



BIRLING
CAPITAL ADVISORS, LLC

Think Strategically

Government Progress Index Measures Governor Jennifer González Nine Months in Office

September 29, 2025

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Measuring Puerto Rico's Path Forward with the GPI

The Birling Capital Government Progress Index (GPI) is Puerto Rico's most transparent and data-driven yardstick for tracking how well government actions translate into real-world results. Built on over 20 independent data sources, the Index continuously monitors 16 critical indicators across five core pillars:

- **Economic Activity**
- **Public Services**
- **Labor Conditions**
- **Public Safety**
- **Fiscal Soundness**

Birling Capital utilizes this tool to cut through political noise, providing a fact-based assessment of how effectively Puerto Rico's government is addressing structural challenges and delivering progress for its people.

How the Index Works: Score Ranges

Score Range Meaning

- **40–50 Transformational Progress** – Broad, sustained improvements across the economy and public services; high-impact execution.
- **30–39 Strong Momentum** – Positive trends in most areas, though some gaps remain; progress is clear but incomplete.
- **20–29 Moderate Progress** – Mixed results: some gains achieved, but key structural challenges remain unresolved.
- **Below 20 Minimal or Regressive Performance** – Little to no improvement, deterioration, or policy stagnation.

Current Assessment – September 29, 2025

As of September 29, 2025, **Governor Jennifer González** earns a Government Progress Index score of **21.5 out of 50**, squarely within the "Moderate Progress" category.

- This level matches August's rating, signaling steady—but not accelerating—progress.
- It represents a 7.5 percent improvement over the early-year baseline (GPI 20 at the 100-day mark), reflecting measurable but still partial gains in key economic and social indicators.

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Governor Jennifer González	Sept-02-2025	Jan-02-2025	Change
Benchmarks for Puerto Rico			
Price Per Liter of Gasoline	\$0.758	\$0.750	1.07%
Puerto Rico Manufacturing-PMI	48.60	46.40	4.74%
Sales of Bags of Cement	1,325,000	1,165,000	13.73%
Auto Sales	10,523	9,549	10.20%
Crime Stats Type 1	1,656	1,801	-8.05%
Electric System Average Interruption Index	Non Compliant	1,414 min	N/M
Unemployment	5.60%	5.40%	3.70%
Average GNP Growth Rate	2.10%	2.20%	-4.76%
Economic Activity Index	-0.90%	-1.60%	43.75%
Labor-force participation rate	45.10%	44.80%	0.67%
Home ownership rate	64.00%	64.00%	0.00%
Median household income	\$25,096	\$20,525	22.27%
PR Stock Index	4,262.76	3,598.01	18.48%
National debt	\$34,000,000	\$34,000,000	Plan of Adjustment
Credit Ratings	D	D	Default
Access to markets	Limited Access	No Access	In progress
Government Progress Index	21.5	20.0	7.50%

Puerto Rico's Measured Ascent: January to September 2025

When the new year dawned, Puerto Rico's Government Progress Index (GPI) stood at **around 20.0**, barely above the threshold of **Moderate Progress**. It was a cautious starting point for **Governor Jennifer González**, who entered office promising to shift the island's economic and social trajectory. By early September, the GPI reading remains at **21.5**, unchanged from last month, where it gained of about **7.5%** may sound modest, but behind that single number lies a textured story of advancing sectors, stubborn structural hurdles, and a society gradually regaining confidence.

Is the Economy Picking Up it's Pace?

Across the island, some signs of renewed economic energy have been unmistakable. **Manufacturing production** strengthened, with the **Puerto Rico Manufacturing PMI** up **6.47 percent to 48.6**, while **cement sales**—a bellwether for construction and infrastructure—soared **13.73 percent**. Showrooms also bustled: **auto sales** gained **10.20 percent**, reflecting both consumer confidence and improved credit availability.

