



Puerto Rico ★
THE ALL STAR ISLAND

ECONOMIC ROADMAP

(Update as of January 2014)

The Commonwealth of Puerto Rico



Economic Plan: Overview

VISION

Build upon Puerto Rico's historic strengths, creativity, and innovative spirit to achieve a more diversified, knowledge-driven economy that addresses the challenges of globalization and seizes upon emerging opportunities

GOALS

Near-term goal

Shore up and diversify the economy by leveraging Puerto Rico's competitive advantages and consolidating its productive base

Long-term goal

Build sustainable competitive advantage with a diversified, adaptive economy and workforce driven by technology and innovation

POLICY PRIORITIES

- 1 Defend anchor industries while diversifying job sources on the Island
- 2 Stimulate local entrepreneurship – drive growth of small and medium enterprises (SMEs)
- 3 Restore Puerto Rico's credibility as a stable, business-friendly jurisdiction
- 4 Take full advantage of opportunities tied to Puerto Rico's relative fiscal autonomy

IMPACT

By beginning of 2016

Over 90,000 jobs created
\$6 to \$7 billion in incremental GDP

By beginning of 2018

Over 130,000 jobs created
\$10 to \$12 billion in incremental GDP

Economic Plan: Focus

1

Re-energize Anchor Industries

- **Manufacturing (Life Sciences)**
- **Commerce (SMEs)**
- **Tourism**

2

High-Impact Projects

- **Port of The Americas**
- **Science, Investigation & Technology Trust**
- **Roosevelt Roads**

3

Attract New Investment

- **Acts 20 & 22 (Knowledge Services)**
- **Jobs Now Act (SMEs)**
- **Medical Tourism**
- **New Agriculture**

Economic Plan: Priorities

5 PRIORITY SECTORS

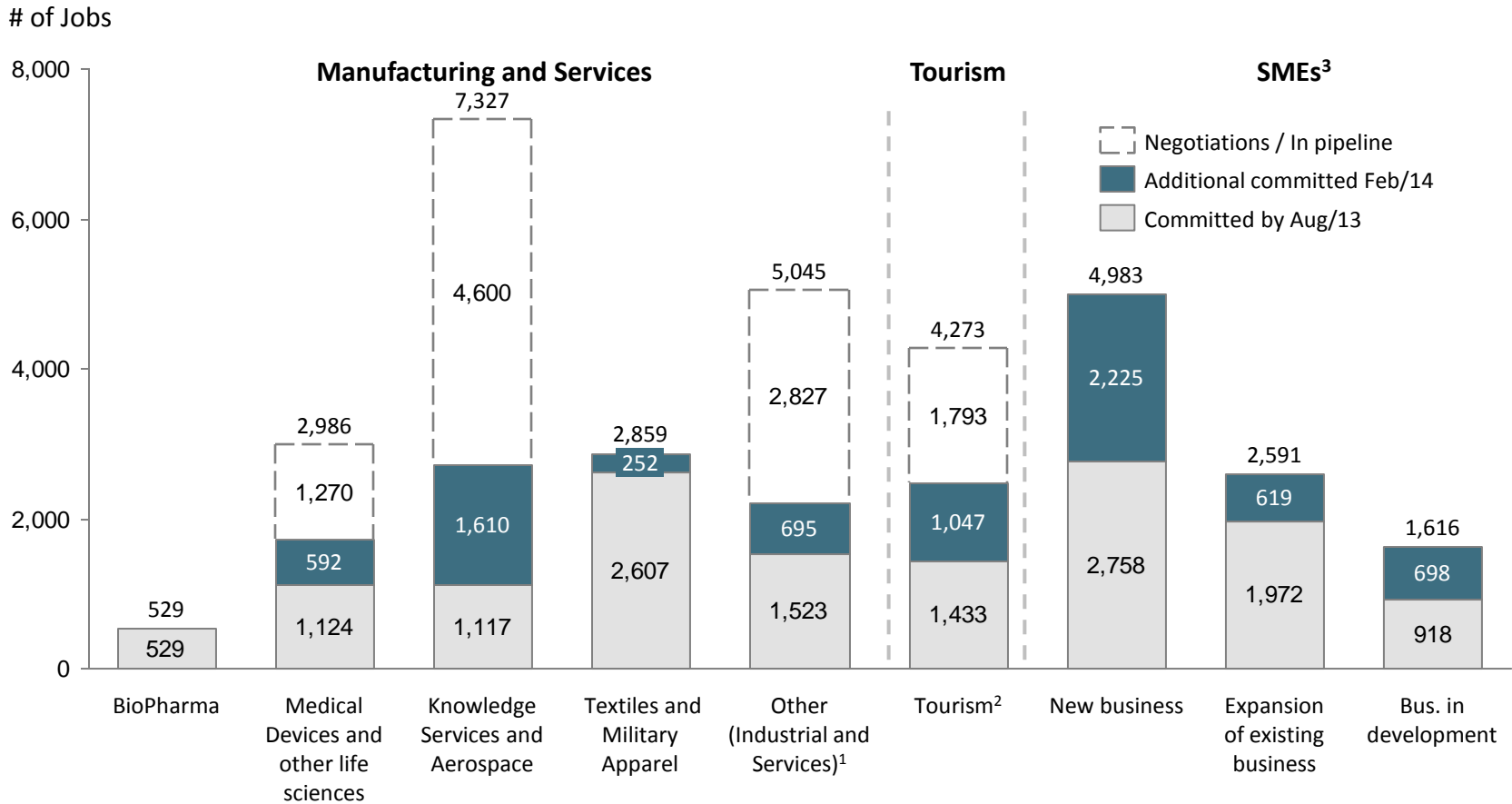
Global	Life Sciences	<ul style="list-style-type: none">• Defend traditional Pharma base and pursue innovative opportunities (generics, biologics, contract mfg)• Consolidate PR's position as a global manufacturing hub for Medical Devices• Bolster PR as the Center for Scientific Crop R&D in the Americas (Agricultural Biotechnology)
	Knowledge Services	<ul style="list-style-type: none">• Become the Knowledge Services Center of the Americas• Pursue niche plays to grow Insurance and Financial Services
	Tourism	<ul style="list-style-type: none">• Re-capture historic strengths in Tourism to become a premier U.S. and global travel destination• Additionally, target emerging niche markets including luxury, ecotourism, medical, cultural, and sports tourism
Internal	SMEs	<ul style="list-style-type: none">• Build world-class SMEs support through a full-suite of coordinated programs targeting SMEs at all levels of development
	Agriculture	<ul style="list-style-type: none">• Reduce reliance on food imports by investing in high-productivity agricultural production

