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FORUM OF THE AMERICAS
SHERATON WASHINGTON HOTEL
WASHINGTON, D.C.
THURSDAY, APRIL 23, 1992
8:00 P.M.

THANK YOU DAVID, AND THANK YOU FOR YOUR VITAL WORK
IN RALLYING PRIVATE SECTOR AND CONGRESSIONAL SUPPORT
FOR THE NORTH AMERICAN FREE TRADE AGREEMENT AND THE
ENTERPRISE FOR THE AMERICAS INITIATIVE. YOUR PERSONAL
INVOLVEMENT HAS BEEN A MAJOR FACTOR IN THE SUCCESS
WE'VE ENJOYED SO FAR WITH BOTH INITIATIVES. I ALSO
WANT TO PAY MY RESPECTS TO GEORGE LANDAU, ANTONIO DEL
VALLE, AND TOM D'AQUINO. \ \

I CAN'T THINK OF A MORE IMPORTANT MOMENT THAN NOW TO CONVENE THIS FORUM ON THE AMERICAS. OVER THE LAST THREE YEARS, WE HAVE SEEN OUR WORLD TRANSFORMED: THE BERLIN WALL TORN DOWN AND GERMANY PEACEFULLY UNIFIED; THE PEOPLE OF EASTERN EUROPE AND THE SOVIET UNION LIBERATED FROM COMMUNISM; AND SOUTH AFRICA'S HISTORIC VOTE TO REJECT APARTHEID. WE HAVE SEEN ARAB NEIGHBORS NEGOTIATING FOR THE FIRST TIME FACE-TO-FACE WITH ISRAEL; AND A WORLDWIDE COALITION, UNDER THE BANNER OF THE UNITED NATIONS, STAND UP, AND TURN BACK, IRAQI AGGRESSION AGAINST KUWAIT. AND THERE'S BEEN A PROFOUND CHANGE WITH MEANING FOR EVERY MAN, WOMAN AND CHILD ON EARTH: WE'VE DRASTICALLY REDUCED THE THREAT OF NUCLEAR WAR. \ \

JUST TODAY, THE UNITED STATES TOOK STEPS TO FACILITATE TRADE IN HIGH TECHNOLOGY GOODS, AN INITIATIVE MADE POSSIBLE BY THE CHANGED STRATEGIC ENVIRONMENT AND THE PEACEFUL REBIRTH OF FREEDOM IN THE FORMERLY COMMUNIST LANDS. WE RELAXED TRADE RESTRICTIONS ON EXPORTS THAT SERVED US WELL DURING THE COLD WAR ERA -- BUT ARE NO LONGER NECESSARY IN OUR NEW WORLD. OUR ACTIONS TODAY WILL ELIMINATE REQUIREMENTS FOR THOUSANDS OF EXPORT LICENSES, INCLUDING MANY THAT AFFECTED COMPUTERS -- ONE OF OUR STRONGEST EXPORT EARNERS. TRADE COVERED BY TODAY'S DEREGULATION AMOUNTS TO ABOUT \$2.5 BILLION DOLLARS.

HERE IN OUR OWN HEMISPHERE, THE AMERICAS HAVE LAUNCHED AN ERA OF FAR-REACHING AND HOPEFUL CHANGE. WE HAVE MADE HISTORY. WE'RE WELL ON OUR WAY TO CREATING SOMETHING MANKIND HAS NEVER SEEN: A HEMISPHERE WHOLLY FREE AND DEMOCRATIC, WITH PROSPERITY FLOWING FROM OPEN TRADE.

FROM MEXICO CITY TO BUENOS AIRES, THAT VISION IS BECOMING A REALITY. FOR THE FIRST TIME IN MANY YEARS, MORE PRIVATE CAPITAL IS FLOWING INTO THE AMERICAS FOR NEW INVESTMENTS THAN IS FLOWING OUT. IN COUNTRY AFTER COUNTRY, THE HYPERINFLATION THAT DEVASTATED THE REGION'S ECONOMIES, PARTICULARLY ITS POOR, HAS BEEN HALTED. IN NEARLY EVERY NATION, REAL GROWTH HAS RETURNED. A GROWING NUMBER OF NATIONS ARE TAKING ADVANTAGE OF THE BRADY PLAN -- AN IMPORTANT INITIATIVE OF MY ADMINISTRATION DESIGNED TO REDUCE THE DEBT BURDEN OF OUR NEIGHBORS AND SET THE STAGE FOR THE RENEWAL OF GROWTH.

