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7:00 - 6/25

Snow/Cawley
June 25, 1991
Draft One
EAI.TS

[search E.A.I.]

PRESIDENTIAL STATEMENT: ENTERPRISE FOR THE AMERICAS INITIATIVE
THURSDAY, JUNE 27, 1991
4:00 P.M.
ROSE GARDEN

Secretary Brady, Ambassador Hills, Minister Foxley of Chile; Minister DeFranco of Nicaragua, Minister Alfaro of Panama; I could not be more pleased to have you all join me up here today. Look at this distinguished audience! Madigan > Add Reilly

Secretary Baker, welcome back -- for now. My good friend, Secretary Mosbacher. Fred Zeder (of OPIC), John Macomber (of the EXIM Bank), Enrique Iglesias of the Inter-American Development Bank. Ambassadors from the Organization of American States, other members of the diplomatic corps. Members of Congress -- my warmest greetings to all of you on this historic day.

I know most of you are happy that I can't muster even warmer greetings. 90 degrees ought to be enough for anyone. //

We've come here today to celebrate the first anniversary of our Enterprise for the Americas Initiative. Frankly, the best way to celebrate is to push the initiative even further.

AI 6-27-90

We thought we had set some pretty ambitious goals last year, when we announced the three-part EAI. We vowed to encourage free trade, stimulate investment throughout the hemisphere, and reduce the debt burden that threatens so many of our neighbors and colleagues. But we may actually have set our sights too low.

EAI 6-27-90

w/impt benefits for our environment

In just one year, we have signed a dozen agreements under EAI -- and we will announce three more today. We have concluded nine separate framework agreements for trade and investment. These agreements create councils charged with dismantling barriers to trade and investment. The United States already has signed a series of agreements with a large group of our hemispheric friends: Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Peru, Venezuela and the "southern cone" countries of Argentina, Brazil, Paraguay and Uruguay.

On the investment front, our nations have begun inviting investors to support new business throughout the hemisphere. Today, we can announce that the Inter-American Development Bank has approved its first so-called sectoral loan -- $150 million loan to Chile. President Iglesias, I want to thank you and congratulate everyone at the IDB for this very important move. Under these agreements, the IDB will support efforts to replace old mercantilist or socialist economic systems with free market systems. Our simple goal: We want to promote the economic reforms that help foster economic growth and encourage environmental stewardship.

For years the world experimented with the fantasy that councils of experts could "manage" economies. The utter failure of communism demonstrated that expert cadres can no more manage growth than they could manage the weather. Free markets reward people who have ideas -- not just those who have connections.

I'm also pleased to report that my proposal for a Multilateral Investment Fund has gotten off to a great start. Japan has pledged $400 million for each of the next five years. France, Spain and Canada also have expressed interest in supporting the fund. This fund, like the sectoral loans from IDB, will help nations throw off the shackles of authoritarian or totalitarian economic systems, and let people throughout our hemisphere enjoy the thrills and the blessings of open economic competition.

Pillar three of our proposal, debt reduction, also has gotten off to a rousing start. Our idea is simple: We will do all we can to reduce the debt burden of nations that adopt substantial, permanent economic reform.

Congress has agreed to reduce the debt burden of nations that liberalize their trade and investment rules, and has set aside a fund to finance environmental projects. This ambitious, innovative plan already has produced results.

Today the United States will sign a debt-reduction agreement with Chile, slashing its debt under Public Law 480 by 40 percent, to 23 million dollars.

Now, let's talk about what lies ahead. As you know, Congress recently extended the fast-track trade procedures that enable us to deal in good faith with you -- and with Congress -- in trade negotiations. We hope to create a free trade zone that will cover all of North America within the next few years. But this trade zone -- which will embrace 360 million consumers and

markets that produce $6 trillion in annual output -- simply will set the stage for something even more dramatic. The Enterprise for the Americas initiative can link our entire hemisphere, with its diverse cultures, workforces, creative forces.

We already have joined forces in the GATT ~~talks~~ negotiations, trying to pull down protectionist barriers in Europe and Asia. I cannot stress enough the importance of reaching a GATT agreement that will provide the foundation for worldwide free and fair trade. Without GATT, we will have great difficulty moving forward.

We live in an extraordinary place at an extraordinary time. With the sad exception of Cuba, our hemisphere stands poised to become the first fully democratic hemisphere in human history.

From the Northern tip of Alaska to the southernmost point of Tiera del Fuego, we share common heritages. Our people can trace their heritages to Spain, Portugal, Germany, Italy, Turkey, China, Japan, England, the Arab world -- and of course, to this continent itself. Many of your leaders have taken college degrees here, and many of our finest experts have studied on your soil. We share ties of culture, of blood, of common interest. And now, as democracy sweeps the world, we share the challenge of leadership through example.

We can lead the way to a world freed from suspicion, from mercantilist barriers, from socialist inefficiencies by building our own commonwealth of freedom. We can show the world just how prosperity preserves the social order -- and the land, air, and water as well. We can show the rest of the world that

deregulation, private property, low tax rates and low trade barriers can produce vast economic returns. And we can show the rest of the world how neighbors can compete in ways that build upon each other's strengths, rather than preying upon their weaknesses.

Today, I pledge my full effort to uphold the United States' part of the EAI bargain. I will ~~lobby~~ work hard to ensure that we contribute our $100 million share this year to the Multilateral Investment fund, and that we will work hard to reach bilateral agreements with all the nations of this hemisphere. I also assure you that we will spare no effort in trying to reach an acceptable GATT conclusion. I assure you that we will fight for free and fair trade -- everywhere.

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enterprise; we can create our own New World order. We can build a legacy of real prosperity, stability, and harmony.

We have worked miracles in one year; let us shape a revolution in the next. Together, we can make our hemisphere freedom's first and best home. Thank you, and God bless you.

Now, I would like to ask Minister Foxley, Minister DeFranco, Minister Alfaro; Secretary Brady and Ambassador Hills to step forward as they sign a debt reduction agreement with Chile; a framework ~~trade~~ agreement on trade + investment with Nicaragua and a framework trade agreement with Panama.

Claire x2800

fr agr on tr + inv.

# # # #

FYI:
Environmental Advisory Board may still come

In the last year:

9 agreements w/ 12 countries

- 8 bilat: Colombia
  Ecuador
  Chile
  Honduras
  Costa Rica
  Venezuela
  El Salvador
  Peru
- 1 multi lat: Argentina
  Brazil
  Paraguay
  Uruguay

Before last year:
bilats w/ Mexico + Bolivia

---

16 TOTAL – 8 bilat
1 multi – w/ 4 c's
2 old bilat (Mex, Bol.)
2 new (Pan, Nic)

Louellen Steadman, Treas.
566-2888

TO POTUS

Snow/Cawley
June 26, 1991
Draft Two
EAI.TS

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We're also pleased to have with us Enrique Iglesias of the Inter-American Development Bank; Ambassadors from Latin America and the Caribbean, from the Organization of American States, other members of the diplomatic corps. To everyone here: My warmest greetings to you on this historic day.

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With the Enterprise for the Americas Initiative, we vowed to encourage free trade, stimulate investment throughout the hemisphere, and reduce the debt burden that threatens so many of our neighbors and colleagues. This sounded wildly ambitious just last year. Today, however, we think of it as a good start.//

We have made great progress toward the goal of hemispheric free trade. In just one year we have signed ~~nine~~ 8 bilateral framework agreements for trade and investment: with Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Peru and Venezuela. + 2 prior w/ Mexico + Bolivia. Make that ~~eleven~~ 12 agreements: Today, Amb. Hills will sign bilateral framework agreements with Minister DeFranco of Nicaragua and Minister Alfaro of Panama. We also are negotiating with Guatemala and the 13-nation, English speaking Caribbean Community. We hope to sign these agreements soon.

Last week, Amb. Hills also joined representatives of Argentina, Brazil, Paraguay and Uruguay in signing the Rose Garden Agreement, the first regional framework accord under the

OK - Miles Frechette, USTR x6135

Enterprise for the Americas Initiative. Carla, you've been busy! //

Amb. Hills and her counterparts will work together to pull down tariff and nontariff trade barriers, protect patents and intellectual property, strengthen investment and profit repatriation policies. In short, they will build a solid foundation for economic cooperation and prosperity.

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President Iglesias, I want to thank you and congratulate everyone at the IDB for this important step. Through these loans, the IDB will help Latin America and the Caribbean countries compete for capital. They will encourage reforms that foster economic growth.

For years the world experimented with the fantasy that councils of experts could "manage" economies. The utter failure of communism demonstrated that expert cadres can no more manage growth than they can manage the weather. Free markets reward people who have ideas -- not just those who have connections. They allow poor people to become rich. They make possible unprecedented levels of social mobility. They teach people that

good deeds can indeed pay off, and that the virtues of hard study, hard work, and commitment to others really do produce wealth.

I'm also pleased to report that our proposal for a 1.5 billion dollar Multilateral Investment Fund has gotten off to a great start. Japan has pledged 100 million dollars for each of the next five years. Canada, France, Portugal and Spain have expressed interest in supporting the fund. This fund will provide targeted support for countries that undertake the difficult reforms necessary to encourage investment and stimulate free enterprise.

Pillar three of our proposal, debt reduction, also has gotten off to a rousing start. We will do all we can to reduce the debt burden of Caribbean and Latin American neighbors who adopt substantial, permanent economic reforms.

Four nations already have negotiated far-reaching reductions in commercial debt through the provisions of the Brady plan, and other nations will take advantage of the plan as their economic reforms take shape.

Congress has agreed to reward economic reform and trade liberalization by reducing a portion of a nation's debt -- the food assistance loans contracted under Public Law 480. Congress also supported our recommendation that the interest on remaining debt go to fund grass-roots environmental projects. This ambitious, innovative plan already has produced results.

Today the United States will sign an agreement with Chile, slashing Chile's PL 480 debt 40 percent, to 23 million dollars. We look forward to reaching an understanding soon on the environmental component of this agreement.

Now, let's talk about what lies ahead. As you know, Congress recently voted not to terminate the fast-track trade procedures that enable us to deal in good faith with you -- and with Congress -- in trade negotiations. Our goal is to create a free trade zone that will cover all of North America. But this trade zone -- 360 million consumers and markets that produce more than $6 trillion in annual output -- will set the stage for something even more dramatic -- a hemispheric zone of free trade.

The Enterprise for the Americas initiative can link our nations, with their diverse cultures, workforces, creative forces. I know some have worried that the EAI might indicate a reduction in our commitment to the multilateral trading system. Not so: we remain fully determined to make that system work.

