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Think Strategically

Made in Puerto Rico, USA: The Renaissance of America's Medicine Cabinet

November 10, 2025

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The Dismantling of a Powerhouse

By the mid-1990s, Puerto Rico stood as one of America's greatest industrial success stories — a high-productivity economy built on skill, innovation, and global reach. Yet in 1996, Washington chose to dismantle the very policy that had made this prosperity possible. Under **President Bill Clinton**, Congress passed the **Small Business Job Protection Act**, which gradually **phased out Section 936** — the federal tax provision that had anchored the Island's manufacturing expansion for two decades.
The initiative, designed by **Treasury Secretary Robert Rubin** and endorsed by the Clinton economic team, was marketed as fiscal modernization — an effort to close what Washington called an expensive corporate loophole. In reality, it was an act of economic short-sightedness. Rather than reforming an effective incentive, Washington erased it entirely. On the Island, **Governor Pedro Rosselló**, eager to maintain political favor in Washington and advance his statehood agenda, allowed the measure to proceed with minimal resistance. The repeal advanced quietly, trading Puerto Rico's economic foundation for uncertain political capital.

The impact was swift and severe. Between **1996 and 2008**, Puerto Rico lost **over 60,000 manufacturing jobs**, a contraction of more than **40%** of its industrial employment base. Employment fell from roughly **165,000 workers** to **about 100,000**, marking one of the steepest industrial declines in U.S. territorial history. Each of those positions represented stability and skill — with **average annual wages between $28,000 and $35,000**, nearly **double the island's median income**. When those jobs disappeared, Puerto Rico lost not only payrolls but the backbone of its middle class, erasing an estimated **$1.8 to $2 billion in annual household income** and leaving behind a hollowed-out industrial landscape.

As the factories dimmed, the social cost became undeniable. From **2006 to 2014**, Puerto Rico's **unemployment rate surged from around 13% to a peak of 17.5%**, deepened further by the global financial crisis. Thousands of skilled professionals — engineers, chemists, and technicians — emigrated in search of opportunity, draining the Island's human capital and accelerating fiscal and demographic decline. What had once been a thriving industrial society transformed into an economy defined by dependency, stagnation, and outmigration.
When Section 936 vanished, so too did the confidence of global manufacturers. Entire towns that had revolved around industrial activity were left behind. The Island's economy contracted sharply, while the United States grew dangerously reliant on offshore production — particularly from Asia and, later, China. It was a turning point that hollowed out one of America's most strategic industrial bases and revealed a deeper truth: **prosperity built on policy can vanish when vision gives way to politics**.

America's Medicine Cabinet

For decades, **Puerto Rico, USA, was America's Medicine Cabinet** — the beating heart of U.S. pharmaceutical production and one of the most trusted sources of life-saving medicines in the world. From the 1970s through 2006, the Island's factories, laboratories, and clean rooms produced everything from antibiotics and cardiovascular drugs to cutting-edge biotechnologies, fueling both the U.S. healthcare system and global exports.

This golden era of industrial achievement was no accident. **Puerto Rico, USA,** offered a rare balance of assets: a highly skilled, bilingual workforce; a U.S. legal and regulatory framework that guaranteed quality and compliance; and, most importantly, the catalytic power of **Section 936**, which allowed American corporations to reinvest profits earned on the Island without paying federal income tax. The result was an economic miracle — transforming Puerto Rico into one of the most dynamic manufacturing hubs in the Western Hemisphere.

Global giants such as **Pfizer**, **Bristol-Myers**, **Johnson & Johnson**, and **Eli Lilly** became woven into the fabric of Puerto Rico's economy, building sprawling industrial complexes from Barceloneta to Humacao and turning entire regions into high-technology production centers. The Island became a living laboratory of American innovation — where local engineers and scientists collaborated daily with world-class researchers, and where precision manufacturing met U.S. regulatory rigor.

But when Washington dismantled Section 936, the miracle unraveled. Factories closed, communities faltered, and Puerto Rico's productive base withered. In pursuit of lower costs, the United States offshored its medical and pharmaceutical manufacturing to Asia, creating a new and dangerous dependency. By the early 2020s, that vulnerability had become painfully visible: critical drug shortages, fragile supply lines, and an overreliance on Chinese production revealed the cost of the 1996 decision.

Today, that lesson has come full circle. The story of Puerto Rico's industrial rise, fall, and rebirth stands as both a warning and a blueprint — proof that national strength depends not on distant factories but on secure, strategic, and resilient production at home.

Act 154: A Lesson in Lost Credibility

As Puerto Rico navigated the aftermath of the Section 936 collapse, its government faced a stark fiscal reality: a shrinking industrial base, declining revenues, and an urgent need to stabilize public finances.

In **2010**, under **Governor Luis Fortuño**, the administration sought a quick fix — enacting **Act 154**, a **4 percent excise tax on foreign-controlled corporations**.

