National Economic Development Plan for a Sovereign & Independent Puerto Rico

(Draft)

Disclaimer on Economic Projections and Assumptions of National Economic Development Plan for a Sovereign & Independent Puerto Rico

This document constitutes an instrument of economic analysis, strategic planning, and forward-looking scenario building intended to illustrate the fiscal, productive, and viability of the political economy of a sovereign Puerto Rico. The economy cannot be reduced, as under Neoliberalism, as something that is totally divorced from the political, the social, the cultural and the ecological, that is, the public and common good. The content herein represents a serious, rigorous and critical effort grounded in recognized economic and social theories, empirical data, and comparative policies applied in other sovereign transition processes. However, this Sovereign Economic Development Plan is based on a set of assumptions, projections, and estimates which, by their nature, are subject to variability, uncertainty, and external factors beyond the control of its authors and of the future of a sovereign and independent Puerto Rico, particularly due to the structural changes we are witnessing in today's world, including US-PR relations.

Among the variables that may impact the projected outcomes are, without limitation: (a) the specific terms of the transition agreement to be negotiated between the United States and the future Republic of Puerto Rico, including the amount and duration of the proposed transition fund, as also its reparative nature; (b) the evolution of current trends of the global and regional economy; (c) the present geopolitical restructuring and its destabilizing effects for international economic relations; (d) the administrative capacity of the new sovereign government; (e) the response of international financial markets to the new political status; (f) net migration and demographic changes; (g) the impact of natural disasters or pandemics; (h) changes in international prices of essential goods such as fuel and food; and (i) the availability and effectiveness of international technical assistance.

It is expressly clarified that the estimated amount of thirty-six billion dollars ($36,000,000,000) annually for a period of twenty (20) years, proposed as part of the negotiated transition fund with the United States, is a reasoned projection, but does not constitute a legal or contractual guarantee, even though some would argue in favor of its reparative nature. Any variation in the amount, terms, or disbursement schedule of said fund may significantly alter the conclusions of this plan and will require its revision and adjustment. The same can be said of the proposed cancellation of Puerto Rico´s public debt, which constitutes an essential condition for the viability and orderly transition of Puerto Rico to sovereignty and independence.

Accordingly, this document **should not be construed as a guarantee of specific outcomes**, but rather as a flexible working tool, subject to amendment, supplementation, or adaptation as the

material and political conditions of the transition to independence become clearer. The projections contained herein operate under the *ceteris paribus* assumption - that is, they presume that current conditions and the projected capabilities of the sovereign state will remain stable or evolve according to the proposed public policy measures in our Transition Plan as espoused in the proposed draft Executive Order, of which the present National Economic Development Plan serves to complement and further provide for its concreteness. Thus, any significant deviation from these assumptions may affect the estimated outcomes and would require analysis and reassessment in order to assure it reflects reality, as also the effective needs and possibilities of our People.

Despite the inherent limitations of any forward-looking exercise, the authors have prepared this plan with a high degree of technical responsibility and ethical commitment, grounded in the economic, fiscal, monetary, and commercial powers available to all sovereign nations. The central premise is that, with strategic planning, sound governance, and democratic will, Puerto Rico possesses the structural, human, and territorial capacity to sustain itself as an economically viable and socially just republic.

This document does not constitute financial, legal, or accounting advice, nor should it be interpreted as a conclusive representation of future economic developments. It is, at its core, a **living document**, subject to periodic updates and continuous review as national -both for the United States and also Puerto Rico as differentiated nations- and international conditions evolve.

Executive Summary

This draft *National Economic Development Plan for a Sovereign Puerto Rico* was co-authored by Martha Quiñones Domínguez and Javier A. Hernández, with valuable contributions from DR. Rolando Emmanuelli Jiménez, Dr. Carlos Rivera Lugo, and other experts of the **Plan B: Independencia** team. Drawing from extensive research, economic analysis, and real-world case studies, this comprehensive proposal outlines a strategic, phased approach to Puerto Rico's economic transformation following independence under the conditions of the draft Executive Order to transition Puerto Rico to Independence, which would include a *Puerto Rico Transition Fund (PTF)* in support of said transition to sovereignty.

The plan reflects a collaborative effort to design policies and initiatives that will foster sustainable development, ensure fiscal stability, and position Puerto Rico as a globally competitive, high-income economy that values entrepreneurship, social solidarity, cooperativism, state capitalism, and economic freedom that advances the nation’s economic development goals and policies.

What This Document Is - and Is Not: Toward a Dynamic, Participatory Development Process

Economic development planning is not a static blueprint - it is a living, evolving process grounded in institutional collaboration and democratic engagement. True development strategy

requires ongoing participation from government, workers, academia, private sectors, and communities, ensuring that decisions are informed, inclusive, and adaptable to real-world conditions and needs.

As Puerto Rico moves toward sovereignty, we must commit to building our institutions and policy processes collectively, through a shared design table where researchers, practitioners, and community voices co-create the foundations of our economic future. Sovereignty means self-governance, not only through political status but through participatory structures that allow our society to chart its own course.

The document that follows is an illustrative example, meant to spark dialogue, stimulate critical reflection, and invite broader participation. It is not a finalized national economic development plan. Rather, it serves as a conceptual framework - a point of departure for a national conversation on how we can build a responsive, resilient, and sovereign Puerto Rican economy.

In that spirit, it is important to underscore that many of the tax proposals and fiscal estimates included here are preliminary and illustrative. They should be regarded as initial approximations or broad indicative ranges, designed to provoke discussion, not as rigorously modeled projections. These figures are not suitable for policy implementation without further technical analysis. They are placeholders intended to highlight possibilities and frame the areas where deeper research, fiscal microsimulations, and econometric studies will be required.

Ultimately, the goal of this document is to foster a national conversation that makes one thing clear: Puerto Rican independence is not a distant aspiration - it is a viable, concrete option for our collective future. Through a participatory, dynamic process, we can design the institutions, policies, and pathways that will make sovereignty not just possible, but prosperous.

Legal & International Foundations for the Cancellation of Puerto Rico's Colonial Public Debt

In accordance with the principles of international law and the doctrine of odious debt, the public debt incurred by Puerto Rico under the colonial regime - particularly that adjusted under Title III of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) - shall not be recognized as binding upon the future Republic of Puerto Rico. This debt, contracted without the genuine consent of the Puerto Rican people and often utilized in ways that did not serve their interests, qualifies as odious and, therefore, is subject to repudiation.

The doctrine of odious debt, as articulated by legal scholar Alexander Nahum Sack in 1927, posits that debts incurred by a regime without the consent of the governed and not benefiting the populace are not obligations of the state and can be considered personal debts of the regime that contracted them. This principle has been applied in various historical contexts, such as the United States' refusal to honor Cuba's colonial debt after the Spanish-American War, asserting that such debts were imposed without the consent of the Cuban people and used to suppress their aspirations for independence .

In the case of Puerto Rico, the imposition of PROMESA and the establishment of the Financial Oversight and Management Board (FOMB) by the United States Congress exemplify the lack of

self-determination and democratic consent in fiscal matters. The restructuring of Puerto Rico's debt under Title III of PROMESA was conducted without meaningful participation from the Puerto Rican populace, further entrenching colonial control over Puerto Rico's financial affairs.

Moreover, recent legislative proposals in the U.S. Congress concerning Puerto Rico's political status have acknowledged that, under scenarios of independence or free association, the newly sovereign entity would not be responsible for the repayment of debts incurred during the colonial period. These proposals underscore the recognition that such debts are a legacy of colonialism and should not burden a future sovereign Puerto Rico.

Therefore, this economic plan operates under the premise that the Republic of Puerto Rico will commence its sovereign existence free from the encumbrance of colonial public debt. This approach aligns with international legal principles and historical precedents, ensuring that the new republic is not hindered by obligations that were neither democratically consented to nor beneficial to its people.

Utilizing the $36 Billion/Year Puerto Rico Transition Fund (PTF) for Economic Transformation (2025-2045)

This plan is structured into four operational phases, ensuring a gradual, sustainable, and strategically phased economic transformation. The **Puerto Rico Transition Fund (PTF)** will invest $36 billion annually for 20 years, prioritizing economic independence, industrialization, infrastructure, and global competitiveness.

This draft **National Economic Development Plan for Puerto Rico** is an initial proposal designed to spark public dialogue, expert collaboration, and national consensus. It provides a foundational framework of strategic investments, industrial policy reforms, and sectoral initiatives aimed at transforming Puerto Rico into a self-sustaining, high-income, and globally competitive sovereign economy.

At the heart of this national plan is the **Social & Solidarity Economy Industrial Policy (SSEIP)** - the preferred economic and industrial policy framework endorsed by Puerto Rico's pro-sovereignty economic development team. The SSEIP offers a transformative alternative to extractive, top-down colonialist development by prioritizing democratic ownership, local value creation, and long-term economic sustainability. It centers the role of cooperatives, employee-owned enterprises, public-community partnerships, and socially responsible entrepreneurship in building a diversified, import-substitution, and export-oriented economy that serves both domestic needs and global markets.

As detailed in **Annex 1**, the SSEIP will be fully integrated into Puerto Rico's broader industrial strategy, ensuring that the path to national prosperity is equitable, democratic, inclusive, and environmentally responsible. Through this approach, Puerto Rico can foster an economy rooted in solidarity, resilience, and national dignity.

Justification of the $36 Billion Annual Transition Fund

The proposed annual allocation of $36 billion over 20 years (or its NPV equivalent of $489 billion in a one-time payment) is not an arbitrary request - it is an essential investment in political and economic stability, modeled on the scale of U.S. federal transfers currently supporting the territory. This funding is necessary for:

- **Avoiding economic collapse post-sovereignty after over a century of colonial wealth extraction and exploitation**, by replacing federal transfers to vulnerable populations and public agencies with locally managed programs.

- **Rebuilding and modernizing Puerto Rico's infrastructure**, including power grids, ports, airports, transport, and digital systems.

- **Financing education, healthcare, public security**, and pension reforms while local revenue systems become fully operational.

- **Providing a strong fiscal base for industrial growth and economic development**, reducing dependency on imports and expanding productive capacity.

This transition fund guarantees that Puerto Rico begins its sovereign journey not in chaos, but with confidence and capital.

I. Introduction

Puerto Rico's transition to sovereignty presents a once-in-a-lifetime opportunity to transform into a highly industrialized and diversified economy, inspired and modeled on experiences and policies in Singapore, South Korea, Costa Rica, and Panama. The **Puerto Rico Transition Fund (PTF)** will provide $36 billion annually for 20 years, ensuring long-term sustainable development, financial self-sufficiency, global competitiveness and social inclusion. The strategic use of this fund will lay the foundation for economic independence and position Puerto Rico as a productive, socially progressive and self-sustained economy that will aspire to constitute a global trade hub, and industrial powerhouse.

The economic transformation will be guided by a four-phase approach, ensuring the efficient allocation of funds to critical sectors such as governance, education, infrastructure, manufacturing, agriculture, research, tourism, and workforce development. These investments will provide long-term economic returns, create high-value industries, and enhance Puerto Rico's revenue-generating capacity. By promoting and supporting local investments by Puerto Ricans, leveraging foreign direct investment, public-private partnerships, cooperatives, employee-owned enterprises, import substitution growth combined with export-driven growth, Puerto Rico will secure sustainable national revenue streams while fostering technological innovation and industrial modernization.

The **primary objectives** of this Plan are to:

- Establish economic independence by developing diversified revenue streams.
- Strengthen strategic industries such as manufacturing, agriculture, biotechnology, pharmaceuticals, energy, maritime, defense, and the digital economy.
- Implement independent economic policies in trade, taxation, industry, migration, and education.
- Foster sovereign financial stability through a Sovereign Fiscal Reserve, preventing economic crises.
- Position Puerto Rico as a global trade and logistics hub, leveraging its strategic geographic location and expanding trade networks.

- Strengthening of research and development through the University of Puerto Rico.

By implementing a well structured, strategically planned and data-driven national economic development plan, Puerto Rico will transition from an import-dependent colonial economy to a self-sustaining and socially inclusive high-income nation. This national economic development plan highlights that with independent fiscal and trade policies, Puerto Rico can achieve annual economic growth rates exceeding 5%, significantly improving national GDP, employment, industrial output and wealth distribution.

Embracing a Hybrid Economic Strategy: Balancing Export Growth with National Production

In today's global economy, it is essential for emerging sovereign nations like Puerto Rico to craft an adaptive and forward-looking economic model based on good governance principles and policies. While export-led growth has historically played a central role in the development of small island economies -facilitating industrialization, foreign exchange generation, and global integration- the current geopolitical and economic landscape demands a more nuanced approach. The Puerto Rican National Economic Development Plan recognizes that **strategic export growth remains a vital component of national development**, but must now be paired with a **strong, production-based domestic economy** that ensures resilience, sustainability, economic self-sufficiency and social justice.

Puerto Rico's export sectors, particularly pharmaceuticals, biotechnology, electronics, agro-industry, renewable energy technologies, and medical devices, offer significant potential to drive skilled employment, attract foreign investment, and position the country as a competitive supplier in global value chains. These industries can generate essential foreign currency, stimulate technological advancement, and contribute to an increase in national productivity. However, the global economic order is undergoing a fundamental shift. Globalization is going through a geostrategic restructuring in which on the one hand we are witnessing the reassertion of state-centered economic strategies, such as import-substitution industrialization, reshoring of production, and defensive tariff policies, especially by major powers like the United States and the European Union; and on the other hand a push from the Global South towards a more

multipolar power structure and the corresponding changes in the norms and practices of the current world economic order.

In light of these global shifts, Puerto Rico's strategy must go beyond traditional export dependence. The island-nation's economic future must be built upon the **development of a diversified and sovereign national production base**, one that strengthens internal value chains, encourages local entrepreneurship, and prioritizes ecological sustainability and circular economy practices. Export-oriented investments in key sectors - such as food processing, construction materials, green manufacturing, technology, and biofuels - should serve dual purposes: growing foreign markets **and** supplying domestic needs. This dual-use approach to economic development not only reduces dependence on imported goods, but also promotes **industrial self-reliance**, economic stability, and national resilience in the face of external shocks, such as supply chain disruptions, trade disputes, or currency fluctuations.

To support this balanced strategy, **securing a Free Trade Agreement (FTA) with the United States** will be critical. As Puerto Rico transitions to sovereignty, an FTA would guarantee continued preferential access to U.S. markets, provide continuity and legal assurance for American investors and businesses operating in Puerto Rico, and sustain long-standing commercial and logistics ties. Beyond the United States, Puerto Rico will also pursue strategic trade agreements with regional blocs such as CARICOM, the European Union, BRICS+, and Asia-Pacific economies, leveraging its geographical location as a logistics and manufacturing hub in the Caribbean and Western Hemisphere.

Ultimately, Puerto Rico's economic transformation demands a **hybrid model** - one that aligns export ambitions with domestic development goals, enhances industrial sovereignty, and builds a robust and inclusive economy that centers the Puerto Rican people. Export policies, when designed in harmony with import-substitution objectives and national innovation strategies, can serve as powerful instruments of economic empowerment, wealth creation, and sustainable growth. This dual approach, anchored in **strategic autonomy, trade integration, and productive self-reliance**, will ensure that Puerto Rico emerges not just as an independent nation, but as a high-income, resilient, and globally competitive economy for generations to come.

II. Four Operational Phases

To ensure Puerto Rico's economic transformation is structured, sustainable, and maximizes long-term economic independence, the **National Economic Development Plan** is divided into four distinct operational phases over a 20-year period. Each phase focuses on specific policy reforms, economic investments, and industrial strategies that align with Puerto Rico's transition to a high-income, industrialized, and globally competitive economy. This phased approach follows relevant experiences of nations like Singapore, South Korea, and Costa Rica, which successfully transitioned from developing economies to global trade and industrial powerhouses.

The first phase, **Economic Stabilization & Institutional Reform (Years 1-5)**, will focus on building the governance, infrastructure, and economic institutions necessary to support sovereign

fiscal management. The priority is to establish a national financial system, develop a national tax and customs framework, implement strict anti-corruption laws, and invest in critical infrastructure projects such as university research and development projects, ports, renewable energy systems, and digital connectivity. This phase also emphasizes laying the foundation for key industries by providing initial investments in manufacturing, agriculture, and technology, ensuring Puerto Rico has the necessary tools to develop a self-sustaining economy.

The second phase, **Industrial Expansion & Economic Diversification (Years 6-10)**, will drive Puerto Rico's transition to a diverse and strong national economy by prioritizing joint-ventures in high-value industries such as pharmaceuticals, biotechnology, advanced manufacturing, and agribusiness. This phase will also expand Puerto Rico's role in the global digital economy, fostering innovation in AI, fintech, and research and development (R&D). Public-private partnerships (PPPs) will be critical during this phase, ensuring foreign direct investment (FDI) supports Puerto Rico's economic growth and social progress while maintaining sovereign control over key industries.

