



JETRO Co-organizes Investment Mission to the Commonwealth of Puerto Rico with Japanese Companies

On February 24th, JETRO New York President Issei Hatakeyama, along with delegates from the Consulate General of Japan and two Japanese companies visited Puerto Rico as part of a trade mission organized by Invest Puerto Rico. This three-day mission included site tours, explanation of the Puerto Rico business landscape ranging from tax regulations to renewable energy initiatives, and attending a conference organized by the Puerto Rico Chamber of Commerce. The mission was a follow up to a previous seminar hosted by JETRO at the New York office, where distinguished guests from Puerto Rico were invited to introduce the Island's investment attraction. JETRO invited Japanese company representative who attended our December 11 seminar to actually see first-hand the business landscape of Puerto Rico.

Upon arrival to Puerto Rico, our hosts from [Invest Puerto Rico](#) provided a welcome reception with a greeting from CEO, [Rodrick Miller](#). The three day agenda was organized by Invest Puerto Rico and mainly, their business development team ([Rafael Perez](#), [Luis Gonzalez](#), and [Yanira Camacho](#)).



Cooling System Caribe CEO Bobby Duran taking the delegates on a facility tour.

On Day One, mission members visited [Cooling System Caribe](#), a local Puerto Rican company that is the only manufacturer of a wide variety of custom radiators for automobiles and generators for buildings. The company's CEO, Bobby Duran, explained that during Hurricane Maria, the company was able to replace radiators that were damaged throughout the island faster than receiving a shipment of replacement parts from the actual manufacturers. This in turn, helped speed up the process for companies in need of large-scale generators to operate their building and factories, as well as automobiles in need of repair.

The delegates also saw a glimpse of the startup ecosystem in Puerto Rico, visiting [Piloto 151](#) in Old San Juan, for an introduction to the island's new tax system. Piloto 151 is the first coworking space on the island. The company now has a total of 4 spaces spanning the island's main cities and harnessing startups that have grown their presence in the United States as well as the LATAM markets. They have also welcomed startups that have set up their offices in Puerto Rico due to attractive tax incentives, proximity to the Latin market, bilingual talent pool, culture, and more.

In terms of taxes, the members were welcomed by Kevane Grant Thornton, a Grant Thornton International authorized firm specializing in advising companies within Puerto Rico. KGT's Partner, [Francisco Luis](#), fully explained the recent change in tax policy, which is ACT 60.

Also known as the Puerto Rico Incentives Code, ACT 60 was enacted on July 1, 2019, to consolidate all existing and new incentive laws into one single code utilizing an ROI methodology as a measurement tool to grant benefits. The now bundled incentives include the following terms along with many others in specific industries:

- 4% fixed income tax rate on eligible income
- 75% exemption on property taxes
- 50% exemption on municipal taxes
- Tax exemption period of 15 years, plus an additional extension of another 15 years
- Research and Development tax credits

**For more information, please refer to the presentation [here](#)*

The following day, the delegates attended the "PRCC Conference 2020: Empowering Investment" organized by the [Puerto Rico Chamber of Commerce](#). Attendees were mostly from local businesses and including a few participants from the United States. Japan was the only country having participants in attendance and warmly

welcomed by [Jose Ledesma-Fuentes](#), President and Chairman of the Board of PRCC. The content of the conference focused on future engagements between private and public partnerships, topics such as Entrepreneurship, Workforce Development, and Crisis Management were on the agenda.

The entrepreneur and workforce topic was very informative, as successful local startups, financial advisors, and university executives explained the need to improve public and private partnerships to enhance students' potential growth by including more entrepreneurship programs into their curriculum. Key points of discussion on the startup ecosystem, included working with universities by providing capital both locally and globally seemed to be an essential collaboration in need.

Discussions also focused on crisis management in Puerto Rico. Government officials, local authorities, and private companies debated the post hurricane recovery. Key points of guidance were made on the usage of emergency funds, housing developments, and on-going power grid solutions. One keynote sparked the interest of many attendees. The conference invited Dr. H. Kit Miyamoto, CEO and President of [Miyamoto International](#), to speak at the event. Dr. Miyamoto is a world-leading expert in disaster resiliency engineering, disaster response, and reconstruction. His message to the attendees, was to act fast in the recovery because the structural damages of buildings all over the island could worsen. However, Dr. Miyamoto also praised the island's building structure codes, comparing it to the strict building codes of California.



PRCC Conference 2020: Empowering Investment



Former President of ACONER, Angel Zayas, showing a map of power plants.

On the final day, the delegates met with ACONER, a local energy association with 200 members related to the renewable energy industry. Former President [Angel Zayas](#), Founder of AZ Engineering, and [Francisco Berrios Portella](#), Business Development Consultant at Aireko Services & Installations, introduced the energy landscape of Puerto Rico. There were valuable discussions on how PREPA was handling the grid, while private companies also maintained their own off-grid technologies as backup, even on some occasions, where competing companies formed a coalition to maintain power by setting up a combination of Renewable Energy and CHP Generators. Puerto Rico also has a very ambitious goal of reaching 100% renewable

energy by 2050. To meet this ambitious goal, associations like ACONER is pushing for an increase in distributed generation.

The feedback we received from the delegates remain optimistic, as there is still much needed work in the recovery process, however, the public and private relationships are showing a strong resilience and collaborative effort to improve the island's economic status. We certainly thank Invest Puerto Rico and the Puerto Rico Chamber of Commerce for welcoming JETRO's Japan delegation.

About JETRO

JETRO, the Japan External Trade Organization, is a government-related organization that works to promote mutual trade and investment between Japan and the rest of the world. Originally established in 1958 to promote Japanese exports abroad, JETRO's core focus in the 21st century has shifted toward promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential.

About Invest Puerto Rico

Leading the way in strengthening the Island as a world-class business destination is the newly formed Invest Puerto Rico, a non-profit investment promotion organization created by law, via Act 13 – 2017. Our mission is clear: Promote Puerto Rico as a competitive investment jurisdiction to attract new business and capital investment to the Island. Our vision is to be a transformational and results-oriented accelerator of economic development in Puerto Rico. Invest PR is taking on some of the investment promotional activities previously held by the Department of Economic Development and Commerce, such as representing Puerto Rico at investment conferences, fielding inbound requests from businesses, and coordinating with local stakeholders.

JETRO New York