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# Think Strategically

## Puerto Rico 2030: Transformative Growth Through Total Economic Freedom

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Francisco Rodríguez-Castro, President & CEO

### Epigraph

**"Nations do not rise by accident; they rise when their people decide that potential is no longer enough. Puerto Rico's future will not be written in the stars, but in the choices we make together — here, now — by defining and delivering the agenda we set today".**

### The Moment Puerto Rico Decides to Rise

Every nation reaches a point at which its future is determined not by external forces but by its own resolve. Puerto Rico has arrived at that pivotal moment. **After two decades marked by economic stagnation, population loss, institutional fragility, and a profound erosion of confidence**, the Island stands poised for a transformation that has eluded it for generations.

Yet the indicators of possibility are unmistakable. Puerto Rico's industrial base is among the strongest in the Western Hemisphere. Its pharmaceutical, biotechnology, and medical-device clusters are world-class. Its geography positions it at the crossroads of the most essential supply-chain realignment since World War II. Its people are educated, resilient, entrepreneurial, and eager for opportunity. But potential — as history teaches — is not development. One of the main issues we will discuss here is that **ample Economic Freedom** in the United States is a proven engine of prosperity — **a system that creates wealth rather than distributes poverty** — and its outcomes are **measurable, transparent, and consistent**. Economic freedom is not ideological; it is empirical. It is the difference between an economy that grows, innovates, and attracts investment, and one that remains constrained by regulation, stagnation, and limited opportunity. Turning potential into progress we can measure.

**The Twelve Transformative Goals for Puerto Rico 2030** offer that direction. They articulate a future in which the Island is stronger, freer, more productive, more competitive, prosperous, and just, with:

1. **Legislate Total Economic Freedom**
2. **Build a high-value industrial knowledge economy contributing 25%+ of GNP**
3. **Create 300,000 high-quality private-sector jobs**
4. **Raise labor participation to 60%**
5. **Reduce unemployment to 4%**
6. **Modernize and streamline government operations and permitting**

**Puerto Rico 2030: Transformative Growth Through Total Economic Freedom**



### TWELVE TRANSFORMATIVA GOALS FOR PUERTO RICO 2030

-  Achieve real GNP growth above 4%
-  Build a high-value industrial knowledge economy contributing 25%+ of GNP
-  Create 300,000 high-quality private-sector jobs
-  Raise labor participation to 60%
-  Reduce unemployment to 4%
-  Modernize and streamline government operations and permitting
-  Increase median household income by 40%
-  Transform the education-to-workforce pipeline
-  Increase local agricultural production to 30%+
-  Establish a reliable, resilient, affordable 21st-century energy grid
-  Position Puerto Rico as a global strategic hub for life sciences, nearshoring, aerospace, and dual-use innovation
-  Legislate Total Economic Freedom

7. Increase median household income by 40%
8. Transform the education-to-workforce pipeline
9. Increase local agricultural production to 30%+
10. Establish a reliable, resilient, affordable 21st-century energy grid
11. Position Puerto Rico as a global strategic hub for life sciences, nearshoring, aerospace, and dual-use innovation
12. Achieve real GNP sustainable growth above 4%

These goals are not rhetorical aspirations. They require a structural engine — a foundation of institutional freedom — capable of transforming capacity into performance. That engine is **Total Economic Freedom**.

### Puerto Rico's Industrial Strength: A Global Outlier

Puerto Rico is often described as a small, struggling economy. The data tells a different story. The island is not structurally weak — it is structurally constrained.

According to Invest Puerto Rico and the Puerto Rico Department of Economic Development, **46.3% of Puerto Rico's GDP** in 2024–2025 came from manufacturing. This single data point places Puerto Rico not among Caribbean economies, nor among lagging U.S. jurisdictions, but among the world's manufacturing super-performers.

For comparison:

- United States: **11%**
- Germany: **19%**
- South Korea: **25%**
- Singapore: **21%**

**Puerto Rico's 46.3% is not merely high — it is exceptional. But it places us in a less diversified economic model than most nations.**

The island exports **\$63.06 billion** in manufactured goods annually, representing **96.5% of all merchandise exports**. These are not low-value exports; they include:

- Cardiovascular medical devices,
- Sterile manufacturing products,
- Biotechnology therapies,
- Advanced pharmaceuticals,
- Aerospace components.