Phase three, **Economic Consolidation & Global Trade Leadership (Years 11-15)**, will focus on strengthening Puerto Rico's integration into the global economy, establishing free trade agreements (FTAs) with Latin America, Europe, and Asia to expand export markets. As soon as Puerto Rico achieves independence, the national government will seek to establish an FTA with the United States to facilitate trade between both nations. During this phase, Puerto Rico will become a major Caribbean logistics, maritime, and financial hub, positioning itself as a key gateway for trade between North and South America, Europe, and Africa. By expanding financial services, maritime trade, and global tourism, Puerto Rico will generate billions in annual revenues, reducing dependence on transition funds.

The final phase, **Full Economic Sovereignty & National Prosperity (Years 16-20)**, will ensure Puerto Rico achieves full economic independence, securing long-term revenue streams and financial stability. By this stage, Puerto Rico's economy will have fully transitioned from colonial dependency to a high-income, socially participatory, and globally competitive state. The national **Sovereign Wealth Fund (SWF)** will have accumulated significant reserves, ensuring fiscal security during economic fluctuations. Government revenue will largely come from customs duties, corporate taxation, tourism, financial services, and technology exports, enabling Puerto Rico to sustain economic growth without foreign financial assistance.

This structured four-phase approach provides a realistic, progressive, and data-driven roadmap for Puerto Rico's transition to sovereignty, ensuring the nation does not face economic shocks or instability. The goal is to strategically allocate resources while fostering a dynamic and competitive national economy.

The chart below summarizes the key objectives of each phase:

Phase	Years	Key Focus Areas
Phase 1: Economic Stabilization, Import Substitution & Institutional Reform	Years 1-5	Governance, education, infrastructure, energy, taxation, and sovereign institutions.
Phase 2: Industrial Expansion & Economic Diversification	Years 6-10	Manufacturing, agriculture, research, and digital economy.
Phase 3: Economic Consolidation and Regional & Global Trade Competitiveness	Years 11-15	Advanced industry, global financial integration, tourism, and technology exports.
Phase 4: Full Economic Sovereignty & National Prosperity	Years 16-20	Sustained and inclusive growth, revenue maximization, and economic security.

This phased plan ensures that Puerto Rico's sovereignty results in a robust, self-sustaining, and a regionally and globally integrated economy, offering high-paying jobs, economic prosperity that puts an end to the present social inequality, and long-term financial security.

III. Annual Budget Breakdown

To ensure long-term economic sustainability and effectively guide Puerto Rico's transformation into a self-sufficient, high-income, and community-centered economy, the proposed $36 billion annual allocation from the **Puerto Rico Transition Fund (PTF)** is strategically distributed across seven key sectors. These sectors - identified through an analysis of historical economic data, international case studies from other sovereign nations, and policy recommendations presented in *Puerto Rico: The Economic Case for Sovereignty*[1] - include infrastructure, industrial development, education, governance, environmental resilience, healthcare, and innovation. This annual funding model ensures a consistent and well-paced investment strategy that strengthens public services, catalyzes national production, and builds diversified revenue streams essential for economic independence.

One-Time Transition Payment Option

At the same time, an alternative funding mechanism is also under consideration: a **one-time payment** of $489 billion from the United States, based on net present value (NPV) calculations that account for projected future federal expenditures and liabilities related to Puerto Rico. This lump-sum alternative, if negotiated and secured through a formal decolonization and independence agreement, would provide Puerto Rico with a historic endowment fund to manage its own development priorities without dependency on future Congressional appropriations. The sovereign government could create a national investment authority and trust to manage these funds - strategically investing in infrastructure, sovereign wealth funds, enterprise development, education, and other national economic development that focus on domestic production, exports,

[1] Hernández, Javier A. (2022)

and regional trade. Proposed fund allocations and economic projections for this alternative are available in **Annex 2**.

Importantly, even under the one-time payment scenario, Puerto Rico would remain fully capable of implementing the full scope of its proposed **National Economic Development Plan**. A careful and transparent fiscal policy, combined with robust institutions and international partnerships, would ensure that these resources are used efficiently to promote inclusive economic growth, job creation, social equity, and long-term financial stability. This flexibility in funding strategy demonstrates that Puerto Rico's transition to sovereignty is not only viable but adaptable to different financial pathways.

Whether through a steady annual transfer model or an NPV-based one-time payment, the foundational goal remains the same: to empower Puerto Rico with the financial autonomy and institutional capacity to build a modern, sovereign economy rooted in justice, resilience, and national prosperity.

Each investment is designed to yield sustainable long-term returns, rather than short-term relief. **Governance & Financial Independence** ensures that Puerto Rico establishes sovereign fiscal and monetary institutions, ending financial dependence on the U.S. The largest allocations - **Infrastructure & Energy** ($9.0B) and **Industrial & Manufacturing Expansion** ($8.0B) - are focused on building Puerto Rico's productive capacity, ensuring that the nation becomes an industrial and technological leader in the Caribbean.

Agriculture & Food Security ($4.0B) is a strategic investment to reduce Puerto Rico's dependence on food imports, increase food sovereignty and self-sufficiency, and develop high-value agricultural exports like specialty coffee, cacao, Black Soldier Fly (BSF) protein farming, and vertical/urban farming. The development of our own fishing industry will also contribute significantly to our goal of food sovereignty. This aligns with global trends in sustainable food production and would position Puerto Rico as a leader in high-tech solutions in this regard.

Investments in **Innovation and Research ($3.0B)** will prioritize the development of biotechnology, artificial intelligence (AI), robotics, advanced manufacturing, and other cutting-edge sectors through the University of Puerto Rico (UPR) to ensure that Puerto Rico remains competitive within the global innovation economy. These investments are modeled after the successful strategies of nations like Singapore and South Korea, which built robust R&D ecosystems that drove rapid industrial growth and export capacity.

As part of this strategy, a sovereign and independent Puerto Rico will provide strong political and economic backing to the **University of Puerto Rico (UPR)**, recognizing it as the nation's premier public teaching and research institution and a cornerstone of national development. The UPR system will be designated as the primary hub for scientific research, innovation, and technology transfer, receiving direct public investment for the creation and expansion of research centers, laboratories, and innovation incubators across its campuses.

The government will partner with UPR to launch national R&D initiatives, offer competitive grants, and establish public-private research partnerships with industry leaders, both domestic and international. UPR researchers and students will be at the forefront of sovereign Puerto Rico's drive toward technological self-reliance and industrial competitiveness, contributing not only to scientific advancement but also to the creation of new intellectual property, patents, startups, and commercial ventures.

By anchoring innovation policy in the public university system, Puerto Rico will ensure that its national R&D capacity grows alongside its commitment to educational access, scientific excellence, and economic sovereignty - positioning the country to lead in sustainable innovation, regional collaboration, and inclusive development.

Puerto Rico's **Tourism and International Trade Sector ($3.0B)** will be a central pillar of the island's post-independence economic strategy, driving sustainable growth, generating foreign exchange, and positioning the nation as a premier destination and strategic trade hub. Investments will prioritize the development and promotion of eco-tourism, medical tourism, diaspora tourism, educational tourism, and cultural tourism, offering visitors unique experiences that highlight Puerto Rico's natural beauty, biodiversity, rich history, and vibrant cultural identity.

To support the long-term success and resilience of the tourism sector, the sovereign Puerto Rican state will provide robust political and economic support, including the establishment of a *National Tourism Promotion Agency* to coordinate international marketing efforts, expand tourism infrastructure, and attract investment. The government will also offer targeted incentives and public-private partnerships to develop sustainable accommodations, transportation networks, local tourism cooperatives, and hospitality services that prioritize community inclusion, job creation, and environmental conservation.

At the core of the international trade strategy is the development of a world-class port system, including the modernization and expansion of the Las Américas Port in Ponce, the Mayagüez Port, and the international airports in Aguadilla and Ponce. These investments will be complemented by the establishment of strategic free trade and customs agreements with the United States, Latin America, the European Union, Asia, and the Caribbean. Such agreements will allow Puerto Rico to emerge as a key transshipment hub for goods moving between continents, significantly increasing customs duties, port fees, and excise tax revenues.

By integrating tourism and trade into a cohesive national strategy - and aligning these sectors with cultural promotion, environmental preservation, and regional connectivity - the Puerto Rican government will ensure that tourism becomes a sovereign, people-centered engine of prosperity that benefits communities, enhances national visibility, and positions Puerto Rico as a global crossroads of commerce, culture, and sustainable development.

Finally, **Education & Workforce Development** ($5.0B) ensures Puerto Rico builds a highly skilled, multilingual workforce, prepared for industrial expansion, digital economy growth, and global financial integration. By focusing on STEM, multilingual proficiency, and vocational training, Puerto Rico will compete with developed nations in attracting high-value industries and investments.

The annual budget breakdown is structured as follows:

Sector	Annual Allocation ($B)	Percentage of Total Funds
Governance & Financial Independence	$4.0B	11%
Infrastructure & Energy	$9.0B	25%
Industrial & Manufacturing Expansion	$8.0B	22%
Agriculture & Food Security	$4.0B	11%
Innovation & Research	$3.0B	8%
Tourism & International Trade	$3.0B	8%
Education & Workforce Development	$5.0B	15%
Total	**$36.0B**	**100%**

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

The percentage allocations for the $36 billion annual Puerto Rico Transition Fund (PTF) were based on a combination of global best practices, historical case studies, and Puerto Rico's specific development needs. Countries like Singapore, South Korea, Panama, and Costa Rica have demonstrated that long-term strategic investments in infrastructure, education, and industrial development yield significant economic returns. These examples guided the allocation model presented in the national plan.

Infrastructure and energy (25%) received the highest share because they form the physical and digital foundation needed to enable all other sectors - such as transportation, ports, logistics, clean energy, and broadband access. Industrial and manufacturing expansion (22%) was prioritized to create high-value exports, jobs, and industrial self-sufficiency. Education and workforce development (15%) reflects the need to create a multilingual, technically trained, and globally competitive labor force capable of driving innovation and attracting investment.

Each sector's percentage was determined by estimating the investment required to maximize economic returns over the 20-year period. The proposed allocations are designed to be flexible, scalable, and subject to adjustment based on performance metrics and evolving national needs. They are intended not just to spend but to strategically transform Puerto Rico's economy into one that is competitive, productive, and resilient in the global marketplace.

This strategic allocation of funds will ensure that Puerto Rico's transition to sovereignty is economically stable, allowing the nation to develop a diversified and globally competitive economy while generating sustainable national revenue streams.

IV. Sector-Specific Investment Plans (By Operational Phase)

Phase 1: Economic Stabilization & Institutional Reform (Years 1-5)

Governance & Financial Independence ($4.0B/year)

Puerto Rico's path to sovereignty must begin with the establishment of robust institutions that can manage fiscal policy, taxation, and trade in an independent manner. Drawing from *Puerto Rico: The Economic Case for Sovereignty* and other economic reports and sources[2], it is clear that decades of colonial financial mismanagement and corruption have left the nation dependent on external funds, particularly U.S. federal funds. To break this cycle of colonial dependence, the creation of the **National Economic Development Authority (NEDA)** is critical. This key institution will serve as the central body for overseeing investments and guiding economic strategy, ensuring that every dollar spent contributes to long-term economic and national prosperity.

Institutions to Promote National Synergy in Transition & Development

To ensure a stable, inclusive, and dynamic transition to sovereignty and national development, Puerto Rico will establish a robust institutional framework that fosters genuine synergy between the government, private sector, and academic institutions. These institutions will form the backbone of the new economic governance system and work collaboratively with the **National Economic Development Authority (NEDA)** to implement the National Economic Development Plan (NEDP) and ensure the country's long-term prosperity.

National Council for Economic Transition (NCET)

The National Council for Economic Transition will serve as an intersectoral advisory and coordination body composed of representatives from key government agencies, major business associations, labor unions, universities, cooperatives, and civil society organizations. The NCET's primary role will be to guide the phased implementation of the National Economic Development Plan, advise on public-private partnership strategies, ensure broad societal input into economic policymaking, and guarantee that development strategies remain inclusive and aligned with national interests. It will meet quarterly to review progress, propose course corrections, and build consensus among all sectors critical to Puerto Rico's transition.

Office of Development, Innovation & Production (ODIP)

The Office of Development, Innovation, and Production will operate under the Ministry of Trade & Economic Development and will be the lead government agency responsible for coordinating industrial policy, SME (small and medium-sized enterprises) growth, investment attraction, and innovation ecosystems. ODIP will oversee the creation and management of synergy clusters in key sectors - such as agriculture, energy, health, technology, and tourism - bringing together universities, research institutions, private investors, and cooperatives to develop productive and

[2] Economic reports and sources are cited in the References section.

innovative industries. The ODIP will be essential in promoting entrepreneurship, competitiveness, and value-added production across the economy.

Puerto Rico Public Policy Laboratory (PR-PPL)

The Puerto Rico Public Policy Laboratory will be a pioneering applied research center jointly administered by the University of Puerto Rico and the Executive Branch. Its mission will be to conduct applied research, pilot new public policies, and evaluate the effectiveness of economic, social, and institutional reforms. By integrating academic rigor with government policymaking, PR-PPL will ensure that Puerto Rican policies are evidence-based, innovative, and responsive to changing national and global conditions. This institution will serve as the engine of continuous learning, policy experimentation, and strategic foresight for the Republic.

Executive Transition Commission (ETC)

The Executive Transition Commission will be a provisional, technocratic body appointed to oversee Puerto Rico's transition from territorial status to full sovereignty. Its responsibilities will include managing the orderly disengagement from federal agencies and programs, overseeing the allocation and management of the **Puerto Rico Transition Fund (PTF)**, and preparing the groundwork for constitutional reform and institutional transformation. Composed of experts in law, economics, governance, and public administration, the ETC will ensure technical competence, continuity of essential services, and transparency during the critical early years of independence. The ETC will be assisted by an Administrator in charge of the initial implementation of the Transition Plan and the use of the Transition Fund.

National Strategic Planning Board (NSPB)

The National Strategic Planning Board will act as the long-term facilitator of strategic coordination between government agencies, private enterprises, cooperatives, academic and research institutions, and international partners. It will oversee the formulation and periodic updating of the National Development Plans, Regional Development Plans, and Sectoral Development Strategies. By centralizing planning capacity while maintaining sectoral input, the NSPB will guarantee that Puerto Rico's development policies remain coherent, forward-looking, and aligned with national sovereignty, social welfare, and economic competitiveness.

National Economic Development Bank (NEDB)

The National Economic Development Bank will be established as a state-owned financial institution dedicated to funding national priority sectors, infrastructure projects, SME development, innovation, and cooperative enterprises. The NEDB will offer concessional loans, investment guarantees, venture capital support, and strategic public investments aligned with the National Economic Development Plan. By serving as a catalyst for domestic investment and by leveraging international capital, the NEDB will help reduce Puerto Rico's dependence on external debt markets and ensure that credit flows toward productive, high-value activities that stimulate inclusive growth and job creation.

Puerto Rico Central Bank & Treasury

A cornerstone of this phase is the establishment of a fully independent **Puerto Rico Central Bank & Treasury**. These institutions will be responsible for managing monetary policy, regulating domestic taxation, and ensuring overall fiscal stability. Puerto Rico's current reliance and dependence on U.S. federal fiscal policies has stifled its economic potential. By adopting an independent monetary framework, Puerto Rico can tailor its economic policies to its unique needs - ensuring responsiveness and accountability mainly to the interests of its citizens and not those of financial capital.

Puerto Rico's Central Bank would be established by national legislation within the first three years of sovereignty. Its primary functions would include regulating the money supply, managing interest rates, overseeing inflation, and supervising the national banking system. If Puerto Rico chooses to adopt its own currency in the future - such as the *Puerto Rican peso* - the Central Bank would also manage monetary issuance and currency stability. Until then, it could maintain formal relations with the U.S. Federal Reserve to manage dollar-based transactions and liquidity.

The Treasury Department (*Hacienda*) would serve as Puerto Rico's national revenue authority and be restructured to fully replace the roles currently played by the IRS and U.S. federal agencies. It would administer a new national tax system, collect revenues on income, corporate profits, consumption, customs, and tourism, and coordinate closely with the Central Bank to ensure macroeconomic stability. In addition, a separate National Treasury (*Tesorería Nacional*) could be created to store and manage Puerto Rico's gold reserves, foreign currency holdings, and sovereign assets.

This institutional transformation is critical to ensuring that Puerto Rico regains full control over its public finances. No longer would billions in revenue flow out to Washington without democratic input or return. Instead, Puerto Rico would retain and reinvest its own capital to develop its economy and meet the needs of its people. A modern Central Bank and Treasury system will anchor Puerto Rico's fiscal sovereignty and economic credibility.

Sovereign Wealth Fund (SWF)

Another essential component is the creation of a **Sovereign Wealth Fund (SWF)**, designed to save 5-10% of national revenues annually. A Sovereign Wealth Fund (SWF) is a state-owned investment fund or entity that is commonly used by countries to preserve national wealth, invest strategically, and provide fiscal security in times of crisis. Puerto Rico's proposed SWF would be funded annually by a percentage of government revenues, particularly from customs duties, corporate taxes, industrial exports, tourism earnings, financial services, and digital economy revenues. The fund would serve as an intergenerational reserve, ensuring that future governments and citizens have financial security and capital to draw upon in periods of economic volatility.