BARRIERS TO TRADE AND INVESTMENT ARE COMING DOWN. GO TO THE FINANCIAL CENTERS OF THE WORLD AND YOU WILL GET THE SAME MESSAGE: ONE OF THE MOST EXCITING REGIONS FOR INVESTMENT IS LATIN AMERICA.

ALONGSIDE THIS ECONOMIC REVOLUTION, WE HAVE WITNESSED AND PLAYED A VITAL ROLE TO SHAPE A POLITICAL REVOLUTION JUST AS POWERFUL. TWO YEARS AFTER WE INITIATED OPERATION JUST CAUSE, PANAMA HAS REPLACED THE REPRESSION OF THE NORIEGA ERA WITH FREEDOM AND DEMOCRACY. IN EL SALVADOR, AFTER 12 YEARS OF CIVIL WAR, OUR CONSISTENT EFFORTS HAVE BROUGHT PEACE. IN NICARAGUA, WE SUCCEEDED IN OUR GOAL OF RESTORING PEACE AND DEMOCRACY THROUGH FREE ELECTIONS. THROUGHOUT CENTRAL AMERICA, CIVILIAN PRESIDENTS HOLD OFFICE, AND THE PRINCIPLE OF CONSENT OF THE GOVERNED IS NOW FIRMLY ESTABLISHED. AND IN SOUTH AMERICA, CHILE AND PARAGUAY HAVE REJOINED THE COMMUNITY OF DEMOCRACIES.

THIS PEACEFUL REVOLUTION THROUGHOUT THE AMERICAS DID NOT HAPPEN BY ACCIDENT. IT IS THE WORK OF A NEW GENERATION OF COURAGEOUS AND COMMITTED DEMOCRATIC LEADERS WITH WHOM WE HAVE WORKED CLOSELY IN PURSUIT OF COMMON GOALS. THE NEW SPIRIT WAS DEMONSTRATED IN JUNE OF LAST YEAR, WHEN THE O.A.S. GENERAL ASSEMBLY PASSED A RESOLUTION DESIGNED TO STRENGTHEN THE INTERNATIONAL RESPONSE TO THREATS TO DEMOCRACY.

CONSOLIDATING THIS REVOLUTION WILL NOT BE EASY. MILLIONS OF PEOPLE IN OUR HEMISPHERE ARE STILL MIRED IN POVERTY AND POLITICAL ALIENATION. RECENT EVENTS IN HAITI, VENEZUELA, AND PERU REMIND US THAT DEMOCRACY IS STILL FRAGILE AND FACES CONTINUED DANGERS. IN ALL OUR NATIONS, POWERFUL SPECIAL INTERESTS CLING TO OLD IDEAS AND PRIVILEGES, PROMOTE PROTECTIONISM, AND RESIST EXPANDED TRADE.

FOR THE DIEHARDS -- FOR CASTRO'S TOTALITARIAN REGIME, FOR THOSE IN THE HEMISPHERE WHO WOULD TURN THE CLOCK BACK TO MILITARY DICTATORSHIP, FOR THE STUBBORN HOLDOUTS FOR ECONOMIC ISOLATION -- I WANT TO MAKE ONE POINT CLEAR: HUNDREDS OF MILLIONS OF LATIN AMERICANS SHARE A FAITH IN HUMAN FREEDOM AND OPPORTUNITY. AND I STAND WITH THEM. AS LONG AS I AM PRESIDENT, THE UNITED STATES WILL DEVOTE ITS ENERGIES TO THE TRUE AND LASTING LIBERATION OF THE PEOPLE OF THE WESTERN HEMISPHERE.



SHARING THE DEMOCRATIC SPIRIT MAKES A DIFFERENCE ON EVERY ISSUE WE CARE ABOUT: DEMOCRACY'S REBIRTH LED ARGENTINA AND BRAZIL TO JOIN HANDS TO HALT THE SPREAD OF NUCLEAR ARMS. DEMOCRACY ENERGIZED BRAZIL TO SLOW DEFORESTATION OF THE AMAZON RAINFOREST. DEMOCRACY GAVE ARGENTINA THE WILL TO STOP THE CONDOR BALLISTIC MISSILE PROGRAM FINANCED BY LIBYA AND IRAQ. COLOMBIA'S DEMOCRACY IS LEADING THE FIGHT AGAINST THE DRUG TRADE AND WORKING TO RESTORE ITS ECONOMIC VITALITY. THE RESTORED DEMOCRACY IN PANAMA HAS PASSED TOUGH NEW LAWS TO COMBAT MONEY LAUNDERING, AND IT'S WORKING TO RENEW ITS IMPORTANCE AS AN EAST-WEST TRADE CORRIDOR.

