



press release

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY

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Federal Reserve report highlights Puerto Rico's progress in economic and fiscal recovery efforts

AAFAF and Treasury officials said they were pleased with the positive review in the recently published "Beige Book" and stressed the importance of continuing the work plan

[SAN JUAN, PR] - The U.S. Federal Reserve System released a report last week about the economic and fiscal recovery efforts that Puerto Rico has undertaken in recent years, stating that the island "has made great strides in resolving and recovering from its extensive fiscal crisis".

The commentary is part of the publication titled "The Beige Book," prepared by the Federal Reserve, which provides a summary of the economic and fiscal conditions in its twelve districts. The analysis of the Puerto Rico region makes up part of the report by the Federal Reserve Bank of New York.

"This positive comment by the Federal Reserve validates once again that we are on the right track in terms of the public policies that we've implemented in recent years to right the fiscal ship and lay the groundwork for a sustained period of economic growth and job creation," said Omar J. Marrero, executive director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF, in Spanish).

For his part, Acting Treasury Secretary Nelson J. Pérez Méndez said: "The report recognizes the fiscal progress and the positive impact of the public policies we have implemented at the Treasury Department and in the Government to maintain the discipline required by a responsible administration. These measures have not only had a positive impact on revenues and economic activity on the island but have also contributed to the fulfillment of the

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government's fiscal agenda, which includes bringing the financial statements up to date. We will continue working to achieve a transparent and effective government that responds to the needs of the entire economic sector and its citizens.”

The report on Puerto Rico provides a brief review of the challenges the island has faced over the past decade, beginning with the recession that began in 2016, which worsened after Hurricane Maria hit Puerto Rico in 2017, followed by the “most extensive general power outage in U.S. history.”

“Since then, the economy has been growing, interrupted only briefly by a steep downturn early in the (COVID19) pandemic,” the report continues. “However, the economy rebounded strongly and, by mid-2022, private sector employment was at its highest level in fifteen years,” it added.

The report further shows key economic indicators, including a sustained rebound in jobs since 2020, totaling some 953,000 jobs, as well as an unemployment rate of 5.8%, showing a consistent downward trend in this metric over the past several years. These data were gathered mostly from the federal government's Bureau of Labor Statistics.

“The medical manufacturing sector remains a key part of the island's economy, although employment in this industry is well below its 2005 peak levels,” the report continues, adding that “Puerto Rico's tourism sector remains relatively small, but has been one of the island's strongest job creators in recent years. A nascent aerospace industry has also emerged around Aguadilla and Arecibo.

The report on Puerto Rico from the Federal Reserve System's most recent Beige Book is available at the following link:

https://www.newyorkfed.org/medialibrary/media/research/regional_economy/charts/Regional_PuertoRico.

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