

Statement by Amb. Luigi R. Einaudi - September 4, 1991
at the Working Group Meeting of the Enterprise of the Americas
Initiative

STATUS REPORT ON THE
ENTERPRISE FOR THE AMERICAS INITIATIVE

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, Ecuador, El Salvador, Honduras, Peru, Venezuela, Nicaragua, Panama and the countries of CARICOM AND MERCOSUR. Negotiations with Guatemala and the Dominican Republic are continuing. Twenty-nine American republics have now joined in framework agreements with the United States.

--It is important that we keep in mind that our trade liberalization and expansion endeavors are taking place in complete harmony with the objectives of the multilateral negotiations presently underway in the Uruguay Round of the GATT.

--We have noted two forthcoming meetings that provide our Organization with an opportunity to influence positively the outcome of the global negotiations.

- o First, the Government of Spain is hosting in Madrid the first of these, which is the quadrennial meeting of Inter-American Ministers of Agriculture being organized September 22-27, 1991 by the Inter-American Institute for Cooperation on Agriculture (IICA). This meeting will make possible a sharing of views on Uruguay Round agricultural issues and a presentation of the strongly-held position of OAS member states that maximum flexibility should be exercised in negotiation of these issues.
- o Second, the OAS will host a Conference of Ministers of Trade of the Western Hemisphere which has been convened by the Secretary General for October 29-30, 1991 in Washington.
- o These events will contribute to shaping of the environment in which international trade is to be developed. They will insert our Organization into a position of support and coordination as envisioned in the Santiago Declaration approved at the June 1991 General Assembly.

Investment Sector Loan Program

--The Inter-American Development Bank (IDB) is making good progress with an Investment Sector Lending Program. An investment sector loan has been approved for Chile. Loans for Bolivia and Jamaica are expected to go to the IDB Board in September, and another for Colombia will be presented in October.

Multilateral Investment Fund

--The Fund is intended to provide additional support for 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 place special emphasis on smaller countries, particularly in Central America and the Caribbean.

--The United States has provided to the IDB a concept paper outlining the U.S. proposal for the Fund. The Executive Branch has asked Congress to authorize a \$500 million U.S. contribution over five 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 legislation has already passed both Houses of the U.S. Congress and will be considered by a Conference Committee before it is voted upon by the full House of Representatives.

--The Government of Japan announced at the end of May that it will contribute \$100 million a year for five years in grant resources to the Fund.

Investment Conference

--An IDB conference which will focus media and private sector attention on investment and trade opportunities in the hemisphere is tentatively scheduled December 5-7 and will be called the IDB Group Investment Forum. This could be one of many areas where joint OAS-IDB activities may be carried out.

IDB Diagnostic Teams

--Teams have returned from Chile, Colombia, Uruguay, Jamaica, Bolivia, Costa Rica and El Salvador. As you know, these diagnostic teams identify areas where governments can work to improve their country's investment climate and compete more effectively for needed capital.

DEBT COMPONENT

--We have gained authority from our Congress to reduce the PL-480 debt of eligible countries. Using this authority, we have already signed debt reduction agreements with Chile, Bolivia and Jamaica.

--We are continuing to work with the U.S. Congress to gain authority to reduce AID debt under EAI and to sell a portion of Eximbank and Commodity Credit Corporation debt.

ENVIRONMENTAL ASPECTS

--The Enterprise for the Americas Initiative legislation provides for interest payments to be paid in local currency on remaining PL-480 debt and used to support grass roots environmental projects.

--In the United States, 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.

--We are working now to create this Board in Washington on the basis of presidential appointments. We are consulting with environmental groups and hope to have it in place in the near future. We expect to be in a position within a few weeks to negotiate the first environmental framework agreements.

--In the meantime, governments intending to negotiate environmental framework agreements with the United States are encouraged to establish local environmental commissions to plan and manage grass roots environmental projects and to be prepared to administer the local currency interest funds to be freed for such uses following reduction of the country's debt.

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