1%), Netherlands (4.0%), Austria (2.6%), Italy (2.2%), Spain (2.0%), Japan (1.7%), Britain (1.5%), France (1.3%) and Dominican Republic (1.3%).

<table>
<thead>
<tr>
<th>Country</th>
<th>% Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>71.8%</td>
</tr>
<tr>
<td>Belgium</td>
<td>4.1%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4.0%</td>
</tr>
<tr>
<td>Austria</td>
<td>2.6%</td>
</tr>
<tr>
<td>Italy</td>
<td>2.2%</td>
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<tr>
<td>Spain</td>
<td>2.0%</td>
</tr>
<tr>
<td>Japan</td>
<td>1.7%</td>
</tr>
<tr>
<td>Great Britain</td>
<td>1.5%</td>
</tr>
<tr>
<td>France</td>
<td>1.3%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Source: Puerto Rico Institute of Statistics
In fiscal year 2014 registered merchandise exports of $62,457.2 million and $42,475.6 million respective imports resulted in a positive trade balance of $19,981.6 million, an increase of $2,623.3 million or 15.1%, when compared with fiscal year 2013.
Actual Economic Plan: Focus

- Re-energize Anchor Industries
  - Manufacturing (Life Sciences)
  - Commerce (SMEs)
  - Tourism

- High-Impact Projects
  - Port of The Americas
  - Science, Research & Technology Trust
  - Roosevelt Roads

- Attract New Investment
  - Acts 20 & 22 (Knowledge Services)
  - Jobs Now Act (SMEs)
  - Medical Tourism
  - New Agriculture
Strategies to Attract New Investment

• For over half a century, the Puerto Rican government has been pursuing a policy of attracting foreign investment through financial and tax incentives, with job creation as its main goal.
• Historical Perspective.
• Financial incentives include renting out public buildings at attractive rates, wage incentives and access to financing through tax-exempt industrial bonds and direct loans.
• Free trade zones
• Trade missions and Expo conventions
• PR offices in Latin American countries and Europe.
• The U.S. currently has 42 bilateral investment treaties in place which also apply to Puerto Rico, (Free Trade Agreements, FTA)
Capitalizing Business through FDI

- Export led FDI and SMEs growth are the two critical elements in developing the private sector in PR.
- The PR Economic Development Team (CCE, PRIDCO, Tourism) seeks to promote the development of the ecosystem of business (clusters) between large-scale investments and local, particularly in aerospace and technology entrepreneurs.
- Behind every strategic project there is ample opportunity to develop a solid supply chain, with locally-based businesses, that will generate wealth and economic development for the country.
Recently Promoted Clusters

• Aerospace – Lufthansa
• Creative Industries - Fashion – P.ERE
• Medical Tourism