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PUERTO RICO

Becoming the Region's Next Development Hub

Thanks to its strategic location, unique U.S. territory status, proved resilience and recent efforts towards economic diversification and innovation, Puerto Rico is positioning as one of the region's key manufacturing and development hubs.

“The stability we have achieved over the past three years has been one of the hallmarks of my administration”, assures Pedro Pierluisi, governor of Puerto Rico. Since 2021, Puerto Rico’s blend of Caribbean charm and American influence has received an important economic push, and today it stands strong with consistent economic growth, the lowest unemployment rate in its history (5.7 percent) and an 11 percent new jobs increase. These remarkable achievements are clear indicators of the island’s economic resilience in the face of major natural challenges (such as Hurricane Maria in 2017, earthquakes in 2020 and Hurricane Fiona in 2022), as well as the efforts put in place by the government and the private sector to become one of the Americas’ key manufacturing hubs, to diversify its tourism sector, and to promote its infrastructure and energy sustainability.

Puerto Rico’s manufacturing sector has been consistently growing and evolving to the point where today it constitutes its largest industry, representing 43 percent of its GDP and producing more than \$48 billion in 2022. Its particular emphasis on pharmaceutical manufacturing currently places it as the United States’ No. 1 bioscience manufacturing hub, producing 75 percent of FDA Class III device manufacturers. “Our manufacturing industry is highly sophisticated, hosting 12 of the top 20 biopharma companies and seven of the top 10 medical device manufacturers in the world,” states Pierluisi. Other manufacturing sub-industries that have doubled or even tripled their net income growth since 2018 are machinery, apparel, textile mill, wood and fabricated metal products, earning Puerto Rico global recognition for its skilled workforce and optimal manufacturing processes in industries like the military, aerospace, automotive and medical.

Puerto Rico is also placing great efforts in increasing its tourism base. Since 95 per-



PEDRO PIERLUISI
GOVERNOR
OF PUERTO
RICO

cent of visitors come from the United States, the country is expanding flight services by establishing daily year-round flights to countries like Spain, a vital gateway for European tourists; reinstating direct flight services from London and Frankfurt; and opening new ones with Mexico and Colombia, the latest key player in their tourism industry. “Our objective is to diversify our tourism offer. We want Puerto Rico to be celebrated worldwide, not to remain a hidden gem,” states Pierluisi. Additionally, Puerto Rico is keen to take advantage of its strategic location and unique legal status to become the ideal destination for Latin American and Spanish companies to learn how to conduct business under U.S. law, and conversely, as an excellent hub or marketing location for U.S. companies engaging in business in Latin America. Other crucial advancements are the P3 infrastructure developments like the Luis Muñoz Marín International Airport and the expansion of the Port of San Juan, as well as the widespread installation of solar panels across the island, which has placed them among the U.S.’ top five solar-friendly jurisdictions. Given the solid economic performance of recent years and their advances in diversification and innovation, Puerto Rico’s position as a regional economic hub is certainly getting stronger by the day. ■

Investing in San Juan’s economic resilience and growth

San Juan, Puerto Rico’s 500-year-old capital and home to 20 percent of the country’s economic activity, is in the midst of a major transformation. Since Mayor Miguel Romero Lugo took office in 2021, the city has been experiencing an important economic revival thanks to the dual emphasis placed on developing its tourism and its business potential through advantageous tax incentive programs, key infrastructure development and strategic investment of federal funds to propel economic growth and build resilience. On the one hand, they have used federal recovery funds to invest over \$70 million in infrastructure like public lighting and road repair and to provide tax incentives and economic assistance to private businesses. As Romero Lugo explains, “During my administration, we have filed 32 code agreements with local businesses, as well as tax exemptions, that have allowed them to invest close to \$17 million and create around a thousand new jobs.” They are also introducing new tax incentive codes to complement those provided by the state and make the city even more attractive to future investors. “Sometimes people see the government as a problem, not as a facilitator,” assures Daphne Barbeito, San Juan’s economic development and tourism director, “but we are here to provide orientation to anybody who wants to come to San Juan and open a business.”