The industries selected to fund and sustain the SWF - advanced manufacturing, biotechnology, energy, tourism, agriculture, and financial services - were chosen due to their global growth

trends, strong returns on investment, and resilience against market shocks. These industries are also well aligned with Puerto Rico's geographic location, labor potential, and existing infrastructure. Importantly, they do not require excessive personal income taxation to generate wealth for the fund, enabling a competitive and investment-friendly business environment.

To ensure transparency and prevent political misuse, the SWF must be managed by an autonomous and professional board, bound by legal mandates, clear rules of investment, and long-term growth objectives. Drawing lessons from countries like Norway and Singapore, the fund should be governed independently from day-to-day politics, audited regularly, and protected from corruption. It will serve as Puerto Rico's long-term economic stabilizer and development engine, anchoring the country's fiscal future in well-diversified, high-performing national industries.

This fund will not only act as a buffer against future economic shocks but also provide capital for strategic investments in growth sectors. Long-term financial stability hinges on the ability to build reserves (of assets, foreign currencies, resources, commodities, and strategic minerals), a lesson learned from nations that have successfully navigated economic crises by setting aside funds during boom periods. This SWF is intended to safeguard Puerto Rico's future by accumulating assets that can be drawn upon when needed.

National Tax & Customs System Reform: Toward Fiscal Sovereignty and Sustainable Growth

Replacing the Colonial Fiscal Model : A New & Fair National Tax Code

As Puerto Rico transitions from a colonial condition to a sovereign nation, one of the most urgent and transformative reforms will be the replacement of the outdated colonial tax system. Currently, Puerto Rico operates under a complex fiscal regime that includes an 11.5% Sales and Use Tax (IVU), marginal personal income tax rates of up to 33%, and a high corporate tax burden that discourages local entrepreneurial activity. Moreover, key fiscal decisions that affect Puerto Rico continue to be made in Washington, where Puerto Ricans lack voting representation.

With sovereignty, the national government will establish a new tax code that is efficient, fair, and aligned with national development priorities. This system will be designed to promote investment, simplify tax compliance, and guarantee tax justice, while providing adequate and stable revenues for state operations and the provision of essential public services.

Flat Corporate Tax for Domestic Enterprises

The new tax framework will propose a flat 10% tax on the net profits of national companies and cooperatives. This policy seeks to eliminate the excessive burden currently faced by many small and medium-sized enterprises (SMEs), which can pay up to 33% in taxes. Larger domestic enterprises would be able to pay a higher tax rate, but below the Global Minimum Tax reserved for large multinational corporations. A single rate for small and medium-sized enterprises will

promote formalization, reduce tax evasion, incentivize entrepreneurship, and improve the competitiveness of Puerto Rico's business ecosystem.

Administrative simplification will also benefit the collection of taxes and national revenues, enabling a more efficient, transparent, and accessible digital declaration system for all legally established businesses in the country.

Personal Income Tax: A Fair & Balanced Progressive System

Unlike corporations, individuals will be subject to a **progressive income tax system** designed to protect working families and the most vulnerable sectors, while ensuring that those with the highest incomes contribute proportionally more to the common good. This structure will also be complemented by a **wealth tax** for individuals earning more than $1 million per year.

Proposed Progressive Personal Income Tax Scale:

Annual Income Level (USD)	Proposed Tax Rate
$0 – $15,000	0%
$15,001 – $30,000	5%
$30,001 – $50,000	10%
$50,001 – $100,000	15%
$100,001 – $250,000	20%
$250,001 – $500,000	25%
$500,001 – $999,999	30%
$1,000,000 or more	35% + 2% wealth tax

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This system ensures that **no one below the poverty threshold pays taxes**, while higher earners contribute equitably to public finances. The $15,000 threshold protects approximately 40% of Puerto Rican households living on low incomes, promoting social justice and reducing inequality.

Social Security, Pension, and Universal Basic Income Program for Poverty (see Annex 4) benefits will not be considered as income for purposes of taxation.

Replacing the IVU with a Modern VAT

This tax system will be accompanied by the elimination of the current 11.5% IVU and its replacement with a **10% Value-Added Tax (VAT)**, applied more efficiently across the entire production and distribution chain. The VAT offers better performance, lower evasion rates, and greater transparency by being collected at each stage of value added, not just at the final sale to consumers. Additionally, it will include **strategic exemptions** for basic food staples, medicines, educational services, and social housing, protecting vulnerable sectors.

Many small and prosperous countries, such as Singapore, Estonia, New Zealand, and Mauritius, have successfully implemented Value-Added Tax (VAT) systems as a cornerstone of their national revenue strategies. These countries have found VAT to be a more efficient, transparent, and resilient form of taxation compared to traditional sales taxes. Unlike point-of-sale taxes, VAT is collected at each stage of production and distribution, creating a self-enforcing mechanism that reduces evasion and strengthens compliance.

For example, Estonia's VAT system, supported by a fully digital invoicing and tax administration platform, has become a global model of tax efficiency and government transparency. Similarly, Singapore uses VAT (called GST) to maintain low income tax rates while still funding world-class infrastructure, healthcare, and education systems. These countries have demonstrated that a well-designed VAT - particularly when coupled with exemptions for essential goods - can generate stable and substantial national revenues while remaining business-friendly and socially equitable.

Administration, Projections, and Transparency

The administration of these taxes will fall exclusively to the Treasury Department (*Hacienda*), which will implement a digital platform for filing and payments, including electronic invoicing and automated audits. Preliminary projections indicate that this combined structure could generate between **$12 and $16 billion annually** in recurring revenue.

These revenues will allow the Republic of Puerto Rico to fully fund services such as health, education, public safety, transportation, infrastructure, science, and technology, without resorting to external debt or unfair fiscal burdens. This modern, sovereign, and fair approach will transform Puerto Rico into a self-sufficient, inclusive, and globally competitive economy. See more details and calculations in **Annex 3 of the National Economic Development Plan**.

Ensuring Fair Corporate Contribution through Global Minimum Tax (GMT)

To ensure that **multinational corporations (MNCs)** contribute fairly to Puerto Rico's economy, the new tax system will incorporate the **15% Global Minimum Tax (GMT)** as recommended by the OECD. MNCs operating in Puerto Rico will be required to pay at least 15% in corporate taxes, with structured incentives and deductions tied to national priorities, including R&D, job creation, clean energy, infrastructure development, and reinvestment of profits in the Puerto Rican economy.

This measure ensures fiscal fairness while maintaining a favorable investment climate. The GMT is expected to yield between **$1.2 billion** and **$1.8 billion annually**, complementing the IVA and flat tax revenues. As Puerto Rico expands its industrial base and attracts new foreign investments through Special Economic Zones (SEZs), Free Trade Agreements (FTAs), and an aggressive export strategy, GMT revenues will grow proportionally, securing stable government financing.

Customs, Port Duties, and Excise Taxes: Unlocking New Revenue Frontiers

As a sovereign state, Puerto Rico will gain **exclusive authority over customs duties**, maritime and air traffic levies, excise taxes, and environmental fees. These revenue sources, currently under U.S. federal control, will be vital in diversifying the government's income streams. Customs and port-related revenues alone are expected to yield **$2.0 billion** to **$3.0 billion annually**, while excise and environmental taxes (such as carbon pricing or plastic taxes) could generate an additional **$500 million** to **$1.0 billion**.

These funds will support strategic infrastructure investments, port modernization, border security, and environmental protection efforts. They will also be key to integrating Puerto Rico into global trade networks as a regional logistics hub for the Americas and Caribbean. Collectively, these tools will empower Puerto Rico to raise the revenue necessary to sustain a sovereign, self-sufficient, and high-functioning government without excessive reliance on debt or foreign aid.

Total Projected Annual Revenues – Republic of Puerto Rico

(Under the Proposed National Tax & Customs Reform System)

Revenue Source	Estimated Annual Revenue (Low)	Estimated Annual Revenue (High)
Value-Added Tax (IVA - 10%)	$5.8 billion	$7.2 billion
Progressive Personal Income Tax	$4.5 billion	$5.8 billion
Flat Corporate Tax (10%)	$3.2 billion	$4.5 billion
Global Minimum Tax (15%) on MNCs	$1.2 billion	$1.8 billion
Customs & Port Duties	$2.0 billion	$3.0 billion
Excise & Environmental Taxes	$0.5 billion	$1.0 billion

Total Estimated Annual Revenue: **$17.2 billion - $23.3 billion**

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With a projected total annual government revenue of **$17.2** to **$23.3 billion**, this tax structure will provide more than enough funding to operate the Puerto Rican national government, sustain essential public services, and invest in development priorities. Moreover, this simplified and strategic tax system will stimulate private sector growth, attract investors, and promote the transparency and accountability necessary to restore public trust in government.

Over time, as the economy grows and formalizes, tax revenues will rise naturally without increasing rates. This will ensure long-term fiscal sustainability and economic prosperity for the Puerto Rican people, consolidating the success of the island's transition to full sovereignty and regional and global economic integration.

Innovative Financial Taxation: Automated Transaction & Financial Asset Taxation for a Sovereign Economy

As Puerto Rico transitions to full sovereignty, the creation of a diversified and resilient national revenue system is essential to ensuring long-term fiscal stability and economic autonomy. In addition to value-added taxes, corporate income taxes, customs duties, and global minimum corporate taxation, the proposed economic framework includes the implementation of **two innovative financial taxes** that will leverage the volume and value of financial activities occurring within the island-nation's banking and capital systems. These are:

1. **Automatic Transactions & Payments Tax -** *Impuesto Automático a Transacciones y Pagos (IATP)*

2. **Financial Transactions & Assets Tax -** *Impuesto a las Transacciones y Activos Financieros (ITAF)*

These financial mechanisms are designed to be efficient, automated, minimally disruptive, and progressive, targeting high-volume financial institutions and transactions rather than everyday consumer activity.

1. Automatic Transactions & Payments Tax (IATP)

The IATP is a **2% automated tax** levied on all monetary transactions moving into or out of accounts in Puerto Rican financial institutions - specifically through **ATM withdrawals**, **Point-of-Sale (POS) payments**, **Automated Clearing House (ACH) transfers**, and similar transaction mechanisms. Unlike traditional income or sales taxes, the IATP is automatically collected by the bank or financial institution at the point of transaction and deposited directly into a national government treasury account.

According to the **2019 Annual Report** of the Office of the Commissioner of Financial Institutions (OCIF), Puerto Rico registered over **$271.25 billion in financial transactions** across

the banking system. Based on this volume, a 2% IATP would yield an estimated **$5.42 billion annually** in government revenue. Since collection is automated and digital, administrative costs and tax evasion risks are minimized.

2. Financial Transactions & Assets Tax (ITAF)

The ITAF is a **2.5% tax** levied on the value of **financial assets and institutional transactions** managed by banks, investment firms, and large financial institutions operating in Puerto Rico. This includes securities trading, exchange of stocks and bonds, bank asset holdings, and other institutional financial flows. As of the most recent OCIF data, financial institutions in Puerto Rico manage assets totaling approximately **$149.68 billion**.

A 2.5% ITAF would therefore generate an estimated **$3.74 billion annually** in sovereign revenue. This tax recognizes that a significant portion of Puerto Rico's capital system benefits from advanced financial infrastructure and government regulations, and thus should contribute to public revenue streams in a fair and transparent manner. As with the IATP, the tax would be collected by financial institutions and deposited into designated national revenue accounts.

Combined Estimated Revenue and Strategic Impact

Financial Tax	Base Estimate	Tax Rate	Annual Revenue
IATP (Transactions)	$271.25 billion	2.0%	$5.42 billion
ITAF (Financial Assets)	$149.68 billion	2.5%	$3.74 billion
Total Annual Revenue			**$9.16 billion**

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Together, the IATP and ITAF will yield an estimated **$9.16 billion per year**, offering a significant and stable source of national funding. This revenue can be allocated to essential services including education, health care, housing, renewable energy, transportation, public security, emergency funds, and digital infrastructure. The strategic use of financial sector taxation also reduces dependence on consumption and wage-based taxes, enhancing equity in the national tax system.

Safeguards, Equity, and Institutional Support

To prevent financial institutions from passing the burden of these taxes onto consumers, the National Treasury and Central Tax Authority will implement **regulatory safeguards** and negotiate **offsetting measures**, such as tax credits.

These measures are intended to **incentivize cooperation** with the national government while ensuring the financial sector contributes fairly to national development. Furthermore, these policies will position Puerto Rico as a financially responsible, sovereign nation with a transparent and efficient revenue system.

The integration of the IATP and ITAF into Puerto Rico's broader sovereign tax architecture reflects a forward-thinking, technology-enabled approach to national finance. By targeting high-volume financial flows and institutional wealth, Puerto Rico can secure billions in annual revenue without overburdening citizens or small businesses. This strategy enhances economic justice, aligns with international best practices, and provides a solid fiscal foundation for long-term national development, investment, and economic sovereignty.

Addressing Investor & Labor Concerns: Securing Confidence in a Sovereign Puerto Rico

The transition to a sovereign Puerto Rico presents a pivotal opportunity to design a more inclusive, transparent, and sustainable economic model that attracts responsible investment while prioritizing national development. The current Act 60 investor program, while attracting some economic activity, has also generated significant controversy due to perceived inequities, lack of oversight, and limited benefit to the broader Puerto Rican society. As such, the sovereign government of Puerto Rico will not continue the current Act 60 program in its existing form.

Instead, existing contracts will be reviewed and renegotiated, and a **new investor framework** will be developed - one that aligns with the Republic's long-term economic and social goals and promotes investment in innovation, entrepreneurship, job creation, economic empowerment programs, and inclusive growth strategies and human capital development to enhance national prosperity and resilience.

This new investor program will be designed to attract entrepreneurial, socially responsible, and productive investors, both local and international, who contribute to the real economy and to broader social equity, progress, and development. At the same time, the legitimate concerns of current Act 60 residents who have invested in good faith and are in full compliance with local laws will be carefully considered. The transition will include open dialogue with this sector to ensure fair treatment and continuity of investment where appropriate, while phasing out policies that have disproportionately favored tax avoidance over genuine socio-economic development.

To reinforce investor confidence, the sovereign government will continue to guarantee the protection of private property rights and foster the recognition of the social function of private

property. These guarantees and principles will be enshrined in the new national Constitution, providing legal certainty, institutional stability, and long-term predictability for all investors, as also the legal basis for any decision that the government may need to take with regards to said rights in any given case as representative of the common good.

Puerto Rico's independence is not a threat to investment - it is an invitation to be part of a more just, future-oriented economy where responsible capital can thrive alongside a rising nation-state. Sovereignty offers the ability to shape economic policy in the best interest of the people, while still honoring Puerto Rico's role as an attractive and competitive destination for global investment.

To further alleviate concerns, Puerto Rico will establish a formal **Investor Dialogue & Cooperation Forum (IDCF)** where the perspectives and interests of investors will be considered in shaping the new legal and economic framework. This platform will serve as a space for transparent communication, policy adjustments, and ongoing collaboration between the government and the private sector. Recognizing the significant contributions that foreign and domestic investors have made to Puerto Rico's economic development, particularly through real estate, tourism, finance, and technology sectors, the IDCF will provide these stakeholders with a structured mechanism to voice their concerns, propose reforms, and actively participate in the evolution of Puerto Rico's post-independence economic landscape.

To support this goal, we will also establish a **Workers' Dialogue & Cooperation Forum (WDCF)** - a permanent platform for collaboration between workers, employers, and the government. This initiative will help ensure that Puerto Rico fosters a balanced and inclusive environment that is both investor-friendly and committed to workers' rights and wellbeing. By aligning long-term capital investment with national development priorities and the interests of the labor force - the true engine of wealth creation - we aim to build a more equitable, stable, and productive national economy.

The preservation and potential extension of beneficial tax and wage structures will be a cornerstone of Puerto Rico's post-independence investment and development policy. The government acknowledges that many investors have relocated to Puerto Rico under programs such as Act 60 (formerly Act 20 and Act 22) and have contributed to the growth of the local economy. To maintain and enhance Puerto Rico's attractiveness as a premier investment destination, certain tax incentives and preferential financial conditions will remain in place, albeit with modifications to ensure that these benefits are accessible to a broader spectrum of individuals, social classes, and industries.

As a sovereign nation, Puerto Rico will have the authority to expand and refine these programs, extending tax benefits to both Puerto Rican and foreign investors who actively contribute to national development through innovation, job creation, and sustainable business practices. By aligning these incentives with Puerto Rico's long-term national economic strategy, the government will ensure that investors and workers remain engaged and incentivized to contribute to our national development.

Moreover, Puerto Rico will proactively negotiate **bilateral investment agreements** (BIAs) and **Free Trade Agreements** (FTAs) with the United States and other key economic partners such as the Caribbean Common Market (CARICOM), the Community of Latin American & Caribbean States (CELAC), the European Union, and the BRICS+, to ensure that investor and worker protections and favorable tax and socioeconomic rights treatments are embedded within internationally recognized legal frameworks.These agreements will include provisions to protect the interests of foreign investors and our workers, recognize labor rights, establish transparent dispute resolution mechanisms, and prevent arbitrary policy changes that could undermine investor confidence.