AND MAKE NO MISTAKE: POLITICAL AND ECONOMIC FREEDOM ARE INSEPARABLE. JUST AS PEOPLE HAVE A GOD-GIVEN RIGHT TO CHOOSE WHO WILL GOVERN THEM, THEY ALSO MUST BE FREE TO MAKE THEIR OWN ECONOMIC CHOICES. AND WHEN WE LIFT BARRIERS TO ECONOMIC FREEDOM WITHIN AND AMONG OUR COUNTRIES, WE UNLEASH POWERFUL FORCES OF GROWTH AND CREATIVITY.

BEFORE I LEAVE OFFICE I WANT MANUFACTURERS IN CLEVELAND TO ENJOY VIRTUALLY THE SAME ACCESS TO MARKETS IN MONTERREY AS THEY NOW HAVE IN MINNEAPOLIS. WITH NEW TECHNOLOGIES, CREATORS OF SERVICES IN DENVER MAY BE ABLE TO TAP MARKETS IN SANTIAGO AS READILY AS THOSE IN CHICAGO. AND I'LL WORK TO ASSURE THAT GOVERNMENT PROTECTION AND EXCESSIVE REGULATION DON'T STAND IN THEIR WAY. TO DO THIS, WE'LL HAVE TO OVERCOME THE STUNTED VISION OF THE SPECIAL INTERESTS. AND I AM DETERMINED THAT WE CAN AND WILL DO EXACTLY THAT. \\\

I'VE MADE IT A TOP PRIORITY TO CONCLUDE A FREE TRADE AGREEMENT DESIGNED TO REMOVE ALL TARIFFS ON TRADE BETWEEN THE UNITED STATES, CANADA AND MEXICO. THIS AGREEMENT WILL BUILD ON OUR HISTORIC FREE TRADE AGREEMENT WITH CANADA. THE SUCCESS OF THE AGREEMENT WITH CANADA DEMONSTRATES HOW FREE TRADE CAN BENEFIT ALL CONCERNED.

WE CAN'T ACHIEVE THIS BREAKTHROUGH BY EQUIVOCATING BETWEEN THE STATUS QUO PROTECTIONISTS AND THE MOVEMENT FOR FREEDOM AND CHANGE. SOME SUGGEST THAT WE CAN HIDE IN A COCOON OF PROTECTION AND PRETEND STILL TO BENEFIT FROM THE FRESH AIR OF COMPETITION. WELL, YOU AND I KNOW THAT IS SIMPLY WRONG-HEADED. OUR ECONOMIC FUTURE MUST NOT DEPEND ON THOSE WHO PAY LIP SERVICE TO FREE TRADE -- BUT FULL SERVICE TO POWERFUL SPECIAL INTERESTS. WE CAN'T HAVE IT BOTH WAYS. ~~IN~~ IN OUR OWN WAR FOR INDEPENDENCE THOSE WHO TOOK THIS KIND OF STAND WERE KNOWN AS THE "SUMMER SOLDIERS." THEY WANTED THE GLORY OF THE REVOLUTION WITHOUT SHOWING THE GUMPTION TO STAND FOR FREEDOM EVEN IN TOUGH TIMES. MY STAND IS CLEAR: OPEN TRADE IS VITAL TO THE UNITED STATES -- EVERY BIT AS VITAL AS DOMESTIC REFORMS TO RENEW OUR SYSTEMS OF EDUCATION, HEALTH CARE, GOVERNMENT AND ADMINISTRATION OF JUSTICE. \ \

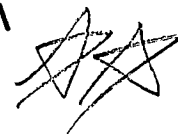
A FREE TRADE AREA COMPRISING THE UNITED STATES, MEXICO AND CANADA WOULD BE THE LARGEST MARKET IN THE WORLD -- 360 MILLION CONSUMERS IN A \$6 TRILLION ECONOMY. MEXICO IS AMONG THE FASTEST GROWING NATIONAL MARKETS FOR U.S. EXPORTS TODAY. OVER THE LAST THREE YEARS ALONE, AMERICAN MERCHANDISE EXPORTS TO MEXICO HAVE INCREASED BY TWO-THIRDS. OUR EXPORTS OF AUTOS, AUTO PARTS, AND TELECOMMUNICATIONS EQUIPMENT TO MEXICO HAVE DOUBLED. AND WHILE MEMBERS OF THIS AUDIENCE MAY BE AWARE OF THIS, I DOUBT IT IS WIDELY KNOWN IN THE UNITED STATES THAT TWO-THIRDS OF ALL IMPORTS INTO MEXICO COME FROM THE UNITED STATES.