The measure was passed virtually overnight, with little consultation from the private sector or coordination with Washington. It was designed to raise immediate funds to cover a **$3.2 billion budget deficit**, and it did — generating more than **$1.5 billion** in desperately needed revenue annually. But the price of that revenue was Puerto Rico's most valuable asset: **credibility**.

For decades, Puerto Rico's competitive edge had rested on its reputation as a **reliable, U.S.-aligned jurisdiction** — a place where global manufacturers could operate under the protection of American law and the predictability of federal regulatory standards. Act 154 disrupted that trust. By abruptly taxing U.S. multinationals and failing to align with federal frameworks, the Island signaled to investors that **policy could change overnight**, regardless of long-term commitments or prior assurances.

Corporate executives described the move as **"a self-inflicted wound"**, warning that it jeopardized Puerto Rico's position within global supply chains. Several manufacturers quietly froze expansion plans or redirected investment to **Ireland, Singapore, and North Carolina** — jurisdictions that offered the one thing Puerto Rico had lost: **predictability**.

The tax achieved its fiscal goal but imposed a strategic cost. While it kept the government solvent, it also eroded the very foundation of Puerto Rico's investment appeal — consistency. Credit agencies flagged "fiscal improvisation" as a systemic risk, and Washington policymakers grew wary of an island that seemed to prioritize short-term revenue over long-term competitiveness.

It took **fifteen years** — and a historic realignment in global trade — for Puerto Rico to recover from that credibility loss. The **Trump Administration's 2025 Tariff Policy**, which incentivized reshoring and production within U.S. jurisdictions, gave the Island a second chance. As global supply chains shifted, Puerto Rico's **U.S. jurisdictional status, skilled workforce, and industrial capacity** once again became strategic assets.

Today's manufacturing revival — more than **$2 billion in new investment and over 3,000 new jobs in 2025 alone** — is proof that credibility can be rebuilt through execution, consistency, and alignment with U.S. economic priorities.

The lesson of **Act 154** is simple but profound:

credibility is not a policy — it is a discipline. Puerto Rico must never again sacrifice long-term trust for short-term gain. Its future as an industrial powerhouse depends not on improvisation, but on the steady, deliberate leadership that ensures the words *"Made in Puerto Rico, USA"* always stand for **quality, confidence, and permanence**.

The Trump Tariff Advantage and the Reshoring Wave

The reindustrialization of Puerto Rico is not occurring in a vacuum. President Trump's 2025 Tariff Policy, has dramatically accelerated reshoring momentum to U.S. jurisdictions.

This policy, often called the "Trump Tariff Advantage," transformed Puerto Rico into an indispensable node of the American manufacturing grid. The island offers tariff-free access to the U.S. mainland and meets FDA and EPA standards. Puerto Rico provides global manufacturers a safe, competitive, and compliant production base.

Puerto Rico's industrial expansion is not merely local progress — it's a national strategy in action, ensuring that vital medical, defense, and AI technologies are made within U.S. borders.

Trump Tarrif Advantage at a Glance:

- **The imposition of a 10% universal import** tariff — and higher rates on Chinese industrial goods — has accelerated the relocation of production to U.S. jurisdictions.
- **Puerto Rico, with tariff-free access** to the mainland, is perfectly positioned to benefit.
- Maintaining this policy momentum is critical, as Puerto Rico could double industrial **output growth by 2030 and add more than $1.5 billion to annual GDP.**

The New Industrial Awakening

After years of industrial contraction and policy uncertainty, **Puerto Rico, USA, has reemerged as one of the most dynamic manufacturing destinations in the United States.** Between **February and October 2025**, a new wave of industrial expansion swept across the Island, marking the largest investment surge in over two decades.

In total, **eleven major projects** were announced, representing more than **$2 billion in new capital** and creating over **3,100 direct jobs** across strategic municipalities — from Carolina and Juncos in the east to Mayagüez

Source: Department of Economic Development & Commerce and Añasco in the west. These investments span the full spectrum of Puerto Rico's manufacturing power: pharmaceuticals, medical devices, life sciences, advanced coatings, and AI-based technology.

This is not a revival driven by nostalgia, but a reindustrialization built on strategy — combining **U.S. jurisdictional stability**, **federal tariff advantages**, and **world-class human capital**. Each groundbreaking marks more than construction; it signals the return of confidence, production, and purpose to the Island's economy.

These projects symbolize a pivotal shift, as each investment directly increases local productivity and employment—transforming federal relief dependence into a growing private sector that sustains thousands of new jobs and sparks additional economic activity across Puerto Rico.
They represent a 'Made in Puerto Rico, USA' ecosystem capable of supporting significant industrial output growth by 2030. **By driving local revenue and adding more than $1.5 billion to GDP annually**, this investment surge is set to substantially boost the island's job market and economic trajectory.