By adhering to international best practices in investment and worker protection and dispute resolution, Puerto Rico will provide a secure, just and predictable business environment that fosters investor and worker trust and promotes long-term capital inflows and social production. These agreements will also serve as a vital component of Puerto Rico's strategy to integrate seamlessly into the global economy and attract investment from diverse international markets that serve to promote the economic and social progress in our nation.

Finally, Puerto Rico's sovereign government will establish a modern, business and worker friendly regulatory environment rooted in transparency, efficiency, and an unwavering commitment to the rule of law. To rebuild public confidence and ensure national progress, the government will implement **strict anti-corruption and anti-exploitation laws, with their corresponding enforcement mechanisms,** to stamp out corruption, discrimination, and injustices at all levels of government and in the private and public spheres.

We will be requiring mandatory asset disclosures for public officials, whistleblower protections, and severe penalties for graft, favoritism, and misuse of public funds. By addressing one of the most persistent obstacles to development, Puerto Rico will signal to both its citizens, investors, and international partners that it is serious about governing with transparency and integrity for the benefit of the common good.

At the institutional level, the sovereign government will favor the establishment of commercial tribunals to resolve business disputes swiftly, transparently, and fairly. Contract enforcement, clear regulatory guidelines, and equal application of the law will form the backbone of the legal environment, fostering trust among investors and entrepreneurs alike.

Furthermore, **corporate governance standards** will be elevated to align with international best practices, ensuring accountability and ethical conduct in both domestic and foreign enterprises operating in Puerto Rico. Regulatory frameworks will be streamlined to eliminate bureaucratic red tape, reduce inefficiencies, and empower small and medium-sized enterprises (SMEs) to thrive in a competitive marketplace.

Through this robust legal and institutional framework, Puerto Rico will not only retain existing investment but also attract new capital, talent, and innovation, and promote workers welfare and productivity. More importantly, this transformation will help restore public trust, laying the foundation for a prosperous, just, and sovereign nation that truly serves the interests of its people.

Category	Annual Allocation ($M)	Purpose
National Economic Development Authority (NEDA) ● National Council for Economic Transition (NCET) ● Office of Development, Innovation, and Production (ODIP) ● Puerto Rico Public Policy Laboratory (PR-PPL) ● National Institutional Planning Board (NIPB) ● National Economic Development Bank (NEDB)	$1.2B	Oversee economic transition and investment.
Puerto Rico Central Bank & Treasury	$1.0B	Manage taxation, trade policy, and monetary stability.
Sovereign Wealth Fund (SWF)	$800M	Save 5-10% of national revenues.
Government Digitalization & AI Implementation	$500M	Implement blockchain & AI-driven Furthermore, to ensure government transparency, establish a merit-based civil service, and reduce bureaucratic inefficiencies, a robust National Civil Service and **digital transformation strategy** will be implemented. Finally, the allocated funds will cover **administrative transition costs** to support the shift from U.S. federal oversight to Puerto Rican self-governance. These costs include the restructuring of governmental agencies and training new personnel to manage the independent institutions.
National Tax & Customs Collection System	$300M	Establish customs & tariff administration.
Administrative Transition Costs	$200M	Cover transition from U.S. federal agencies.

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Phase 2: Industrial Expansion & Economic Diversification (Years 6-10)

Industrial & Manufacturing Expansion ($8.0B/year)

In Phase 2, the focus transitions to unlocking Puerto Rico's full industrial potential and diversifying its economic foundation. The strategic objective is to position Puerto Rico as a regional and maybe even a global leader in high-value manufacturing and innovation-driven production. While the archipelago has long served as a hub for pharmaceutical and medical device manufacturing, these industries have operated within the restrictive parameters of U.S. colonial policy, limiting their growth and national benefit.

As a sovereign nation, Puerto Rico will adopt a bold and future-oriented **National Industrial Policy** designed to scale and expand strategic sectors such as biopharmaceuticals, advanced manufacturing, clean energy technology, and high-tech electronics. This industrial transformation will not only generate skilled employment and export revenues, but also serve as the backbone of a resilient, innovation-based economy.

Maritime & Shipping Industries

The National Economic Development Plan emphasizes that eliminating restrictive laws - such as the U.S. cabotage laws - will enable Puerto Rico to develop its own **maritime and shipbuilding industries**. With the freedom to create a commercial shipping fleet, Puerto Rico can foster a robust shipbuilding sector that not only supports domestic trade but also positions Puerto Rico as a key player in the regional and global logistics arena. Nations that have taken control of their maritime policies have experienced significant economic benefits, including increased exports and job creation.

Developing a national merchant fleet does not mean Puerto Rico must immediately construct or own a large fleet of commercial ships. Instead, the initial strategy could be to lease shipping services or cargo vessels from international maritime companies, such as Crowley, Seaboard, or others, to ensure that Puerto Rico has logistical independence and control over its supply chains. Over time, Puerto Rico can develop its own state-owned or mixed public-private shipping company to build or acquire vessels suited for regional and international trade.

As Puerto Rico finally removes U.S. cabotage restrictions (such as the Jones Act), the country can begin leasing or buying small to medium-sized vessels for cargo transport, ferry services, exports or for the proposed fishing industry. Countries like Greece, Denmark, and Panama have successfully used a combination of leased, domestically built, and foreign-built ships to maintain robust merchant fleets. For Puerto Rico, the development of maritime logistics is not only economically strategic but also crucial for national sovereignty, emergency preparedness, and trade independence.

By investing in ports, maritime infrastructure, and logistics management, Puerto Rico will position itself as a Caribbean shipping hub and transshipment point between North and South

America, Europe, and West Africa. The merchant fleet would serve not just domestic needs, but also offer international freight and logistics services, contributing to customs revenue, job creation, and global market integration. This sector aligns with the overall vision of Puerto Rico as an independent, modern, export-driven, and maritime-capable nation.

Aerospace Manufacturing & Space Industries

Aerospace manufacturing and space technologies will serve as a key pillar in Puerto Rico's national industrial strategy, offering high economic value, technological advancement, and strategic benefits. Through targeted investments and incentives, the sovereign government will attract companies specializing in aerospace components, satellite systems, avionics, and space-related services. The development of this sector will generate high-skilled, high-paying jobs, foster knowledge transfer, and establish Puerto Rico as a competitive location in the global aerospace supply chain. Beyond manufacturing, Puerto Rico will actively invest in building a broader space economy - including spaceports, aerospace R&D centers, academic programs in aerospace engineering, and public-private partnerships in satellite technologies and orbital communications. These initiatives will be supported by the University of Puerto Rico, in Mayagüez, and technical institutes, positioning the island-nation as a regional leader in space education and innovation.

This approach will not only diversify Puerto Rico's economy into high-barrier, high-value industries, but also enhance national sovereignty and strategic autonomy by reducing dependence on foreign aerospace imports and cultivating indigenous technological capabilities. Aerospace and space development will reinforce Puerto Rico's role in global innovation while stimulating economic growth, scientific discovery, and long-term national resilience.

National Rail Network

The transformation of Puerto Rico's public transportation infrastructure begins with the strategic expansion of the existing **Tren Urbano** and the establishment of a comprehensive **National Rail Network** - *La Red Nacional Ferroviaria de Puerto Rico*.

For the National Rail Network to achieve its full potential, it is essential to strengthen the secondary transportation systems that feed into the train stations. The success of the integrated rail system depends on reliable access to stations, particularly through complementary services such as buses, minibuses, taxis, and urban trams. In Puerto Rico, traditional public carriers - known as *carros públicos* and *pisicorres* - once formed a vital network of small independent operators who provided affordable transportation across urban and rural areas. Revitalizing and modernizing these systems is crucial to ensuring equitable access to the rail network, supporting low-income communities, fostering small business entrepreneurship, and creating a truly interconnected, multimodal transportation ecosystem across the island.

The Tren Urbano, Puerto Rico's current 10.7-mile automated rapid transit system with 16 stations serving San Juan, Guaynabo, and Bayamón, is slated for significant upgrades and route extensions. The proposed expansion will include new lines connecting critical areas such as Viejo San Juan, Isla Verde, the International Airport, Trujillo Alto, Carolina, Dorado, Cataño,

and Naranjito. This $1.5 billion modernization plan - spread across six years - will be funded by an annual allocation of $250 million and followed by a sustained annual operating budget of $100 million to ensure maintenance, security, modernization, and service delivery.

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Complementing the metropolitan expansion is the bold plan to establish a National High Speed Rail Network - restoring the once vital *Ferrocarril de Circunvalación* that encircled the island. This ambitious $3.5 billion project, modeled after systems in Spain, Mexico, Japan, Germany, and other nations, envisions a high-capacity rail corridor connecting major cities from San Juan to Ponce, Mayagüez to Fajardo. The government will maintain public ownership via the *Autoridad de Tránsito Integrado* (ATI) and create a dedicated public corporation - the *Corporación del Tren Nacional* - to manage operations. With an estimated implementation timeline of 8 to 10 years, the project will stimulate the construction sector, generate thousands of jobs for engineers, contractors, and laborers, and activate a ripple effect of economic development through new stations, increased urban mobility, and enhanced logistical connectivity.

The integrated rail system - linking urban tram lines and national intercity rail - will not only ease traffic congestion but serve as a major economic motor. It will boost tourism, allow

residents in cities like Mayagüez and Ponce to access metropolitan job markets, and revitalize commercial activity around train stations. Revenue will stem from increased ridership, commercial leases in station zones, public-private partnerships, and economic stimulation across transportation, hospitality, retail, and logistics. Environmentally, the shift to mass transit will significantly reduce emissions, while the use of renewable energy sources like solar panels and wind turbines on stations will further align with national sustainability goals.

In sum, the Tren Urbano expansion and the National Rail Network are not just infrastructure projects - they are nation-building investments that enhance mobility, equity, sustainability, and economic sovereignty. Alongside the urgent need to address the widespread deterioration of roads, streets, and bridges, a sovereign Puerto Rico will be firmly committed to comprehensive infrastructure development and renewal.

Global Minimum Tax & Special Economic Zones

To support these sectors, the government will create **advanced manufacturing zones** (such as *Special Economic Zones*) designed to attract both local and international high-tech firms. These zones will offer competitive tax incentives, modern infrastructure, and streamlined regulations to encourage both **national** and **foreign direct investment**. The success stories of Singapore and South Korea serve as powerful examples of how targeted industrial policies can transform a nation's manufacturing landscape, leading to exponential growth in exports and technological prowess. These proposals will require further analysis and studies.

The OECD's global minimum tax framework establishes a 15% effective corporate tax floor to discourage large multinational companies from shifting profits to tax havens. However, this does not prevent countries from offering tax incentives, credits, or deductions - as long as the company ultimately pays a 15% effective tax rate. For a sovereign Puerto Rico, this creates an opportunity to design bilateral and multilateral **Special Economic Zones (SEZs)** that comply with both national and international rules while remaining attractive to local and global investors.

Within SEZs, Puerto Rico can provide targeted incentives such as investment tax credits, research and development (R&D) subsidies, reinvestment deductions, and temporary tax holidays. These tools would effectively reduce a company’s taxable base without violating the global minimum rate. For instance, a firm might technically face a 15% nominal tax rate but benefit from credits that bring its effective tax rate down - while still complying with OECD standards. This strategy has been successfully implemented by countries like Singapore and Panama, which maintain both global compliance and strong foreign investment inflows.

The goal is to balance compliance with competitiveness, ensuring that Puerto Rico is not blacklisted as a tax haven while still offering compelling reasons for companies to establish operations here. These SEZs would become innovation hubs, manufacturing clusters, and logistics centers that contribute significantly to job creation, exports, and infrastructure development. With effective governance and clear legal frameworks, Puerto Rico can leverage SEZs to become a strategic base for multinational operations across the Caribbean and the Americas.

This phase also focuses on establishing strategic **public-private partnerships (PPPs)** that blend state investment with private sector expertise. Such partnerships are crucial for sharing the risks and rewards of large-scale industrial projects. By fostering collaboration between government and industry leaders, Puerto Rico will ensure that investments are both efficient and aligned with national strategic goals, paving the way for sustainable industrial expansion.

Establishing a Sovereign Social Investment Fund (SSIF) Using the Global Minimum Tax

The 15% Global Minimum Tax (GMT) proposed by the OECD offers Puerto Rico a unique opportunity to strengthen its fiscal independence and promote long-term development. This tax aims to ensure that multinational corporations pay a minimum tax rate of 15% on global earnings, preventing profit-shifting to low-tax jurisdictions. For Puerto Rico, this policy could generate **$3.5 billion** annually, as projected by *Espacios Abiertos* (EA). These revenues could be directed toward establishing a **Sovereign Social Investment Fund (SSIF)**, a state-managed fund that would reinvest returns in critical social and economic initiatives, reducing poverty, improving infrastructure, and enhancing public services.

The SSIF would operate as a state-controlled financial vehicle that invests in a diversified portfolio of national and international assets, generating sustainable long-term returns. These returns would be reinvested in priority sectors such as education, healthcare, renewable energy, public safety, and environmental protection. Modeled after successful sovereign funds in countries like Norway and Singapore, the SSIF would provide Puerto Rico with a fiscal buffer, stabilizing public finances, funding essential programs, and reducing dependence on U.S. federal funds.

To prevent mismanagement and corruption, the SSIF must be governed by a transparent, accountable, and legally protected framework. An independent *Sovereign Investment Council* composed of financial experts, economists, and civil society representatives would oversee the fund's operations. Strict anti-corruption measures, regular audits, public reporting, and mandatory parliamentary reviews would safeguard the integrity of the fund. Additionally, a public monitoring and evaluation system would ensure that investments align with national development priorities and deliver measurable social and economic benefits.

The SSIF's investment strategy would prioritize high-impact projects that drive economic growth and social progress. Investments would include funding for STEM and multilingual education, improving healthcare infrastructure, advancing clean energy projects, and enhancing climate resilience. Over time, as the fund's assets grow, a portion of the returns would be reinvested to ensure financial sustainability, while the remainder would fund critical social programs. This model would allow Puerto Rico to reduce its reliance on external aid, achieve fiscal autonomy, and secure intergenerational equity by ensuring that national wealth benefits future generations.

By leveraging the Global Minimum Tax (GMT) to establish the Sovereign Social Investment Fund (SSIF), Puerto Rico can create a self-sustaining economic engine that addresses urgent social challenges, promotes sustainable development, and safeguards the island-nation's financial

stability. This initiative represents a pivotal step toward building a prosperous, equitable, and sovereign Puerto Rico where national wealth is reinvested for the benefit of all its people.

Food Security & Food Sovereignty

Globally, the term food security is most commonly used to describe a situation where all people have regular access to sufficient, safe, and nutritious food. However, food sovereignty expands on this idea by emphasizing a nation's right to control and define its own agricultural and food policies, including local food production, seed saving, sustainable farming, and cultural food practices. Both concepts are complementary, and together they help define Puerto Rico's path toward agricultural and economic resilience.

Currently, Puerto Rico imports more than 85% of its food, which creates major vulnerabilities in times of global supply chain disruptions or natural disasters. Food sovereignty, therefore, requires substantial investment in local production of key staples such as dairy, meat, eggs, vegetables, fruits, root crops, coffee, cacao, and grains. By boosting domestic food production, Puerto Rico not only increases its food self-reliance but also supports rural economic development, generates agricultural employment, and reduces its trade deficit. Potential export crops that would receive funding, resources, and support would be coffee, cacao, and industrial hemp. These crops and agricultural commodities would generate large revenues for the Puerto Rican economy.

Achieving food sovereignty will also require major educational efforts and institutional reforms - such as creating a **National Agricultural Research Institute**, affiliated to the University of Puerto Rico (the Mayagüez and Utuado campuses), investing in modern irrigation systems, and providing technical support to farmers. Over time, this will lead to greater food security, price stability, and national dignity. Sovereignty is not just political - it must include the ability to feed one's people with locally grown, nutritious food produced under a democratic and sustainable agricultural system.

BSF & Agro-Industrial Exports

Black Soldier Fly (BSF) protein farming presents an innovative, sustainable solution for converting organic waste into high-protein animal feed and nutrient-rich organic fertilizers. BSF larvae efficiently consume food scraps, agricultural byproducts, and manure, transforming them into biomass consisting of approximately 40% protein and 30% fat, making them an ideal source of nutrition for livestock, poultry, and aquaculture. This circular economy approach not only reduces waste but also addresses the growing global demand for sustainable feed and organic fertilizers.

The global BSF market is rapidly expanding, valued at $580 million in 2024 and projected to reach $5.45 billion by 2033, driven by increasing adoption in animal feed and organic fertilizer industries. Europe currently dominates the market, holding 33.3% of global revenue in 2023, thanks to favorable regulations promoting the use of insect protein. Puerto Rico, as a sovereign nation, could capitalize on this booming industry by establishing BSF production facilities, reducing its reliance on imported feed and fertilizers while generating substantial export

revenues from high-demand markets in the Caribbean and Latin America. By developing a robust BSF farming sector, Puerto Rico would strengthen food sovereignty, lower production costs for key domestic industries such as poultry, pork, and dairy, and position itself as a leader in sustainable agro-industrial practices.