Indeed, as part of the Uruguay Round, we have joined our Latin American and Caribbean allies in trying to pull down protectionist barriers in Europe and Asia. I cannot stress enough the importance of reaching a successful conclusion to the round. It can establish a basis for worldwide free and fair trade. Without it, we will have great difficulty moving forward.

We live in an extraordinary place at an extraordinary time. With the sad exception of Cuba, ours has become the world's first fully democratic hemisphere.//

This is no accident of history. From the Northern tip of Alaska to the southernmost point of Tiera del Fuego, we share common heritages. Our people can trace their roots to all the nations of the world. We share ties of culture, of blood, of common interest. And now, as democracy sweeps the world, we share the challenge of leadership through example.

We can lead the way to a world freed from suspicion, from mercantilist barriers, from socialist inefficiencies by building our own commonwealth of freedom. We can show the world just how prosperity preserves the social order -- and the land, air, and water as well. We can show the rest of the world that deregulation, respect for private property, low tax rates and low trade barriers can produce vast economic returns. We can show the rest of the world how to compete in ways that build upon each other's strengths, rather than preying upon weaknesses.

Today, I pledge my full effort to make the Enterprise for the Americas Initiative a reality. I urge Congress to pass promptly the remaining legislation necessary to enact EAI. This includes debt-reduction authority and authority for the United States to contribute its share to the Multilateral Investment Fund. We will spare no effort in trying to reach an acceptable GATT conclusion. We will fight for free and fair trade -- everywhere.

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We have worked miracles in one year; let us shape a revolution in the next. Together, we can make our hemisphere freedom's first and best home. Thank you, and God bless you.

Now I would like to ask Secretary Brady and Minister Foxley to sign the debt reduction agreement for Chile -- and following that, Ambassador Hills to sign a framework agreement for trade and investment with Minister DeFranco of Nicaragua and Minister Alfaro of Panama.

# # # #

Snow/Cawley
June 26, 1991
Draft Two
EAI.TS

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We have made great progress toward the goal of hemispheric free trade. In just one year we have signed eight bilateral framework agreements for trade and investment: with Colombia, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Peru and Venezuela -- on top of our prior accords with Mexico and Bolivia. Make that twelve agreements: Just today, Amb. Hills signed bilateral framework agreements with Minister DeFranco of Nicaragua and Minister Albaro of Panama. We also are negotiating with Guatemala and the 13-nation, English speaking Caribbean Community. We hope to sign these agreements soon.

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The Enterprise for the Americas initiative can link our nations, with their diverse cultures, workforces, creative forces. I know some have worried that the EAI might indicate a reduction in our commitment to the multilateral trading system. Not so: we remain fully determined to make that system work.

Indeed, as part of the Uruguay Round, we have joined our Latin American and Caribbean allies in trying to pull down protectionist barriers in Europe and Asia. I cannot stress enough the importance of reaching a successful conclusion to the round. It can establish a basis for worldwide free and fair trade. Without it, we will have great difficulty moving forward.

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# # # #

CAROLYN'S COMMENTS

Snow/Cawley
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FYI:
((In the EAI announcement, this was carefully worded to include "with important benefits to our environment."))

Set stage w/ soaring rhetoric

FYI : There are some factual mixups w/ this & — some reworks needed. I'm still working w/ Treasury, though it may be cleared up w/ their comments.

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~~Congress has agreed~~ We'll continue to work w/ Congress on a plan to reduce the debt burden of nations that ~~liberalize their trade~~ implement strong economic reforms and ~~investment rules~~ liberalize investment, and has set aside a fund to finance environmental projects. ((NO fund set aside; it's a payment plan that involves environmental projects)) This ambitious, innovative plan already has produced results.

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enterprise; we can create our own New World order. We can build a legacy of real prosperity, stability, and harmony.

We have worked miracles in one year; let us shape a revolution in the next. Together, we can make our hemisphere freedom's first and best home. Thank you, and God bless you.

Now, I would like to ask Minister Foxley, Minister DeFranco, Minister Alfaro; Secretary Brady and Ambassador Hills to step forward as they sign a debt reduction agreement with Chile; a framework ~~trade~~ on trade + investment agreement with Nicaragua and a framework trade agreement with Panama.

# # # #

FYI Environmental Advisory Board announcement still TBD... may need to stick it in later.

Reduction of Chile's PL-480 Debt under the Enterprise for the Americas Initiative

The National Advisory Council (NAC) has recently recommended a 40 percent reduction in Chile's PL-480 debt to the United States. This would reduce Chile's PL-480 debt from approximately $39 million to approximately $23 million. The agencies represented on the NAC agreed that Chile's sound macroeconomic policies, stable and receptive foreign investment regime, and good relations with commercial banks qualify Chile for debt reduction under the Enterprise for the Americas Initiative. We expect to conclude an agreement with Chile early next week. Chile will be the first country to receive debt reduction under the EAI.

June 19, 1991

To be Signed Thursday, 6/27.

Larry Mellinger - IDB

Inv Sec. Loan

$150 M Child Inv Sec. Platform Loan

Signed before RG

IDB ba approved 6/19

Signed earlier today

by PM Farley

To be signed Thursday, pls.

ENTERPRISE FOR THE AMERICAS: INITIATING A NEW ERA OF HEMISPHERIC COOPERATION

President Bush advanced the Enterprise for the Americas Initiative last year in support of the new commitments of our neighbors in Latin America and the Caribbean to democracy and economic reform. The Initiative proposes action in three areas of vital interest to our neighbors -- trade, investment, and debt.

Trade

- The prospect of a hemispheric free trade system has been met with enthusiasm from leaders throughout the region.
- With the support of Congress for fast-track negotiating authority, we will be able to move toward that objective.
- We have begun work on the first step toward a hemispheric free trade system through the North American Free Trade Agreement negotiations with Mexico and Canada.
- We are also working with other countries in Latin America and the Caribbean to begin to reduce barriers to trade.
  - -- Nine framework agreements on trade and investment have been concluded since the EAI was announced.
    - Framework agreements are now in place with Mexico, Bolivia, Colombia, Ecuador, Chile, Honduras, Costa Rica, Venezuela, El Salvador, Peru, and a group of countries composed of Argentina, Brazil, Uruguay, and Paraguay.
  - -- The Councils created by these agreements to discuss barriers to trade and investment have begun to meet.
- Latin American and Caribbean countries are anxious to advance free trade and are accelerating their efforts to reduce barriers and expand opportunities for trade between their countries as well as with the United States.

Investment

- The Inter-American Development Bank (IDB) has taken the lead in helping Latin America and the Caribbean to become more competitive in attracting capital for growth.
- A new sector lending program will help countries liberalize their investment regimes and compete for capital.
  - -- The first such investment sector loan, a $150 million loan for Chile, was approved by the IDB Board on June 19.

-- Bolivia, Jamaica, and Colombia are also well along in the process of negotiating such loans.

-- Other countries -- including Uruguay and Costa Rica -- are also seeking the IDB's support through investment sector loans.

o The President's innovative proposal to establish a Multilateral Investment Fund to provide additional, targeted support for investment reforms has gained broad support from other creditor governments.

-- Japan has pledged $100 million per year for five years in grant resources to the Fund, which will be administered by the IDB.

-- Other creditor governments -- France, Spain, and Canada -- have indicated a willingness to provide resources.

-- This Fund will, for example, support efforts to privatize government-owned industry, finance worker retraining programs, and help small entrepreneurs gain access to capital.

Debt

o By reducing debt owed to the United States Government by countries implementing strong economic reform programs, we can provide significant support for reform efforts and help countries restore confidence in their economies.

o Congress has authorized the reduction of PL-480 debt of Latin American and Caribbean countries implementing strong economic reform programs, including investment liberalization.

-- PL-480 debt constitutes $1.7 billion of the $12 billion owed to the United States by Latin American and Caribbean countries.

o In authorizing this debt reduction, Congress set up a framework for interest payments on reduced debt to be made in local currency and used to fund grass roots environmental projects.

o Chile is the first country to benefit from debt reduction under the Initiative.

-- Chile qualified for debt reduction on the basis of its outstanding economic reform record and its recent commitment to pursue additional investment reforms with the support of the Inter-American Development Bank.

-- The debt reduction agreement signed today reduces Chile's PL-480 debt by 40%, from $39 million to $23 million.

Critical Next Steps

- The process of creating a hemispheric system of free trade will take a number of years, but it must begin now.
  - -- Negotiations will begin in earnest over the next few months on the North American Free Trade Agreement. Chile may also be a candidate for the negotiation of a Free Trade Agreement within the next two years.
  - -- The Trade and Investment Councils established by framework agreements will be meeting to monitor trade and investment relations and to identify opportunities for expanding trade and investment through liberalization and other appropriate means.
  - -- Framework agreements will likely be concluded with additional countries, such as Nicaragua, Panama, and the CARICOM group under the leadership of Jamaica.
- We want to support countries' efforts to attract capital, but they themselves must take action to become more competitive.
  - -- The Inter-American Development Bank stands ready to help countries identify ways to improve their investment climate through sector loans.
  - -- The Multilateral Investment Fund can step in to provide critical additional support for these difficult steps.
    - This Fund must be adequately endowed to fulfill its potential.
    - We depend on the support of Congress as well as other creditor governments to bring this about.
- For Latin America and the Caribbean to benefit from significant bilateral debt reduction in support of economic reforms, Congress must act.
  - -- Authorizing legislation is necessary to allow reduction of AID debt and the sale of a portion of Eximbank and CCC loans.
  - -- Full funding of the request in the President's budget for the EAI is also vital.
    - In fiscal year 1992, this involves $310 million, in addition to the $100 million for the Multilateral Investment Fund.

NSC (?)

POINTS TO BE MADE FOR EAST ROOM MEETING
TO CELEBRATE FIRST ANNIVERSARY OF THE
ENTERPRISE FOR THE AMERICAS INITIATIVE BY THE PRESIDENT

-- Acknowledgements:

-- One year ago today, many of us met in this room. At that time, I offered some proposals in the areas of trade, investment, and debt. I set forth a vision of a hemisphere of free peoples and free markets -- a hemisphere of democracy with a free trade area stretching from Alaska in the North to Tierra del Fuego in the south.

-- I made this proposal because I believed that this hemisphere had a unique opportunity to work closely together -- to share ideas and proposals that would consolidate our democratic achievements and move us toward greater prosperity.

