



July 17, 2024

Mr. Robert Mujica
Executive Director
Financial Oversight and Management Board
For Puerto Rico

Dear Mr. Mujica:

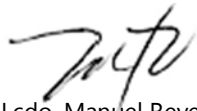
We appreciate the opportunity you granted us on June 27th to discuss the increase of the local minimum wage to \$10.50 per hour, as allowed by an incomplete and partialized Minimum Wage Evaluation Commission (the “Commission”). As we stated in our conversation, employers in Puerto Rico have been impacted by three (3) increases to the minimum wage in the past two and a half years for a combined 45% increase in such a short amount of time. This is in addition to a long list of other increases in the cost of doing business that have been fueling historical inflation. We highlight the fact that the Commission, as conceived by Act 47/2021, is incomplete since there are two vacant seats. This means the Commission doesn’t have the intended balance with employers, lacking adequate representation and triggering the unjustifiable circumstance of a three (3)-person majority having unqualified power over our economy. Notwithstanding their most recent decision to allow an increase to the minimum wage over the recommendation of their own commissioned study, said majority has publicly expressed plans for another three (3) increases before the year ends, (for tipped, exempt and agricultural employees) which could make things much worse for employers, consumers and our competitiveness as we look to improve our economy, lower inflation and attract new investments.

We consider these increases contrary to the fiscal plan as per its economic forecasts and goals. For example, the study authored by Abexus, in which the Commission was supposed to base its latest decision, concludes that the latest increase will destroy over 12,000 jobs, over 2,000 business and promote a 4.8% increase to inflation. Furthermore, Abexus admits those numbers are probably underestimating the situation since their analysis was based on the impact of the previous two increases which were softened by federal aid entering the economy that will no longer be available. They also conclude the greatest impact will be felt outside of San Juan. This greatly undermines the FOMB’s efforts to improve our economy and shore up the situation of municipalities outside the metropolitan area, particularly small ones. Also, these increases will


make a wage differential between government(s) and private sector employees unsustainable to maintain, forcing government(s) to increase wages which will again impact the Fiscal Plan¹.

Therefore, we hereby urge the FOMB to get directly involved overseeing the operation, appointments and actions by this Commission as with any other government entity with authority over our economy and our fiscal situation. We are confident the FOMB will take immediate action and reiterate our disposition to collaborate for the improvement of our economy.

Cordially,



Lcdo. Manuel Reyes
Vicepresidente
Cámara de Mercadeo Industria
Y Distribución de Alimentos - **MIDA**



Mateo Cidre
Presidente
Hecho en Puerto Rico



Carlos Budet
Presidente
Asociación de Restaurantes
de Puerto Rico - **ASORE**



José Gonzalez
Presidente
Asociación Comercio al Detal - **ACDET**



Agustín Rojo
Presidente
Asociación de Constructores
de Puerto Rico - **PRBA**

Eric Santiago-Justiniano
Presidente
Asociación de Industriales
de Puerto Rico - **PRMA**

¹ See Noticel report: "Increase in minimum wage complicates competition for workers for municipalities", July 10, 2024, by Pamela Hernandez Cabiya. Original title in Spanish: "Aumento en salario mínimo le complica a municipios la competencia por trabajadores"