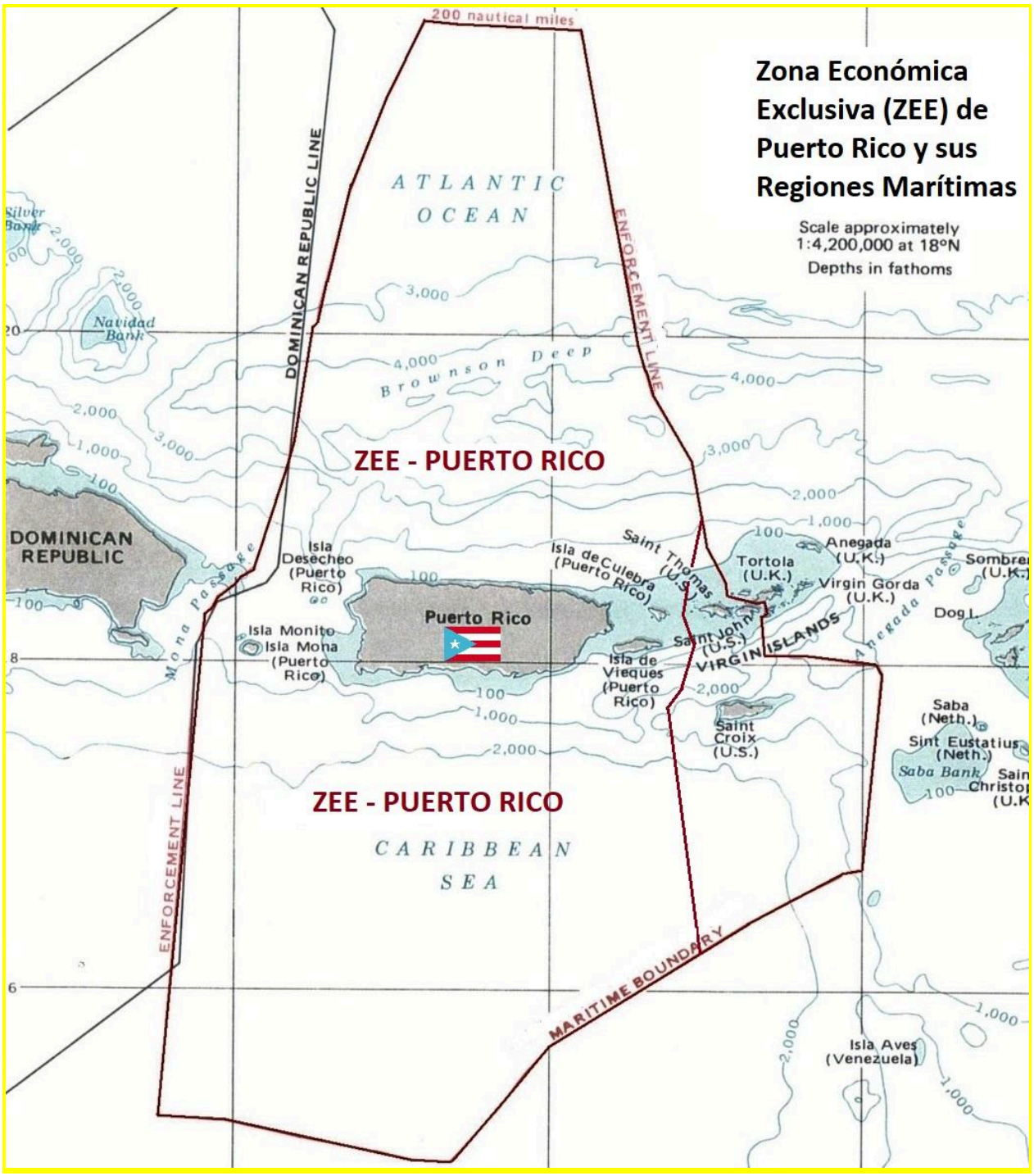
Investing in BSF farming offers multiple advantages. First, it would significantly reduce dependency on imported animal feed and synthetic fertilizers, which are both costly and vulnerable to global price fluctuations. Second, local BSF production would lower costs for domestic livestock and aquaculture industries by providing a locally sourced, high-quality feed. Third, the establishment of BSF-based agro-industrial exports would open up new markets in neighboring countries, generating revenue while promoting environmentally sustainable agricultural practices.

To fully capitalize on this opportunity, regional BSF production centers could be established across Puerto Rico through partnerships with municipalities, universities, and agro-industrial firms. This approach would create high-quality jobs in rural communities, foster technological innovation in agriculture, and elevate Puerto Rico's status as a regional hub for sustainable farming. With the global insect protein market expected to exceed $4 billion by 2030, Puerto Rico stands to benefit immensely by positioning itself at the forefront of this growing industry, ensuring economic resilience, food sovereignty, and long-term environmental sustainability.

Developing Puerto Rico's Fishing, Aquaculture, and Blue Economy Sector

As a sovereign nation, Puerto Rico will have full control over its vast Exclusive Economic Zone (EEZ) spanning approximately 68,605 square miles - nearly 19.5 times the size of Puerto Rico itself. Today, Puerto Rico's EEZ waters are solely under U.S. federal jurisdiction. This transformation unlocks a critical opportunity for the strategic development of a national fishing industry, sustainable mariculture and aquaculture enterprises, and the broader blue economy. Under colonial constraints, Puerto Rico's coastal and oceanic resources have remained underdeveloped and underutilized. Sovereignty brings the capacity to enact national policies that prioritize Puerto Rican fishermen, invest in fishing infrastructure, create jobs in coastal communities, and promote responsible marine stewardship.

Sovereignty will empower Puerto Rico to revitalize its artisanal and commercial coastal fisheries. The government will invest in modernizing the national fishing fleet, supporting cooperative-based fish markets (pescaderías) in fishing towns such as Mayagüez, Fajardo, Arroyo, Guayanilla, Cabo Rojo, and Arecibo. These markets will provide fishermen (many organized as cooperatives) with fair prices, direct access to consumers and restaurants, and a guaranteed national distribution network. A **National Registry of Fishing Vessels** and licensing system will be established to manage catches and track sustainability targets.



Puerto Rico will also create the **Puerto Rico Ecological & Fisheries Protection Zone (EPZ / FPZ)** along with **Marine Conservation Areas (MCAs)** to protect critical habitats, reefs, and fish breeding zones. These areas will ensure the genetic viability of marine life and long-term food security while aligning with sustainable fishing quotas.

Puerto Rico will promote **ocean farming** and **aquaculture**, particularly for seaweed (kelp), oysters, scallops, clams, shrimp, and tilapia. According to Greenwave statistics, a single marine

acre can yield 25 tons of kelp and 250,000 units of seafood in just five months. With 10,000 marine acres designated for ocean farms, Puerto Rico could annually produce:

- **250,000 tons of green algae** (for food, biofuel, fertilizer, and industrial use)
- **2.5 billion units of seafood**, enough to supply both domestic consumption and exports

These ocean farms (further detailed below) will generate thousands of direct jobs in farming, processing, logistics, and retail - and tens of thousands of indirect jobs across construction, engineering, research, and exports.

Strategic Partnerships & Sustainable EEZ Management

Puerto Rico will also establish **joint venture frameworks** with responsible international fishing fleets, granting limited and regulated access to specific zones within the EEZ under **fishing lease concessions**. These arrangements will generate leasing fees, ensure technology transfers, and support domestic capacity-building. The leasing of EEZ fishing blocks could produce steady national revenues. To manage this sector, the Republic will establish a **Maritime Development Council** and a **National Fisheries & Mariculture Authority**, which will coordinate:

- Licensing and regulation of fishing and aquaculture
- Scientific marine research
- Monitoring of fish stocks and environmental data
- Enforcement of ecological standards and protection zones

Revenue & Employment Projections (Years 10–20)

Source of Revenue/Jobs	**Estimate**
Domestic Fish Market Tax Revenues	$100–$150 million annually
Export Revenues from Aquaculture and Ocean Farms	$400–$600 million annually
EEZ Fishing Lease Concessions (with foreign fleets)	$300–$500 million annually
Total Estimated Annual Revenues	**$800 million – $1.25 billion**
Direct Jobs (Fishermen, Farmers, Market Staff)	15,000–20,000 jobs
Indirect Jobs (Processing, Distribution, Exports, R&D)	25,000–35,000 jobs

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This sector will strengthen Puerto Rico's food sovereignty, reduce fish imports, and improve diets with fresh, affordable seafood. Through targeted export strategies and regional integration,

Puerto Rico can supply organic and sustainable seafood to Caribbean and U.S. markets while branding itself as a **blue economy leader**. Puerto Rico's policies will also align with SDG 14 (Life Below Water), helping preserve marine ecosystems while creating inclusive economic opportunities.

The fishing and marine farming sector thus represents a foundational pillar of a sovereign Puerto Rico's diversified economy - generating employment, foreign exchange, ecological security, and national pride.

Oceanic Kelp Farming & Sargassum Collection

Oceanic kelp farming and sargassum collection for biodiesel production offers a transformative opportunity for Puerto Rico to leverage its vast Exclusive Economic Zone (EEZ). This vast maritime territory can be sustainably cultivated through a network of agro-oceanic platforms and stations, allowing Puerto Rico to develop a robust blue economy centered around renewable energy and environmentally friendly products. Kelp, along with Sargassum, are fast-growing marine plants, efficiently absorb carbon dioxide while producing biomass that can be converted into biodiesel, organic fertilizers, and marine bioplastics, which are in high demand globally. By investing in large-scale kelp and sargassum farming, Puerto Rico can generate thousands of sustainable, high-quality jobs in the maritime, energy, and agro-industrial sectors while contributing to the island's long-term goal of achieving energy independence and reducing its carbon footprint.

Sargassum, a type of floating seaweed abundant in the Caribbean Sea and Atlantic region just north of Puerto Rico (within Puerto Rico's EEZ), presents a remarkable economic opportunity for a sovereign Puerto Rico to harness and transform into a strategic resource for wealth generation, product development, and export diversification. Rich in nutrients such as nitrogen, phosphorus, and potassium, sargassum can be processed into organic fertilizers, bio-stimulants, and compost for sustainable agriculture, improving soil quality, enhancing crop yields, and reducing dependence on imported agrochemicals. In the industrial sector, sargassum's polysaccharides can be extracted to produce bioethanol - a renewable fuel source and biodegradable bioplastics, helping Puerto Rico reduce its carbon footprint and contribute to global environmental goals.

It also holds potential for innovative textile applications, including the production of vegan leather and eco-friendly fabrics. Beyond industrial uses, sargassum can be repurposed into construction materials, such as bricks and insulation, as well as pulp for paper and cardboard manufacturing. The animal feed sector can benefit from sargassum as a sustainable supplement for fish, shrimp, and livestock, while ongoing research explores its pharmacological properties for use in drug development and nutraceuticals. By investing in sargassum collection, processing, and product innovation, Puerto Rico can turn an ecological challenge into a robust blue economy industry - generating jobs, fostering rural and coastal development, and positioning itself as a regional exporter of sargassum-based agricultural, industrial, and medical products.

The development of kelp/sargassum-based industries will not only diversify Puerto Rico's economy but also create significant export-oriented opportunities in biodiesel production and sustainable agricultural inputs. As the global demand for renewable fuels and biodegradable materials grows, Puerto Rico's strategic geographic position places it in an advantageous position to export these products to North America, the Caribbean, and Latin America. Moreover, the multiplier effects of this industry will extend beyond biodiesel and fertilizers, fostering growth in ancillary sectors such as logistics, research and development (R&D), and workforce training.

By establishing a diversified industrial base through oceanic kelp farming, Puerto Rico can reduce its dependency on imported fossil fuels, strengthen economic resilience, and mitigate the risks associated with overreliance on any single sector. This sustainable initiative aligns with global trends in climate adaptation and renewable energy, positioning Puerto Rico as a leader in the blue economy and ensuring long-term prosperity for future generations.

Strategic Investment in Vertical Farming: Strengthening Puerto Rico's Food Sovereignty & Economy

Puerto Rico's plan to establish 25 state-of-the-art **vertical farming facilities** across the archipelago represents a bold and transformative step toward achieving food security, economic diversification, and environmental sustainability. Each facility - equal in size to the 2.2 million square feet footprint of Plaza Las Américas - will employ advanced hydroponic and aeroponic systems to grow a variety of high-demand, nutrient-rich crops including lettuce, kale, arugula, spinach, cilantro, tomatoes, and microgreens. These crops are strategically selected for their short growth cycles, high nutritional value, and strong domestic and export market potential.

Operating year-round in climate-controlled environments, the facilities are projected to produce a combined 231,000 tons of fresh vegetables and leafy greens annually. This impressive output could satisfy up to 40% of Puerto Rico's internal demand for fresh produce, significantly reducing reliance on imports and enhancing the island's resilience to global food supply disruptions.

In addition to bolstering food sovereignty, the vertical farms will create thousands of skilled and semi-skilled jobs in agriculture, logistics, maintenance, and distribution, while generating export opportunities to the United States and the wider Caribbean for premium organic produce. The initiative will also serve as a model of sustainable agriculture, drastically reducing land use, pesticide application, and water consumption, while integrating renewable energy systems for maximum efficiency.

Through this investment, Puerto Rico can position itself at the forefront of the Caribbean's agricultural innovation sector, showcasing how technological advancement, strategic planning, and national self-sufficiency can align to deliver economic, environmental, and public health benefits on a national scale.

The economic impact of these 25 vertical farming facilities is projected to be profound. With an estimated annual revenue of $1.39 billion and $485 million in annual profits, this initiative will

create a new agro-industrial subsector that diversifies Puerto Rico's economy. Each facility is expected to generate approximately 500 direct jobs and 1,000 indirect and induced jobs, resulting in 37,500 high-quality positions in agriculture, logistics, technology, and management. These jobs will provide competitive wages averaging $45,000 per year, contributing to a robust local economy and creating a skilled workforce capable of sustaining the agro-industrial revolution. Moreover, with a 10% income tax rate on all workers, the government stands to collect an estimated $168.75 million in annual tax revenues, which will support education, infrastructure, and public services, further enhancing Puerto Rico's socioeconomic development.

The environmental benefits of vertical farming are equally significant. Compared to traditional agriculture, vertical farms use 90-95% less water and 70% less land, reducing the strain on Puerto Rico's fragile ecosystems. By eliminating the need for chemical pesticides and minimizing transportation emissions associated with imported produce, these facilities contribute to a substantial reduction in Puerto Rico's carbon footprint. Additionally, by incorporating renewable energy sources such as solar, wind, and ocean thermal energy, the vertical farming infrastructure will operate with minimal environmental impact, aligning with global trends in climate-conscious agricultural practices. Organic waste produced during farming will be repurposed for compost, BSF protein farming or bioenergy, creating a circular economy that promotes environmental sustainability.

From a food security and food sovereignty perspective, this initiative marks a historic step toward reducing Puerto Rico's reliance on imported food, which currently accounts for over 85% of the island-nation's consumption. Vertical farming will ensure a steady, local supply of fresh, nutritious produce, even during natural disasters or global supply chain disruptions. By securing control over its food production and distribution, Puerto Rico will safeguard its population against external vulnerabilities, while fostering economic independence and national dignity.

Moreover, the ability to export surplus produce will generate additional revenue streams, positioning Puerto Rico as a reliable supplier of high-quality agricultural products to neighboring Caribbean nations. Investing in these 25 vertical farming facilities will not only advance Puerto Rico's food sovereignty but also lay the foundation for a resilient, sustainable, and prosperous agricultural economy.

Energy Independence & Diversified Power Generation

Energy independence will serve as a pillar of Puerto Rico's national economic transformation. As a sovereign nation, Puerto Rico will take full control of its energy strategy and implement a deliberate, phased transition from its current heavy dependence on imported oil, LNG and coal to a diversified, modern energy system led by renewable sources such as solar, wind, tidal, hydroelectric, ocean thermal energy conversion (OTEC), maritime energy, and biodiesel. The national energy plan will fully integrate the goals and principles of leading Puerto Rican initiatives such as *Queremos Sol*, *Casa Pueblo*, and other community-based energy movements. Their advocacy for a just, clean, and citizen-centered energy model will guide policy decisions that prioritize environmental justice, energy democracy, and local empowerment.

Through this approach, Puerto Rico will not only reduce its carbon footprint and enhance national resilience but will also position itself as a Caribbean leader in sustainable energy development, creating jobs, lowering costs, promoting public health, and achieving the long-overdue goal of energy sovereignty.

A major component of Puerto Rico's long-term energy independence strategy will be the construction of 60 offshore **Ocean Thermal Energy Conversion (OTEC)** facilities. Each OTEC plant, generating 100 MW of renewable energy, will harness the temperature difference between warm surface seawater and cold deep seawater to produce clean electricity. Combined, these facilities will generate over 6,000 MW of energy - more than sufficient to meet Puerto Rico's domestic electricity demand. Excess energy will be stored in advanced battery systems and exported to neighboring Caribbean nations through the development of a regional energy grid. This will position Puerto Rico as a regional leader in clean energy production, further contributing to its economic diversification and enhancing its geopolitical influence in the Caribbean.