Furthermore, they are actively promoting tourism in conjunction with business development. Thus, they created the city’s brand “Vive tu historia, San Juan” (or “Create your San Juan story”) to promote the capital as the ideal destination for local and international tourists; developed a webpage that not only offers information about the city but serves as portal to hire all the services visitors might require; and launched touristic programs like the gastronomic route “Prueba San Juan” (Taste San Juan), which gave 19 small local



MIGUEL ROMERO LUGO
MAYOR OF
SAN JUAN
PUERTO
RICO

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businesses great visibility and is the blueprint for three more routes to showcase the city’s rich art and history. Distrito T-Mobile, a 476,000-square-foot entertainment and retail district complex seeks to promote the city as a top entertainment destination. They have also focused on promoting all the city has to offer in several international fairs, such as Spain’s Futur, Colombia’s Anato and their own campaign launched at New York’s Penn Station and directed at the 5 million Puerto Ricans living in the diaspora. Above all, their goal is to continue providing a long-term, comprehensive program that will help local businesses grow and create jobs by using funds in a responsible way. Like Romero Lugo says, “When we first started, the city was in a state of decay and the morale was on the floor. So, we began working on people’s needs and now, after all the programs we have put into motion, we are seeing a positive impact.” ■

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A Socially Engaged Organization Revolutionizing Puerto Rico's Discount Market

For the last 40 years and with more than 100 locations, Me Salvé has been Puerto Rico's preferred option for budget-friendly, high-quality products. Now, with its new concept stores and community-focused initiatives, it is taking its expertise to a whole new level.

“We’re reinvesting in Puerto Rico. By having a bigger footprint, we’re constantly hiring and creating new jobs. We have always believed Puerto Rico has a lot of growth potential, and now we’re actually seeing it,” assures Jim Taubenfeld, president and CEO of Me Salvé. Indeed, in the last few years Me Salvé started an ambitious expansion process to transform its 100-store apparel chain to a major department store concept covering the apparel, home and beauty segments. With its new store concept, Me Salvé has managed to expand its product offerings and physical footprint, which has gone from 5,000 to 8,000 products and 20,000-square-foot stores, thus bringing more traffic and a larger customer base.

The strategy has been twofold. On the one hand, it has maintained its successful traits. The business strategy remains the same: “to offer high-quality goods at a very affordable price”; and it continues to manufacture many of the products it offers to keep that competitive advantage. As Taubenfeld explains, “We do a lot of our own manufacturing, so we have products in Me Salvé at everyday low prices that you will not find in other department stores.” On the other hand, since it also started introducing new products from prestigious brands, the customer base can enjoy bargain hunting as well, all while increasing existing customers’ loyalty. “We still maintain the same everyday low prices that we traditionally had, so this expansion has made us more competitive both within our own customers and the wider market,” says Taubenfeld. Me Salvé established its first new concept store in 2019, the Plaza Centro store, and has already transformed 40 stores. They don’t expect to stop any time soon. As Taubenfeld says, “Our plan is to continue developing our traditional stores into new concept stores. We have our eyes on several locations this year to continue this conversion process.”

Furthermore, while this expansion process takes place, Me Salvé has been going through another, equally meaningful transformation. Two years ago, it started a business training program for its employees after realizing the key role the private sector can play in addressing some of Puerto Rico’s more pressing challenges, such as education, and wanting to contribute to improve the quality of life of Puerto Ricans. The program is part of the work being developed by Me Salvé’s own foundation, and it offers employees the opportunity to learn and develop business skills and everyday-life skills which enables them to take on social issues. “It’s literally a mini university class about everything in life in two weeks,”



«Me Salvé is one of the most—if not the most—socially conscious organizations in Puerto Rico.»

