

January 9, 2020



JETRO Co-Hosts Seminar in New York on Investment in the Commonwealth of Puerto Rico - a U.S. Territory Offering an Abundance of Investment Appeal Through Tax Incentives and Business Incentives. -

JETRO co-hosted a seminar in New York City on December 11, 2019 together with the Consulate General of Japan in New York on investment in Puerto Rico, a self-governing commonwealth of the United States. There were more than 30 people in attendance at the event, mainly representatives from Japanese companies operating in the U.S.

The seminar began by an Opening Address from New York State Senator Luis Sepúlveda, who is of Puerto Rican descent. Citing the ongoing recovery efforts actively carried out in Puerto Rico to repair the damage caused by a Category 5 hurricane Maria, which struck the Caribbean in 2017, Senator Sepúlveda presented the attractive business opportunities in the island's infrastructure sector, and encouraged Japanese companies to establish a presence there.

In addition, Manuel Laboy Rivera, the Secretary of Puerto Rico's Department of Economic Development and Commerce, discussed Puerto Rico's appeal as a place to invest. He drew attention to the low corporate tax rate and various other tax-related incentives. He also noted how the island's U.S. Territory status meant that goods manufactured on Puerto Rico are classified as, "Made in the U.S." and are not subject to tariffs for U.S.-bound exports. The island also has convenient access to South America and Europe, which makes it ideal as a logistics and distribution hub. The Secretary explained that in the field of pharmaceutical production, which accounts for nearly 17% of Puerto Rico's GDP, companies such as Johnson & Johnson and other world leading pharmaceutical manufacturers and biotech firms are setting up factories on the island. He explained that as this example attests, the abundance of engineers and other outstanding human talent is another part of Puerto Rico's appeal. With regard to the infrastructure field, he also cited the wealth of incentive programs in place, such as the tax break system for encouraging investments in low-income communities ("opportunity zones") and an active public-private partnership program (PPP). The Secretary ultimately expressed a strong desire to see Japanese companies invest in Puerto Rico.

The next to speak was Francisco Pericás, Senior Vice President at Banco Popular, one of Puerto Rico's major banks. Mr. Pericás spoke of the current conditions and the plethora of investment opportunities in Puerto Rico's five main industries, namely the hotel business, real estate, pharmaceutical production, the energy sector, and public-private infrastructure investment. Puerto Rico Chamber of Commerce President José Ledesma-Fuentes then spoke about the CoC's ability to introduce experts in all manner of fields. He emphasized the strong relationship between New York's state government and Puerto Rico's municipal government, and championed the fully-fledged support structure for helping corporate investors make relationships at a local level.

The final speakers were Juichi Takeuchi, who serves as the Senior Executive Officer, President, and CEO of Terumo Americas Holding, Inc. (which has a factory in Puerto Rico), and the Regional Representative for Latin America, and Toshihisa Ogi, the Vice President of Terumo Puerto Rico LLC. The advantage of having a local subsidiary, they indicated, is that it affords companies a low corporate tax rate and other various tax incentives. These speakers mentioned that despite the great damage that wreaked upon the island by the large hurricane, Terumo had managed to resume business operations in just under two months, and they remarked on how impressed they were with the local population's dedication and devotion.

The following is a list of the lecture materials presented by the speakers:

Manuel A. Laboy Rivera, Secretary, Department of Economic Development and Commerce

Banco Popular: Francisco Pericás

Puerto Rico Chamber of Commerce: President José Ledesma-Fuentes

JETRO New York

According to the investment promotion agency Invest Puerto Rico, the maximum corporate tax rate including surtaxes is 37.5%. In incentivized fields such as the export industry, a 4% preferential tax rate is applied. In addition, dividends of profits are paid out tax-free.