-- Frankly, although I hoped for a positive reception, I was not prepared for the overwhelming response that the EAI received. The phone calls and other messages I received from other leaders in this hemisphere were both inspiring and reassuring.

-- This anniversary, therefore, offers us an opportunity to take stock of what we have achieved. Equally important, it serves as a spur to further action.

-- The signing ceremonies today demonstrate beyond doubt that we have made progress in each of the three areas. We are particularly pleased that the Congress last year passed the debt reduction authorization in the Farm Bill. This enabled us to sign the FIRST agreement with Chile today. This agreement signed by Ministers Foxley of Chile and [illegible] today is a first. It recognizes Chile's major accomplishments accomplishments

-- For this, Chairman Kika de la Garza and Chairman Dante Fascell deserve our special vote of thanks. Their support is the demonstration of bipartisanship and statesmanship that we need to make a reality of the EAI.

-- We must also take note of the role of the Inter-American Development Bank, which has today signed the very first Investment Sector Loan agreement with Chile. The IDB under the leadership of Enrique Iglesias has been a strong supporter of the EAI, and we thank him and the IDB for its support. We look forward to doing a great deal more with him.

-- Of course, the trade and investment framework agreements have been one of the brightest spots of the EAI. The two agreements signed today with Nicaragua and Panama make a total of eleven signed in the last twelve months. Just last week, during the visit of President Collor of Brazil, we signed "The Rose Garden Agreement" -- a multilateral framework agreement with Argentina, Brazil, Paraguay, and Uruguay.

-- As we look with resolution and optimism to the future, we know that much more remains to be done. I have instructed all my senior advisers to work actively with the Congress to secure the passage of the rest of the EAI legislation. We would like to see this happen as soon as possible.

-- We are just now beginning the negotiations with Canada and Mexico on the North American Free Trade Agreement (NAFTA). Again, I must note the bipartisan spirit shown by Senator Bentsen of the great state of Texas and by Chairman Dan Rostenkowski. Without their leadership, the extension of

the fast track authority for the NAFTA negotiations would not have been possible.

-- We know the NAFTA negotiations will be arduous and complex. But we are confident that the result will be a good one for all our countries, and for the whole hemisphere. We will produce an agreement which our Congress will support, and which will make possible further advances along the road to a hemisphere of free trade.

-- [Finally, as we take stock of the last year, I am aware that my EAI speech also contained ideas on how to use the interest on official debt for environmental purposes. Putting this all together has been a slower process than I would have liked. However, today I am prepared to announce the names of the members of the Environment for the Americas Board which Congress authorized last fall. They are: -----]

-- [My instruction to them is simple; there is plenty to be done to enhance our environment, but it must always be done with a spirit of respect and cooperation.]

-- All of us know that there is a new spirit of cooperation in our hemisphere. The Americas are our common homeland, and our peoples are united by close bonds of culture, language, family, as well as by our commitment to democracy. The EAI is an effort to identify opportunities to enhance our common well-being. Together our nations can continue to do great things.



at the Château d'Eu

CH. 10

DOM PEDRO THE MAGNANIMOUS

Second Emperor of Brazil

By

MARY WILHELMINE WILLIAMS
Professor of History, Goucher College

CHAPEL HILL
THE UNIVERSITY OF NORTH CAROLINA PRESS
1937

Copy 2

the Emperor to Ford's Opera House, where they both were so charmed with Mary Anderson in "The Lady of Lyons" that they asked her to come to their box after the play. That box was renamed "The Imperial."[39]

On Sunday, May 14, the Brazilian travelers left early for St. Louis, making a few short stops on the way. The first was at Cincinnati, where during part of a day Dom Pedro followed a varied program which included visits to an art museum, a factory for making surgical instruments, and a pork-curing plant. The party reached Louisville on May 16, where the Empress went to a hotel. The Emperor, with two members of his suite, took a special train to see Mammoth Cave. He found his unusual height a handicap in getting about there, but during the three hours allotted he explored the cavern as far as Green River. Later he remarked that Mammoth Cave, like much else he had seen in America, was not pretty, but magnificent.[40]

The next forenoon the Brazilian tourists reached St. Louis, where Dom Pedro seems to have been franker in his criticisms than before, possibly because his English was increasing in fluency. When he saw the customs house, then being built, he expressed surprise that a sensible people should erect such a massive and costly structure on a mud foundation, and he added that an iron building would have done very well and would have been much cheaper. Informed that the American people built for remote posterity, he was reported to have replied: "But an iron building would last 400 years, and you do not mean to tell me that there will be any custom houses in 400 years."[41] Did the philosophical sovereign of Brazil foresee a golden age when tariff walls should be no more?

He disapproved also of St. Louis's insane asylum, for its lack of proper heating and bathing facilities, and its system of personal restraint. It would be better, he pointed out, to place violent patients in separate cells and have them free from

[39] *The Sun*, May 15, 1876.
[40] *Dom Pedro in U. S.*
[41] *Ibid.*

THIS story is from the Dom Pedro visit of 1876=(our centennial).
=(115 yrs. ago)

Nomination of George F. Murphy, Jr., To Be Inspector General of the United States Information Agency

June 27, 1990

The President today announced his intention to nominate George F. Murphy, Jr., to be Inspector General of the U.S. Information Agency. He would succeed Anthony J. Gabriel.

Since 1988 Mr. Murphy has served as Deputy Director for the U.S. Arms Control and Disarmament Agency in Washington, DC. Prior to this, he served as a consultant to the nuclear industry, 1986–1987; director of the Senate National Security Office, 1977–1986; executive director of the Joint Committee on Atomic Energy, 1975–1977; deputy director of the Joint Committee on Atomic Energy, 1968–1975; and a professional staff member on the Joint Committee on Atomic Energy, 1958–1968. In addition, Mr. Murphy worked for the Central Intelligence Agency, 1950–1958.

Mr. Murphy graduated from Harvard College (A.B., 1949). He was born May 1, 1924, in Boston, MA. Mr. Murphy served in the U.S. Army Air Corps, 1942–1946. He is married, has two children, and resides in Bethesda, MD.

Statement on Signing a Bill Protecting Natural and Cultural Resources in New Mexico

June 27, 1990

I take great pleasure in signing into law S. 286, an Act to establish the Petroglyph National Monument and the Pecos National Historical Park in New Mexico, and to resolve various New Mexico land issues.

West of Albuquerque, New Mexico, the major landscape feature is the West Mesa, marked by a 17-mile long basalt escarpment and five volcanic cones. Within the area are an estimated 15,000 to 17,000 petroglyphs, which are designs carved or pecked into the rock. Establishment of the Petroglyph National Monument will provide an excellent opportunity to form a strong partnership among the Federal Government, the State of New Mexico, and the City of Albuquerque to ensure the protection of seriously threatened ancient Pueblo Indian and Spanish rock art. Cost sharing will be an important component of the success of this joint effort, and I look forward to a successful partnership.

S. 286 also will expand the existing 365-acre Pecos National Monument into the 5,865-acre Pecos National Historical Park. This will allow for expanded protection and recreation programs in an area rich in cultural resources.

I wholeheartedly support the measures contained in S. 286 because they will ensure the protection of rich natural and cultural resources within the State of New Mexico that are now seriously threatened.

George Bush

The White House,
June 27, 1990.

Note: S. 286, approved June 27, was assigned Public Law No. 101–313.

Remarks Announcing the Enterprise for the Americas Initiative

June 27, 1990

Thank you all very much for coming to the White House, and it is my pleasure to welcome so many distinguished guests with such strong interests in the vital Latin American and Caribbean region. Let me recognize the many members of the diplomatic corps that are here and extend to you a warm welcome—from Latin America, particularly, and the Caribbean, Europe, Japan. Members of our Cabinet—Nick Brady and Secretary Baker, Carla Hills, Secretary Mosbacher—delighted you're here. Chairman of the Council of Economic Advisers, Mike Boskin, is here. Bill Webster, welcome. And of course, we're delighted to see Alan Greenspan, Chairman of the Federal Reserve Board, here and then an old friend, Barber Conable, of the World Bank, and Richard Erb, from the IMF. And Ricky Iglesias, an old friend of the Bushes, and we welcome him, of the IDB, and so many leading lights in the business and financial

in ways that support the positive changes now taking place in the hemisphere. We must forge a genuine partnership for free-market reform.

Back in February, I met in Cartagena [Colombia] with heads of the three Andean nations, and I came away from that meet-

kets breed prosperity. To this end, we ... formulated a three-point trade plan to encourage the emerging trend toward free-market reform that are now gathering forces in the Americas.

First, as we enter the final months of the current Uruguay round of the world trade

New World. And we trace our origins, our shared history, to the time of Columbus' voyage and the courageous quest for the advancement of man. Today the bonds of our common heritage are strengthened by the love of freedom and a common commitment to democracy. Our challenge, the challenge in this new era of the Americas, is to secure this shared dream and all its fruits for all the people of the Americas—North, Central, and South.

The comprehensive plan that I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American and Caribbean neighbors. We're ready to play a constructive role at this critical time to make ours the first fully free hemisphere in all of history. Thank you all for coming and God bless the peoples of the Americas. Thank you very, very much, indeed.

Note: The President spoke at 2:48 p.m. in the East Room at the White House. In his opening remarks, he referred to Secretary of the Treasury Nicholas F. Brady; U.S. Trade Representative Carla A. Hills; Secretary of Commerce Robert A. Mosbacher; William H. Webster, Director of Central Intelligence; Barber B. Conable, Jr., President of the World Bank, which is also known as the International Bank for Reconstruction and Development; and Richard D. Erb, Deputy Managing Director of the International Monetary Fund. The President also referred to the Group of 24, the industrialized democracies that have pledged support for economic and political reform in Poland and Hungary.

Message to the Congress Reporting Budget Rescissions

June 28, 1990

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report eight proposed rescissions totalling $327,375,000.

The proposed rescissions affect programs of the Department of Defense. The details of the proposed rescissions are contained in the attached report.

George Bush

The White House,
June 28, 1990.

Note: The attachment detailing the proposed rescissions was printed in the "Federal Register" of July 6.

Statement on the Japan-United States Trade Negotiations

June 28, 1990

Last year the United States and Japan launched a new cooperative endeavor in economic policy called the Structural Impediments Initiative. This initiative is designed to address underlying structural problems in both of our economies with the goal of contributing to more open and competitive markets and to the reduction of payments imbalances. A joint working group was formed to identify and solve these problems. Over the past year, these discussions have demonstrated the constructive and cooperative spirit which characterizes the relationship between our two countries.