Progress continues to be made on jobs and sector growth

- **Activity in focus sectors on track, diversifying and reshaping economy around growth areas – with jobs committed increasing from ~14K in Aug to >21K in Dec**
 - Pharma / Generics manufacturing – continued targeted new jobs (e.g., Lilly), while pursuing new companies to takeover plants planned for closure
 - Medical devices – committed jobs increased to over 1,700 from 1,124, evidencing of Puerto Rico's reinvigorated focus on this sector
 - Knowledge services – jobs committed jumped from 1,117 to 2,727, supporting Puerto Rico's strong value proposition for existing and new companies
 - Tourism – significant increase in cruise passengers vs. 2012 (121K more vs. 2012), hotels increasing PR's room inventory, new air routes and hubs (Seaborne, AirEuropa, Avianca, JetBlue)
 - These sectors represent key economic "drivers" – they are linked to US and global economy and trigger growth in other local sectors (from construction to retail)
- **Major projects moving forward:**
 - Aerospace – Continued prongs on development of cluster with announcement of Infosys (300 jobs)
 - Energy – renewable energy projects approved in January, \$60M in energy cost savings
 - Major projects – Seaborne, sugar cane, and rum production and infrastructure projects continue marching forward
 - Investors and financiers – More than \$1B investment committed from Paulson and Putnam Bridge, 2014 investment starting to materialize.
- **Moving forward on implementation infrastructure, tracking, and reporting**
 - New institution in DDEC focused on successful execution of Economic Roadmap

More than 21k jobs committed by EOY 2013, showing continued positive trend toward Roadmap 2016 goal of ~48.7k

Sample of jobs committed by sector (figures for Sept 2013 report vs. present)