JIM TAUBENFELD

states Taubenfeld, explaining that classes are developed by both in-house personnel and outside guests, who are mostly business professionals and motivational speakers who also focus on the family and socially oriented subjects. So far, the program has already completed its first round, focusing on employees at the management level, who in turn are overseen by supervisors who make sure they apply what they have learned to increase store efficiency and overall well-being. “Our managers are in charge of 10 to 30 people in each store, and we wanted to improve their skills in order to maximize efficiency and get the best performance we can at the business level and personal level from each person. The idea is that everyone benefits from team success at work and at home,” assures Me Salvé’s CEO.

In addition to the in-house training program, Me Salvé is widely recognized throughout the island for its community-focused initiatives. Firstly, it invests heavily in supporting the health and education needs of its employees and their families. For instance, it provides educational materials for children, including laptops, as well as university scholarships and other education-related financing.

Moreover, in the last couple of years, it has collaborated with more than 10 different organizations to support a wide array of causes by promoting donations or products. Among these organizations, it continuously works with “Da Vida” (a fundraising walk organized by the Puerto Rican

League Against Cancer), the Make a Wish Foundation, the Red Cross, SER de Puerto Rico (a nonprofit supporting children, youth and adults with physical disabilities and autism), the Cancer Society and the Alzheimer Association. It also supports sport-related initiatives, like the recent alliance with the FBPR (the Puerto Rican Baseball Federation), where the store sells the national team’s T-shirts and caps to help finance future competitions. As Taubenfeld proudly states, “Me Salvé is one of the most—if not the most—socially conscious organizations in Puerto Rico. We raise anywhere from \$1,000,000 to \$3,000,000 a year for all sorts of social responsibility needs on our island.”

Given its enormous success and commendable corporate social responsibility policies, what started in 1981 as a mere retail apparel store has now become an essential part of Puerto Rico’s economy and a perfect example of the advantages of believing in the island’s potential. Like Taubenfeld says, the store will continue investing in the island “because we believe that is the best way to grow and it is an investment that is going to come back to us, in a very positive way.” Even on a personal scale, Me Salvé CEO’s Puerto Rican bet seems to have paid off: “I’m living proof of this. I was living as an attorney and CPA in Miami and was offered an opportunity in Puerto Rico. I saw its potential and moved here in 1994. And if I was presented with the same opportunity today, I would do exactly the same.” ■



JIM TAUBENFELD
PRESIDENT
AND CEO OF
ME SALVÉ

Interview: Myrna M. Rivera Cardona, Founder and Senior Adviser of Consultiva Wealth Management Corp

With more than 40 years of experience in the investment industry and recognized as a prominent figure in Hispanic finance, how did you lead Consultiva to become one of Puerto Rico's most prestigious asset management advisory firms?

Myrna M. Rivera Cardona: The journey has been quite challenging, but equally rewarding. Recognition has come after many years of dedicated work in Puerto Rico's financial sector. Today, Consultiva stands as an independent asset management advisory firm, overseeing over \$1.3 billion in assets. However, behind the company's present success lies a significant amount of devotion and sacrifice.

The figure of Myrna Rivera is not only respected in Puerto Rico but is also a reference for Hispanic women in the U.S. How did you earn the trust of Latinos in the financial sector?

Rivera Cardona: Without a doubt, teamwork and collective effort have been key in placing Consultiva where it is today. My "image" as a female model for Hispanics in the United States evolved in the '90s as senior vice president at Smith Barney (successor of EF Hutton), at a time when Hispanic communities in the United States were beginning to emerge strongly: demographically, politically and economically. I was afforded opportunities to address Hispanic audiences in national conferences, as well as joining organizations that brought together women, Hispanics and other minorities.

How does a woman from humble beginnings manage to earn a spot among the Top 100 Influential Hispanics by Hispanic Business Magazine?

Rivera Cardona: Work has been a key in my life, a powerful family trait; the ethics of doing things well and our commitment to our clients. But one does nothing alone. It takes a committed team of excellent and motivated professionals, too! Without these guides, the Consultiva team and the love and support of our families, we would not have

reached where we are today, when we count ourselves as one of the leading Hispanic investment advisory firms.