This is the productive core of a modern, high-value economy.

Yet this industrial strength has not translated into based prosperity. The reason is not the economy itself — it is the system around it.

### Puerto Rico's PMI Advantage: P.R. Outpacing the U.S.

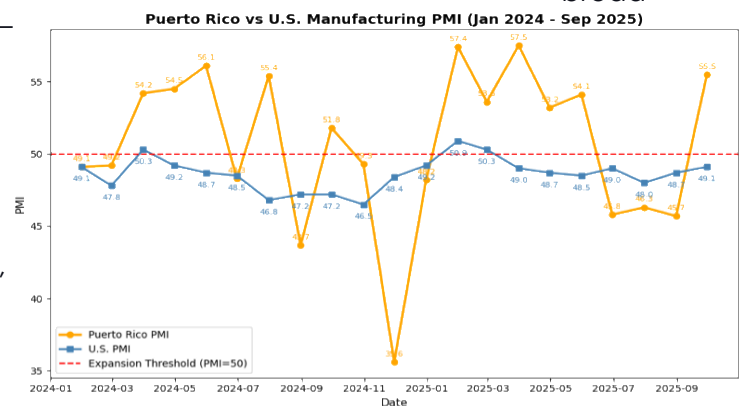
If manufacturing is the engine of Puerto Rico's economy, the **Manufacturing PMI** is its most sensitive diagnostic instrument. It measures the speed and direction of industrial activity — new orders, production, employment, inventories, and supplier deliveries. Throughout 2024 and into 2025, Puerto Rico's PMI consistently **outperforming the United States**, often by a wide margin.



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### Puerto Rico vs U.S. Manufacturing PMI Jan-2024 to Sep-2025

broad-



While U.S. manufacturing struggled with PMI readings between 46 and 49 — a clear sign of contraction — Puerto Rico repeatedly surged into expansion territory, posting monthly readings of **55.4, 57.4, 57.5, 55.5, 54.1, 56.1, and 58.1**.

This divergence reveals several truths:

1. **Puerto Rico's industrial base is stronger than widely acknowledged.**
2. **Manufacturers on the island rebound faster after shocks.**
3. **Order books, employment, and production cycles are healthier than in the mainland.**
4. **Puerto Rico has a structural industrial advantage that has yet to be reflected in its overall economic growth.**

The takeaway is pivotal: **Puerto Rico's problem is not economic capacity — it is institutional friction.**

#### **The Economic Freedom Deficit: A Structural Diagnosis**

Economic freedom is one of the strongest predictors of prosperity. Nations that embrace it — **Singapore, Switzerland, and Ireland** — enjoy high incomes, competitive economies, strong institutions, and resilient democracies.

Those that suppress it — **Venezuela, Cuba, and North Korea** — suffer from poverty, stagnation, repression, and institutional collapse.

So where does Puerto Rico stand?

In the **2024 edition of the Fraser Institute's Economic Freedom of North America (EFNA)**, which measures all **50 U.S. states plus Puerto Rico**, the Island ranks:

- **#51 — dead last for the third consecutive year**
- **Score: 2.13 (one-third of the U.S. average)**

For comparison:

- **New York (50th): 4.25**
- **California (49th): 4.44**
- **Hawaii (48th): 4.68**
- **New Hampshire (1st): 8.13**

Puerto Rico scores **last in all three major areas** of the subnational index — Government Spending, Taxes, and Labor Market Freedom — and ranks **last or tied for last in 7 of the 10 underlying variables**.

When the Puerto Rico Institute of Economic Freedom invited economist **Axel Kaiser** to analyze the results, he summarized them without hesitation: **"If Puerto Rico were independent from the United States, it would be a catastrophe. The data is clear — the situation is terrible"**.

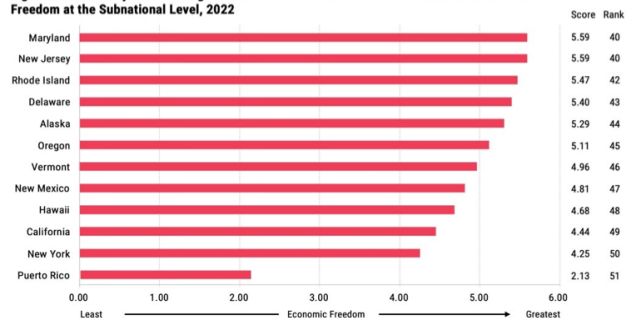
This is not ideology is an structural diagnosis.