Capital markets told a similar story. The **PR Stock Index** surged **18.48 percent**, and perhaps most encouraging of all, **median household income** jumped **22.27 percent** in just eight months. Taken together, these metrics show an economy that is not merely stabilizing but beginning to **expand its productive core**.

Safety Gains, Labor Crosscurrents

Security has long been a barometer of social well-being and business climate. By September, **Type 1 crimes**—the most serious offenses—had fallen **8.05 percent**, giving Puerto Ricans a tangible sense of progress on the streets.

Yet the labor picture revealed cross-currents. The **labor-force participation rate** edged up to **45.10 percent**, a subtle but meaningful improvement in a workforce historically marked by high inactivity. At the same time, **unemployment** ticked upward from **5.40 to 5.60 percent**, a reminder that job creation is **not keeping pace with new entrants** and that deeper reforms in workforce development remain essential.

Structural Drags and Fragile Foundations

Not all of the island's deep-seated constraints eased. The **electric power system** remained **non-compliant** with reliability benchmarks, leaving businesses and households vulnerable to interruptions and higher costs. **Credit ratings** stayed at **D**, and the **\$34 billion public debt** is still subject to a **Plan of Adjustment**, underscoring how far Puerto Rico must go to fully restore fiscal credibility.

Even so, there were glimmers of financial normalization. **Access to markets**, once officially rated "No Access", improved to "**Limited Access**," a small but significant signal that lenders and investors are slowly regaining trust.

Puerto Rico's modest GPI rise is more than a statistic—it is the **first draft of a recovery narrative**. Governor González can point to healthier consumer demand, stronger industrial activity, and safer communities as proof that her administration is setting the island on a better path. But she must also reckon with the unfinished business: an electric grid still unreliable, credit ratings mired at distressed levels, and a labor market that needs deeper structural change.

Puerto Rico's Economic and Policy Landscape: January–September 2025

Nine months into 2025, Puerto Rico presents a picture of **gradual but broad-based progress**.

Governor **Jennifer González's** administration has seen the **Government Progress Index (GPI)** rise from roughly **20.0 to 21.5**, placing the island **solidly in the "Moderate Progress" range**. Behind that single number lies a complex story of encouraging gains and persistent structural hurdles.

1. **Energy Stability Eases Consumer Pressures:** the **price per liter of gasoline** inched up only slightly, from **\$0.750 in January to \$0.758 in September**, a **1.07 percent increase**. Amid global energy volatility, this near-stability has **helped restrain inflation and preserve household purchasing power**.
2. **Manufacturing Edges Toward Expansion:** Puerto Rico's **Manufacturing PMI** improved from **46.40 to 48.60**, a **4.74 percent gain**. While still below the 50-point expansion threshold, the uptick signals that **industrial contraction may be bottoming out**, laying groundwork for a possible rebound.
3. **Construction Sector: Strong Momentum Amid New Tariff Headwinds:** Puerto Rico's construction industry remains one of the **brightest contributors to economic growth**, with **cement sales up 13.72 percent** (from **1,165,000 to 1,325,000 bags**) and the sector continuing to drive **rebuilding and housing investment**. Yet behind this robust headline is a new challenge that could slow future gains.

New 25 percent U.S. tariffs on imported steel and aluminum from Canada are beginning to ripple through the industry. According to the **Asociación de Contratistas Generales de Puerto Rico (AGC-PR)**, the tariffs are already **increasing material costs and introducing uncertainty into project planning and execution**. Contractors worry that price volatility may lead some developers to **delay or scale back projects**—at a time when Puerto Rico needs to accelerate its rebuilding efforts. The stakes are high: of the **\$84.3 billion in federal reconstruction funds**, only **about 46 percent has been disbursed**, so the ability to **keep projects on schedule and within budget** is critical. AGC-PR is responding by **working with the Infrastructure and Construction Council** to propose **cost-mitigation strategies**, such as reviewing mandatory labor agreements and negotiating flexible supply arrangements, to offset the impacts of tariffs.