By the end of the transition period, Puerto Rico's diversified energy mix will consist of a majority share of renewable sources, including OTEC, solar, wind, tidal, and hydropower for energy security. This robust and sustainable energy framework will not only achieve energy independence but also transform Puerto Rico into a net energy exporter. In turn, Puerto Rico will generate substantial export revenues, strengthen regional energy resilience, and reduce the Caribbean's dependence on expensive and polluting fossil fuels. By committing to a diversified, forward-looking energy strategy, Puerto Rico will secure economic prosperity, environmental sustainability, and national energy sovereignty.

Category	Annual Allocation ($B)	Purpose
Pharmaceutical & Biotech Expansion	$2.5B	Expand medical research & biopharma production.
Maritime & Shipbuilding Industry	$2.0B	Build a sovereign Puerto Rican shipping fleet.
Aerospace Manufacturing & Space Industries	$1.5B	Invest in aerospace technologies and space industries.
Advanced Manufacturing Zones	$2.0B	Attract high-tech firms & AI-driven industries.

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Phase 3: Economic Consolidation & Global Trade Leadership (Years 11-15)

Tourism & International Trade ($3.0B/year)

Phase 3 concentrates on consolidating Puerto Rico's economic gains and positioning the island as a **global trade and tourism hub**. As detailed in *Puerto Rico: The Economic Case for Sovereignty*, a sovereign Puerto Rico can leverage its strategic geographic location to become a key node in international air cargo and maritime trade networks. The plan envisages the development of world-class **tourism infrastructure** that attracts not only leisure travelers but also diaspora travelers, international students, digital nomads, and business travelers from around the globe.

Investments in **medical, diaspora, educational, and eco-tourism** are set to engage hotels, paradores, and resorts; cultural attractions; and sustainable tourism initiatives that differentiate Puerto Rico from its competitors. By capitalizing on its natural beauty, rich cultural heritage, and unique history, Puerto Rico can attract a premium segment of international tourists willing to spend significantly.

Another critical element is the expansion of **air and maritime travel connectivity**. Upgrading airports and seaports, along with forming strategic airline and cruise partnerships, will significantly increase passenger and cargo traffic. These improvements will generate additional revenue through customs duties, landing fees, and tourism-related taxes. In a manner similar to how Dubai, Panama, and Singapore have developed world-class connectivity, Puerto Rico aims to integrate itself fully into global travel networks.

A coordinated **national branding and promotion strategy** is essential for rebranding Puerto Rico on the international stage. This strategy will focus on marketing Puerto Rico as a destination for both tourism, education, and international trade. The use of digital marketing, international trade fairs, and diplomatic engagement will help build a robust national image. As shown in several case studies from the book, effective branding can result in a substantial increase in both tourist arrivals and foreign investments.

International Trade Treaties & Initiatives

Moreover, the integration of tourism with **international trade initiatives** will further solidify Puerto Rico's role as a transshipment and logistics hub. By negotiating independent free trade agreements (FTAs) and establishing special economic zones, Puerto Rico will attract global businesses and create a synergistic relationship between its tourism and trade sectors. This will ensure diversified revenue streams, supporting long-term economic stability.

This phase will focus on strengthening Puerto Rico's integration into the global economy by establishing Free Trade Agreements (FTAs) with key markets, including the United States, European Union, Latin America, and Asia. These agreements will facilitate access to high-value markets, attract investment in strategic industries, and promote export-driven growth. By

positioning Puerto Rico as a logistics and financial hub in the Caribbean, Phase 3 will ensure that Puerto Rico benefits from its geographic location and expands its influence in global trade.

A *Puerto Rico-United States Free Trade Agreement* will be a top priority. This agreement will ensure seamless trade between both nations, allowing Puerto Rico to maintain strong economic ties with its largest trading partner while benefiting from duty-free access to U.S. markets. A *Puerto Rico-European Union Free Trade Agreement* will further enhance its ability to export high-value goods and services to Europe, boosting national revenues and creating thousands of skilled jobs. Due to historical and cultural reasons, a sovereign Puerto Rico will seek to develop and consolidate a strong and positive bilateral economic relationship with Spain, within the EU framework.

Category	Annual Allocation ($B)	Purpose
Eco-Tourism Development	$1.5B	Create ecological resorts and cultural tourism experiences.
Expansion of Air & Maritime Travel	$1.0B	Increase global flight and cruise routes.
National Branding & Promotion	$500M	Market Puerto Rico as a world-class destination.

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Phase 4: Full Economic Sovereignty & National Prosperity (Years 16-20)

Education & Workforce Development ($5.0B/year)

The final phase centers on establishing Puerto Rico's long-term prosperity by developing a **highly skilled and adaptable workforce** capable of driving innovation and economic growth. A sovereign Puerto Rico must invest in a modern, independent education system that emphasizes **STEM, business, and multilingual proficiency**. Many economic studies underscore that one of the greatest assets of any nation are the human beings that compose it and work towards its continued social progress. By focusing on education and training, Puerto Rico can ensure that its citizens are well-prepared to take on leadership roles in new industries.

Substantial funding will be allocated to **STEM and multilingual education programs** within the national education system and the University of Puerto Rico, which will provide students with the skills needed to compete in a global economy. Courses in subjects like culture and history, languages, social sciences, global studies, entrepreneurship, mathematics, engineering, computer science, biotechnology, and international business will be prioritized.

Multilingual instruction - in Spanish, English, Mandarin, Portuguese, Arabic, German, and French (via adoption of the *Global Puerto Rico 1+2 Language Policy*) will be integrated into the National Curriculum to prepare students for international collaboration, diplomacy, and global relations and markets. Under this policy that will fully fund foreign language programs, Puerto Rican students will be fluent in Spanish and a minimum two other foreign languages of their choosing. Spanish-English bilingualism will be the minimum standard in addition to acquiring proficiency in other languages. Unlike the failed and haphazard PNP/PPD "bilingual" assimilationist model that has been used as an attempt to assimilate and shamelessly "Americanize" our people and impose English, this national Puerto Rican "global empowerment" approach is informed by successful educational models and policies from the European Union and countries such as Finland and Singapore.

In addition to formal education, the National Economic Development Plan emphasizes the importance of **technical and trade schools** that can quickly equip the workforce with practical, job-ready skills. By collaborating with industry leaders in the private sector, these schools will tailor their curricula to meet the needs of high-growth sectors such as advanced manufacturing, digital technology, and renewable energy. Specialized vocational training is essential for transitioning from a low-skilled economy to a competitive industrialized nation.

Furthermore, the establishment of **scholarship and research funds** will support advanced learning and foster a culture of innovation. Investment in research at the University of Puerto Rico and other local universities and institutions will drive breakthroughs in technology and industry, ensuring that Puerto Rico remains at the forefront of emerging fields. These initiatives will also help reverse the brain drain, attracting professionals from the Puerto Rican diaspora and foreign experts who are eager to contribute to a dynamic, socially progressive, and sovereign economy.

Overall, a comprehensive education and workforce development strategy is key to unlocking Puerto Rico's economic potential. A highly skilled, multilingual workforce will attract international investment, support high-tech industries, and drive long-term economic growth, ensuring that Puerto Rico can sustain its newfound sovereignty and prosperity.

Category	Annual Allocation ($B)	Purpose
STEM & Multilingual Education	$2.5B	Train global workforce-ready professionals.
Technical & Trade Schools	$1.5B	Specialize in engineering, biotech, and AI.
Scholarship & Research Funds	$1.0B	Support advanced learning & university development.

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Summary Chart of Annual Budget Allocation

Sector	Annual Allocation ($B)	Percentage of Total Funds
Governance & Financial Independence	$4.0B	11%
Infrastructure & Energy	$9.0B	25%
Industrial & Manufacturing Expansion	$8.0B	22%
Agriculture & Food Security	$4.0B	11%
Innovation & Research	$3.0B	8%
Tourism & International Trade	$3.0B	8%
Education & Workforce Development	$5.0B	15%
Total	**$36.0B**	**100%**

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This comprehensive investment plan is designed to ensure that each phase of Puerto Rico's transformation builds on the last. By strategically allocating funds over four operational phases, the plan not only lays a foundation for immediate stabilization and reform but also sets the stage for long-term industrial growth, global competitiveness, and a vibrant, self-sufficient economy.

V. Projected National Revenue Growth

One of the most critical elements of Puerto Rico's transition to sovereignty is the ability to develop self-sustaining national revenue streams that will replace the initial support provided by the Puerto Rico Transition Fund (PTF). By Year 10, Puerto Rico will have reduced its dependence on transition funds, generating $32 billion annually through diversified revenue sources. By Year 20, Puerto Rico's national revenue will be projected to reach $51 billion per year, ensuring full economic self-sufficiency and long-term financial independence.

Key Revenue Sources & Growth Projections

The projected national revenue streams are based on historical data, economic modeling, and case studies from similar high-growth economies such as Singapore, South Korea, and Costa Rica. The revenue projections consider customs duties, corporate taxation, tourism and entry fees, and additional revenue streams such as manufacturing exports, digital economy taxation, and offshore financial services. These diversified revenue sources will provide fiscal resilience, reducing vulnerability to external shocks.

Revenue Source	Year 10 ($B)	Year 20 ($B)
Customs Duties (10.25%)	$6.0B	$9.0B
Corporate Taxes (2%-17%)	$5.0B	$8.0B
Tourism & Entry Fees	$4.0B	$6.0B
Manufacturing Exports	$8.0B	$12.0B
Financial Services & Offshore Banking	$4.0B	$6.0B
Digital Economy & Tech Exports	$2.0B	$5.0B
Agribusiness & Sustainable Farming	$3.0B	$5.0B
Total Revenue	**$32B**	**$51B**

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Customs Duties & Tariffs ($9.0B by Year 20)

With Puerto Rico's strategic location in the Caribbean, it has the potential to become a key trade hub, handling international cargo moving between North and South America, Europe, and Asia. Independent control over customs duties and maritime fees - which currently go to the U.S. federal government - will allow Puerto Rico to capture billions in revenue from international trade. The elimination of U.S. cabotage laws will further increase shipping traffic and trade competitiveness, benefiting from free trade agreements (FTAs) negotiated independently with global partners.

According to estimates and economic projections found in *Puerto Rico: The Economic Case for Sovereignty*, a sovereign Puerto Rico, equipped with a strong customs system at all its ports of entry and a competitive 15% tax rate on multinational corporations could generate approximately **$17.6 billion** in revenues annually. This figure nearly doubles the current colonial operating budget of Puerto Rico, which stands at approximately $9 billion. This projection demonstrates the vast potential for Puerto Rico to become economically self-sustaining by leveraging international trade, attracting multinational businesses, and instituting policies that promote economic growth while remaining competitive on the global stage. By implementing these strategic reforms, Puerto Rico could vastly improve its fiscal position, potentially creating the foundation for a prosperous, independent future for the island-nation.

A 10.25% average customs duty on imports, exports, air, and maritime trade is projected to generate $6 billion annually by Year 10 and $9 billion by Year 20. This revenue will come from port fees, excise taxes on imports, and transshipment trade tariffs, making Puerto Rico a highly profitable logistics hub.

Corporate Taxes ($8.0B by Year 20)

Under U.S. rule, Puerto Rico has lacked fiscal autonomy over corporate taxation, preventing the government from fully leveraging tax incentives to attract global businesses. Upon sovereignty, Puerto Rico will implement a new corporate tax structure that ensures global competitiveness while generating substantial revenue. Countries like Ireland, Singapore, and Panama have

successfully used low, strategic corporate taxes to attract multinational corporations while maintaining strong tax revenues.

By Year 10, corporate tax revenue should be able to reach $5 billion, primarily from manufacturing, finance, and the digital economy. By Year 20, revenue should hopefully increase to $8 billion, as Puerto Rico cements itself as a business-friendly jurisdiction with a highly skilled workforce.

Tourism & Entry/Exit Fees ($6.0B by Year 20)

Tourism is projected to be one of Puerto Rico's most profitable industries, thanks to its natural beauty, cultural richness, and prime Caribbean location. The government will implement a national tourism strategy, targeting high-spending travelers, diaspora, international students and academics, digital nomads, and business tourists.

By Year 10, tourism revenue is expected to reach $4 billion, generated from hotel and resort investments, entry/exit fees, airport and airspace levies, and tourism-related taxation. By Year 20, this revenue will expand to $6 billion, making Puerto Rico one of the Caribbean's most visited and profitable destinations.

Manufacturing Exports ($12.0B by Year 20)

Puerto Rico's long-standing pharmaceutical, biotech, and manufacturing industries will become major contributors to the national economy, particularly as the nation negotiates its own bilateral and multilateral trade agreements and eliminates U.S. export restrictions. Investments in advanced manufacturing zones will ensure that Puerto Rico competes with global leaders in high-tech production.

By Year 10, manufacturing exports will generate $8 billion annually, driven by pharmaceuticals, defense technology, and precision electronics. By Year 20, this revenue will grow to $12 billion, making Puerto Rico a high-value manufacturing hub for global markets.

Financial Services & Digital Economy ($6.0B by Year 20)

A fully sovereign Puerto Rico will establish itself as a major offshore banking and financial services center, similar to Singapore, the Cayman Islands, and Switzerland. With pro-business financial laws and tax incentives, Puerto Rico will attract investment funds, international banks, and digital banking institutions.

By Year 10, financial services will contribute $4 billion to the economy, with growth expected to $6 billion by Year 20, making this one of Puerto Rico's most profitable non-industrial revenue streams.

Port Fees, Overflight Fees, and Landing Fees: A Strategic National Revenue Stream

As a sovereign nation, Puerto Rico will gain the legal authority to collect revenues from **port usage, overflight, and landing fees -** a power currently denied under U.S. federal jurisdiction.

These future national revenue streams include:

Type of Fee	Baseline Estimate	Year 20 Estimate (Growth-adjusted)
Maritime Port Fees (Cargo & Cruise)	$1.2 – $1.6 billion	**$2.0 – $2.4 billion**
Airport Landing & Terminal Fees	$400 – $600 million	**$650 – $850 million**
Overflight Fees (FAA-style model)	$300 – $500 million	**$550 – $700 million**
Total Estimated Revenue	**$1.9 – $2.7 billion**	**$3.2 – $3.95 billion**

Sources: *Puerto Rico: The Economic Case for Sovereignty* and international port/airspace benchmarks.

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

These fees will be administered by the **National Port & Aviation Authority (NPAA)** and reinvested in:

- Modernization of Puerto Rico's ports and airports
- Coastal security and environmental protection
- Infrastructure for trade logistics and cruise industry expansion
- Emergency and disaster management preparedness
- Workers compensation and benefits

By Year 20, Puerto Rico's projected growth in trade volume, cruise tourism, and air traffic - estimated at an annualized 3–4% - will be driven by key infrastructure developments including the completion of **Las Américas Port** and major airport upgrades in Ponce and Aguadilla. As Puerto Rico expands its role as a regional logistics hub and signs Free Trade Agreements (FTAs), both regional and transatlantic cargo and cruise traffic will increase significantly. These dynamics will transform port fees, overflight fees, and landing fees into strategic national revenue streams.

The resulting income, entirely controlled by the sovereign government of Puerto Rico, will fund critical infrastructure, environmental initiatives, and disaster preparedness, while reducing reliance on domestic taxation and preserving low tax burdens for businesses and consumers. Unlike the current system under U.S. jurisdiction, these revenues will remain within Puerto Rico, strengthening financial sovereignty and supporting long-term economic resilience.

Together, these revenues form part of the broader fiscal sovereignty strategy that supports Puerto Rico's national development goals and global competitiveness.

VI. Artificial Intelligence, Labor Displacement, and the Future of Well-Being

The global revolution driven by Artificial Intelligence (AI) represents a transformative force of historic proportions. AI-enabled technologies - including machine learning, generative algorithms, robotic process automation, and autonomous systems - are rapidly reshaping the economic foundations of production, services, and administration. While these innovations promise significant gains in productivity, efficiency, and competitiveness, they also pose profound challenges to labor markets, particularly in small and emerging sovereign economies such as Puerto Rico.

The most immediate concern lies in the large-scale displacement of human labor. Entire sectors - ranging from customer service and logistics to professional fields such as legal research, finance, translation, and software engineering - are undergoing structural change as AI systems replace or reduce the demand for human labor. For a sovereign Puerto Rico pursuing full employment and inclusive prosperity, this raises critical questions: How can the state protect its citizens from technological unemployment? How can national productivity gains be equitably shared across society?

To address these risks, the government of the Republic of Puerto Rico will proactively implement a comprehensive strategy that embraces AI innovation while safeguarding human dignity and economic rights. This strategy will include:

- **Investment in lifelong learning, upskilling, and digital literacy**, ensuring that workers can transition into high-value roles in AI management, human-AI collaboration, and creative or care-based sectors.
- **Exploration of a Universal Basic Income (UBI) model** as a social policy tool to provide income security amid labor displacement, particularly as automation decouples productivity from traditional employment.
- **Public policy support for leisure, the arts, and wellness-centered occupations**, recognizing that a post-automation economy must center the well-being of citizens not only through work, but through rest, creativity, caregiving, cultural engagement, and physical and mental health.

