



ASOCIACIÓN DE DETALLISTAS DE
GASOLINA DE PUERTO RICO, INC.

August 29, 2016

Hon. Orrin Hatch
Chairman
Congressional Task Force on Economic Growth in Puerto Rico
United States Senate
Washington, DC 20510

By Email: prtaskforce@mail.house.gov

On behalf of the "Asociación de Detallistas de Gasolina de Puerto Rico Incorporada" (Puerto Rico Gasoline Detailers Association Inc.) I appreciate the opportunity to express our opinion as to the opportunities readily available to provide a better business environment to facilitate economic growth in Puerto Rico.

World trade relies mostly in maritime transportation. In many places there are other ground alternatives to move produced goods from one place to another. Puerto Rico for being an island has only two choices; air or sea. Both are extremely expensive alternatives to move goods traded in the island. This happens because, as per the Jones Act we are forced to use the US Merchant Marine to bring to the island all the products manufactured or otherwise produced in the mainland. This complicates our already complex trade scenario.

The main product that our associates sell, gasoline, is brought to the island in vessels of international registration because gasoline and diesel are purchased in different locations around the world, not from USA. Nevertheless there are many other products that we bring from the mainland which could be cheaper if a different transportation company, other than the US Merchant Marine is used. These products include oils, parts and automobile accessories, as well as maintenance products for car paint and upholstery finish among others. We can lower the price of these products if we can reduce their shipping costs.

If fuels such as gasoline, diesel and natural gas could be transported in different vessels other than those registered in the US it may be possible to purchase these products in the mainland because lately prices have been more favorable in USA.

A very important issue for economic development is the production of energy. If we want to facilitate the growth of our manufacturing industry, we need to reduce the cost of energy so that it will not be a detractor for new businesses willing to install plants in the island as well as local entrepreneurs willing to start new businesses.



1760 CALLE LOÍZA, COND. MADRID OFIC. 302, SAN JUAN, P.R., 00911

TELS. (787) 726-0961, (787) 726-0876, FAX: (787) 268-3035

EMAIL: ADGASOLINA@GMAIL.COM

Our suggestion is that if we cannot exclude Puerto Rico in full of the application of the Jones Act regarding the use of the US Merchant Marine, let's give the exception to natural gas, because this will give access to low natural gas prices and, will help reduce our dependency in oil as the main source of energy production. This measure along with initiatives facilitating the use of renewable energy sources will be very important to stimulate economic growth in the island.

The most important fact that we should identify in the broad picture of stimulating economic growth in Puerto Rico, is that we need to modify or eliminate the Jones Act. Not modifying this act will cost the US Treasury more money in the long run than the actual cost of amending it now.

We all want to develop a sustainable economic growth model that is capable to fulfill the future aspirations of Puerto Rico and its inhabitants. Let's set this foundation now.

Cordially,

A handwritten signature in black ink, appearing to read 'Luis Sepúlveda', with a stylized flourish extending to the left.

Luis Sepúlveda

President