IT'S NOT JUST THE BORDER STATES THAT PROFIT FROM THIS GROWTH. DURING MY PRESIDENCY, 45 OF OUR 50 STATES HAVE INCREASED THEIR EXPORTS TO MEXICO. OUR TOP 10 EXPORTERS TO MEXICO TODAY INCLUDE MICHIGAN, ILLINOIS, NEW YORK, LOUISIANA, PENNSYLVANIA, FLORIDA AND OHIO -- AS WELL AS TEXAS, CALIFORNIA AND ARIZONA.

TRADE WITH MEXICO ALREADY SUPPORTS HUNDREDS OF THOUSANDS OF U.S. JOBS. JUST AS AN EXAMPLE: THOUSANDS OF GOOD JOBS IN WARREN, OHIO AND ROCHESTER, NEW YORK DEPEND ON SISTER PLANTS IN MEXICO TO KEEP THEIR PRODUCTS COMPETITIVE. A NORTH AMERICAN FREE TRADE AGREEMENT WOULD CREATE THOUSANDS MORE. IT WOULD CREATE COMPETITIVE EFFICIENCIES AND ECONOMIES OF SCALE THAT WILL HELP AMERICAN COMPANIES COMPETE IN WORLD MARKETS.

FREE TRADE WITH CANADA AND MEXICO WILL MAKE ALL OF US WINNERS IN ECONOMIC ENDEAVOR -- BUT OUR RELATIONSHIP GOES WELL BEYOND TRADE. WE SHARE BORDERS THAT SPAN THE CONTINENT. WE'RE LINKED BY CENTURIES-OLD TIES OF FAMILY AND CULTURE. I SHARE A WARM FRIENDSHIP WITH PRIME MINISTER BRIAN MULRONEY, WHOM I CONSULT FREQUENTLY. I COUNT PRESIDENT CARLOS SALINAS ALSO AS A DEAR FRIEND -- HE AND I HAVE BEEN PROMOTING THE "SPIRIT OF HOUSTON" EVER SINCE OUR SUMMIT MEETING JUST AFTER BOTH OF US WERE ELECTED IN 1988. BOTH PRESIDENT SALINAS AND PRIME MINISTER MULRONEY ARE BOLD AND IMAGINATIVE LEADERS -- AND I AM COMMITTED TO WORKING WITH THEM TO FORGE ENDURING FRIENDSHIP AMONG OUR COUNTRIES, BASED ON OPEN TRADE, COOPERATION AND MUTUAL RESPECT.

NOW, YOU MAY HAVE HEARD SOME SUGGEST THAT POLITICS WILL DICTATE DELAYING THE NORTH AMERICAN FREE TRADE AGREEMENT UNTIL AFTER THE ELECTION. WELL, THOSE VOICES ARE NOT SPEAKING FOR ME. \ \ THE TIME OF OPPORTUNITY IS NOW. I'VE INSTRUCTED OUR NEGOTIATORS TO ACCELERATE THEIR WORK. I BELIEVE WE CAN CONCLUDE A SOUND, SENSIBLE DEAL BEFORE THE ELECTION -- AND I WANT TO SIGN A GOOD AGREEMENT AS SOON AS IT'S READY. \ \

A handwritten signature in black ink, consisting of several overlapping, stylized loops and lines, positioned to the right of the end of the first paragraph.

THE NORTH AMERICAN FREE TRADE AGREEMENT IS ONLY A BEGINNING. OUR ENTERPRISE FOR THE AMERICAS INITIATIVE ALREADY HAS MADE NOTEWORTHY PROGRESS TO OPEN MARKETS, EXPAND INVESTMENT FLOWS, REDUCE OFFICIAL DEBT, AND STRENGTHEN THE ENVIRONMENT THROUGHOUT THE HEMISPHERE.