The EFNA results reflect long-standing institutional barriers, including:

- Weak and inconsistent **property rights enforcement**
- Unpredictable and slow **permitting processes**
- Extensive and often unnecessary **professional licensing requirements**
- Distortionary **price controls**
- Laws and regulations that **restrict competition**
- **High tax burdens** that punish work, investment, and entrepreneurship
- Severe **bureaucratic inefficiency**
- Heavy and overlapping **government intervention**
- Insufficient **regulatory clarity and transparency**



Figure 3.1: Summary of the Ratings of the Bottom 10 US States and Puerto Rico for Economic Freedom at the Subnational Level, 2022



These are not abstract concepts — they shape daily economic reality. These institutional failures are directly tied to socioeconomic outcomes:

- **Labor participation rate:** 45.1% **Among the lowest in the United States; 28% below the U.S. average.**
- **Per-capita income:** **\$25,096**, 60% below the U.S. mean and High-freedom nations average **\$63,000 and higher.**
- **Poverty rate:** **39–45%**, depending on the measure, High-freedom nations average **6%**

This is not a coincidence.

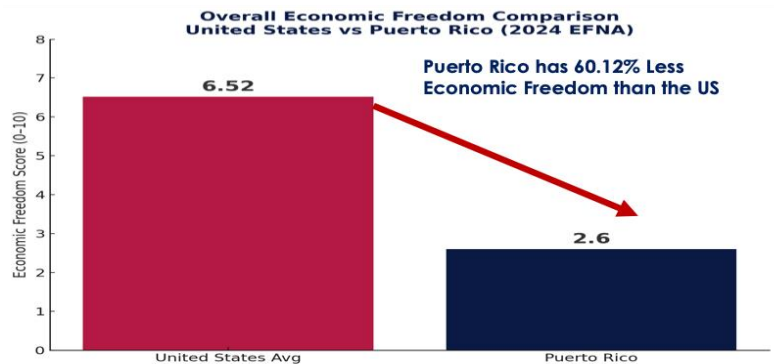
#### **Economic freedom determines:**

- whether people work,
- whether businesses invest,
- whether industries expand,
- whether institutions function,
- and whether an economy grows or declines.



## **Economic Freedom Comparison United States versus Puerto Rico**

Puerto Rico's



### **Economic Freedom Is Not a Theory — It Is the Infrastructure of Prosperity**

The data make the conclusion unavoidable:

Puerto Rico's economic stagnation is not the result of external forces or temporary cycles.

It is the result of **structural constraints** that discourage investment, limit job creation, deter innovation, and suppress upward mobility.

To change Puerto Rico's trajectory, the Island must change the system that governs its economy. Until then, the freedom deficit will remain the most critical obstacle between Puerto Rico and the prosperous future its people deserve

### **The Trump Tariff Advantage and the Reshoring Wave**

The reindustrialization of Puerto Rico is not occurring in isolation — it is unfolding within the largest manufacturing realignment the United States has seen in half a century. President Trump's 2025 Tariff Policy, which imposes a universal 10% import tariff and significantly higher levies on Chinese industrial goods, has triggered a profound shift in global production flows. **Puerto Rico has attracted from February to October 2025 a Total of \$2.06 billion** in new and expanded investments — the largest wave of industrial capital since the 1990s.

This framework, now widely referred to as the **Trump Tariff Advantage**, has altered the economics of manufacturing across the Western Hemisphere and dramatically accelerated the return of critical supply chains to U.S. jurisdictions.

Within this reshoring wave, Puerto Rico has emerged as one of the most strategically valuable locations in the entire American manufacturing grid. Because the island offers **tariff-free access to the U.S. mainland**, it provides companies with the rare ability to operate globally competitive production facilities without exposure to tariff penalties — a decisive advantage at a moment when trade friction is reshaping cost structures worldwide.

But **Puerto Rico's advantage goes beyond tariff immunity**. The island's long-standing compliance with FDA, EPA, USDA, and other federal regulatory standards positions it as a uniquely safe, reliable, and compliant production base. Manufacturers seeking stability, legal clarity, and regulatory alignment find in Puerto

Rico a platform that mirrors the U.S. operating environment while delivering the cost efficiencies, incentives, and workforce flexibility that global competition demands.