The joint report of the SII working group has just been issued in Tokyo, following up an interim report issued in April. I welcome and endorse this joint report. Both countries have identified structural impediments, taken initial corrective actions, and made commitments to take further steps to resolve a wide range of structural problems. We expect that the structural policy actions to be taken will have a positive effect on our economies, encouraging open and competitive markets, promoting sustained world economic growth, contributing to a reduction in global payments imbalances, and enhancing the quality of life in both Japan and the United States. Although our efforts on SII are bilateral, the effects will be beneficial for the entire world.

I particularly welcome the clear commitment by Japan to reduce further its current account surplus and view the SII process as

June 25, 1991

MEMORANDUM

TO: TONY SNOW

FROM: CAROLYN CAWLEY

RE: ENTERPRISE FOR THE AMERICAS REMARKS

++

Basic Info

Date: June 27 -- Thursday
Time: 4:00 p.m.

Place: Rose Garden

Acknowledgements
On stage: Secretary Brady w/ FM of Chile

Ambassador Hills w/ FM's of Nicaragua + Panama

In audience: Secretaries Baker and Mosbacher
Fred Zeder of OPIC
John Macomber of EXIM Bank
50 foreign ambassadors and all of the ambassadors to the OAS (some overlap there)

Announcements

-- At the conclusion of the remarks, announce signings:

- o Brady/FM of Chile -- a debt reduction agreement
- o Hills/FM of Panama -- a framework trade agreement
- o Hills/FM of Nicaragua -- " "

-- FYI: possibility of another: announcement of an Environmental Advisory Board (another facet of the Enterprise for the Americas Initiative).

The holdup is due to the fact that one of the proposed members withdrew his name -- Personnel is working furiously to clear someone in time for the event. 4:00 on Thursday.

-- Also, you may want to mention a new investment sector loan agreement between the IDB and Chile. It's obviously not a government initiative, but it is a facet of the E.A.I. Let me know if you're interested in using this and I can further info from IDB.

Other

-- Factsheets on the agreements to come from OCA.

-- See bullets from Treasury (through OCA) -- came down on Friday.

-- See bullets from NSC -- came down on Friday.

Southern Common Market

-- Will be implemented for all 4 countries by Jan. 1, '95. ('94 for Argentina + Brazil; '95 for Paraguay + Uruguay.)

E.A.I & GATT

-- See June 27, 1990 speech unveiling E.A.I.

From USTR: "The Uruguay Round is tremendously important to the success of E.A.I. -- if we don't get a reduction in trade barriers in all areas, it will be very difficult to move forward with FTA's anywhere. Success in GATT is crucial to the spirit of the E.A.I. The point we need to emphasize is the lower barriers mean greater access across the board and we all benefit." ((Apparently this point hasn't been stressed strongly enough, and USTR would really like us to emphasize it.))

Contacts: Claire Sechler -- OCA -- 2800
Miles Frechette -- USTR -- X 6135 ✓ IDB, etc.
~~John~~ Larry Mellinger -- IDB -- 623-1031 ✓ IDB

SNOW/CAWLEY
JUNE 25, 1991
DRAFT ONE
EAI.TS

PRESIDENTIAL STATEMENT: ENTERPRISE FOR THE AMERICAS INITIATIVE
THURSDAY, JUNE 27, 1991
4:00 P.M.
ROSE GARDEN

Secretary Brady, Ambassador Hills, Minister Foxley of Chile; Minister DeFranco of Nicaragua, Minister Alfaro of Panama; I could not be more pleased to have you all join me up here today. Look at this distinguished audience!

Secretary Baker, welcome back -- for now. Secretary Mosbacher, you helped make much of this celebration possible. Fred Zeder, John Macomber, ambassadors from the Organization of American States, other members of the diplomatic corps; President Enrique Iglesias of the Inter-American Development Bank; members of Congress -- my warmest greetings to all of you on this historic day.

I know most of you are happy that I can't muster even warmer greetings. 90 degrees ought to be enough for anyone. //

We've come here today to celebrate the first anniversary of our Enterprise for the Americas Initiative. Frankly, the best way to celebrate is to push the initiative even further.

We thought we had set some pretty ambitious goals last year, when we announced the three-part EAI. We vowed to encourage free trade, stimulate investment throughout the hemisphere, and reduce

the debt burden that threatens so many of our neighbors and colleagues. But we may actually have set our sights too low.

In just one year, we have signed a dozen agreements under EAI -- and we will announce three more today. We have concluded nine separate framework agreements for trade and investment. These agreements create councils charged with dismantling barriers to trade and investment. The United States already has signed a series of agreements with a large group of our hemispheric friends: Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Peru, Venezuela and the "southern cone" countries of Argentina, Brazil, Paraguay and Uruguay.

On the investment front, our nations have begun inviting investors to support new business throughout the hemisphere. Today, we can announce that the Inter-American Development Bank has approved its first so-called sectoral loan -- $150 million loan to Chile. President Iglesias, I want to thank you and congratulate everyone at the IDB for this very important move. Under these agreements, the IDB will support efforts to replace old mercantilist or socialist economic systems with free market systems. Our simple goal: We want to promote the economic reforms that help foster economic growth and encourage environmental stewardship.

For years the world experimented with the fantasy that councils of experts could "manage" economies. The utter failure of communism demonstrated that expert cadres can no more manage

growth than they could manage the weather. Free markets reward people who have ideas -- not just those who have connections.

I'm also pleased to report that my proposal for a Multilateral Investment Fund has gotten off to a great start. Japan has pledged $100 million for each of the next five years. France, Spain and Canada also have expressed interest in supporting the fund. This fund, like the sectoral loans from IDB, will help nations throw off the shackles of authoritarian or totalitarian economic systems, and let people throughout our hemisphere enjoy the thrills and the blessings of open economic competition.

Pillar three of our proposal, debt reduction, also has gotten off to a rousing start. Our idea is simple: We will do all we can to reduce the debt burden of nations that adopt substantial, permanent economic reform.

Congress has agreed to reduce the debt burden of nations that liberalize their trade and investment rules, and has set aside a fund to finance environmental projects. This ambitious, innovative plan already has produced results.

Today the United States will sign a debt-reduction agreement with Chile, slashing its debt under Public Law 480 by 40 percent, to 23 million dollars.

Now, let's talk about what lies ahead. As you know, Congress recently extended the fast-track trade procedures that enable us to deal in good faith with you -- and with Congress -- in trade negotiations. We hope to create a free trade zone that

will cover all of North America within the next few years. But this trade zone -- which will embrace 360 million consumers and markets that produce $6 trillion in annual output -- simply will set the stage for something even more dramatic. The Enterprise for the Americas initiative can link our entire hemisphere, with its diverse cultures, workforces, creative forces.

We already have joined forces in the GATT talks, trying to pull down protectionist barriers in Europe and Asia. I cannot stress enough the importance of reaching a GATT agreement that will provide the foundation for worldwide free and fair trade. Without GATT, we will have great difficulty moving forward.

We live in an extraordinary place at an extraordinary time. With the sad exception of Cuba, our hemisphere stands poised to become the first fully democratic hemisphere in human history.

From the Northern tip of Alaska to Tiera del Fuego, we share common heritages. Our [people] leaders can trace their heritages to Spain, Portugal, Germany, Italy, Turkey, China, Japan, England, the Arab world -- and of course, to this continent itself. Many of your leaders have taken college degrees here, and many of our finest experts have studied on your soil. We share ties of culture, of blood, of common interest. And now, as democracy sweeps the world, we share the challenge of leadership through example.

We can lead the way to a world freed from suspicion, from mercantilist barriers, from socialist inefficiencies by building our own commonwealth of freedom. We can show the world just how

prosperity preserves the social order -- and the land, air, and water as well. We can show the rest of the world that deregulation, private property, low tax rates and low trade barriers can produce vast economic returns. And we can show the rest of the world how neighbors can compete in ways that build upon each other's strengths, rather than preying on their weaknesses.

Today, I pledge my full effort to uphold the United States' part of the EAI bargain. I will lobby hard to ensure that we contribute our $100 million share this year to the Multilateral Investment fund, and that we work hard to reach bilateral agreements with as many of you as we can. I also assure you that we will spare no effort in trying to reach an acceptable GATT conclusion. I assure you that we will fight for free and fair trade -- everywhere.

In 1876 one hundred fifteen years ago the Brazilian Emperor Dom Pedro II visited the United States. During a stop in St. Louis, he noticed that local craftsmen were using only the sturdiest materials in building a customs house. The emperor was stunned. "But an iron building would last 400 years," he noted. "You do not mean to tell me that there will be any custom houses in 400 years." Unfortunately, no one understood his point.//

We meet today to pursue Dom Pedro's vision of a hemisphere shorn of customs houses and jammed with shops and trade zones. If we can build a hemisphere devoted to freedom, one that encourages men and women of genius to turn their great ideas into

products, deeds, services and industries; if we can build a hemisphere in which envy must step aside to for onrushing enterprise; we can create our own New World order. We can build a legacy of real prosperity, stability, and harmony.

We have worked miracles in one year; let us shape a revolution in the next. Together, we can make our hemisphere freedom's first and best home. Thank you, and God bless you.

# # # #

Now we'll sign ....

OFFICE OF THE
UNITED STATES TRADE REPRESENTATIVE
WASHINGTON

Claire –

Correct names of 2 trade ministers:

ROBERTO ALFARO
Min. of Commerce & Industry
Panama

* * *

SILVIO DE FRANCO
Min. of Economics
Nicaragua

INTER-AMERICAN DEVELOPMENT BANK
WASHINGTON, D. C. 20577

91 JUN 25 P2:42

EXECUTIVE DIRECTOR
United States

CABLE ADDRESS
INTAMBANC

FACSIMILE COVER SHEET

DATE: 6/25/91

NUMBER OF PAGES TO FOLLOW: 2

TO: MS. CAROLINE CAWLEY
WHITE HOUSE

ADDRESSEE'S FAX NUMBER: 456-6218

ADDRESSE'S CONFIRMATION NUMBER: C

FROM: LARRY E. MELLINGER
I.D.B.

SENDER'S FAX NUMBER: 623-3612

SENDER'S CONFIRMATION NUMBER: (202) 623-1031

COMMENTS/SPECIAL INSTRUCTIONS:

including a grace period of five years.

The Enterprise for the Americas Initiative, proposed in June 1990 by United States President George Bush, includes creation of a hemispheric free trade zone, support for private investment and reduction of bilateral U.S.-Latin American debt.

