

Statement by Ambassador Luigi R. Einaudi
United States Permanent Representative to the
Organization of American States

Twenty-First General Assembly
Santiago, Chile
June 4, 1991

Secretary Eagleburger yesterday described the political commitment and vision underlying President Bush's Initiative to spur a new partnership with our neighbors in Latin America and the Caribbean. The EAI contemplates action in three key areas of interest to the region -- trade, investment, and debt.

If I may, I would like to summarize the status of the Initiative today in slightly greater detail.

TRADE COMPONENT

-- We have made rapid progress with a number of countries in the hemisphere in negotiation of trade and investment framework agreements.

-- We have concluded these agreements with Mexico and Bolivia, which pre-dated the Enterprise for the Americas Initiative, and with Chile, Colombia, Costa Rica and Ecuador, El Salvador, Honduras, Peru and Venezuela.

-- We have also held discussions with Jamaica, which has been designated to lead an interlocutory group representing the thirteen members of the Caribbean Community, CARICOM, in negotiation of a multi-country framework agreement.

-- Discussions on framework agreements are also underway with Nicaragua, Panama, and the Southern Cone Common Market (MERCOSUR) Countries. We expect Guatemala to submit a proposal shortly.

-- As you know, the U.S. Congress 10 days ago, May 23 and 24, recently approved extension for two years of the "fast track" procedure for international trade agreements. This will assure the trading partners of the United States that the Uruguay Round agreements they negotiate will be voted by the U.S. Congress without amendment and within a specified time period.

-- The two-year extension of the "fast-track" procedure will also enable my Government to proceed with the negotiation of the North American Free Trade Agreement with Mexico and Canada. Finally, it will contribute to fulfilling the trade objectives of the Initiative by providing a negotiating vehicle for moving toward its long-term objective of establishing a hemispheric free trade zone.

INVESTMENT COMPONENT

Investment Sector Loan Program

-- The Inter-American Development Bank (IDB) is making good progress with an Investment Sector Lending Program.

-- IDB Diagnostic Teams have returned from Chile, Colombia, Uruguay, Jamaica, and Bolivia. We understand that a team is now in Costa Rica. As you know, these Diagnostic Teams identify areas where governments can work to improve their country's investment climate and compete for needed capital.

-- The loan document for Chile's ISLP has been distributed and is scheduled for Board discussion in mid-June. We hope other loans may also be ready this summer.

Multilateral Investment Fund

-- The Fund is intended to provide additional support targetted at specific investment policy reforms. This could

include technical assistance [e.g., for privatization], worker retraining, or equity financing for micro enterprises.

-- We expect the Fund to focus in particular on smaller countries, particularly in Central America and the Caribbean.

-- The U.S. has provided a concept paper outlining the U.S. proposal for the Fund. The U.S. has asked Congress to authorize a \$500 million U.S. contribution over 5 years and is seeking commitments from other creditor governments for the remaining two-thirds to meet the goal of a \$1.5 billion Fund over five years.

-- The Government of Japan has recently announced that it will contribute \$100 million a year for 5 years in grant resources to the Fund.

Investment Conference

-- An IDB Investment Conference which will focus media and private sector attention on investment and trade opportunities in the hemisphere, is tentatively scheduled September 19-21.

--Several heads of state have been invited to attend.

DEBT COMPONENT

-- We have gained authority from our Congress to reduce the PL480 debt of eligible countries.

-- On the basis of a U.S. Executive Order issued March 19, we will be working with countries to reduce this debt as they become eligible -- by undertaking strong economic reform programs, including liberalization of their investment regimes.

-- We are working with Congress to gain authority to reduce AID debt and to sell a portion of Eximbank and CCC debt.

ENVIRONMENTAL ASPECTS

-- As you know, the EAI provides for interest payments on remaining AID and PL480 debt to be paid in local currency and used to support grass roots environmental projects.

-- In the U.S., the Environment for the Americas Board will

advise the Secretary of State on the negotiation of environmental framework agreements which will allow such local currency interest payments. The Government members of the board will be assisted in this by members representing U.S. Non-Governmental Organizations. The Board will also ensure that a suitable local Environmental Commission is identified in each country to manage its local environmental fund.

-- My Government is working to create this Board in Washington. It involves Presidential appointments. We are working on this with environmental groups and hope to have it in place in a few weeks. We expect to be in a position within a few months to negotiate the first environmental framework agreements.

-- In the meantime, we want to emphasize the importance within each country of considering the composition of the local environmental commissions which will manage these programs and coordinate with the Environment for the Americas Board in Washington on their implementation.

-- Prior consideration of the composition of the local Environmental Commission should facilitate the negotiation of the

Environmental Framework Agreement with the USG. This Agreement will deal with the composition and functioning of the Environmental Commissions, among other things.