

Planning Board: P.R. economic growth at -1.3% in FY '15

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Planning Board President Luis García-Pelatti

Puerto Rico Planning Board President Luis García-Pelatti told lawmakers over the weekend that the island will experience negative economic growth of 1.3 percent and 4.2 percent, respectively in Fiscal 2015 and 2016, when the scenario is looked at from a pessimistic point of view.

However, he also offered a positive panorama in which Puerto Rico's Gross National Product would reflect a lesser drop of -0.5 percent in Fiscal 2015, and a 0.8 percent growth in Fiscal 2016.

In both scenarios, the results would be influenced by investments in construction projects completed through public-private partnerships, García-Pelatti told lawmakers during the first day of budget hearings at the House.

"Because of the degree of uncertainty related to every economic outlook and given the fragility of the economy of Puerto Rico, the Planning Board estimates two alternative scenarios to the baseline scenario, these are pessimistic and optimistic," he said.

The Puerto Rico economy reflected a reduction in real terms of 0.9 percent in Fiscal 2014, when compared to Fiscal 2013. At current prices, the GNP reached \$69.2 billion, and grew 0.6 percent.

The base of the projection of real GDP growth was estimated at \$6.3 billion for fiscal year 2015. This would represent a decrease of 0.9 percent compared to fiscal 2014. In fiscal 2016, GDP is expected to reach \$6.2 billion, a decrease of 1.2 percent, he said.

At current prices, the GDP was projected at \$70 billion and \$70.9 billion for Fiscal years 2015 and 2016, respectively.

In terms of personal consumption, a main component of the GNP, activity totaled \$9.7 billion in Fiscal 2014, representing a 2.6 percent drop when compared to Fiscal 2013. In real terms, the estimated value of this variable for fiscal 2015 is \$9.5 billion, representing a reduction of 2.9 percent and for Fiscal 2016 it is pegged at \$9.2 billion, or a decrease of 2.6 percent, he said.