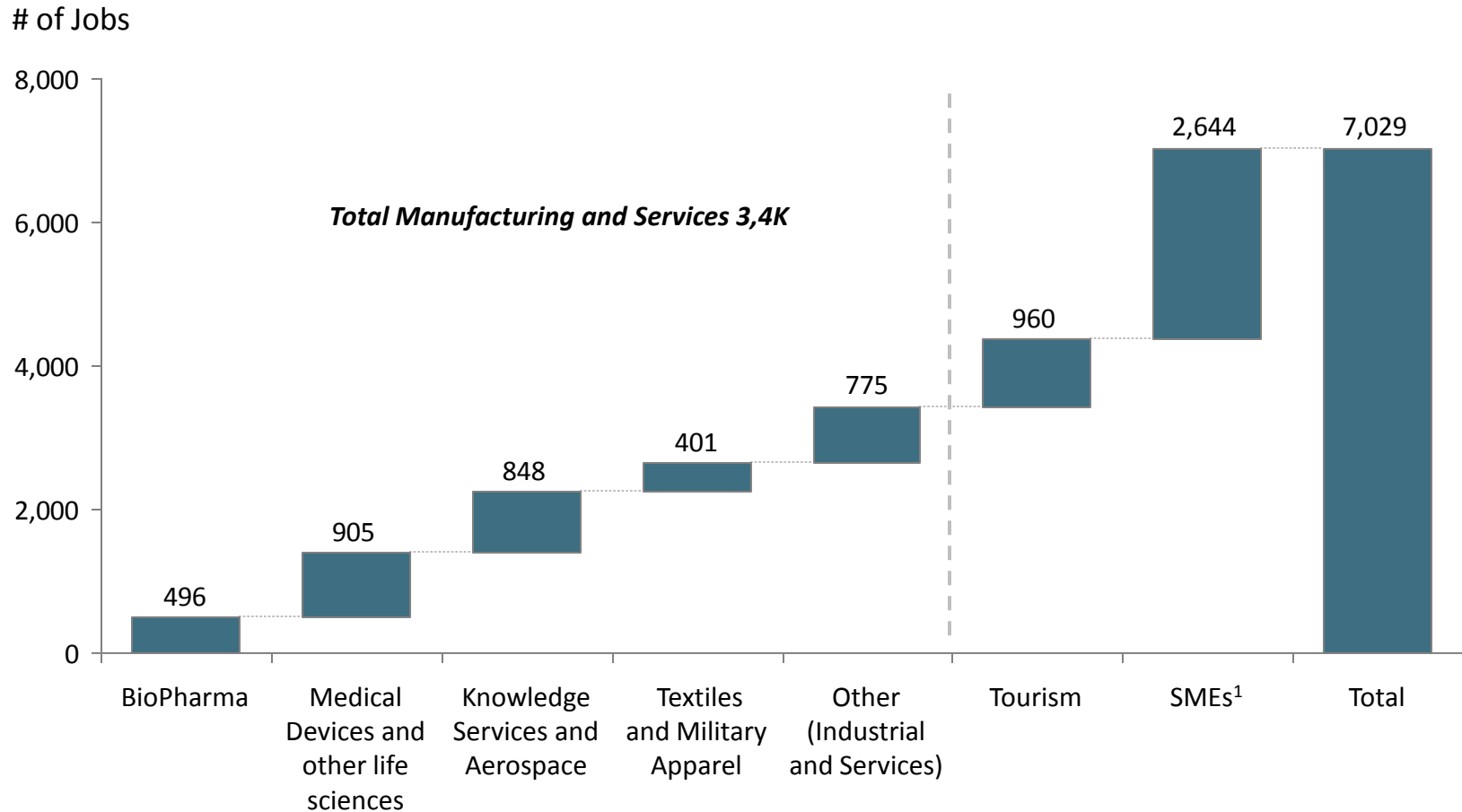


Committed jobs in Aug were 13.9K; figure has risen to 21.7K for EOY, with >10.4K jobs in negotiations pipeline

1. Includes electronics, IT, Construction & Engineering and Other 2. Includes Casino & gaming, airlines and cruises, tourism products, hotels under construction and hotels opened 3. Data as of Feb, 10th, 2014.

7K of the 21K job commitments in Manufacturing and Services, Tourism and SMEs have already turned into created jobs

Jobs created: Manufacturing and Services, Tourism and SMEs (Jan – Dec 2013)



1. Data as of Jan, 23rd, 2014

Source: Puerto Rico Industrial Development Corporation, Puerto Rico Trade Company, Puerto Rico Tourism Company

Travel & Tourism – Clear progress in improving air access, generating jobs and increasing hotel offerings

Recent wins, progress and main projects in pipeline (Feb 2014)

Seaborne Airlines	<ul style="list-style-type: none">• In Dec/13 Seaborne announced flights to 16 destinations & 2,6K monthly flights• In March they will consolidate hub (management, operations, reservations and customer service) in PR (from Saint Croix), 400 jobs
Additional Air Access	<ul style="list-style-type: none">• New routes in 2013: JetBlue and United to Chicago, Southwest to Orlando, Avianca to Bogota, Colombia, JetBlue to Santiago and Punta Cana, Dominican Republic• Negotiated direct air access to Madrid with Air Europa starting May 2014
Hyatt Place, Bayamon	<ul style="list-style-type: none">• Inaugurated on Dec/13; 352 direct jobs in casino, hotel and restaurant
Hyatt Place, Manati	<ul style="list-style-type: none">• To be inaugurated on March/5th - 104 rooms, \$38M investment, 205 jobs when in operation and 308 construction jobs
Cruise-lines	<ul style="list-style-type: none">• New routes in 2013: MSC's Divina arrival in November 2013, Norwegian Cruises' Breakaway arrival in December 2013
Additional Cruise-line announcements	<ul style="list-style-type: none">• Disney Cruises with 4 homeport visits in Sept.-Oct. 2014• Quantum of the Seas from Royal Caribbean arriving Dec. 2014, +6k passengers each visit• Larger Navigator of the Seas replacing Jewel of the Seas in Spring 2015, 52k passengers annualized

