



**REMARKS OF THE GOVERNOR OF PUERTO RICO  
HON. LUIS FORTUÑO  
AT THE  
PUERTO RICO CREDIT CONFERENCE 2009  
February 20, 2009**

Good morning. It is a real pleasure to be with you this morning.

I would like to start by expressing my gratitude to all the investors, bondholders, and leaders of the financial and private sectors for their continued trust and their years of business in Puerto Rico.

As you are all well aware, our Island is facing serious fiscal and economic challenges. However, these challenges, while considerable, are by no means insurmountable.

Fiscally, we face a significant deficit, the result of years of inadequate management and budget practices. For years, our expenses exceeded our revenues; we relied on short time financial transactions to solve cash shortfalls, and we lacked the foresight to establish the necessary budgetary controls to avoid the current crisis.

This is the dire scenario my administration has inherited. By this June, our local economy will have finished its third consecutive fiscal year of economic recession. This has only been aggravated by the economic turmoil in the US markets.

In light of these events, my administration has decided to undertake a comprehensive economic and fiscal reconstruction. In less than two months, we have made tremendous progress to guarantee a swift recovery for our economy.

We have enacted legislation on 4 urgent fiscal measures on January 15, which ensured our Government's ability to continue operations despite cash shortfalls.

We have implemented two Executive Orders mandating significant expense reductions in the Central Government agencies and departments.

We revised our predictions for the local economy up through FY 2010 to ensure proper revenue and expenditure projections in the upcoming budget.

We have analyzed and quantified the extent of the Puerto Rican fiscal deficit, which currently stands at \$3.2 billion.

We established the organizational structure to expedite and make the most of the recent Federal Stimulus package. We have also developed a complementary local stimulus package which shall be available to the general public within 2 weeks. These packages amount to \$5.7 billion and will be directly injected into our economy within the next 18-24 months.

Finally, we have re-established and reinforced communications and outreach efforts to the investment community at large.

The goal of my administration is to restlessly work to take all the necessary corrective fiscal and economic measures to ensure economic recovery by 2011.

In addition to these key first steps, I would like to personally lay out the details of our road map to this reconstruction:

The first step we have already completed, which was to identify and quantify our deficit. We now know the deficit to be no less than \$3.2 billion and it is concentrated in the operations of the Central Government.

Second, we will be presenting a balanced local stimulus package of fiscal and economic measures.

The fiscal measures will be directed at correcting the structural imbalances in the General Fund. These measures will include temporary and permanent initiatives to improve our tax revenue collecting practices, increase government efficiency, and reduce expenses. I recognize that these fiscal measures will entail difficult decisions, but we will take all the necessary steps to guarantee a growing economy and the future of our children and grandchildren.

To counter any regressive effects these fiscal measures might provoke, the Federal and Local stimulus packages will have positive and significant

effects on our economy. We estimate our GNP to reach \$61.7 billion by the end of the 2009 fiscal year.

Furthermore, in order to strengthen the Government's capacity to bring about economic development, we will continue our efforts to gain TARP funds and special assistance funds from the Federal Reserve System.

We will also aggressively pursue Public-Private Partnerships in hopes of promoting new capital investments into our Island.

Finally, we will undertake various programs to improve upon our capabilities in Science, Technology, Manufacturing, Renewable Energy, and Tourism.

We are facing grave challenges, but I am convinced that we have a golden opportunity to restructure our economy and correct many of the erroneous fiscal practices of the past.

I am pleased to inform you that the leaders of our local legislature have already expressed their support for these measures and are looking forward to our local stimulus package, which should be presented in two weeks time.

I am grateful to have shared with you our roadmap for the reconstruction of Puerto Rico. The People of Puerto Rico are grateful for your continued trust and for the confidence that you have shown for the future of Puerto Rico.

Thank you all.