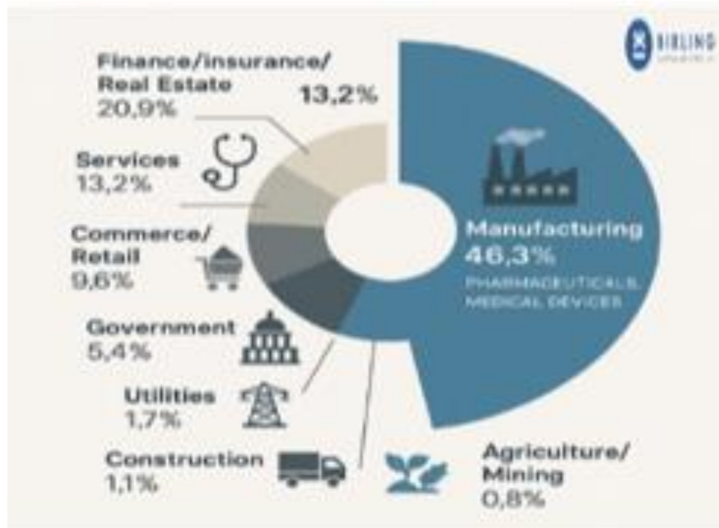
New Manufacturing Plants or Expansion's Year to Date 2025				
Company	**Municipality**		**Investment**	**New Jobs**
Eli Lilly	Carolina	$	1,200,000,000.00	1,100
Amgen Juncos	Juncos	$	650,000,000.00	750
Millicent Pharma	Fajardo	$	45,500,000.00	73
ABB Arecibo	Arecibo	$	35,500,000.00	90
Integra LifeSciences	Añasco	$	17,000,000.00	231
Dot AI Barceloneta	Barceloneta	$	15,000,000.00	200
Master Paints	Toa Baja	$	21,600,000.00	91
Viant Puerto Rico	Vega Baja	$	5,900,000.00	80
Stryker Humacao	Humacao	$	11,000,000.00	46
Bethel Protective Systems	Barceloneta	$	8,000,000.00	400
BrightForce Industries (PRIFB)	Mayaguez/Morovis	$	2,250,000.00	50
Totals		**$**	**2,011,750,000.00**	**3,111**
Source: Department of Economic Developmnent & Commerce				

Reforms centered on energy reliability, economic freedom, and industrial execution could unleash $35 billion in new economic activity within five years.
Economic freedom — the moral foundation of prosperity — is the key. Puerto Rico must rely less on Washington's allocations and more on its own institutions, competitiveness, and creative energy.

The Final Word: Made in Puerto Rico, USA: The New Industrial Frontier

The resurgence of manufacturing in **Puerto Rico, USA,** is more than a statistical rebound — it is the restoration of purpose, pride, and production capacity within America's borders. Across Juncos, Humacao, and Barceloneta, factories once seen as relics of the past have been reborn into centers of precision, automation, and digital innovation. These are not monuments to what was lost, but **beacons of what is possible** — a **modern frontier of American industry** built on resilience and execution.
The numbers tell a story of momentum. In just one year, between **February and October 2025**, Puerto Rico attracted **$2.01 billion in new industrial investment**, generating more than **3,100 high-quality jobs** across life sciences, biomanufacturing, advanced coatings, and AI-driven technologies. With manufacturing already accounting for **46.3% of the Island's GDP** and employing **over 83,500 workers**, this new wave of capital could raise Puerto Rico's annual industrial output by more than **$1.5 billion by 2027** — the strongest growth in a generation.

But beyond the economics lies the transformation of identity. Puerto Rico's revival is not a nostalgic return to the 1980s; it is a **strategic blueprint for the United States' next industrial era**. The Island has become a laboratory for reshoring —a secure, sovereign production base where **U.S. law, American innovation, and global competitiveness converge**. From **pharmaceuticals and medical devices to next-generation materials and AI manufacturing**, the ***"Made in Puerto Rico, USA"*** label once again stands for **quality, reliability, and American ingenuity**.



Puerto Rico stands at a decisive crossroads today. **Federal aid can sustain, but only reform, talent, and execution can transform.** Energy reliability, fiscal discipline, and institutional modernization must now complete the circle of renewal. If done right, this industrial renaissance will not only restore confidence at home — it will project American capacity abroad.

The new chapter of U.S. industrialization will not be written solely in **Detroit or Silicon Valley**. It will also be forged in **Carolina, Aguadilla, Añasco, Vega Baja, and Fajardo** — communities where factories hum again and where opportunity has returned with precision and purpose.

Puerto Rico's renaissance is not about surpassing others, but about rebuilding together — proof that true progress is never born of competition alone, but of collective endurance.
As the saying goes, "***You don't rise by stepping over others — but by lifting them when you can barely stand yourself".***

That is the essence of ***Made in Puerto Rico, USA*****: a story of resilience, unity, and renewal — a testament that what is built together endures, and what endures defines a nation.**

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