"I am very pleased that, in the month of the first anniversary of the launching of the Enterprise for the Americas Initiative, the IDB has approved the first loan within the goals of this initiative to support the investment system in Chile," said IDB President Enrique V. Iglesias during the course of considering the project. Will be in audience on Thursday.

"It is symbolic that this first IDB action should be for Chile, which leads in the process of economic reform and modernization in Latin America," he said. "This loan is a model of institutional changes aimed at supporting, among other innovative objectives, the small and medium-scale entrepreneur, deepening the process of modernization of the Chilean financial system--particularly the stock exchanges--and facilitating the use of private capital in the field of infrastructure and in association with public enterprises," noted the IDB president.

IDB Info
[This is part of the press release announcing IDB's initiative for Chile.]

Ethnic Backgrounds

Panama
- Spanish
- Mestizo
- West Indies
- Indian (native)

Other Central American countries
- Spanish
- Turks
- Arabs
- some Chinese and Japanese
- Indian (native)

Andean countries -- Venezuela, Colombia, Ecuador, Peru, Bolivia
- Spanish
- Italian
- German
- Portuguese
- Arab
- Indian (native)

Make it clear:
LA supports
welcomes it because it
recognizes that
we share the future

*Attached is a copy of POTUS' remarks to the Brazilian Congress. Ivé highlighted some "shared + common heritage" language.

free, geo, melting pots,
what we can mean
to each :- future
belongs to us =
our common
the New
Chosen
People

Enaudi ⇒ EAI has captured LA imag.
Why? - first post
what matters is future -
that's what we have
the future belongs to us

first, that Iraq has committed naked and unprovoked aggression against Kuwait, and second, that Kuwait's status as a sovereign state must be restored. The only way that Kuwait's sovereignty can be restored is for the occupying Iraqi troops to leave Kuwait.

This position has been embodied in numerous resolutions of the United Nations Security Council. The community of Latin American and Caribbean States spoke out strongly in condemnation of the invasion of Kuwait and in support of the sanctions that the United Nations imposed. Argentina has sent a force of two ships to the Gulf to cooperate with the multinational force, an action which we applaud.

The United States is not eager to see armed conflict in the Gulf. As President, I ordered American forces to the area to block Iraqi aggression and to support the demands of the international community for restoration of Kuwait's sovereignty. We have not rushed to use force, preferring to give the international sanctions a chance to work and to let the Iraqi leadership see clearly that they have the whole world arrayed against them.

However, for the international community's sanctions to be credible, they must be backed up with the possibility of coercion. Those who rule by force frequently understand only the language of force. The United States, acting in concert with countless other countries, has taken actions to ensure that Saddam Hussein understands that the international community can indeed use coercion against him if he remains unwilling to understand the voice of reason and diplomacy. Force is not our preferred option, but it is a real option. Our preference is for Saddam Hussein to order his troops out of Kuwait, and thereby make possible the restoration of full Kuwaiti sovereignty.

Note: The questions were submitted by El Mercurio of Chile, Estado de São Paulo of Brazil, El Pais of Uruguay, La Nación of Argentina, and El Nacional of Venezuela. The Office of the Press Secretary issued the press release on December 3.

Remarks to a Joint Session of the Congress in Brasilia, Brazil

December 3, 1990

Mr. President of the National Congress and Mr. President of the Chamber of Deputies; and to our two most articulate speakers, Senator Tito and Deputy Fiuza; and Mr. Acting President of the Supreme Court; esteemed Papal Nuncio and members of the diplomatic corps; Mr. Archbishop; Honorable Ministers of State and Governors of the Federal District; and honorable Deputies and Senators: It is a privilege, it is an honor to join you in this great hall of democracy.

My thoughts today could have no better forum than this National Congress; my words, no better audience than the people of Brazil. We meet at an extraordinary moment in our shared history, a time of serious challenges and important choices that calls for mutual respect, candor, and collective will. I've met with many Latin and Caribbean leaders. And beyond any single issue that we've discussed, all of us have been galvanized by a new era of hope and opportunity throughout the Americas, especially here in Brazil.

By pioneering bold new economic reforms and consolidating its democracy, Brazil today is poised to enter the 21st century as a leader among nations. That is a tribute to a leader whose friendship and vision I value and respect, a man who represents a new generation of democratic leadership now sweeping across Latin America, your dynamic new President, Fernando Collor de Mello. President Collor has spoken eloquently of Brazil's rightful place at the table of the First World, and I agree. I believe it is time, in fact, to end the false distinctions between the First World and Third World that have too long limited political and economic relations in the Americas. Let us instead speak of the New World.

This hemisphere has always found strength in diversity. After all, here I stand, addressing Portuguese speakers in English, because of an Italian sailing on behalf of Spain five centuries ago. What we hold in common transcends borders and translates into any language. The nations of the Americas all struggled and gained independence

from the old ways of the Old World, ended the injustice of slavery and colonialism, and built republics of promise and renewal around the dignity and the power of the individual and the rule of law.

Now, as we approach the 500th anniversary of Columbus' discovery of Americas and the arrival of Cabral's Portuguese fleet in Brazil, this is our moment to chart the course for the New World, a course of freedom, a course of democracy, a course of prosperity. We've all witnessed in wonder the dawn of democracy in Eastern Europe. But in the Americas, we, too, have seen extraordinary political and economic change that is transforming the face of this hemisphere—nowhere more so than right here, no more so than in the great nation of Brazil. The changes you are carrying out in your economy—reducing the size of the state, privatizing enterprises, combating inflation, and liberalizing trade—are the keys to growth and prosperity in a global economy of the 21st century, whose outlines we already see today. I am here to tell you that you are not only on the right path but the United States wants you to succeed and supports your efforts every step of the way. I believe that we've just begun to press forward toward the real promise of the Americas.

Territories may end at borders, but mankind's capacity for progress knows no bounds. Continents may end at the water's edge, but human potential knows only those limits set by human imagination. The Americas' role in the world is not defined by geography; it is defined by its people and its ideals. I truly believe that we are approaching a new dawn in the New World.

Our thinking must be bold; our will, resolute. Our challenge now is to hew out of a wilderness of competing interests a new kind of opportunity in the Americas. To fulfill the New World's destiny, all of the Americas and the Caribbean must embark on a venture for the coming century: to create the first fully democratic hemisphere in the history of mankind, the first hemisphere devoted to the democratic ideal—to unleash the power of free people, free elections, and free markets.

Two weeks ago in Czechoslovakia, I spoke to a people that had paid dearly for its freedom. I talked about a new commonwealth of freedom based on four key principles. This hemisphere already shares these convictions: an unshakable belief in the dignity and rights of man, the conviction that just government derives its power from the people, the belief that men and women everywhere must be free to enjoy the fruits of their labor, and four, that the rule of law must govern the conduct of nations. Every nation that joins this commonwealth of freedom advances us one step closer to a new world order. We must persist until this victory for freedom and democracy is won completely.

It is also within our power to make this hemisphere the largest free-trading partnership of sovereign nations in the world. From the northernmost reaches of Canada to the tip of Cape Horn, we see a future where growing opportunity, the power of technology, and the benefits of prosperity are developed and shared by all. Change will not come easily. Economies now dependent on protection and state regulation must open to competition. The transition, for the time being, will be painful. Many in the Americas will have to make serious adjustments to compete with Southeast Asia and to take advantage of the European market after 1992. But we are confident that solutions will be found—by Brazilians, by Chileans, by Venezuelans—by all of the Americas.

And the results—growing economies and sound currencies—will bring unprecedented prosperity and growth for all our citizens to share. That was the vision of the Enterprise for the Americas Initiative that we announced last June. And Deputy Fiuza, I listened very carefully to your strong speech in this regard, and I thank you for those frank and forceful comments. The initiative calls for a major hemispheric effort to unify the New World in the three key areas of trade, investment, and debt.

In trade, our first priority should be to promote long-term growth. And the most effective first step is the successful conclusion of the Uruguay round, now in its final stages in Brussels. An end to export subsidies on agricultural goods and new openings for developing-country exports mean new market opportunities and a higher

ENTERPRISE FOR THE AMERICAS: INITIATING A NEW ERA OF HEMISPHERIC COOPERATION

President Bush advanced the Enterprise for the Americas Initiative last year in support of the new commitments of our neighbors in Latin America and the Caribbean to democracy and economic reform. The Initiative proposes action in three areas of vital interest to our neighbors -- trade, investment, and debt.

Trade

- The prospect of a hemispheric free trade system has been met with enthusiasm from leaders throughout the region.
- With the support of Congress for fast-track negotiating authority, we will be able to move toward that objective.
- We have begun work on the first step toward a hemispheric free trade system through the North American Free Trade Agreement negotiations with Mexico and Canada.
- We are also working with other countries in Latin America and the Caribbean to begin to reduce barriers to trade.
  - -- Nine framework agreements on trade and investment have been concluded since the EAI was announced.
    - Framework agreements are now in place with Mexico, Bolivia, Colombia, Ecuador, Chile, Honduras, Costa Rica, Venezuela, El Salvador, Peru, and a group of countries composed of Argentina, Brazil, Uruguay, and Paraguay.
  - -- The Councils created by these agreements to discuss barriers to trade and investment have begun to meet.
- Latin American and Caribbean countries are anxious to advance free trade and are accelerating their efforts to reduce barriers and expand opportunities for trade between their countries as well as with the United States.

Investment

- The Inter-American Development Bank (IDB) has taken the lead in helping Latin America and the Caribbean to become more competitive in attracting capital for growth.
- A new sector lending program will help countries liberalize their investment regimes and compete for capital.
  - -- The first such investment sector loan, a $150 million loan for Chile, was approved by the IDB Board on June 19.

-- Bolivia, Jamaica, and Colombia are also well along in the process of negotiating such loans.

-- Other countries -- including Uruguay and Costa Rica -- are also seeking the IDB's support through investment sector loans.

o The President's innovative proposal to establish a Multilateral Investment Fund to provide additional, targeted support for investment reforms has gained broad support from other creditor governments.

-- Japan has pledged $100 million per year for five years in grant resources to the Fund, which will be administered by the IDB.

-- Other creditor governments -- France, Spain, and Canada -- have indicated a willingness to provide resources.

-- This Fund will, for example, support efforts to privatize government-owned industry, finance worker retraining programs, and help small entrepreneurs gain access to capital.

Debt

o By reducing debt owed to the United States Government by countries implementing strong economic reform programs, we can provide significant support for reform efforts and help countries restore confidence in their economies.

o Congress has authorized the reduction of PL-480 debt of Latin American and Caribbean countries implementing strong economic reform programs, including investment liberalization.