What were your expectations for Consultiva's trajectory when you founded the company in 1999?

Rivera Cardona: The birth of Consultiva was the result of a quest to divorce the fiduciary advisory process from investment product manufacturing and commission-based brokerage. And we were most fortunate to receive the support of our clients. During the history of Consultiva we have witnessed several very complicated moments for the financial markets, but we've always trusted in our research partners and our own capabilities and in knowing how to work in the best interest of our clients.

How has Consultiva expanded its operations in Florida?

Rivera Cardona: Consultiva has just opened its office in Florida and thus made what was always a dream come true. This is an expansion that in a certain way follows the migration of Puerto Ricans and other Latinos to the U.S.

Consultiva has been a stalwart in the industry for decades. However, what are the most significant challenges or projects currently on its agenda?

Rivera Cardona: I would highlight that Consultiva has taken advantage of the opportunity to engage with Latin American communities in the United States and supports place-based investing for economic impact in Puerto Rico.

Could U.S. investment arrive in the short term to enhance the development of the consulting business?

Rivera Cardona: More local companies need to be established and expanded, but the question arises: Where is the access to capital traditionally found in commercial banking? Presently, the banking sector in Puerto Rico consists of three local banks. An alternative financing space has emerged in the form of private credit funds, with at least six firms already established on the island, as well as venture capital and private equity, still emerging. Credit unions and CDFIs have also emerged. Having worked with numerous groups in the financial sector, I believe that



MYRNA M. RIVERA CARDONA
FOUNDER & SENIOR ADVISER OF CONSULTIVA

«We believe we've developed expertise to collaborate with companies to facilitate the flow of capital into the region.»

MYRNA M. RIVERA

progress can be achieved to stimulate Puerto Rico's economy, as we explore blended financing and other financing strategies that can have a positive economic impact.

How might Consultiva contribute to enhancing the reputation of Puerto Rico's financial sector?

Rivera Cardona: At Consultiva, we've dedicated significant efforts to supporting Puerto Rico's NGOs, public sector, academia and the private sector for 25 years, as well as supporting its financial ecosystem. We believe we've developed expertise to collaborate with companies to facilitate the flow of capital into the region. Our firm has garnered a strong reputation, drawing clients who seek our guidance on these and other investment matters.

Myrna Rivera knew how to consolidate Consultiva as a leading company in the financial sector of Puerto Rico, but she has also had other pursuits during her career. Could you tell us about your endeavors outside the office?

Rivera Cardona: Amidst these professional endeavors, my passion for the arts—especially music—has been an essential part of my life. Puerto Rico is quite rich in cultural heritage and talent for highly demanding live performances. I attribute the success of my career to my unwavering faith in Puerto Rico, but also, to a large extent, to the fact that I'm an artist as well as a scientist. We Puerto Ricans have long embraced a strong work ethic and take pride in our cultural heritage, values that I've strived to infuse into my work and within the ethos of Consultiva. ■



San Juan

YOUR BUSINESS CAPITAL



Welcome to San Juan, a city of opportunity and growth! As the host city for your business, we are committed to being your ally for success in your entrepreneurial journey.

San Juan, Puerto Rico, stands as one of the most cosmopolitan capital cities and enticing tourist destinations in the Caribbean, making it an excellent investment location within the region. It serves as Puerto Rico's foremost industrial and economic hub, driving most of the Island's economic activities.

If you are considering a business opportunity in Puerto Rico, our city is poised to welcome you. The Department of Economic Development and Tourism of San Juan stands ready to assist you throughout the process of establishing your business on the Island. Our comprehensive services include:

- **Swift handling of operating permits**
- **Support in recruitment and training of employees**
- **Financial aid and project financing**
- **Financial advisory**
- **Mentorship**
- **Other services**

LET US BE PART OF YOUR SUCCESS.



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