THE ENTERPRISE FOR THE AMERICAS INITIATIVE REFLECTS A REVOLUTION IN THINKING. THROUGH THIS INITIATIVE, THE UNITED STATES IS NOT SEEKING TO IMPOSE OUR IDEAS ON OUR NEIGHBORS. RATHER, OUR PROGRAM IS DESIGNED TO EMPOWER THEM TO SUCCEED WITH FREE MARKET ECONOMIC REFORMS THEY HAVE CHOSEN ON THEIR OWN -- IDEAS DEVELOPED IN LATIN AMERICA FOR LATIN AMERICANS.

THE COURAGEOUS LATIN AMERICAN LEADERS WHO ARE REFORMING THEIR ECONOMIES AND BREAKING DOWN BARRIERS TO TRADE AND INVESTMENT NEED OUR SUPPORT. THEY ARE THE TRUE LIBERATORS OF OUR ERA. TRUE SUCCESS WILL MEAN OPENING UP STATIST SYSTEMS FORMERLY RIGGED TO PROTECT WEALTHY ELITES AND CLOSED TO WORKING PEOPLE AND THE POOR. FREE MARKET REFORMS WILL BANISH BURDENSOME REGULATIONS THAT NOW PREVENT THE URBAN POOR FROM STARTING NEW BUSINESSES OR CAMPESINOS FROM GAINING ACCESS TO CREDIT AND TITLE TO THEIR LAND.

ECONOMIC REFORM MUST ALSO INCLUDE HONEST GOVERNMENT. CORRUPTION IS THE ENEMY OF BOTH GROWTH AND DEMOCRACY. NEW INVESTMENT WILL FLOW ONLY WHERE THE RULE OF LAW IS SECURE, THE COURTS ARE FAIR, AND BIDDING PROCESSES ARE OPEN TO ALL.

TO SUPPORT REFORMERS -- TO REALIZE THE HOPEFUL NEW VISION IN LATIN AMERICA -- THE UNITED STATES CONGRESS MUST MEET ITS RESPONSIBILITY. I ASKED CONGRESS TO TAKE LONG OVERDUE ACTION -- TO INVEST \$310 MILLION IN THIS FISCAL YEAR UNDER THE ENTERPRISE FOR THE AMERICAS INITIATIVE. WITH THIS, WE COULD WRITE OFF MORE THAN \$1 BILLION IN THE HEMISPHERE'S OFFICIAL DEBTS AND GENERATE MILLIONS OF DOLLARS TO PRESERVE THE ENVIRONMENT. BUT CONGRESS HAS REFUSED TO APPROVE ANY FUNDS FOR THIS PURPOSE. CONGRESS APPARENTLY DOESN'T BELIEVE IN "RETURN ON INVESTMENT" -- BUT I DO. AND OUR TRUCKERS AND RAILROAD PEOPLE DO. AND OUR AUTO AND ELECTRONICS MAKERS DO. AS DO OUR ENVIRONMENTAL ENGINEERS, AND MANY, MANY MORE.

I'VE HELPED PERSUADE OUR ALLIES IN EUROPE AND JAPAN TO CONTRIBUTE NEARLY TWO-THIRDS OF A \$1.5 BILLION FUND TO HELP LATIN AMERICAN REFORMERS. THIS FUND, ADMINISTERED BY THE INTER-AMERICAN DEVELOPMENT BANK, WOULD HELP PEOPLE PRIVATIZE OLD STATE ENTERPRISES AT THE GRASS ROOTS -- WITH JOB RETRAINING AND SMALL BUSINESS LOANS. BUT CONGRESS HAS REFUSED TO VOTE A PENNY FOR THE U.S. SHARE.

I'LL KEEP ON FIGHTING FOR THESE VITAL PROGRAMS OF THE ENTERPRISE FOR THE AMERICAS INITIATIVE UNTIL CONGRESS DEMONSTRATES THE VISION AND FORTITUDE TO PROVIDE THE SUPPORT THEY DESERVE. ~~IF~~ IF WE CAN INVEST IN THE TRANSFORMATION OF EASTERN EUROPE AND THE OLD SOVIET UNION -- AND WE MUST DO SO -- THEN WE CAN AND WE MUST INVEST IN THE EFFORTS OF OUR CLOSEST NEIGHBORS ON THEIR PEACEFUL ROAD TO TRUE LIBERATION AND PROSPERITY.

