

Rosselló to avoid fiscal cuts that affect the economy

SAN JUAN – Gov. Ricardo Rosselló said Wednesday that even if it takes more time to tackle the fiscal side of the problem, he will choose a path that also takes into account Puerto Rico’s economic development and well-being.

“We have two paths, either we look for cuts right away, without thinking about the consequences on the economy and well-being, [...] a path of double-digit economic decline, or we can balk at that. I choose the second [option],” the governor said during his keynote speech at the Private Sector & Government Forum, an event organized by the Puerto Rico Chamber of Commerce.

Rosselló urged to think about a strategy for the island in which not only is the fiscal aspect considered, but also “how to renegotiate the terms of the debt, how to recover that credibility [...] how can we go to Washington, D.C. and change the discourse.”

Regarding the plan the government is required to present to the fiscal control board on Tuesday, Feb. 28, the governor assured that if the document “doesn’t consider economic development, we are looking at a future in which it will be very difficult for the private sector and investors to look at Puerto Rico as an investment destination.”

In his message, Rosselló made it clear that he will close the \$7 billion-plus budget gap, but it would take a bit longer than suggested by the board, which expects to see a balanced budget by fiscal year 2019. He explained that in his proposal, the administration won’t strictly limit itself to budget cuts and other measures that address the fiscal gap, but will also take into account the economy and social well-being on the island.

As for the recently released economic activity index, which reflects a significant downturn in late last year, the governor said the numbers reflect the “economic collapse” that occurred during the last months of the administration of former Gov. Alejandro García Padilla.



Gov. Ricardo Rosselló delivers the keynote speech at the Chamber of Commerce's
Private Enterprise and Government Forum (Felipe Torres/CB photo)

Meanwhile, almost two months after being sworn in, Rosselló said that although it is still too early to talk about recovery, there are signs that reflect a stabilization of the economy. He mentioned higher cement sales, a better sales-and-use tax (IVU by its Spanish initials) capture rate, fewer bankruptcies and an increase in the price of Puerto Rico bonds.

He also took the opportunity to reiterate his message that the island “is open for business” and mentioned labor reform, changes to the Public Private Partnerships Act, permitting reform and an upcoming tax reform as some of his administration’s “hits.”

The governor also said his administration will seek an energy reform, which is why he favors changes to the agreements reached by the Puerto Rico Electric Power Authority and its creditors under the previous administration.

Rosselló also mentioned such initiatives as Enterprise Puerto Rico – a nonprofit entity to attract foreign investment – and the destination marketing organization (DMO) as examples of action aimed at identifying what areas would be better taken care of by the private sector.

Before the governor’s speech, Chamber of Commerce President David Rodríguez thanked Rosselló for showing up “whenever we have called him to collaborate.”

“This is an example of what the government and the private sector can do together,” the leader of the organization said.