

Puerto Rico Begins Debt Talks with U.S. Creditors



San Juan, July 14 (teleSUR-RHC)-- Puerto Rican officials will meet with their U.S. creditors in an attempt to renegotiate the island's increasing debt issues — a situation analysts are comparing to Greece's current struggles with the European Union.

This will be the first meeting Puerto Rico will hold with creditors, where Puerto Rican officials will ask bondholders to be open and flexible throughout further negotiations.

“It is very important that we have already received official communication from several creditors who want to sit down and negotiate with us. That's very important,” said the Puerto Rican governor Alejandro Garcia Padilla last Wednesday. Negotiating on Puerto Rico's behalf is former head of the International Monetary Fund and the World Bank Anne Krueger, as well as Melba Acosta, the president of the Puerto Rican Government Development Bank (GDB).

The Caribbean Island, a U.S. associate state, has been struggling to make payments on its burdensome \$72 billion debt, while Puerto Rican people have been facing dire economic conditions.

Some 45 percent of the people in Puerto Rico are living in poverty, while the childhood poverty rate is greater than 56 percent. Puerto Rico also has an unemployment rate of 13 percent — double that of people living in U.S. — as well as the higher inequality rates than the 50 official U.S. states. Around 40

percent of the government budget is tied up in pensions and analysts warn the crisis on the island could be worse than the situation in Greece.

Puerto Rico is not legally eligible to file for bankruptcy with the United States, even though it is a U.S. territory. The GDB claims to have enough liquidity to meet the island's needs for the next fiscal year, which began July 1. It indicated early Sunday that it plans to offer creditors to repurchase some \$4 billion in bonds, which are mostly held by banks and private institutions.

According to Puerto Rican authorities, creditors will present a five-year fiscal plan for the island to pay back the debt in full. The main creditor of the island, the Oppenheimer Funds, says "Puerto Rico has the ability to pay debts."

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