-- PL-480 debt constitutes $1.7 billion of the $12 billion owed to the United States by Latin American and Caribbean countries.

o In authorizing this debt reduction, Congress set up a framework for interest payments on reduced debt to be made in local currency and used to fund grass roots environmental projects.

o Chile is the first country to benefit from debt reduction under the Initiative.

-- Chile qualified for debt reduction on the basis of its outstanding economic reform record and its recent commitment to pursue additional investment reforms with the support of the Inter-American Development Bank.

-- The debt reduction agreement signed today reduces Chile's PL-480 debt by 40%, from $39 million to $23 million.

Critical Next Steps

- The process of creating a hemispheric system of free trade will take a number of years, but it must begin now.
  - -- Negotiations will begin in earnest over the next few months on the North American Free Trade Agreement. Chile may also be a candidate for the negotiation of a Free Trade Agreement within the next two years.
  - -- The Trade and Investment Councils established by framework agreements will be meeting to monitor trade and investment relations and to identify opportunities for expanding trade and investment through liberalization and other appropriate means.
  - -- Framework agreements will likely be concluded with additional countries, such as Nicaragua, Panama, and the CARICOM group under the leadership of Jamaica.
- We want to support countries' efforts to attract capital, but they themselves must take action to become more competitive.
  - -- The Inter-American Development Bank stands ready to help countries identify ways to improve their investment climate through sector loans.
  - -- The Multilateral Investment Fund can step in to provide critical additional support for these difficult steps.
    - This Fund must be adequately endowed to fulfill its potential.
    - We depend on the support of Congress as well as other creditor governments to bring this about.
- For Latin America and the Caribbean to benefit from significant bilateral debt reduction in support of economic reforms, Congress must act.
  - -- Authorizing legislation is necessary to allow reduction of AID debt and the sale of a portion of Eximbank and CCC loans.
  - -- Full funding of the request in the President's budget for the EAI is also vital.
    - In fiscal year 1992, this involves $310 million, in addition to the $100 million for the Multilateral Investment Fund.

Nomination of George F. Murphy, Jr., To Be Inspector General of the United States Information Agency

June 27, 1990

The President today announced his intention to nominate George F. Murphy, Jr., to be Inspector General of the U.S. Information Agency. He would succeed Anthony J. Gabriel.

Since 1988 Mr. Murphy has served as Deputy Director for the U.S. Arms Control and Disarmament Agency in Washington, DC. Prior to this, he served as a consultant to the nuclear industry, 1986–1987; director of the Senate National Security Office, 1977–1986; executive director of the Joint Committee on Atomic Energy, 1975–1977; deputy director of the Joint Committee on Atomic Energy, 1968–1975; and a professional staff member on the Joint Committee on Atomic Energy, 1958–1968. In addition, Mr. Murphy worked for the Central Intelligence Agency, 1950–1958.

Mr. Murphy graduated from Harvard College (A.B., 1949). He was born May 1, 1924, in Boston, MA. Mr. Murphy served in the U.S. Army Air Corps, 1942–1946. He is married, has two children, and resides in Bethesda, MD.

Statement on Signing a Bill Protecting Natural and Cultural Resources in New Mexico

June 27, 1990

I take great pleasure in signing into law S. 286, an Act to establish the Petroglyph National Monument and the Pecos National Historical Park in New Mexico, and to resolve certain New Mexico land issues.

Near the city of Albuquerque, New Mexico, the most prominent feature is the West Mesa, which is a 17-mile long basalt escarpment containing ancient images. Within the area are approximately 15,000 to 17,000 petroglyphs, which are designs carved or pecked into the rock. Establishment of the Petroglyph National Monument will provide an excellent opportunity to form a strong partnership among the Federal Government, the State of New Mexico, and the City of Albuquerque to ensure the protection of seriously threatened ancient Pueblo Indian and Spanish rock art. Cost sharing will be an important component of the success of this joint effort, and I look forward to a successful partnership.

S. 286 also will expand the existing 365-acre Pecos National Monument into the 5,865-acre Pecos National Historical Park. This will allow for expanded protection and recreation programs in an area rich in cultural resources.

I wholeheartedly support the measures contained in S. 286 because they will ensure the protection of rich natural and cultural resources within the State of New Mexico that are now seriously threatened.

George Bush

The White House,
June 27, 1990.

Note: S. 286, approved June 27, was assigned Public Law No. 101–313.

Remarks Announcing the Enterprise for the Americas Initiative

June 27, 1990

Thank you all very much for coming to the White House, and it is my pleasure to welcome so many distinguished guests with such strong interests in the vital Latin American and Caribbean region. Let me recognize the many members of the diplomatic corps that are here and extend to you a warm welcome—from Latin America, particularly, and the Caribbean, Europe, Japan. Members of our Cabinet—Nick Brady and Secretary Baker, Carla Hills, Secretary Mosbacher—delighted you're here. Chairman of the Council of Economic Advisers, Mike Boskin, is here. Bill Webster, welcome. And of course, we're delighted to see Alan Greenspan, Chairman of the Federal Reserve Board, here and then an old friend, Barber Conable, of the World Bank, and Richard Erb, from the IMF. And Ricky Iglesias, an old friend of the Bushes, and we welcome him, of the IDB, and so many leading lights in the business and financial

communities. To all of you, then, a welcome.

In the past 12 months, every one of us, from the man in the White House to the man on the street, has been fascinated by the tremendous changes, the positive changes, taking place around the world. Freedom has made great gains not just in Eastern Europe but right here in the Americas; and we've seen a resurgence of democratic rule, a rising tide of democracy, never before witnessed in the history of this beloved hemisphere. And with one exception, Cuba, the transition to democracy is moving towards completion, and we can all sense the excitement that the day is not far off when Cuba joins the ranks of world democracies and makes the Americas fully free.

With one exception, that's the case. But the political transformation sweeping the rest of Latin America and the Caribbean has its parallel in the economic sphere. Throughout the region, nations are turning away from the statist economic policies that stifle growth and are now looking to the power of the free market to help this hemisphere realize its untapped potential for progress. A new leadership has emerged, backed by the strength of the people's mandate, leadership that understands that the future of Latin America lies with free government and free markets. In the words of Colombia's courageous leader, Virgilio Barco—President Barco: "The long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition that open economies with access to markets can lead to social progress."

For the United States, these are welcome developments, developments that we're eager to support. But we recognize that each nation in the region must make its own choices. There is no blueprint, no one-size-fits-all approach, to reform. The primary responsibility for achieving economic growth lies with each individual country. Our challenge in this country is to respond in ways that support the positive changes now taking place in the hemisphere. We must forge a genuine partnership for free-market reform.

Back in February, I met in Cartagena [Colombia] with heads of the three Andean nations, and I came away from that meeting convinced that the U.S. must review its approach not only to that region but to Latin America and the Caribbean as a whole. And I asked Treasury Secretary Brady to lead a review of U.S. economic policy towards this vital region, to make a fresh assessment, if you will, of the problems and opportunities we'll encounter in the decade ahead. And that review is now complete, and the results are in, and the need for new economic initiatives is clear and compelling.

All signs point to the fact that we must shift the focus of our economic interaction towards a new economic partnership because prosperity in our hemisphere depends on trade, not aid. And I've asked you here today to share with you some of the ideas, some of the ways we can build a broad-based partnership for the nineties—to announce the new Enterprise for the Americas Initiative that creates incentives to reinforce Latin America's growing recognition that free-market reform is the key to sustained growth and political stability.

The three pillars of our new initiative are trade, investment, and debt. To expand trade, I propose that we begin the process of creating a hemispherewide free trade zone; to increase investment, that we adopt measures to create a new flow of capital into the region; and to further ease the burden of debt, a new approach to debt in the region with important benefits for our environment.

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. One principal reason for that: overrestrictive trade barriers that wall off the economies of our region from each other and from the United States at great cost to us all. These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism still stifles progress and free markets breed prosperity. To this end, we've formulated a three-point trade plan to encourage the emerging trend toward free-market reform that are now gathering forces in the Americas.

First, as we enter the final months of the current Uruguay round of the world trade

talks, I pledge close cooperation with the nations of this hemisphere. The successful completion of the Uruguay round remains the most effective way of promoting long-term trade growth in Latin America and the increased integration of Latin nations into the overall global trading system. Our aim in the Uruguay round is free and fair trade, and through these talks we are seeking to strengthen existing trade rules and to expand them to areas that do not now have agreed rules of fairplay. And to show our commitment to our neighbors in Latin America and the Caribbean, we will seek deeper tariff reductions in this round on products of special interest to them.

Second, we must build on the trend we see toward free markets and make our ultimate aim a free trade system that links all of the Americas: North, Central, and South. And we look forward to the day when not only are the Americas the first fully free, democratic hemisphere but when all are equal partners in a free trade zone stretching from the port of Anchorage to the Tierra del Fuego.

I'm announcing today that the U.S. stands ready to enter into free trade agreements with other markets in Latin America and the Caribbean, particularly with groups of countries that have associated for purposes of trade liberalization. And the first step in this process is the now-announced free trade agreement with Mexico. We must all recognize that we won't bring down barriers to free trade overnight; changes so far-reaching may take years of preparation and tough negotiations. But the payoff in terms of prosperity is worth every effort, and now is the time to make a comprehensive free trade zone for the Americas our long-term goal.

And third, I understand that some countries aren't yet ready to take that dramatic step to a full free trade agreement. And that's why we're prepared to negotiate with any interested nation in the region bilateral framework agreements to open markets and develop closer trade ties. Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counterproductive barriers to trade and towards our ultimate goal of free trade. And that's a prescription for greater growth and a higher standard of living in Latin America and, right here at home, new markets for American products and more jobs for American workers.

Promoting free trade is just one of three key elements in our new Enterprise for the Americas Initiative. And our second pillar is increased investment.

The competition for capital today is fierce, and the key to increased investment is to be competitive, to turn around the conditions that have discouraged both foreign and domestic investment—reduce the regulatory burden, clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs.

In one large Latin city, for instance, it takes almost 300 days to cut through the redtape to open a small garment shop. In another country, the average overseas caller has to make five phone calls to get through, and the wait for a new telephone line can be as long as 5 years. And that's got to change.

Investment reform is essential to make it easier to start new business ventures and make it possible for international investors to participate and profit in Latin American markets. In order to create incentives for investment reform, the United States is prepared to take the following steps:

First, the United States will work with the Inter-American Development Bank to create a new lending program for nations that take significant steps to remove impediments to international investment. The World Bank could also contribute to this effort.

