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The Spyglass

Puerto Rico's Manufacturing Renaissance: The Island's Industrial Comeback Amid Global Realignments

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Puerto Rico's New Era of Manufacturing Relevance

Puerto Rico is entering a new era of industrial vitality and relevance, in this edition of our *Global Market Square Monthly Market Review* we *highlight* the manufacturing resurgence as the central force shaping the island's economic outlook. **Anchored by pharmaceuticals and medical devices—together representing 46.3% of Puerto Rico's GDP**—the manufacturing sector has become both the foundation of the local economy and a bridge to global supply chain transformation.

This momentum is being amplified by what Birling Capital terms the “**Trump Tariff Advantage**”, which has accelerated the reshoring of industrial operations to U.S. jurisdictions. **The result: \$3.18 billion in new investments, the largest wave of manufacturing capital since the 1990s.**

The Industrial Resurgence

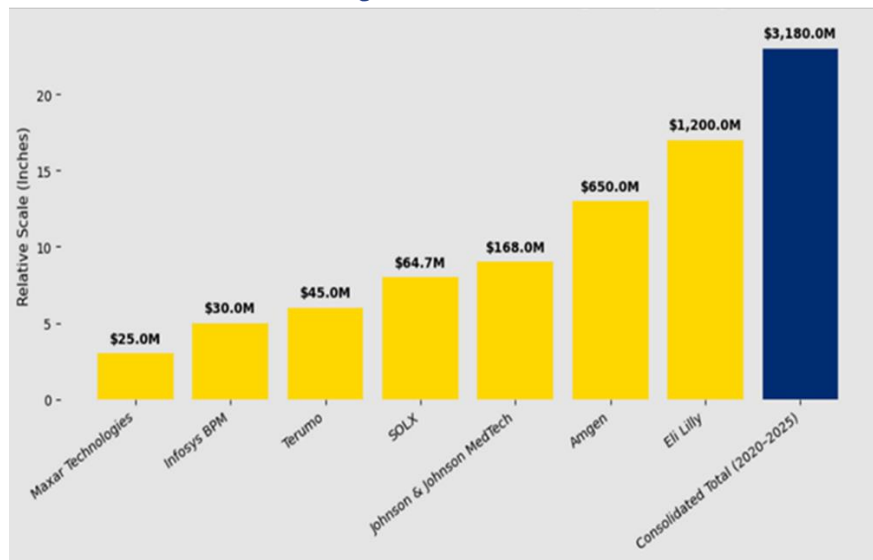
Puerto Rico's manufacturing ecosystem is undergoing a structural expansion driven by large-scale capital inflows and renewed investor confidence.

Key commitments include:

- **Eli Lilly – \$1.2 billion** expansion to enhance biopharmaceutical capacity.
- **Amgen – \$650 million** in new production infrastructure.
- **Johnson & Johnson – \$168 million** in advanced manufacturing upgrades.
- **Terumo – \$45 million** investment in medical device precision lines.
- **SOLX – \$64.7 million** in new technology-based facilities.

Together, these projects are reshaping Puerto Rico's industrial geography. They represent a broad coalition of multinational confidence in the island's stability, skilled workforce, and seamless access to the U.S. market.

Total New Manufacturing Investments In Puerto Rico YTD 2025



The Trump Tariff Advantage

President Trump's 2025 10% universal import tariff, and higher rates on Chinese industrial goods, have redefined global manufacturing calculus. Puerto Rico, as a U.S. jurisdiction with tariff-free access to the mainland, has emerged as a strategic hub for nearshoring.

This advantage is not theoretical—it's already materializing in plant expansions, supply chain relocations, and new facility construction.

If maintained, this momentum could double Puerto Rico's industrial output growth by 2030, adding \$1.5 billion to annual GDP.

Birling Capital emphasizes that this is a once-in-a-generation opportunity: a blend of geopolitics, policy alignment, and industrial pragmatism favoring Puerto Rico's return to the global **manufacturing map**.