- **Promotion of AI ethics, democratic governance of data**, and algorithmic transparency, to ensure that the deployment of intelligent systems remains aligned with the collective interests of Puerto Rican society.

By explicitly incorporating these principles into its national economic strategy, the Republic of Puerto Rico reaffirms that sovereignty must serve not only industrial development, but also the quality of life, freedom, and well-being of all its people. Artificial Intelligence is not only a technological challenge - it is a test of democratic values, of solidarity, and of the ability of nations to ensure that human progress remains human-centered.

VII. Conclusion

This **National Economic Development Plan** lays out a bold, actionable, and visionary roadmap for Puerto Rico's transformation into a socially progressive, fully industrialized, high-income economy. It represents not just an economic proposal, but a national project of democratic restoration, strategic opportunity, and sustainable development. Through targeted strategic investments, the establishment of full fiscal sovereignty, and the creation of diversified and resilient revenue streams, Puerto Rico will transition from dependency and stagnation to national prosperity, self-sufficiency, and global relevance.

By Year 10, Puerto Rico's national economy is projected to generate more than $29 billion annually, allowing the government to gradually phase out transition support mechanisms responsibly and independently. By Year 20, national revenues are expected to exceed $48 billion per year - providing ample resources to finance essential public services, invest in long-term development, and safeguard financial stability without reliance on external aid or unsustainable debt. This evolution will firmly anchor Puerto Rico's full financial sovereignty and ensure the foundation for a secure, thriving future.

Puerto Rico's economic engine will be fueled by a smart and dynamic mix of sectors and revenue streams. Customs duties, port and aviation fees, a fair and simplified tax system (IVA and progressive income tax), strategic tourism development, a modern manufacturing base, a robust financial services industry, clean energy production, and the digital economy will work in synergy to generate sustainable national wealth. Through disciplined reinvestment of these revenues, diversification across multiple high-value industries, and a strong commitment to fiscal responsibility and institutional integrity, Puerto Rico will build an economic system capable of competing globally while ensuring inclusive prosperity at home.

Beyond growth, the sovereign government will prioritize social equity, educational advancement, environmental sustainability, and cultural revitalization, ensuring that national wealth translates into tangible improvements in the daily lives of Puerto Ricans. Key investments in education, research and development, healthcare, infrastructure, and renewable energy will drive a virtuous cycle of innovation, productivity, and well-being. Puerto Rico's economic development will no

longer be dictated by distant and foreign decision-makers but will reflect the democratic will, talents, and aspirations of its own people.

Puerto Rico's path forward is strengthened by lessons learned from the world's most successful small-state economies. Singapore's global logistics leadership, Ireland's technological renaissance, Estonia's digital revolution, and Uruguay's renewable energy success demonstrate that small nations can achieve remarkable prosperity and success through strategic planning, innovation, and good governance. By adapting these lessons to its unique Caribbean, Latin American, and Atlantic identity, Puerto Rico is positioned to become a regional hub for clean energy, technology, advanced services, logistics, culture, and international trade.

Strategically located at the crossroads of the Americas, Puerto Rico will capitalize on its privileged geography to expand its influence in regional and global markets. Puerto Rico's ports, airports, and free trade agreements will serve as critical nodes in the movement of goods, services, and ideas between North America, Latin America, Europe, and Africa. In doing so, Puerto Rico will redefine its role - not as a dependent colonial territory - but as a bridge between continents, a champion of innovation and trade, and a model of sustainable sovereign development.

Most importantly, sovereignty will not merely be a legal change - it will be a transformation of national spirit. For the first time in modern history, Puerto Rico will reclaim full democratic control over its national governance, economy, and future. Every fiscal decision, every investment, every social policy will be made by Puerto Ricans, for Puerto Ricans. With wise leadership, strong civic and patriotic engagement, institutional integrity, and unity of purpose, Puerto Rico will finally realize its full potential as a secure, prosperous, respected, and free nation.

The work ahead will require effort, sacrifice, and strategic vision - but the rewards will be extraordinary. Sovereignty is not the end of the journey; it is the beginning of a bold new era in Puerto Rican history. An era where Puerto Rico is no longer defined by dependency or colonial limitations, but by dignity, resilience, strength, opportunity, and success.

The future belongs to Puerto Rico - and it will be built, not by others, but by the determined, creative, and proud hands of the Puerto Rican people themselves.

Annex 1

Social & Solidarity Economy Industrial Policy (SSEIP)

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

A Transformative Framework for Inclusive, Sovereign Development

As Puerto Rico transitions to sovereignty, its future economic development must be rooted not only in financial growth and industrial expansion but also in social justice, environmental sustainability, and democratic participation. The **Social & Solidarity Economy Industrial Policy (SSEIP)** emerges as a key pillar of Puerto Rico's *National Economic Development Plan* - offering a systemic alternative to extractive, top-down economic models that have historically prioritized foreign capital over local wellbeing.

The SSEIP redefines Puerto Rico's economic architecture by emphasizing private, community, cooperative, and state ownership; democratic governance of enterprises; and reinvestment of profits from State-Owned Enterprises (SOEs) in communities, services, and economic development initiatives. It supports the development of cooperatives, private enterprises, community-based businesses, nonprofit producers, and public-private partnerships - all framed within a national policy of industrialization, export promotion, and economic inclusion. By democratizing the national economy, the SSEIP will help reduce inequality, counteract colonial patterns of capital extraction, and generate intergenerational wealth for Puerto Rican families.

This policy is not marginal or secondary. It is integral to the diversification of Puerto Rico's national economy, the development of its national industrial forces and sectors, and the emergence of a high-value, export-driven economy that serves both domestic needs and global markets. It is an invitation to rethink prosperity - not as concentrated growth for a few, but as broad-based, dignified progress for the many as well. It ensures that economic sovereignty is not just about ownership of resources, but about ownership of destiny.

Economic Goals & Global Integration of the Solidarity Economy

The SSEIP contributes directly to the *National Economic Development Plan's* goal of building an export-driven and strong national economy. By enabling locally owned and democratically managed enterprises to participate in global trade, the policy promotes exports rooted in manufacturing, community resilience, ecological sustainability, and cultural authenticity. Sectors like agro-processing, green building materials, marine products, creative industries, and software development are especially well-positioned for niche, high-value markets in the Caribbean, Latin America, Europe, and North America.

The Puerto Rican government will integrate the SSEIP into *bilateral and multilateral trade agreements*, ensuring that local enterprises receive capacity-building support, branding

assistance, and access to fair trade certification programs. Puerto Rico will collaborate with international partners such as the International Cooperative Alliance, UNCTAD, the EU Social Economy program, and Latin American solidarity economy networks to secure financing, training, and export channels.

Special Economic Zones (SEZs) will be strategically designed to welcome both cooperative, joint, and private enterprises. These zones will allow Puerto Rican SSEIP enterprises to thrive in globally competitive conditions, benefiting from tax incentives, simplified customs procedures, and export support. They will also serve as living laboratories for ethical business and innovation, demonstrating that a modern, competitive economy can be built on values of cooperation, inclusion, and sustainability.

Generating Wealth, Jobs, and Public Revenues

The SSEIP is an economic engine, not just a social project. It will create thousands of direct and indirect jobs across all sectors - from agriculture and energy to manufacturing and care services. These are not precarious, low-wage jobs, but dignified, community-rooted employment with opportunities for democratic participation, profit-sharing, and ownership. Along with SOEs at the national level, Puerto Rico's regions and municipalities will also be able to establish and benefit from such community-based enterprises.

By expanding productive capacity in rural and urban areas, the SSEIP will stimulate regional and local economies. Profitable SSE enterprises - especially export-oriented private companies and cooperatives - will generate corporate tax revenues, income taxes from workers/owners, and stimulate regional and municipal-level spending. The reinvestment of profits in infrastructure, education, and social services will create a multiplier effect that stabilizes entire regions.

The **Solidarity Investment Fund (SIF)**, financed through government allocations, impact investors, and foreign development banks, will serve as the backbone of SSEIP finance. It will provide low-interest loans and microloans, matching grants, and guarantees for startups and community projects. Over time, this fund will grow into a permanent financial institution for Puerto Rico's cooperative and social enterprise sector - ensuring long-term, non-extractive capital for local development.

Sectoral Strategies & Innovation

The SSEIP will be implemented through targeted sectoral policies designed to achieve Puerto Rico's food sovereignty, energy independence, industrial growth, ecological sustainability, and cultural promotion. Key areas include:

- **Agroindustry & Food Sovereignty:** Investment in agricultural cooperatives and processing centers for coffee, cacao, fruits, vegetables, BSF protein, and aquaculture. These will reduce food imports, stabilize prices, and allow Puerto Rico to export to Caribbean neighbors.

- **Renewable Energy & Water Cooperatives:** Establishing solar and microgrid cooperatives in off-grid communities, managing decentralized water systems, and

reducing fossil fuel imports, all while providing affordable utilities and job creation.

- **Construction & Climate Resilience:** Cooperatives producing hurricane-resistant materials, compostable housing, and restoring natural barriers like coral reefs and mangroves. This protects infrastructure while creating ecological jobs.

- **Creative Industries & Tourism:** Supporting film, music, arts, heritage tourism, and gastronomy cooperatives. These will revitalize Puerto Rican culture and attract visitors through meaningful and sustainable experiences.

- **Care Economy & Health:** Employee-owned childcare centers, eldercare services, and health clinics will reduce labor burdens on women, enhance healthcare access, and improve quality of life while creating new service sector jobs.

- **Tech & Digital Cooperatives:** Establishing platforms for software, logistics, e-commerce for artisan products, and open-source cybersecurity firms to safeguard national infrastructure.

Each sector will be equipped with its own *Public-Private Development Cluster* - comprised of local universities, cooperatives, industry partners, private businesses, and government agencies, to coordinate R&D, training, production scaling, and export strategy.

Legislation, Institutions, and National Strategy

Puerto Rico's sovereign government will institutionalize the SSEIP through bold and modern legislation. A **National Economy Law** will define legal frameworks for private enterprises, cooperatives, joint ventures, social enterprises, and community companies, among others. It will include:

- **Tax incentives** for SSEIP entities
- **Preferential public procurement**
- **Access to government training programs**
- **Legal protections for cooperative capital and reinvestment**
- **Recognition of SSEIP as a key development sector**

A national Social & Solidarity Economy Council will be created, composed of representatives from government, SSEIP networks, regions, businesses, leading entrepreneurs, workers, labor unions, municipalities, academia, and the diaspora. This Council will advise economic ministries and NEDA on integration of SSEIP across all sectors and policies.

Financial literacy, economics, and entrepreneurship education will be integrated into public schools, vocational programs, and universities - ensuring a new generation of Puerto Rican youth is trained in business finance and management, cooperative management, entrepreneurship, and international economics.

Ultimately, the SSEIP ensures that Puerto Rico's national economic transformation benefits all - not just the elite or foreign investors. It is a strategy to **decolonize and nationalize the Puerto**

Rican economy, promote national and community wealth, and build a just, productive, and sovereign nation that reflects the dignity, resilience, strength, and creativity of the Puerto Rican people.

Annex 2

Policy Proposal (One-Time Transition Payment): Puerto Rico Transition Fund (PRTF) – National Investment, Sovereignty, and Sustainable Prosperity

Executive Summary

This proposal outlines a comprehensive financial and economic transition strategy for the establishment of a sovereign Puerto Rico, supported by a one-time transition payment of **$489 billion** from the United States. Structured through **Net Present Value (NPV)** methodology, this payment represents a fiscally responsible alternative to 20 years of continued U.S. federal transfers totaling $720 billion. The strategy aims to responsibly allocate this transition fund across essential governance, economic development, and long-term investment goals - ensuring the prosperity of the Puerto Rican people today and for generations to come.

Puerto Rico's journey toward sovereignty requires not only political autonomy but a secure financial foundation. This policy outlines how the **Puerto Rico Transition Fund (PRTF)** will fund essential government operations, fuel economic development as per the **National Economic Development Plan (NEDP)**, and allocate strategic long-term investments into a **Sovereign Wealth Fund (SWF)**, a **Sovereign Social Investment Fund (SSIF)**, and a **National Savings & Growth Trust**. These allocations will secure intergenerational prosperity, stabilize public finances, and strengthen national resilience.

The plan ensures financial discipline, wealth creation, and sustainable growth by combining short-term development with long-term capital management. After funding initial government operations and national projects, approximately $97.8 billion will be invested in long-term sovereign investment instruments. Assuming a 7% annual return and compounded reinvestment, these funds are projected to reach over $1.5 trillion within 40 years and over $30 trillion within 100 years, securing Puerto Rico’s future for generations to come.

This approach enables Puerto Rico to shift from dependency to global competitiveness while alleviating the long-term fiscal burden on U.S. taxpayers. It represents a win-win framework for both the United States and Puerto Rico - a democratic, peaceful, and prosperous path forward.

I. Overview & Strategic Allocation of the Puerto Rico Transition Fund (PRTF)

The PRTF will serve as the central instrument to administer the financial, governmental, and developmental transition of Puerto Rico to a sovereign republic. Of the **$489 billion** transition payment, **$300 billion** will be allocated across 20 years to fully fund national operations and

implement the delineated phases of the **National Economic Development Plan**. The remaining **$189 billion** will be strategically invested to generate wealth through long-term sovereign investment instruments.

The $300 billion operational and developmental budget includes $36 billion annually for the first 5 years to establish core institutions, public services, and infrastructure, followed by $24 billion annually for the next 15 years as national revenues grow. This approach allows Puerto Rico to ramp up domestic tax collection, customs revenue, and export earnings. This 20-year glide path ensures stable democratic governance while enabling economic growth, development, and self-reliance.

The remaining **$189 billion** will be divided as follows:

A. $97.8 billion into a **Sovereign Wealth Fund (SWF)** to drive long-term economic growth;
B. $46.2 billion into a **Sovereign Social Investment Fund (SSIF)** to address healthcare, education, pensions, and housing;
C. and $45 billion into a **National Savings & Growth Trust**, which will accrue interest and provide emergency liquidity or future investments.

This strategic allocation ensures the government's operational needs are met while seeding the long-term economic strength and social equity of the Republic. As national revenues grow, reliance on PRTF funds will diminish, and new capital surpluses will be reinvested into these sovereign instruments.

A governance board composed of representatives from Puerto Rico’s economic ministries, legislative oversight, and independent fiscal agencies will manage the disbursement and investment strategy. Transparency, rule of law, and external auditing will be critical to maintaining public trust and credibility with international markets.

II. Sovereign Wealth Fund (SWF): Building the Foundation of Future Prosperity

The Sovereign Wealth Fund will be capitalized with $97.8 billion and managed independently with a long-term investment strategy modeled after successful funds in Norway, Singapore, and Chile. Its objectives are: (1) intergenerational wealth preservation, (2) investment in strategic national and global assets, and (3) returns for reinvestment in national priorities.

Assuming a **7% annual return**, this fund is projected to grow as follows:

SWF Growth Projections (Reinvested):

Year	Projected Value
0	$97.8B
20	$381.4B
40	$1.49T
50	$2.94T
60	$5.80T
100	$30.5T

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

The SWF will invest in a diversified global portfolio of infrastructure, real estate, public-private partnerships, sovereign bonds, assets, global commodities, and green technologies. A portion will also support strategic domestic industries - such as aerospace, biotech, digital infrastructure, manufacturing, and vertical agriculture, thus contributing to GDP growth and job creation.

Strict governance laws, annual external audits, and parliamentary reporting will ensure transparency and performance accountability. Investment returns will be capped for annual withdrawal (no more than 3–5%) to avoid over-extraction and preserve capital over generations.

By Year 40, the fund is projected to surpass **$1.4 trillion** - greater than Puerto Rico's entire GDP multiple times over, thus ensuring that future generations will inherit not only sovereignty but national prosperity and power.

III. Sovereign Social Investment Fund (SSIF): Human Capital and Social Justice

The SSIF, funded with $46.2 billion, will invest in social equity through education, public health, housing, and pension guarantees. This fund aims to address the systemic inequality and poverty inherited from colonial administration, while supporting a robust and inclusive welfare state aligned with the national Constitution.

In education, the SSIF will modernize and universalize public school access, expand and properly fund the University of Puerto Rico system, and fund R&D partnerships. In healthcare, it will fund a universal national health system and preventive health infrastructure. In housing, the fund will subsidize cooperative public housing and urban-rural revitalization.

The SSIF will also support a national pension reserve that guarantees retirement benefits to public employees and low-income workers. Annual yields from the SSIF will be partially reinvested while funding key services through structured disbursements.

Over time, this fund will reduce social inequality, promote inclusive development, and ensure that economic growth benefits all Puerto Ricans. A board composed of civil society organizations, public administrators, and economic experts will oversee its use.

The SSIF institutionalizes the principle that sovereignty is not only about political independence but also about social dignity and economic rights. It is an instrument to heal past injustice while investing in the nation's future.

IV. National Savings & Growth Trust: Liquidity, Emergency, and Contingency Fund

The remaining $45 billion will seed the **National Savings & Growth Trust**, a long-term reserve fund that serves three main functions: (1) emergency funding, (2) interest-accruing savings, and (3) development acceleration. It acts as Puerto Rico’s financial safety net and development accelerator.