Despite these headwinds, construction still grew about 4.6 percent and supports more than 37,500 jobs. The sector's resilience—evident in the sharp rise in cement sales and sustained employment—shows that federal funding flows and private-sector housing demand continue to outweigh the new cost pressures.

4. **Consumer Activity Slows with Revised Auto Sales:** Updated data from **El Grupo Unido de Importadores de Automóviles (GUIA)** show that **new-car sales in Puerto Rico totaled 8,127 units in August 2025**, compared with **9,926 units in August 2024**, a **year-over-year decline of -18.1 percent**. GUIA further reports that the market has **contracted in six of the first eight months of 2025**,

with **74,463 units sold year-to-date**, a **7.8 percent** decrease from **80,758 units** during the same period last year.

GUIA attributes this sustained weakness to a **confluence of factors**:

- **New U.S. auto import tariffs** have raised sticker prices and thinned dealer inventories.
- **High financing costs**, as persistently elevated interest rates weigh on monthly loan payments.
- **Broader economic caution** has slowed fleet purchases, resulting in a **25.7 percent contraction** in that segment and a **6.0 percent decline** in retail sales.

Against this challenging industry backdrop, Puerto Rico's own 2025 benchmarks show **8,127 new units sold as of the September reporting period**, a **10.2 percent gain over the January baseline**, but still **well below the pace of 2024**. **Public Safety Gains Momentum**: Security indicators remain positive. **Type 1 crime fell 8.05 percent**, from **1,801 to 1,656 cases**, demonstrating **tighter law enforcement and safer communities**, which in turn support investment and tourism.

5. **Energy Reliability and Pension Burdens: Puerto Rico's Structural Risk**: Puerto Rico's energy sector is **the island's most serious structural weakness**, combining **chronic grid unreliability with crippling legacy pension costs** that weigh on both electricity rates and public finances.

Grid Reliability Remains Deeply Deficient: The **System Average Interruption Duration Index (SAIDI)** remains in **non-compliance**, frozen at **1,414 minutes per customer annually**—approximately **336 percent above the U.S. average**. Despite occasional anecdotes of improvement, **no verified updates have been released**, leaving residents and businesses without evidence of genuine progress.

These blackouts and service interruptions **erode competitiveness across the economy**. Manufacturers face costly shutdowns, retailers lose perishable goods, and service providers struggle to maintain continuity. The uncertainty discourages new private investment, particularly in energy-intensive sectors such as pharmaceuticals, biotechnology, and advanced manufacturing.

The Weight of PREPA's Unfunded Pensions: Adding insult to injury, Puerto Rico's citizens must also **finance PREPA's so-called "Cadillac" pensions**, a legacy of decades in which the utility failed to set aside adequate reserves. Current estimates place **PREPA's unfunded pension liability at approximately \$3.8 billion**.

The **PREPA Employees' Retirement System** has an estimated **\$3.8 billion unfunded liability**, financed **directly from electricity rates**. PREPA's pension burden **hits consumers harder**, embedding a hidden surcharge in every kilowatt-hour and diverting funds from **grid modernization and renewable investment**, turning pensions into both a **fiscal and energy challenge**.

In other words, **PREPA's pension burden is roughly 18–20 percent of the central government's**, but it bears far more heavily on a much narrower revenue base. Every kilowatt-hour that households and businesses purchase effectively subsidizes a retirement system that **was never adequately funded**.

These pressures arise even as Puerto Rico attempts to deploy **\$84.3 billion in federal reconstruction funds**, of which **only about 46 percent has been disbursed**—every delay in stabilizing costs or improving reliability **compounds the risk that projects will stall or exceed their budgets**.

Comprehensive grid modernization and rapid deployment of renewable energy to cut outage times and fossil-fuel dependence.

Transparent, enforceable funding mechanisms for pensions, ensuring that legacy obligations no longer undermine critical infrastructure spending.

