

June 7, 2018

Mrs. Natalie Jaresko
Executive Director
Fiscal Oversight and Management Board
Seaborne Plaza
Hato Rey, Puerto Rico

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Dear Mrs. Jaresko:

The Puerto Rico Manufacturers Association is deeply concerned with a recent statement made by your economic consultant, Andrew Wolf, in a *podcast* with the American Bankruptcy Institute Executive Director Sam Gerdano.

His statement directly opposing initiatives in Congress to place Puerto Rico in much better competitive position by seeking a more equitable tax treatment for the Island, signals his lack of understanding of Puerto Rico's needs in order to achieve sustained growth.

It is difficult to comprehend why the Board would have as its economic consultant someone who is directly opposing the efforts of Puerto Rico's government and private sector in Congress. As you know, before the economic crisis of our island, both the government of Puerto Rico and the private sector have been in Congress for months promoting a more equitable tax treatment for the island that promotes and encourages manufacturing investment in the island.

We quote directly from what he said: "I'm very reluctant from the economics of it, to say that you should go back to Congress and get some of those tax breaks again because who knows, in 20 years somebody would take those breaks away again." This statement is not only contrary to what we have discussed with you, but it also harms Puerto Rico's efforts in the Congress to obtain conditions that could pave the way for future economic growth. Any such statement will be used against Puerto Rico's efforts.

Furthermore, far from presenting a viable option, it indicates that the island should promote the growth of the tourism sector that in some Caribbean islands represent up to 35% of GDP.

We respectfully differ from the economist Wolf. Although we agree that it is important to diversify our economy by stimulating different sectors, in an economy like ours, stimulating manufacturing investment is the best option at this time. Manufacturing has the greatest multiplier effect in terms of employment and better wages than the tourism sector.

We are at your disposal to meet with your adviser and present the arguments of the PRMA in favor of the incentives to manufacture.

Sincerely,



Rodrigo Masses