THE UNITED STATES' ECONOMIC DESTINY IS LINKED TO LATIN AMERICA'S. NO ARMY OF PROTECTIONISTS CAN CHANGE THAT. WHEN LATIN AMERICA SUFFERED ITS DEBT CRISIS OF THE EARLY 1980S, WE SUFFERED THROUGH A CORRESPONDING DROP IN TRADE. IF YOU DON'T BELIEVE ME, ASK CATERPILLER WORKERS FROM ILLINOIS, OR EMPLOYEES FROM CESSNA IN KANSAS. ASK THEM IF THEY SUFFERED WHEN OUR BEST CUSTOMERS IN LATIN AMERICA WERE IN CRISIS.


WITH THE RISE OF DEMOCRACY AND ECONOMIC REFORM, U.S. EXPORTS TO LATIN AMERICA HAVE SURGED BY NEARLY ONE-THIRD IN JUST TWO YEARS -- FROM \$49 BILLION IN 1989 TO \$63 BILLION IN 1991. THIS IS A MUCH FASTER RATE OF GROWTH THAN FOR OUR EXPORTS TO ASIA OR EUROPE. IT POINTS TO THE FACT THAT A STABLE, PROSPEROUS LATIN AMERICA IS A NATURAL MARKET FOR UNITED STATES GOODS AND SERVICES. STRENGTHENING OUR NEIGHBORS' ECONOMIES WILL RESULT IN MORE EXPORTS AND MORE GOOD JOBS FOR PEOPLE IN THE UNITED STATES.

WHEN ANY OF US SPEAK WITH OUR FRIENDS OUTSIDE THE WESTERN HEMISPHERE, WE NEED TO ASSURE THEM AS CLEARLY AS POSSIBLE: THERE IS NOTHING EXCLUSIONARY IN OUR VISION OF OPEN TRADE AND ECONOMIC INTEGRATION IN OUR HEMISPHERE. OUR AIM IS SIMPLY TO LOWER BARRIERS TO ECONOMIC FREEDOM WITHIN AND AMONG THE NATIONS OF THE WESTERN HEMISPHERE -- NOT, I REPEAT, NOT -- TO CREATE ANY BARRIERS BETWEEN OURSELVES AND THE NATIONS OF AFRICA, EUROPE AND ASIA. ALL OF OUR AIMS ARE CONSISTENT WITH THE GLOBAL POLICIES OF GATT -- AND I WOULD JUST LIKE TO COMMEND THE SUPERB LEADERSHIP OF ARTHUR DUNKEL, GATT'S DIRECTOR GENERAL, WHO SPOKE TO YOU EARLIER TODAY. AND I WANT TO ASSURE YOU I URGENTLY WANT TO OPEN UP GLOBAL MARKETS THROUGH SUCCESS WITH THE URUGUAY ROUND.



FIVE CENTURIES AGO, A MAN OF COURAGE AND VISION SET SAIL FROM EUROPE SEARCHING FOR NEW TRADE ROUTES AND OPPORTUNITIES. HE DEFIED THE TIMID COUNSEL OF THOSE WHO SAID THE EARTH WAS FLAT. CHRISTOPHER COLUMBUS'S VOYAGE TO THE AMERICAS TRANSFORMED HUMAN HISTORY. COLUMBUS WAS AN ENTREPRENEUR -- AND THE RISK HE TOOK 500 YEARS AGO CONTINUES TO PAY OFF ABUNDANTLY TODAY. \\
\\

TODAY, WE STILL HAVE TO COMBAT THE FLAT-EARTH MENTALITY -- THE MINDSET THAT URGES US TO BARRICADE OUR BORDERS AGAINST COMPETITION, TO SHUT OFF THE FREE EXCHANGE OF FOOD AND MACHINERY AND SKILLS AND IDEAS.

IF THE EQUIVOCATORS AND THE PLEADERS FOR SPECIAL INTERESTS WANT TO DEBATE THIS, BRING THEM ON. \\ I WILL TAKE THE CASE FOR INCREASED TRADE TO THE PEOPLE IN EVERY CORNER OF THE UNITED STATES. AND I'LL MAKE THIS ABUNDANTLY CLEAR: FREE TRADE MEANS MORE EXPORTS, MORE INVESTMENT, MORE CHOICES, MORE JOBS FOR AMERICANS.  THIS GREAT COUNTRY IS THE NUMBER ONE EXPORTER IN THE WORLD -- OVER \$422 BILLION LAST YEAR -- AND WE INTEND TO PURSUE TRADE POLICIES TO KEEP THAT GROWTH UP NOW AND IN THE FUTURE. WE'LL KNOCK DOWN BARRIERS WHEREVER WE FIND THEM -- TO OPEN MARKETS, FOR INSTANCE, FOR OUR COMPUTER SOFTWARE, MOVIES, BOOKS AND PHARMACEUTICALS. WE WILL FIGHT HARD AGAINST PROTECTIONISM BOTH AT HOME AND ABROAD.