As a result, Puerto Rico is no longer simply attracting factories — it is becoming an integral part of America's national industrial strategy. The island's expanding production capacity strengthens the United States' ability to manufacture essential goods at home, ensuring that pharmaceuticals, medical devices, aerospace components, defense technologies, and emerging AI hardware remain within U.S. borders and under U.S. control.

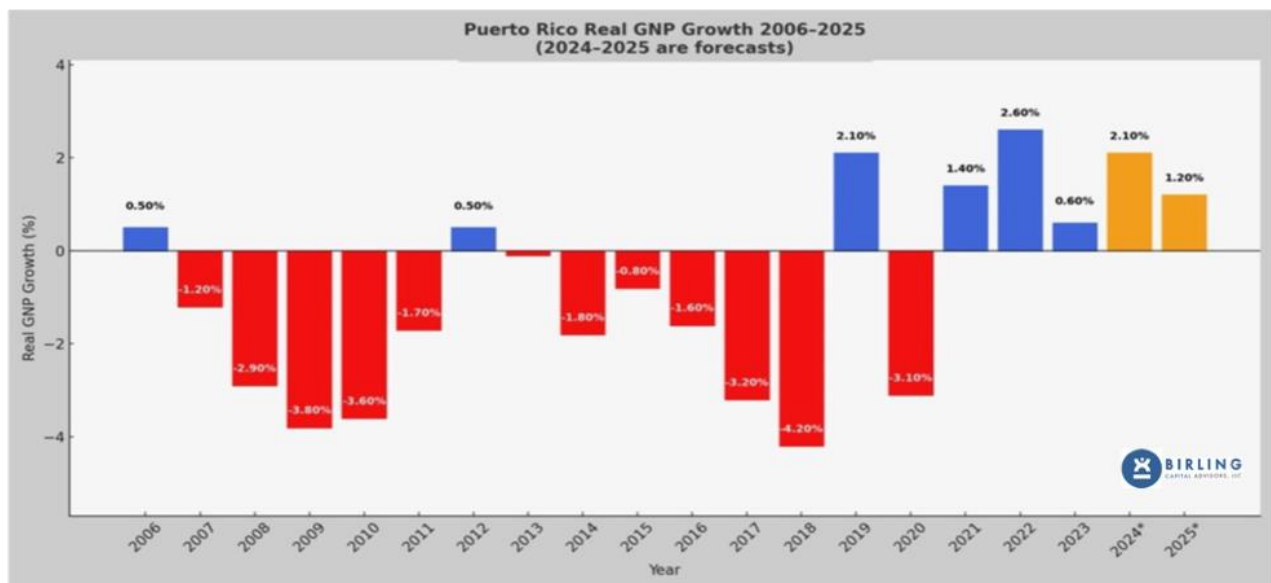
Puerto Rico's industrial expansion is therefore not only a sign of local economic momentum; it is a response to a national imperative. In a world increasingly defined by geopolitical tension, supply-chain risk, and technological competition, the Trump Tariff Advantage has positioned Puerto Rico as a frontline asset in securing America's economic resilience and technological leadership.

### Why Puerto Rico Must Change Direction: Lessons from the GNP Trend

From 2006 to 2018, Puerto Rico suffered one of the most prolonged economic contractions in the modern history of the United States. Eleven years of structural decline eroded wages, reduced household wealth, triggered mass migration, and weakened the island's institutional foundations.

#### The real GNP history is sobering:

- Sharp contractions of **−2.9% (2008)**, **−3.8% (2009)**, **−3.6% (2010)**,
- A devastating **−3.2% (2017)** following Hurricanes Irma and María,
- A deep **−4.2% (2018)** as recovery faltered.
- Positive growth in **2019, 2021, 2022, and 2023** — including a **3.0% expansion in 2023** — offered hope, but much of this growth was driven by federal stimulus, disaster reconstruction, or temporary financial inflows.
- Projected growth for **2024 and 2025 — 2.1% and 1.2%** — signals a return to Puerto Rico's long-term structural trend: slow, fragile, externally dependent expansion.