This fund will earn interest from low-risk global bonds and stable portfolios, with earnings reinvested into the trust. In the event of natural disasters, economic downturns, or global shocks, this fund can provide immediate liquidity without needing international aid or loans.

The trust will also be used to co-finance large-scale infrastructure projects with multilateral banks (e.g., Caribbean Development Bank, World Bank) and strategic private partners, increasing Puerto Rico’s investment leverage.

Its preservation will be protected by national legislation prohibiting non-emergency withdrawals or misuse. Over 50 years, with conservative management and returns, the fund can exceed $500 billion in value - assuring permanent fiscal sovereignty and resilience.

With this trust, Puerto Rico will demonstrate to global financial markets that it is fiscally responsible, strategically disciplined, and independently resilient - qualities that will attract credit, investment, and trust.

V. National Prosperity, Global Competitiveness, and Intergenerational Sovereignty

The approval and implementation of the Puerto Rico Transition Fund with a **$489 billion** one-time payment represents a historic opportunity to end colonial dependency and launch a sovereign Puerto Rico into a prosperous, self-sufficient, and globally respected future.

This plan strategically balances immediate funding for governance and economic development with long-term investments that build wealth, reduce inequality, and guarantee sovereignty for generations to come. The economic models of Singapore, Norway, and Chile show that disciplined sovereign investment can lead to extraordinary national transformation.

Puerto Rico's people will feel the benefits today through jobs, new industries, food and energy security, world-class education, and healthcare, and restored national pride and dignity. In the future, their children will inherit a sovereign nation not burdened by debt or dependency, but empowered by innovation, wealth, and justice.

This plan offers not only a responsible way forward - it is a powerful vision of what a free Puerto Rico can and will become: democratic, developed, and dignified.

Annex 3

National Tax & Customs System Reform: Toward Fiscal Sovereignty & Sustainable Growth

I. Overview: Replacing the Colonial Fiscal Model with a National Tax Code for Development

As Puerto Rico transitions from a colonial dependency to a sovereign republic, one of the most urgent and transformative reforms is the replacement of the outdated, externally imposed U.S. tax regime. The current system includes:

- An **11.5% Sales and Use Tax (IVU)**, which is regressive and suffers from widespread evasion.
- **Marginal personal income tax rates as high as 33%**, creating burdens for working and middle-class citizens.
- **Corporate tax rates up to 37.5%**, which discourage formal business development and penalize entrepreneurship.

Moreover, most tax policies are either modeled on, or directly dictated by, U.S. federal laws - despite Puerto Rico lacking democratic representation in Congress. This colonial arrangement has created a bloated, unfair, and inefficient system that stifles local productivity and traps the island in a cycle of economic stagnation and dependency.

The proposed **national tax code for the Republic of Puerto Rico** will be designed with three core principles:

1. **Simplicity & Transparency**
2. **Fairness & Progressivity**
3. **National Self-Sufficiency & Development**

The national tax reform package will include:

- A **flat 10% corporate tax** on domestic businesses and cooperatives, particularly small and mid-sized enterprises (PYMES).
- A **progressive income tax** for individuals, with brackets protecting low-income earners.
- A **10% Value-Added Tax (IVA)** replacing the IVU.
- Digital tax administration managed by the newly empowered Treasury Department (Hacienda).

II. Corporate Tax Reform: Flat 10% Tax to Stimulate Formalization & Growth

The proposed **10% flat corporate income tax** for all domestic businesses and cooperatives will replace the current complex structure, where many small and medium-sized enterprises (SMEs) face effective tax burdens as high as 33%.

This simplified flat tax will:

- Encourage **formalization** of the estimated 25–30% informal sector.
- Reduce administrative burdens on both businesses and tax authorities.
- Promote **entrepreneurship**, particularly among young professionals, family-owned businesses, and cooperatives.
- Enhance **compliance and enforcement** through digital filing systems.

Estimated Annual Revenue from Corporate Flat Tax:

- Based on ~80,000 registered businesses and GDP distribution trends, this measure is expected to generate **$3.2–$4.5 billion annually**, assuming 10% taxation on reported profits.

III. Personal Income Tax Reform: A Just and Progressive System

Unlike the flat corporate tax, the new system proposes a **fair, progressive personal income tax scale** that ensures equity and protection for working families while asking more from those with higher incomes.

Annual Income Bracket (USD)	Proposed Rate
$0 – $15,000	0%
$15,001 – $30,000	5%
$30,001 – $50,000	10%
$50,001 – $100,000	15%
$100,001 – $250,000	20%
$250,001 – $500,000	25%
$500,001 – $999,999	30%
$1,000,000+	35% + 2% wealth tax

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

This structure ensures:

- Those **below the poverty line (~40% of Puerto Ricans)** pay no income tax.
- Middle-income families enjoy **low effective tax rates**.
- High earners and ultra-high-net-worth individuals contribute more fairly.
- A modest **wealth tax (2%)** ensures justice and reinforces national solidarity.

Estimated Annual Revenue from Progressive Personal Income Tax:

- Based on IRS data and Puerto Rico Treasury (Hacienda) data, this system would raise **$4.5–$5.8 billion annually**, with significant additional room for growth as the economy expands and formalizes.

IV. Replacing the IVU with a Value-Added Tax (IVA)

The current IVU (Sales and Use Tax) has been heavily criticized for being:

- **Regressive**: disproportionately affecting low-income consumers.
- **Easily evaded**: tax is applied only at the point of sale.
- **Burdensome** to enforce and administer.

The **proposed 10% Value-Added Tax (IVA)** would:

- Apply to **each stage of the production and distribution chain**, not just final retail.
- Create **built-in compliance incentives**, since businesses must document input VAT to claim deductions.
- Be administered digitally using **real-time electronic invoicing**.
- Include **strategic exemptions** for basic food staples, medicines, educational services, and social housing, protecting vulnerable sectors.

IVA Example – How It Works:

- A farmer sells lettuce to a processor for $1.00 + $0.10 VAT = $1.10
- The processor sells packaged lettuce to a grocer for $2.00 + $0.20 VAT = $2.20
- The grocer sells it to the customer for $3.00 + $0.30 VAT = $3.30

→ Each stage adds value and pays 10% VAT only on their "value added," with credits applied for previously paid VAT.
→ The final consumer bears the full tax burden ($0.30), while businesses claim back input taxes.

Estimated Annual Revenue from 10% IVA:

- With a GDP of ~$105 billion and a VAT base of ~65%, the IVA is expected to raise **$5.8–$7.2 billion annually**.

V. Strategic Benefits & Fiscal Impact

The total estimated **combined annual revenue** from the new national tax system would be:

Revenue Stream	**Estimated Annual Revenue**
10% Flat Corporate Tax	$3.2 – $4.5 billion
Progressive Income Tax	$4.5 – $5.8 billion
10% Value-Added Tax (IVA)	$5.8 – $7.2 billion
Total	**$13.5 – $17.5 billion**

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

Strategic Advantages:

- Full fiscal **sovereignty**: all policy decisions made in San Juan.
- **Elimination of colonial-era tax confusion** and duplication.
- **Protection of low-income populations**, with progressivity built in.
- **Promotion of domestic enterprise**, while attracting foreign investment.
- Creation of a **stable and predictable national revenue base** to fund essential public services without debt dependency.

VI. Conclusion: A Fair, Modern & Sovereign Fiscal Model

The proposed national tax system of a sovereign Puerto Rico represents a fundamental break from the outdated and colonial tax policies of the past. It is a blueprint for a just, transparent, and growth-oriented economy that rewards initiative while upholding equity. With projected annual revenues of up to $17.5 billion, the Republic of Puerto Rico will be well-equipped to fund universal healthcare, education, infrastructure, digital transformation, clean energy transition, and national development programs.

This system will also allow for robust national savings and public investment through mechanisms like the Sovereign Wealth Fund and Sovereign Social Investment Fund, building lasting prosperity for current and future generations.

Annex 4

Universal Basic Income Program for Poverty Eradication and Intergenerational Mobility in Puerto Rico (2025–2045)

This National Economic Development Plan presents preliminary projections and illustrative policy proposals to guide Puerto Rico's transition to sovereignty. All figures and recommendations are subject to refinement through expert review, public consultation, and democratic participation.

I. Introduction

As Puerto Rico transitions to full sovereignty, addressing chronic poverty and economic marginalization becomes a moral imperative and strategic priority. Nearly 1 million Puerto Ricans, including hundreds of thousands of children and elderly citizens, live in conditions of material deprivation, economic insecurity, and limited opportunity.

This annex outlines a bold, humane, and transformational initiative: the implementation of a **Universal Basic Income (UBI)** for 400,000 of Puerto Rico's poorest families, with the goal of supplementing income, eradicating poverty, stimulating inclusive economic development, and enabling true intergenerational mobility.

II. Program Overview

Program Name: *Ingreso Básico Nacional (IBN)*
Target Group: 400,000 low-income families (~1 million individuals)
Monthly Payment: $500 per family
Annual Payment: $6,000 per family
Duration: 20 years (2025–2045)
Total Annual Budget: **$2.4 billion**
Total 20-Year Budget: **$48 billion**

III. Policy Objectives

1. **Eradicate extreme poverty** for 1 million Puerto Ricans.

2. **Promote socio-economic mobility** for marginalized and underserved communities.

3. **Provide financial stability** to enable greater access to:
    - Education and training
    - Employment and entrepreneurship opportunities and programs
    - Housing and nutrition
    - Health and social services

4. **Stimulate domestic demand and local consumption.**

5. **Reduce crime, school dropout rates, and health disparities.**

IV. Implementation Framework

A. Eligibility & Enrollment

- Open to Puerto Rican families residing on the island with **annual household income below $24,000**.

- Priority to:

    - Single-parent households
    - Families with dependent children
    - Elderly-headed households
    - Persons with disabilities

- **Automatic re-enrollment annually**, with basic residency and program obligations verification.
- **Suggested Program Obligations & Requirements for IBN Participants**
    - ***Quarterly Financial Literacy Workshops:*** Participants must attend free, community-based workshops on budgeting, saving, managing debt, and long-term financial planning and entrepreneurship training.
    - ***Job Readiness or Vocational Training Participation*** *(if unemployed):* Enrollees who are able-bodied and not currently working must complete at least one job training or skills certification program per year, tailored to their background and interests.
    - ***Annual Health Check-In or Wellness Review:*** Basic health check-ins (physical or mental) through local clinics to support overall well-being and reduce future public health costs.
    - ***Community Engagement or Volunteering (Minimum Annual Hours):*** Participants (of each family unit) contribute at least 30 hours per year of community service in their municipality - examples include local beautification, mentoring youth, tutoring, or assisting senior programs.
    - ***Children's School Attendance Verification (if applicable):*** Families with children must show proof of school enrollment and regular attendance (with exceptions for health and special education cases).
    - ***Participation in Annual Household Economic Survey:*** To help evaluate the impact and improve the program, households complete an annual confidential survey about socioeconomic conditions, employment, and outcomes.
    - ***Residency & Identity Confirmation:*** Continued proof of residence in Puerto Rico and updated personal information (e.g., address, number of dependents) must be submitted annually.

B. Unconditional Nature of Support

- Once enrolled, a family remains eligible for the full 20-year program, regardless of improvements in income or employment (certain conditions would apply).
- The aim is to stabilize families long-term, enabling growth without penalizing success.
- Families will be required to pursue employment, education, financial literacy workshops, professional development, or entrepreneurship alongside the UBI.

C. Complementary Services

The program will work in **coordination with other national development initiatives**, including:

- Free national public healthcare
- Tuition-free higher education and vocational programs
- National public banking and microcredit for Puerto Rican entrepreneurs
- Childcare cooperatives and afterschool programs
- State-subsidized housing and food cooperatives (community land trust models)
- Employment programs and public works projects
- Incentives for elderly citizens to move near their families to help eradicate social and familial isolation and contribute to community and intergenerational relationships

V. Funding Mechanisms

Puerto Rico will fund the program through a diversified portfolio of **sovereign and institutional revenue streams**, including:

1. **Puerto Rico Sovereign Trust Fund**
    - Generates stable returns through conservative investment strategy
2. **Carbon Credit Revenues**
    - From reforestation, oceanic kelp carbon capture, and renewable energy
3. **Customs and Import Tariffs**
    - Projected $6B+ in annual customs revenues under new national system
4. **Progressive Income and Wealth Taxes**
    - Focused on high earners and corporations
5. **Dividends from State-Owned Enterprises (SOEs)**
    - Including shipping, energy, coffee/cacao, and industrial hemp sectors
6. **Philanthropic Partnerships**

    - With global foundations committed to poverty eradication and social equity

VI. Economic & Social Benefits

A. Eradicating Intergenerational Poverty

The program will empower families to:

- Avoid debt traps and informal high-risk labor
- Afford quality education and nutrition for their children
- Break cycles of dependency, exclusion, and chronic poverty

B. Stimulating Local Economies

With $2.4 billion infused directly into household consumption annually, small businesses, cooperatives, and local service providers will see increased revenue, investment, and hiring.

C. Empowering Women & Single Parents

A large share of poor families are headed by single mothers. This program provides them with dignity, autonomy, and resources to care for their children and pursue education or work.

D. Boosting National Productivity

As families gain stability, the national workforce becomes healthier, better educated, and more capable - fuelling **long-term sustainable growth** and increased tax contributions.

VII. Suggested Institutional Architecture

- **Administering Body**: *Instituto Nacional de Seguridad Económica (INSE)*, a new national agency under the Office of Socioeconomic Development.

- **Data & Eligibility Management**: Through a secure, unified National Social Registry linked to the Puerto Rico Digital ID system.

- **Disbursement Method**: Via Puerto Rican national banks and cooperatives, using digital wallets and physical debit cards.

VIII. Monitoring & Evaluation

- Annual impact assessments in collaboration with national universities and independent researchers
- Key indicators:

    - Poverty rate reduction

- Child malnutrition and dropout rates
- Entrepreneurial activity among recipients
- Labor market participation
- Intergenerational income mobility

The *Ingreso Básico Nacional (IBN)* is a bold and necessary initiative for a sovereign Puerto Rico. It embodies the principle that no Puerto Rican should be condemned to poverty by birth, and that with strategic investment and compassion, a new era of dignity and opportunity can begin.

By ensuring a stable economic floor for 400,000 families, Puerto Rico sets a model for inclusive socioeconomic development that lifts the whole nation.

Annex 5

National Infrastructure Renewal Plan: Rebuilding the Foundations of Puerto Rico's Prosperity

The Challenge: Infrastructure Collapse & Colonial Neglect

Puerto Rico's roads, bridges, highways, and public transportation infrastructure are in an alarming state of deterioration. Years of colonial neglect, underinvestment, and administrative mismanagement - further compounded by the catastrophic impact of Hurricane María and earthquakes - have left Puerto Rico with a fragile, aging, derelict, and often dangerous transportation network. According to multiple reports, hundreds of rural and urban bridges are structurally deficient or at risk of collapse. In addition, widespread roadway degradation, dangerous potholes, collapsed sections, and a chronic lack of functioning public lighting severely impair mobility, economic productivity, and public safety across the island.

These failures disproportionately affect rural and economically disadvantaged communities, isolate regions, disrupt supply chains, raise the cost of doing business, and damage Puerto Rico's ability to attract investment and tourism. They also represent a serious public safety hazard and contribute to national discontent. Without decisive action, this infrastructure decay will continue to erode Puerto Rico's economic base and social cohesion.

Our Response & Solution: A National Commitment to Puerto Rican Reconstruction

With sovereignty, Puerto Rico will acquire full fiscal and economic autonomy and policy authority to decisively confront this infrastructure crisis. Through the strategic use of new national revenue streams - including customs duties, a modern value-added tax (IVA), a fair progressive income tax system, corporate taxes, port fees, and overflight charges - the Republic of Puerto Rico will have the capacity to launch a comprehensive **Infrastructure Reconstruction & Modernization Program**.

This program will prioritize:

1. **Rebuilding and resurfacing critical rural and urban roads** to restore safe and efficient transportation and pedestrian mobility across Puerto Rico.
2. **Rehabilitating and replacing structurally deficient bridges**, with modern engineering standards designed to withstand hurricanes and extreme weather events.
3. **Installing modern public lighting systems** powered by solar and renewable energy sources for roads, highways, and urban centers.
4. **Expanding climate-resilient transportation corridors** to protect critical economic and social links across the island.

5. **Deploying smart traffic and transportation management systems** to improve efficiency and reduce congestion.

These infrastructure investments will directly stimulate economic growth by lowering logistics costs, reconnecting isolated regions to economic centers, boosting internal commerce, facilitating agricultural production, and expanding access to jobs, education, and healthcare. It will also generate thousands of direct jobs in construction, engineering, renewable energy, and maintenance, and create multiplier effects across supply chains, manufacturing, and services sectors.

The **Infrastructure Renewal Plan** will be executed with transparency, professional oversight, and community involvement, ensuring efficient use of public resources and building public trust. Over the medium and long term, this reconstruction effort will serve as a catalyst for broader economic transformation - solidifying Puerto Rico's future as a dynamic, integrated, and competitive economy in the Caribbean and the Americas.

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