And second, we propose the creation of a new investment fund for the Americas. This fund, administered by the IDB, could provide up to $300 million a year in grants in response to market-oriented investment reforms in progress in privatization. The U.S. intends to contribute $100 million to the fund, and we will seek matching contributions from Europe and Japan.

But in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden. That's the third pillar of this new Enterprise for the Americas Initiative.

Many nations have already undertaken painful economic reforms for the sake of

future growth, but the investment climate remains clouded, weighted down by the heavy debt burden. Under the Brady plan, we are making significant progress. The agreements reached with Mexico and Costa Rica and Venezuela are already having a positive impact on investment in those countries. Mexico, to take just one example, has already seen a reversal of the destructive capital flight that drained so many Latin American nations of precious investment resources. That's critical. If we restore confidence, capital will follow.

As one means of expanding our debt strategy, we propose that the IDB add its efforts and resources to those of the International Monetary Fund and the World Bank to support commercial bank debt reduction in Latin America and the Caribbean, and as in the case of World Bank and IMF, IDB funds should be directly linked to economic reform.

While the Brady plan has helped nations reduce commercial bank debt, for nations with high levels of official debt—debt owed to governments rather than private financial institutions—the burden remains heavy. And today, across Latin America, official debt owed to the U.S. Government amounts to nearly $12 billion, with $7 billion of that amount in concessional loans. And in many cases, the heaviest official debt burdens fall on some of the region's smallest nations, countries like Honduras and El Salvador and Jamaica.

That's a problem we must address today. As the key component in addressing the region's debt problem, I am proposing a major new initiative to reduce Latin America and the Caribbean's official debt to the United States for countries that adopt strong economic and investment reform programs with the support of international institutions.

Our debt reduction program will deal separately with concessional and commercial types of loans. On the concessional debt, loans made from AID or Food for Peace accounts, we will propose substantial debt reductions for the most heavily burdened countries. And we will also sell a portion of outstanding commercial loans to facilitate these debt-for-equity and debt-for-nature swaps in countries that have set up such programs. These actions will be taken on a case-by-case basis.

One measure of prosperity and the most important long-term investment any nation can make is environmental well-being. As part of our Enterprise for the Americas Initiative, we will take action to strengthen environmental policies in this hemisphere. Debt-for-nature swaps are one example, patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of environmental trusts, where interest payments owed on restructured U.S. debt will be paid in local currency and set aside to fund environmental projects in the debtor countries.

These innovative agreements offer a powerful new tool for preserving the natural wonders of this hemisphere that we share. From the vistas of the unspoiled Arctic to the beauties of the barrier reef off Belize to the rich rain forests of the Amazon, we must protect this living legacy that we hold in trust. For an increasing number of our neighbors, the need for free-market reform is clear. These nations need economic breathing room to enact bold reforms, and this official debt initiative is one answer, a way out from under the crushing burden of debt that slows the process of reform.

I know there is some concern that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America; but I want to assure all of you here today, as I've assured many democratic leaders in Central and South America and the Caribbean and Mexico, the United States will not lose sight of the tremendous challenges and opportunities right here in our own hemisphere. And indeed, as we talk with the leaders of the G–24 about the emerging democracies in Europe—I've been talking to them also about their supporting democracy and economic freedom in Central America. Our aim is a closer partnership between the Americas and our friends in Europe and in Asia.

Two years from now, our hemisphere will celebrate the 500th anniversary of an epic event: Columbus' discovery of America, our

New World. And we trace our origins, our shared history, to the time of Columbus' voyage and the courageous quest for the advancement of man. Today the bonds of our common heritage are strengthened by the love of freedom and a common commitment to democracy. Our challenge, the challenge in this new era of the Americas, is to secure this shared dream and all its fruits for all the people of the Americas—North, Central, and South.

The comprehensive plan that I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American and Caribbean neighbors. We're ready to play a constructive role at this critical time to make ours the first fully free hemisphere in all of history. Thank you all for coming and God bless the peoples of the Americas. Thank you very, very much, indeed.

Note: The President spoke at 2:48 p.m. in the East Room at the White House. In his opening remarks, he referred to Secretary of the Treasury Nicholas F. Brady; U.S. Trade Representative Carla A. Hills; Secretary of Commerce Robert A. Mosbacher; William H. Webster, Director of Central Intelligence; Barber B. Conable, Jr., President of the World Bank, which is also known as the International Bank for Reconstruction and Development; and Richard D. Erb, Deputy Managing Director of the International Monetary Fund. The President also referred to the Group of 24, the industrialized democracies that have pledged support for economic and political reform in Poland and Hungary.

Message to the Congress Reporting Budget Rescissions

June 28, 1990

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report eight proposed rescissions totalling $327,375,000.

The proposed rescissions affect programs of the Department of Defense. The details of the proposed rescissions are contained in the attached report.

George Bush

The White House,
June 28, 1990.

Note: The attachment detailing the proposed rescissions was printed in the "Federal Register" of July 6.

Statement on the Japan-United States Trade Negotiations

June 28, 1990

Last year the United States and Japan launched a new cooperative endeavor in economic policy called the Structural Impediments Initiative. This initiative is designed to address underlying structural problems in both of our economies with the goal of contributing to more open and competitive markets and to the reduction of payments imbalances. A joint working group was formed to identify and solve these problems. Over the past year, these discussions have demonstrated the constructive and cooperative spirit which characterizes the relationship between our two countries.

The joint report of the SII working group has just been issued in Tokyo, following up an interim report issued in April. I welcome and endorse this joint report. Both countries have identified structural impediments, taken initial corrective actions, and made commitments to take further steps to resolve a wide range of structural problems. We expect that the structural policy actions to be taken will have a positive effect on our economies, encouraging open and competitive markets, promoting sustained world economic growth, contributing to a reduction in global payments imbalances, and enhancing the quality of life in both Japan and the United States. Although our efforts on SII are bilateral, the effects will be beneficial for the entire world.

I particularly welcome the clear commitment by Japan to reduce further its current account surplus and view the SII process as

ENVIRONMENT FOR THE AMERICAS BOARD

Still TBD

Creation

The Environment for the Americas Board was created by Congress in legislation authorizing the reduction of PL-480 debt under the Enterprise for the Americas Initiative (Title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended by section 1512 of Public Law 101-624).

Composition

Under the statute, the Board is to be composed of five representatives of the U.S. Government and four representatives from "private, non-governmental environmental, community development, scientific, and academic organizations with experience and expertise in Latin America and the Caribbean." The statute requires one of the U.S. Government representatives to chair the Board.

In an Executive Order issued on March 19, 1991, the President designated that the five U.S. Government members of the Board shall be representatives from the Department of the Treasury, the Department of State, the Environmental Protection Agency, the Agency for International Development, and the Inter-American Foundation. Other appropriate agencies may also attend the meetings and participate in the activities of the Board.

The representative from the Department of the Treasury will chair the Board; the representative from the Department of State will be the vice chairperson; and the representative from the EPA will serve as secretary of the Board.

The four private nongovernmental organization members of the Board are to be chosen subsequently by the President.

Function

The activities of the Board are threefold:

- advising the President on negotiation of environmental framework agreements committing other governments to dedicate local currency interest payments on their reduced PL-480 debt to grass roots environmental projects;
- ensuring that appropriate local bodies to administer the local currency funds for the environment are established; and
- reviewing prospective annual programs and retrospective annual reports developed by the local body in each country.



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United States Department of State

Washington, D.C. 20520

DATE June 24

FACSIMILE TRANSMITTAL SHEET

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COMMENTS:

One year ago today, I announced my Enterprise for the Americas Initiative. The EAI was not developed in isolation in Washington. It was born out of an authentic and a continuing dialogue from which I have benefited enormously as President with the leaders of Latin America and the Carribbean.

At the hemispheric summit I attended in San Jose in October 1989, at the Cartejena summit the following February, and at the countless meetings I have participated in with leaders of the Americas I heard both a common hope expresed and a common concern.

My fellow heads of state told me that they want to replace the "lost decade" of the 1980's with a decade of renewed hope and economic growth in the 1990's in which all of the citizens of the hemisphere, particularly the poor, can share. They said they are committed to strip away the barriers to trade and investment and growth that have shackled the energies of their citizens for too long and open their economies to new opportunities.

They urged the United States to help build this more hopeful future--not with massive assistance programs--but with renewed support for trade, investment, and debt reduction. But they also expressed the fear that the United States might somehow turn its attention and energies elsewhere in the world and ignore the Americas at this moment of maximum challenge and opportunity.

My friends as long as I am President, the United States will never make that historic mistake. Just the opposite. As a nation, we are re-engaging with our friends and partners in the Americas as never before.

For this generation of leaders in the Americas, north and south, share a common vision. Together, we are building something the world has never seen before: the first completely democratic hemisphere. At the General Assembly of the OAS held earlier this month in Santiago, for the first time in history, every nation chose its government through free and fair elections. Cuba, alone, stands isolated against the democratic tide.

But our common vision is broader still. For we are also building a new relationship among the developed and developing nations throughout the Americas, an authentic

partnership in which trade is free from Alaska to Tierra del Fuego--a partnership in which new prosperity, growth, and rising incomes, --can help all our citizens share in the fullness of life to the best of their abilities.

My Enterprise for the Americas Initiative was a concrete response to the hopes and dreams I heard during my first year as President from the leaders of this hemisphere. One year after its announcement, I am pleased to say we are well on the way to making this vision a reality.

We have embarked, with the support of Congress, on historic negotiations to create a North American Free Trading zone uniting the 360 citizens of Canada, Mexico, and the United States. This vision of free trade has re-energized the age-old dream of economic integration throughout the Americas.

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date ←

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For those who believe in both political and economic freedom this is a moment of historic opportunity and new hope in the Americas. I am determined to seize that opportunity and to see those hopes fulfilled, and on this first anniversary of the Enterprise for the Americas Initiative, I believe we are on our way. Thank you.

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SNOW/CAWLEY
JUNE 25, 1991
DRAFT ONE
EAI.TS

PRESIDENTIAL STATEMENT: ENTERPRISE FOR THE AMERICAS INITIATIVE
THURSDAY, JUNE 27, 1991
4:00 P.M.
ROSE GARDEN

Secretary Brady, Ambassador Hills, Minister Foxley of Chile; Minister DeFranco of Nicaragua, Minister Alfaro of Panama; I could not be more pleased to have you all join me up here today. And out in the audience, we have an incredibly distinguished group. Secretary Baker, welcome back -- for now. Secretary Mosbacher -- another famous Texan. Fred Zeder, John Macomber, ambassadors from the Organization of American States, other members of the diplomatic corps; President Enrique Iglesias of the Inter-American Development Bank -- my warmest greetings to all of you on this historic day.