BUT THE FUTURE DOESN'T BELONG TO THE STATUS QUO. IT IS THE LEGACY OF PEOPLE LIKE YOURSELVES -- PEOPLE WITH FAR-SIGHTED VISION AND A SPIRIT OF ENTERPRISE. THE FUTURE AWAITING THE AMERICAS IS A TIME OF REDISCOVERY. A TIME FOR EMPOWERING THE POOR THROUGH NEW INVESTMENT, TRADE AND GROWTH. A TIME FOR CULTURAL RENEWAL. OUR EFFORTS -- AND THE EFFORTS OF MILLIONS OF CITIZENS OF THE AMERICAS -- CAN ACHIEVE NEW GAINS FOR HONEST, DEMOCRATIC, LIMITED GOVERNMENT. TOGETHER WE CAN USHER IN A NEW ORDER OF PEACE -- A NEW TIME OF PROSPERITY -- BOTH ANIMATED BY PERSONAL FREEDOM.

THANK YOU, AND MAY GOD BLESS ALL OF YOU.

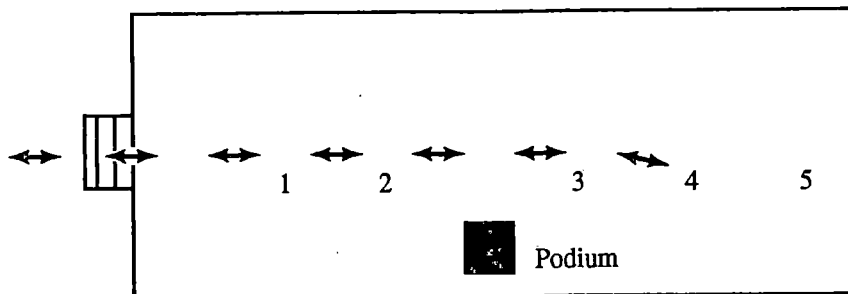
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FORUM OF THE AMERICAS
SHERATON WASHINGTON HOTEL
WASHINGTON, D.C.
THURSDAY, APRIL 23, 1992
8:00 P.M.

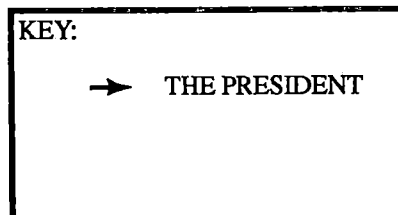
THANK YOU DAVID, AND THANK YOU FOR YOUR VITAL WORK
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WE'VE ENJOYED SO FAR WITH BOTH INITIATIVES. I ALSO
WANT TO PAY MY RESPECTS TO GEORGE LANDAU OF THE
AMERICAS SOCIETY, ANTONIO DEL VALLE OF THE BUSINESS
COUNCIL OF LATIN AMERICA, AND TOM D'AQUINO OF THE
BUSINESS COUNCIL ON NATIONAL ISSUES. I'M GRATEFUL FOR
YOUR LEADERSHIP. \ \

Bob
Simon

TAB C
WASHINGTON, D.C.
Sheraton Washington Hotel
Sheraton Ballroom
Address Council of the Americas
Dais Diagram
Thursday, April 23, 1992



1. Mr. Thomas P. d'Aquino, President
and Chief Executive Officer, Business Council on National Issues
2. Mr. Antonio Del Valle, President, Consejo Empresario de America Latina
3. Mr. George W. Landau, President, Americas Society Council of the Americas
4. THE PRESIDENT
5. Mr. David Rockefeller, Chairman, Americas Society/Council of the Americas



John Deere 309-765-8000
Moline, Ill. John Coombs no

Caterpillar 309-675-1000⁵⁸¹³
~~Keith Butterfield~~ Bill Wayne yes
Peoria

Cessna 316-941-6000
Wichita Dean Humphrey yes

GM-Packard Electric 216-373-2121
11,000 jobs Warren Ohio Rudy Slaske

Belton Dickinson
NJ 201-847-6800
Ron Jaaper no

Duggan/Simon
April 22, 1992
Draft Five
Trade

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS
 SHERATON WASHINGTON HOTEL
 WASHINGTON, D.C.
 THURSDAY, APRIL 23, 1992
 8:00 p.m.