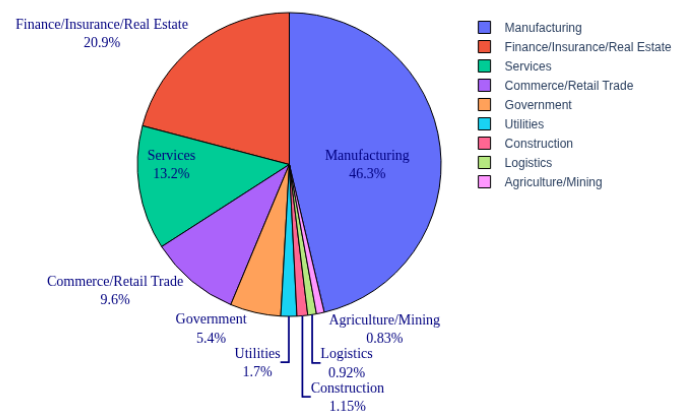
A Sectoral Powerhouse

The manufacturing sector continues to dominate Puerto Rico's GDP structure, supported by a strong and diversifying base:

Sector % of GDP (2025):

• Manufacturing	46.3%
• Finance, Insurance & Real Estate	20.9%
• Services	13.2%
• Trade	9.6%
• Government	5.4%
• Utilities	1.7%
• Construction	1.15%
• Logistics	0.92%
• Agriculture & Mining	0.83%

Puerto Rico GDP Composition (2024 & YTD 2025)



This diversified structure underpins Puerto Rico's resilience, positioning it as the most advanced and balanced economy in the Caribbean. Manufacturing drives exports and investment; finance and real estate provide stability; and the services and trade sectors sustain employment and consumption.

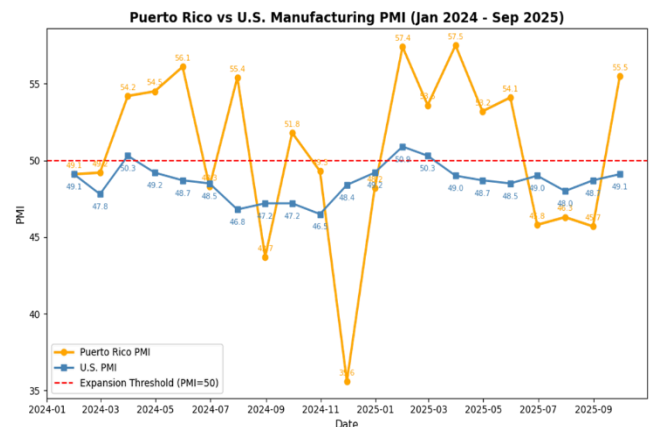
Manufacturing PMI Outperformance

Birling Capital's data highlights Puerto Rico's **Manufacturing PMI** consistently outperforming the U.S. benchmark through 2024–2025.

While the U.S. PMI hovered below the expansion threshold of 50, signaling contraction, Puerto Rico's PMI maintained **steady expansion readings**, reflecting:

- Strong **pharmaceutical and medical device production**,
- Expansion of local manufacturing capacity, and
- Post-hurricane reconstruction demand stimulates industrial output.

This divergence underscores the island's agility and adaptability in a global environment where industrial resilience has become the new measure of competitiveness.



The Broader Economic Landscape

The manufacturing surge is taking place within the context of broader economic stability:

- The **unemployment rate** averaged **5.48%** in 2025 (down from 6.0% in 2023), marking the lowest levels in over a decade.
- The **Puerto Rico Economic Activity Index (EAI)** remained in contraction at -0.9% YoY, the tenth consecutive month, indicating a modest slowdown, yet underlying data show steady job creation and sustained private sector expansion.
- **Labor markets** remain robust, reflecting structural improvement from the 14.4% unemployment rate recorded in 2014—a **60.6% reduction** in just a decade.

Despite near-term contractions in some indicators, Puerto Rico's economy shows greater internal balance, rising investment flows, and a manufacturing-led trajectory that contrasts sharply with past dependent models.

Global and Local Confluence

The October 2025 review also places Puerto Rico's story within the global investment landscape. While **U.S. equities posted a second consecutive month of gains**, led by growth and technology stocks, and the **Federal Reserve cut rates by 25 basis points** for the second month in a row, Puerto Rico's momentum stands out for its tangible, asset-based growth.

Where capital markets celebrate digital and financial innovation, Puerto Rico's rebound is **industrial, physical, and export-driven**—a grounding force amid the abstractions of AI-led valuation surges.

Birling Capital's Outlook

Birling Capital projects that maintaining the island's current policy alignment and investment rhythm could yield **sustained manufacturing-led growth**, a stronger fiscal base, and broader social dividends. However, this requires policy stability, infrastructure resilience (particularly energy), and continued integration between industrial investment and local workforce development.

Puerto Rico's manufacturing renewal, coupled with a stable unemployment rate and improving business climate, marks a decisive shift from recovery to **strategic expansion**—one that redefines the island's place in the U.S. economic framework.

**Markets are living conversations expressed in numbers.
Data gives them voice—revealing how they feel, where they move, and how
they behave.
From uncertainty, we distill insight; from strategy, foresight.
At Birling Capital, we speak this language fluently.**



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