#### The conclusion is unavoidable:

- Puerto Rico grows only when external forces push it forward.
- When the stimulus fades, so does the growth.
- This is the cost of institutions that are outdated, slow, rigid, and insufficiently aligned with the demands of a modern global economy.



## What Puerto Rico Looks Like When Freedom Unlocks Potential

Under Total Economic Freedom, Puerto Rico's future does not improve incrementally — it transforms. Labor participation jumps from **45.1% to 60%**, bringing over **200,000 new workers** into the economy. This is the largest labor-force expansion in Puerto Rican history.

The private sector responds with **300,000 new private-sector jobs** across:

- Advanced manufacturing,
- Life sciences,
- Knowledge Based Economy
- Aerospace and Defense,
- Construction and Infrastructure,
- Tourism and Services,
- Logistics and Distribution,
- Agritech and Food Manufacturing,
- Technology and Digital services.

**Real GNP growth surpasses 4%**, lifting nominal GDP from **\$125.8 billion** to nearly **\$190 billion** by **2030**.

Median household income rises **by 40%**, driven by productivity gains, wage increases, and expanded labor-force participation. **A modern, stable, cost-competitive energy grid** — finally managed with transparency, accountability, and performance discipline — becomes Puerto Rico's most important industrial asset instead of its greatest liability.

**Entrepreneurship flourishes. Licensing barriers fall**—the cost of starting a business drops. The informal economy formalizes. Women and younger workers re-enter the labor market in record numbers.

**Government becomes fast, simple, transparent, and digitally integrated** — a facilitator rather than an obstacle.

None of this is imaginary. It is the predictable outcome of aligning institutions with the island's potential.

## How Fast Puerto Rico Grows: The Difference Between Drift and Freedom

Nothing makes the case for reform more compelling than the mathematics of growth.

### How long does it take Puerto Rico to grow from \$125.8 Billion to \$140 Billion?

1. **Under No Reform (1.0%–1.5% growth): 8 to 11 years or Another lost decade.**
2. **Under Total Economic Freedom (4.0%–4.8% growth): 2.3 to 2.9 years and A decade of progress in under three years.**

These results clearly outline the economic cost of stagnation versus the economic payoff of economic freedom.

## How Much Puerto Rico Grows by 2030 and 2040

Assuming sustained **4.0%–4.8%** growth by the second quarter of 2026:

### By 2030:

- \$153.0 Billion at 4.0%
- \$159.0 Billion at 4.8%
- → **Increase of \$27 Billion –\$33 Billion**

### By 2040:

- \$226.6 Billion at 4.0%
- \$254.2 Billion at 4.8%
- → **Increase of \$100 Billion –\$128 Billion**

This nearly **doubles the Puerto Rican economy** — and positions the island among the fastest-growing mid-sized economies in the world. **Who would not sign up for that?**

## The Case for Total Economic Freedom

The reforms required for this transformation are structural, not ideological:

- **Automatic and Modernized permitting** to accelerate investment and construction.
- **Streamline occupational licensing** to unlock entrepreneurship and workforce entry.
- **Increase labor-market flexibility** to support hiring and productivity.
- **Stabilize the energy system** through competition, transparency, and performance enforcement.
- **Simplify the tax code** to encourage reinvestment and reward work.
- **Modernize government operations** to reduce friction and increase predictability.
- **Digitize public services** to eliminate delays and inefficiencies.

Economic freedom is not the absence of government.

It is the presence of a government that enables growth rather than constrains it.

## The Final Word: The Future Is Not Written — It Is Chosen

Puerto Rico stands at a crossroads between drift and direction. One path continues the slow, externally dependent growth of the past. The other leads to the island's strongest decade of expansion in modern history. The Twelve Transformative Goals provide the blueprint and **Total Economic Freedom** provides the engine. The Puerto Rican people provide the will. The future of Puerto Rico will not be written in the stars **It will be written in the decisions we make today. As I said at the beginning**

**“Nations do not rise by accident; they rise when their people decide that potential is no longer enough. Puerto Rico’s future will not be written in the stars, but in the choices we make together — here, now — by defining and delivering the agenda we set today”.**



Francisco Rodríguez-Castro, President & CEO • [frc@birlingcapital.com](mailto:frc@birlingcapital.com)  
PO Box 10817 San Juan, PR 00922 • 787.247.2500 • 787.645.8430

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