Stronger fiscal oversight to channel federal reconstruction funds efficiently and to reassure investors.

Until Puerto Rico delivers **verifiable improvements in power generation and distribution and resolves PREPA's unfunded pension burden**, energy will remain a **strategic risk capable of undermining every other area of economic progress**—no matter how stable other economic indicators may appear.

6. **Labor Market Crosscurrents:** the **unemployment rate** inched up from **5.40 percent to 5.60 percent (3.70 percent rise)**, even as the **labor-force participation rate** improved modestly from **44.80 percent to 45.10 percent (0.67 percent gain)**. This pattern suggests that **more people are re-entering the job market**, but **job creation is only partially keeping pace**.
7. **Growth and Economic Activity:** the **average GNP growth rate** slipped from **2.20 percent to 2.10 percent (4.55 percent decline)**, a mild slowdown reflecting **concerns about energy reliability, global tariffs, and fiscal drag**. However, the **Economic Activity Index (EAI)** strengthened from **−1.60 percent to −0.90 percent, a 43.75 percent improvement**, indicating a **possible turning point after prolonged contraction**.
8. **Rising Incomes and Market Confidence:** One of the strongest indicators of progress is **median household income**, which increased from **\$20,525 to \$25,096**, representing a **22.27 percent rise**. Wages in **construction, healthcare, and services** drove much of this gain, translating directly into **stronger consumer spending power**.
9. The **Birling Puerto Rico Stock Index** advanced from **3,598.01 to 4,262.76**, representing an **18.48 percent rise**, which highlights **robust corporate earnings and renewed market confidence**.
10. **Fiscal Position Holds Steady:** The **national debt** remains at **\$34 billion**, still under a **Plan of Adjustment**, and **credit ratings remain at D**. These unaltered fundamentals underscore the **continuing need for structural fiscal reforms**.

The Government Progress Index Score

With a **Government Progress Index of about 21.5**, Puerto Rico remains in a phase of **moderate but measurable progress**. Gains in income, construction, and public safety provide a **solid foundation**; however, **energy-grid compliance, stronger labor market growth, and improved credit ratings** are essential for transitioning from **Moderate Progress (20–29)** to the **Strong Momentum (30–39)** range. **The September data show steady, fact-based improvement, but also remind policymakers that bolder action is required to transform early momentum into a sustained economic renaissance.**

The Final Word: Puerto Rico at a Crossroads: Turning Moderate Progress into Lasting Transformation

Puerto Rico enters the final quarter of 2025 with **measurable yet incomplete progress**. The **Government Progress Index (GPI)** now stands at **21.5 out of 50**, up **7.5 percent from January's baseline of 20.0**, confirming a steady—if cautious—advance in the island's economic and social metrics. But beneath this promise lie **stubborn structural weaknesses**. The electric grid remains unreliable, credit ratings remain at rock bottom, and PREPA's unfunded pensions drain resources that should be allocated to power modernization. Labor-force participation is still too low, and billions in federal reconstruction funds remain untapped.

Puerto Rico is no longer standing still—it is moving. Yet the island now needs **decisive action, not gradual steps**, to break through the “Moderate Progress” ceiling and reach true transformation.

Key Strategic Priorities Critical for Puerto Rico

- **Resolve the Energy Crisis:** Reform or replace failing grid management and accelerate infrastructure upgrades.
- **Deploy Federal Funds:** Convert billions in reconstruction dollars into modern energy, water, health, and transport networks.
- **Activate the Workforce:** Remove barriers to increase participation well beyond 50 percent.
- **Achieve Healthcare Parity:** Secure equal federal funding to stabilize and reform care.
- **Reignite Manufacturing:** Fast-track permitting and position Puerto Rico as a nearshoring hub for U.S. supply chains.

“The future is not something to predict—it is something to achieve. Puerto Rico’s challenge is no longer to prove it can grow, but to prove it can transform”.



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