I know most of you are happy that I can't muster even warmer greetings. 90 degrees ought to be enough for anyone.

We've come here today to celebrate the first anniversary of our Enterprise for the Americas Initiative. Frankly, the best way to celebrate is to push the initiative even further.

We thought we had set some pretty ambitious goals last year, when we announced the three-part EAI. We vowed to encourage free trade, stimulate investment throughout the hemisphere, and reduce the debt burden that threatens so many of our neighbors and

Now, I've just given a very cursory review of the past year. Let's talk about what lies ahead. As you know, Congress recently extended the fast-track trade procedures that enable us to deal in good faith with you -- and with Congress -- in trade negotiations. We hope to create a free trade zone that will cover all of North America within the next few years. But this trade zone -- which will embrace 360 million consumers and markets that produce $6 trillion in annual output -- simply will set the stage for something even more dramatic -- the Enterprise for the Americas initiative that can link our entire hemisphere, with its diverse cultures, workforces, creative forces.

Together, we can build prosperous, zesty, interesting lives for ourselves and our descendants.

We already have begun working together to achieve several goals crucial to that end. We have worked together in trying to pull down protectionist barriers in Europe and Asia, particularly in the present round of GATT talks. I cannot stress enough the importance of reaching a GATT agreement that will provide the foundation for worldwide free and fair trade.

We have worked together to establish Trade and Investment Councils in 14 countries, and I hope we will move forward to build them throughout the hemisphere in the coming years. We have seen Argentina, Brazil, Paraguay and Uruguay form a common market, which will unite by January 1, 1995.

We live in an extraordinary place at an extraordinary time. With the sad exception of Cuba, our hemisphere can boast of an

~~historic distinction.~~ We stand on the verge of becoming the first fully democratic hemisphere in human history.

From the Northern tip of Alaska to Tiera del Fuego, we share common heritages. Our leaders can trace their heritages to Spain, Portugal, Germany, Italy, Turkey, China, Japan, England, the Arab world -- and of course, this continent itself. Many of your leaders have taken college degrees here, and many of our finest experts have studied on your soil. We share ties of culture, of blood and of common interest. And now, as democracy sweeps the world, we share the challenge of leadership through example.

We can lead the way to a world freed from suspicion, from mercantilist barriers, from silly socialist inefficiencies by building our own commonwealth of freedom. We can show the world just how prosperity preserves the social order -- and the land, air, and water. We can show the rest of the world that deregulation, private property, low tax rates and low trade barriers can produce vast economic returns. And we can show the rest of the world how neighbors can compete in ways that build upon each other's strengths, rather than preying on their weaknesses.

Today, I pledge my full efforts to uphold the United States' part of the EAI bargain. I will lobby hard to ensure that we contribute our $100 million share this year to the Multilateral Investment fund, and that we work hard to reach bilateral agreements with as many of you as we can. I also assure you that we will spare no effort in trying to reach an acceptable GATT

conclusion. I assure you that we will fight for free and fair trade -- everywhere.

One hundred fifteen years ago the Brazilian Emperor Dom Pedro visited the United States. During a stop in St. Louis, he noticed that local craftsmen were using only the sturdiest materials in building a customs house. The emperor was stunned. "But an iron building would last 400 years," he noted. "You do not mean to tell me that there will be any custom houses in 400 years." Unfortunately, no one understood his point.//

We meet today to ~~rectify that wrong, and to~~ pursue Dom Pedro's vision of a hemisphere shorn of customs houses, and ~~hemisphere~~ jammed with shops and trade zones. If we can build a hemisphere devoted to freedom, one that encourages men and women of genius to turn their great ideas into products, deeds, services and industries; if we can build a hemisphere in which ~~envy must step aside to for onrushing~~ enterprise shoves aside the impulse of envy enterprise; we can create our own New World order. We can build a legacy of real prosperity, harmony & stability.

We have worked miracles in one year; let us shape a revolution in the next. Together, we can make our hemisphere freedom's first and best home. Thank you, and God bless you.

# # # #

colleagues. But as ambitious as those goals seem, we may actually have set our sights too low.

Consider: In just one year, we have signed a dozen agreements under EAI -- and we will announce three more today. We have concluded nine separate framework agreements for trade and investment. These agreements/~~councils will help~~ create councils charged of dismantle the barriers to trade and investment~~, between the United States~~ so far the U.S. has reached accord with and a large group of our hemispheric friends: Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Mexico, Peru, Venezuela and the "southern cone" countries of Argentina, Brazil, Paraguay and Uruguay.

On the investment front, we have begun inviting investors to ~~explore the possibilities of~~ supporting new business throughout the hemisphere. Today, we can announce that the Inter-American Development Bank has approved its first so-called sectoral loan -- $150 million loan to Chile. President Iglesias, I want to thank you and congratulate everyone at the IDB for this very important move. Under these agreements, the IDB will support efforts to replace old mercantilist or socialist economic systems with free market systems. Our simple goal: We want to promote the economic reforms that help foster economic growth and encourage environmental stewardship.

For years the world experimented with the fantasy that councils of experts could "manage" economies. The utter failure of communism demonstrated that expert councils can no more manage growth than they could manage the weather. Free markets reward people who have ideas -- not just those who have connections.

If talks continue on their present course, we soon may be ready to announce IDB sectoral loans for Uruguay and Costa Rica as well.

I'm also pleased to let you know that my proposal for a Multilateral Investment Fund -- in effect, an international fund designed to stimulate economic growth throughout the Americas -- also has gotten off to a great start. Japan has pledged $100 million for each of the next five years. France, Spain and Canada also have expressed interest in supporting the fund. This fund, like the sectoral loans from IDB, will help nations throw off the shackles of authoritarian or totalitarian economic systems, and let people throughout our hemisphere enjoy the thrills and the blessings of open economic competition.

Pillar three of our proposal, debt reduction, also has gotten off to a rousing start. Our idea is simple: We will do all we can to reduce the debt burden of nations that adopt substantial, permanent economic reform.

Congress has agreed to reduce the debt burden of nations that liberalize their trade and investment rules, and has set aside a fund to finance environmental projects. This ambitious, innovative plan already has produced results.

Today the United States will sign a debt-reduction agreement with Chile, slashing its debt under Public Law 480 by 40 percent, to 23 million dollars. ~~The government of Chile has undertaken ambitious market reforms and has liberalized its investment policies in accordance with PL 480 guidelines.~~

GRIST FOR ENTERPRISE FOR THE AMERICAS SPEECH - NSC

POINTS TO BE MADE FOR EAST ROOM MEETING
TO CELEBRATE FIRST ANNIVERSARY OF THE
ENTERPRISE FOR THE AMERICAS INITIATIVE BY THE PRESIDENT

-- Acknowledgements:

-- One year ago today, many of us met in this room. At that time, I offered some proposals in the areas of trade, investment, and debt. I set forth a vision of a hemisphere of free peoples and free markets -- a hemisphere of democracy with a free trade area stretching from Alaska in the North to Tierra del Fuego in the south.

-- I made this proposal because I believed that this hemisphere had a unique opportunity to work closely together -- to share ideas and proposals that would consolidate our democratic achievements and move us toward greater prosperity.

-- Frankly, although I hoped for a positive reception, I was not prepared for the overwhelming response that the EAI received. The phone calls and other messages I received from other leaders in this hemisphere were both inspiring and reassuring.

-- This anniversary, therefore, offers us an opportunity to take stock of what we have achieved. Equally important, it serves as a spur to further action.

-- The signing ceremonies today demonstrate beyond doubt that we have made progress in each of the three areas. We are particularly pleased that the Congress last year passed the debt reduction authorization in the Farm Bill. This enabled us to sign the agreement with Chile today.

-- For this, Chairman Kika de la Garza and Chairman Dante Fascell deserve our special vote of thanks. Their support is the demonstration of bipartisanship and statesmanship that we need to make a reality of the EAI.

-- We must also take note of the role of the Inter-American Development Bank, which has today signed the very first Investment Sector Loan agreement with Chile. The IDB under the leadership of Enrique Iglesias has been a strong supporter of the EAI, and we thank him and the IDB for its support. We look forward to doing a great deal more with him.

-- Of course, the trade and investment framework agreements have been one of the brightest spots of the EAI. The two agreements signed today make a total of eleven signed in the last twelve months. Just last week, during the visit of President Collor of Brazil, we signed "The Rose Garden Agreement" -- a multilateral framework agreement with Argentina, Brazil, Paraguay, and Uruguay.

-- As we look with resolution and optimism to the future, we know that much more remains to be done. I have instructed all my senior advisers to work actively with the Congress to secure the passage of the rest of the EAI legislation. We would like to see this happen as soon as possible. I note that many members of Congress who have taken a deep interest in improving our relationship with Latin America and the U.S. Rose Garden

-- We are just now beginning the negotiations with Canada and Mexico on the North American Free Trade Agreement (NAFTA). Again, I must note the bipartisan spirit shown by Senator Bentsen of the great state of Texas and by Chairman Dan Rostenkowski. Without their leadership, the extension of

the fast track authority for the NAFTA negotiations would not have been possible.

-- We know the NAFTA negotiations will be arduous and complex. But we are confident that the result will be a good one for all our countries, and for the whole hemisphere. We will produce an agreement which our Congress will support, and which will make possible further advances along the road to a hemisphere of free trade.

-- [Finally, as we take stock of the last year, I am aware that my EAI speech also contained ideas on how to use the interest on official debt for environmental purposes. Putting this all together has been a slower process than I would have liked. However, today I am prepared to announce the names of the members of the Environment for the Americas Board which Congress authorized last fall. They are: -----]

-- [My instruction to them is simple; there is plenty to be done to enhance our environment, but it must always be done with a spirit of respect and cooperation.]

-- All of us know that there is a new spirit of cooperation in our hemisphere. The Americas are our common homeland, and our peoples are united by close bonds of culture, language, family, as well as by our commitment to democracy. The EAI is an effort to identify opportunities to enhance our common well-being. Together our nations can continue to do great things.

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FIRST FOR ENTERPRISE
FOR THE AMERICAS SPEECH
FROM STATE

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Enterprise for the Americas Event:

Panamanian Minister of Trade: Alfaro

Nicaraguan Minister of Foreign Trade: DeFranco

Chilean Minister of Finance: Foxley