



GOVERNMENT OF PUERTO RICO

---

Planning Board

Office of the Governor

# Roadmap for the Modernization of Puerto Rico's Economic Accounts

February, 2017

Plan. María del C. Gordillo Pérez

Chairperson



# Objectives

(from the Fiscal Adjustment Plan)

- Execute credible 5-year roadmap for methodological modernization of Puerto Rico's Economic Accounts statistics.
- Ensure Puerto Rico's Economic Accounts statistics comply 2008 SNA.
- Measure the informal economy every year, and develop strategies to reduce it.

⇒ Required investment: \$3m annually

# Background

---

- In 2011, President Obama's Task Force Report on Puerto Rico recommended updating the methodology of Puerto Rico's macroeconomic statistics.
- As a result, the U.S. Bureau of Economic Analysis (BEA) published its evaluation and recommendations for methodological improvement of Puerto Rico's economic accounting statistics.

# Background

---

- Puerto Rico's current 5 economic accounts: (1) Net Income and Gross Product, (2) Personal Income and Outlays, (3) Government receipts and expenditures, (4) Foreign transactions, and (5) Gross savings and Investment.
- Sources of data: Establishment surveys (Planning Board), Tax returns (Treasury Department), and Quarterly Census of Employment and Wages (Labor Dept.), amongst others.

# Milestone objectives

## Spring 2016

---

- Revise underlying deflator methodology.
- Update base year from 1954 to 2007.
- Publish alternate estimates after incorporation of new methodology for banking and insurance services.
- Implement electronic access to tax returns.
- Implement central database to store and manage economic accounting statistics.
- Publish Foreign Direct Investment estimates.
- Publish results of R&D survey 2014-15 .
- Begin annual surveys on agriculture, travelers, and consumer expenditure surveys to measure agriculture, tourism, and the informal economy.
- Produce 2007 Input-Output Matrix in accordance with Ec. Census.

# Milestone objectives

## Spring 2017

---

- Incorporate new methodology for banking and insurance services.
- Publish alternative estimates after benchmarking economic accounting statistics to results from the 2012 Econ. Census.
- Publish alternative measures of economic accounting statistics using chain-weighted Fisher index.
- Publish independent estimates on expenditures on intangible assets (R&D, software development, artistic creations, etc.) for incorporation as an investment.
- Publish results of agriculture, travelers, and consumer expenditure surveys.

# Milestone objectives

## Spring 2018

- Benchmark to 2012 Economic Census.
- Implement chain-weighted Fisher index.
- Publish alternative estimates that reorganize and expand Puerto Rico's current 5 economic accounts into 7 accounts:
  - Subdivide the Foreign Transactions account into two accounts (current & capital accounts).
  - Add Private Sector Income Account.
- Publish alternative estimates that present the economic accounting statistics in accordance with the 2008 UN standards.
- Publish Tourism Satellite Account.

# Milestone objectives

## Spring 2019

---

- Reorganize and expand Puerto Rico's current 5 economic accounts into 7 accounts.
- Present the economic accounting statistics in accordance with the 2008 UN standards.
- Publish more detailed components of Puerto Rico's economic accounting statistics.
- Produce 2012 Input Output Matrix in accordance with Economic Census.
- Develop new forecasting model for Puerto Rico's economic accounts.



# Milestone objectives

## Spring 2020

---

- Produce final report to document the details of the new methodology.
- Publish official full-set of quarterly economic accounting statistics that is consistent with annual estimates.

# Regarding quarterly statistics

- As the implementation of this Road Map progresses, we will be seeking to produce experimental quarterly estimates of the economic accounts from time to time.
- This will occur in several staggered stages as the improvements to the annual estimates are implemented.
- As early as December 2017, we expect to publish a research note describing the results of an initial exercise to produce quarterly GP.
- These will not be official estimates.
- Future quarterly estimates will depend on the progress of the improvements to the annual estimates.

# Any questions?

---

Mr. Alejandro Díaz

Director

Economic & Social Planning

Puerto Rico Planning Board

diaz\_a@jp.pr.gov.

Dr. Mario Marazzi

Executive Director

Puerto Rico Institute of Statistics

mario.marazzi@estadisticas.pr.gov