

Puerto Rico May Declare Bankruptcy as U.S. Rejects Bail Out



San Juan, June 30 (teleSUR-RHC)-- Puerto Rico signaled Monday that bankruptcy would be a way to restructure its debt, even when U.S. officials say there will be no bail out for the Caribbean island. Puerto Rican governor Alejandro Garcia Padilla called for a moratorium that would postpone debt payments for years, allowing the country to catch up on payments while also investing at home in key areas as job creation. He also called for the U.S. to allow the country to file for bankruptcy to enable debt restructuring.

"Puerto Rico needs a complete restructuring and development plan, comprehensive and inclusive, that takes care of the immense problem we face today, not on a short but on a long-term and definitive basis," said Garcia Padilla.

Although Puerto Rico is a U.S. territory, it is not eligible to file for bankruptcy, an option only open to U.S. municipalities.

Puerto Rico faces a Wednesday deadline to make a payment on its \$73 billion debt load, but the cash-strapped country will not be able to make the payment to creditors. Much of Puerto Rico's debt is held by individual investors on the United States mainland, in mutual funds or other investment accounts.

"[Puerto Rico] can no longer pay its debts, it will soon run out of cash to operate, its residents and businesses will suffer," said prominent former U.S. bankruptcy judge Steven Rhodes in an assessment, adding that Puerto Rico "urgently needs" U.S. assistance.

Puerto Rico's debt crisis is coming to the fore not only after years of fiscal struggle, but also an ongoing independence movement seeking to break with U.S. and transform the island's political system.

U.S. officials have said they will not support a bail out for Puerto Rico.

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