

(As delivered)

Statement of  
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In Response to the SELA Report

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Thank you, Mr. Chairman.

I congratulate you, Mr. Chairman, for giving the Permanent Council this opportunity to hear a report from an organization which is not part of the inter-American system. As the ambassador of a country which does not belong to SELA, this is particularly useful to me.

Let me note immediately that it is as the Representative of the United States, not as Chairman of the Permanent Council's Working Group on the Enterprise for the Americas Initiative, that I have sought the floor. I speak now for the United States, not for anyone else.

Second, I welcome the fact that Ambassador Carlos Perez del Castillo, the Permanent Secretary of SELA, has chosen to present SELA's report to this inter-American body. I well remember those heady days in the mid-1970's when SELA was first founded. Money was flowing to Latin America in extraordinary amounts, mostly in the form of loans rather than investments. Later, those capital flows were to be seen as having set the stage for the debt crisis. At the time, however, the flows were hailed as helping to reduce what was termed as excessive dependence on the United States. Indeed, SELA was generally perceived as a mechanism to coordinate increased Latin American trade with Europe, Japan, and the countries of the developing world.

Despite some misgivings at the anti inter-American tone associated with SELA's founding, the United States Secretary of State, Mr. Henry Kissinger, speaking in Caracas on February 17, 1976, took note of the founding of SELA and expressed the hope that it would become "a constructive and vital force for cooperation on a wider basis." From the standpoint of the United States, of course, that hope did not materialize.

For the past generation, independently of the relations between the United States and particular Latin American countries, the U.S. and SELA went separate ways. Often it seemed as though it were a dialogue of the deaf -- even, sometimes, as though SELA's remedies to Latin America's

difficulties discounted the utility of cooperation with the United States, which some thought to be in decline. Why bother, some argued, with a country politically and economically in retreat, unable to control world events and with an aging industrial base unlikely to meet European and Asian competition?

Which brings me to my third point: I have not had the opportunity to read the SELA report (which I have seen both in a printed Spanish text and now an English translation of such apparent quality that the OAS Secretariat should take note), but I am fascinated that SELA, an organization to which the United States does not belong and whose relations with the United States government are at best insubstantial, has now decided that "President Bush's proposal must be seen as a positive change in the United States Administration's relations with Latin America and the Caribbean."

This is a welcome conclusion, not only because of its substance, but also because of its source. The SELA report notes quite accurately the spirit of partnership that must of necessity underly any long-term enterprise of the scale envisioned by President Bush. It also correctly notes the importance of considering the United States in all of its plural dimensions, including both the legislative and the executive branches.

I repeat: I have not yet had a chance to read in full the SELA report. I presume we will all have a chance to do so and to discuss it in greater detail in the working group. In fact, I have already received such a large number of comments about technical points contained in the SELA report that I have not had time to read them all, much less assimilate them.

So I will make only two general observations about the report itself.

The first is that some of the old suspicions clearly remain intact. I was struck, for example, by the phrase in the Report's introduction that it is necessary to seek a "counterbalance to the United States' intentions in proposing and implementing the initiative." Now, U.S. intentions are something I have some claim to address: they are based, first, on the proposition that, starting from a common democratic base, there are also some economic areas, as in agricultural trade in the GATT, where many of our very major interests largely coincide; and second, as I and other Administration spokesmen have said many times, that reform is making major headway in Latin America. Thus, the EAI is not an aid program, not an attempt to create a new block, not even something in which participation will be automatic. What imposition is there to counterbalance? Countries that do not want to participate are not required to do so.

My second observation is that the SELA report contains a good deal about the United States and very little about Latin America and the Caribbean. That is unfortunate. The EAI is about the potential interrelationships that can be built throughout the hemisphere, with Canada, and with the countries of Latin America and the Caribbean as well as the United States. And the driving concept behind the EAI is to harmonize economic interactions so as to increase capital flows, trade, and thus the general well-being of all participants.

The key words are reform and trade. The EAI is a catalyst for economic reform. It is not, again I repeat, a new aid program, a "fortress Americas" program or a new form of either dependency or waste of taxpayers' monies. The new Multilateral Investment Fund to be set aside within the Inter-American Development Bank for the EAI is meant to promote investment reform, i.e., to foster the conditions within Latin America that will draw private investors to the region. It is not meant in itself to provide funds for individual countries' national development strategies, and any attempts to fault it for not doing so betray a mindset at variance with the spirit of reform and the EAI.

We in the United States need to hear more about the reforms that are being carried out in Latin America and about our cooperation in making a success of the Uruguay Round. We need to show our Congress and hence our people that the global economy is willing to make the decisions required to open markets, that free trade in the hemisphere among partners can be accomplished. The Enterprise for the Americas Initiative is meant to bolster and foster the economic reform in the region that is critical to expanding the economic pie and in turn to creating the conditions for resolving the difficult debt problems affecting the region's countries.

Turning briefly to the future, I note the obvious: it is being built right now in many small steps. Last week four different Administration officials from the Departments of State and the Treasury, the Office of the United States Trade Representative, and the Agency for International Development testified in favor of different aspects of the EAI legislation before the United States Senate. My delegation will circulate the texts at the next session of the Working Group. In addition to the steps associated with the North American Free Trade Agreement, bilateral and subregional negotiations on framework agreements continue between the United States and many other countries.

The specific role of regional organizations is also developing gradually, in accordance with capacities and opportunities. The OAS has since last August been serving as a focal point for the exchange of information and views. Between

December 1990 and February 1991, it played a key role in helping to revive the GATT negotiations, by representing common hemispheric interests in fighting protectionism in agriculture. On a third front, the OAS is exploring ways to improve cooperation with the IDB.

In the days ahead, the same principle involved on the GATT -- informing the outside world of the common interest of nations of this hemisphere -- could be applied to another aspect of the EAI. This Organization of American States could make a major contribution by letting our economic partners in Europe and Japan know that we/you support the Multilateral Investment Fund at the IDB. For that matter SELA itself could make such representations in the name of its members. The Fund is key to supporting the reforms that will unlock the private capital flows Latin America needs.

The inter-American dialogue of the future cannot be a repeat of the dialogue of the deaf of the past. Ambassador Perez del Castillo's remarks reveal SELA's positive evolution with regard to the United States. The willingness of the OAS to reach out to all regional organizations and entities is also positive. In this dialogue, the OAS has a privileged position: it is the forum in which all may participate, including the United States, which has been increasingly active here in the work of the OAS.

Finally, for the long run, we have the point made in this debate by the distinguished representative of Peru, Ambassador Marchand. It is a point made April 24, 1991 by Ambassador Julius L. Katz, the Deputy U.S. Trade Representative, in testimony before the Committee on Finance of the United States Senate:

"We don't want to create through the Enterprise for the Americas Initiative a network of separate bilateral preferential agreements with the United States at the core. To do so would greatly complicate our trading relationships and would miss the growth potential of regional integration. From a U.S. perspective, a series of free trade arrangements with small, individual Latin American countries would be considerably less attractive to U.S. export industries than an integrated, fully open market created by a number of contiguous countries in a free trade agreement with us."

It is far too early to identify specific roles. After all, the goal in President Bush's vision has never been achieved before. But it seems to me that there will be more than enough work over the decade ahead to keep us all very busy.