Goal to increase room inventory to 20K in 5 years. Currently 14.5K ; 2.2K rooms in construction or operation in 2013

Cruise passenger movement increase by 121k (11.5% increase 2012 vs.2013)

Impactful progress in all additional economic sectors

Sector

Sample Recent wins & progress (Sept -Jan 2014)

Agriculture

- **Agriculture** is reactivating the economy with 3,542 jobs committed by Jan/2014
- First harvest of rice in last t 30 years (304K pounds of rice, 57 acres, with an initial investment of \$1.5M)
- **Sugar cane:** 20K acres, \$9.5 M investment, 4K jobs potential, ~ \$75M investment – finding local operator

Rum

- Working with producers to increase volume to achieve higher cover over

Other Mfg.

- **Poultry plans** reopening in Coamo and Salinas (750 direct jobs with salaries avg. \$27,5K), \$7M investment, to be completed by Feb 2014, finding local operator

SMEs

- **Jobs Now Act continues** promoting growth – 8,755 jobs committed (vs. 5,648 in Aug) & 2,644 created by Jan/2014
- Organizational enhancements to support SMEs (announced by CCE and EDB)

Textiles & Apparel

- **Federal contract** win: \$137 M 3-year military apparel manufacturing (2,200 jobs)
- **Lifestyle Footwear** – LOI in Jan 2014 (180 jobs)

Investments committed for 2014 starting to materialize and will help drive job growth and economic activity

Companies	Expected Investment	Major activities
Paulson & Co.	\$500M in 2014 \$500M in 2015 (\$1B total)	Acquired an 80% interest in the Bahía Beach Resort & Golf Club, including the St. Regis Resort, and plan to invest \$500 million in further development
Putnam Bridge Investments	\$200M in 2014	Invested \$450 million in renovating Marina Puerto Del Rey, creating up to 400 construction jobs and up to 500 permanent jobs
Total	\$700M in 2014 \$1.2B expected by 2015 (cumulative)	

Number of investment funds exploring new operations in Puerto Rico, with some (e.g., Blue Fund) already in process

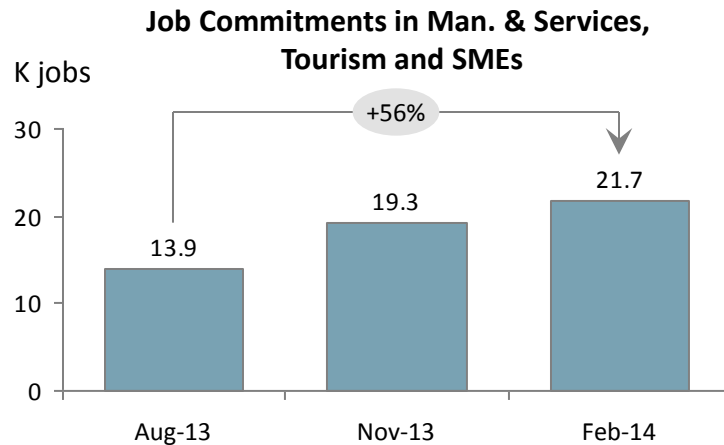
An architectural model of a city street scene. On the left is a tall, modern building with a grid-like facade. To the right are several shorter, rectangular buildings. A road with dashed white lines runs through the center. In the foreground, there are several dark green trees. A blue semi-transparent rectangle is overlaid on the scene, containing the text 'SUMMARY' and 'The Commonwealth of Puerto Rico'. Below this rectangle is a solid red horizontal bar. In the bottom left corner, there is a pencil and a pushpin. In the bottom right corner, there is a compass and two pushpins.

SUMMARY

The Commonwealth of Puerto Rico

To recap, Puerto Rico on track to meet Roadmap's goals – showing significant progress since last update in September

Progress continues in manufacturing, services, SMEs and Tourism



Since August, 56% increase in jobs commitments

- 7.8K additional jobs committed

Additionally, 7K jobs created in key sectors that drive economy

More than 10K jobs in negotiations pipeline for Manufacturing and Services

Additional projects continue to move strong as well

- **Sugar cane** project (20K acres, \$9.5M investment, 4K jobs)
- **Poultry** project (800 jobs) to be completed by end of Feb 2014
- **Hyatt Place** Bayamon inaugurated Dec/13
- **Seaborne Airlines** to consolidate hub in PR (starting March)



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