

# *Puerto Rico Unable to Make August Debt Payback*

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San Juan, July 28 (teleSUR-RHC)-- Puerto Rico will not pay off its \$93.7 million debt installment due August 1st to the Puerto Rico Public Financing Corporation (CFP), the Caribbean island's chief of staff announced on Monday.

Victor Suarez told journalists in San Juan the Puerto Rican government was looking into the possibility of obtaining some \$400 million through raising gasoline prices, in order to pay back the \$73 billion debt owed to creditors. "We are trying to achieve a smaller transaction with reasonable terms of some \$400 to \$500 million," Suarez said, according to Reuters.

Suarez added the island would do everything possible to guarantee the debt due to be paid to the CFP, a subsidiary of the U.S. territory's Government Development Bank.

The small island nation, a U.S. commonwealth territory, began negotiations with U.S. creditors earlier this month to renegotiate its massive debt, after it has been struggling to make payments – a situation analysts are comparing to Greece's current struggles with the European Union.

In light of the financial crisis gripping the island, the resident commissioner in Washington, Pedro Pierluisi, asked whether Puerto Rico's debt might be non payable and asked the administration of Governor Alejandro Garcia Padilla to change the discourse of the country's financial state and to instigate economic

development projects. “Instead of talking about a general extension for the total payment of the debt by the government of Puerto Rico, we should focus on negotiating solutions for the particular entities that are having financial problems,” he said.

For years, economic turmoil has rocked the island, produced by historical issues, as well as recent financial shakes affecting the United States, especially the 2007-2010 recession and housing crisis. With an unemployment rate at 13 percent and the highest inequality rates when compared with the U.S.’ 50 states and around 40 percent of the government budget invested in pensions, analysts are warning that the crisis on the island could be worse than the situation in Greece.

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