[Acknowledgments]

I can't think of a more important moment than now to convene this Forum on the Americas. Over the last three years, we have seen our world transformed: The Berlin Wall torn down and Germany peacefully unified; the people of eastern Europe and the Soviet Union liberated from communism; and in South Africa an historic vote to reject apartheid. We have seen Arab neighbors negotiating for the first time face-to-face with Israel; and a worldwide coalition, under the banner of the United Nations, stand up, and turn back, Iraqi aggression against Kuwait.

Meanwhile, here in our own hemisphere, we've also made history. The Americas have launched an era of far-reaching and hopeful change. We're well on our way to creating something mankind has never seen: a hemisphere wholly free and democratic, with prosperity flowing from open trade.

From Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more private capital is flowing into the Americas for new investments than is flowing out. In country after country, the hyperinflation that devastated the region's economies, particularly its poor, has been halted. In nearly every nation, real growth has returned. A growing number of nations are taking advantage of the Brady

Plan, an important initiative of my Administration designed to reduce the debt burden of our neighbors and set the stage for the renewal of growth.

Barriers to trade and investment are coming down. Go to the financial centers of the world and you will get the same message: One of the most exciting regions for investment is Latin America.

Alongside this economic revolution, we have witnessed and played a vital role to shape a political revolution every bit as far-reaching and every bit as powerful. Two years after we initiated Operation Just Cause, Panama has replaced the repression of the Noriega era with freedom and democracy. In El Salvador, after 12 years of civil war, our consistent efforts have brought peace. In Nicaragua, we succeeded in our goal of restoring peace and democracy through free elections. Throughout Central America, civilian presidents hold office, and the principle of consent of the governed is now firmly established. And in South America, Chile and Paraguay have rejoined the community of democracies.

This peaceful revolution throughout the Americas did not happen by accident. It is the work of a new generation of courageous and committed democratic leaders with whom we have worked closely in pursuit of common goals. The new spirit was demonstrated in June of last year, when the OAS General Assembly passed a resolution designed to strengthen the international response to threats to democracy.

Consolidating this revolution will not be easy. Millions of people in our hemisphere are still mired in poverty and political alienation. Recent events in Haiti, Venezuela, and Peru remind us that democracy is still fragile and faces continued dangers. In all our nations, powerful special interests cling to old ideas and privileges, promote protectionism, and resist expanded trade.

For the diehards -- those in the hemisphere dictatorship, for the st - I want to make one poi Americans share a faith stand with them. As lon will devote its energies the people of the Wester

keep drug point.
to establish its own legitimate economic viability.

Sharing the democra issue we care about: Democracy's rebirth led Argentina and Brazil to join hands to halt the spread of nuclear arms. Democracy energized Brazil to slow deforestation of the Amazon rainforest. Democracy gave Argentina the will to stop the Condor ballistic missile program financed by Libya and Iraq. Colombia's democracy is leading the fight ~~against the drug trade.~~ And the restored democracy in Panama ^{is moving to establish its importance as a Commercial Corridor} has passed tough new laws to combat ~~money laundering.~~ ^{connecting east and west.}

And make no mistake: Political and economic freedom are inseparable. Just as people will govern them, the

importance as a commercial corridor connecting East & West Trade

economic choices. And when we lift barriers to economic freedom within and among our countries, we unleash powerful forces of growth and creativity.

Before I leave office -- and please be assured, my timeframe is years, not months from now -- I want manufacturers in Pittsburgh to enjoy virtually the same access to markets in Monterrey as they now have in Minneapolis. With new technologies, creators of services in Denver may be able to tap markets in Santiago as readily as those in Chicago. And I'll work to assure that government protection and excessive regulation don't stand in their way. To do this, we'll have to overcome the stunted vision of the special interests. And I am determined that we can and will do exactly that. \\

I've made it a top priority to conclude a free trade agreement designed to remove all tariffs on trade between the United States, Canada and Mexico. This agreement will build on our historic free trade agreement with Canada. The success of the agreement with Canada demonstrates how free trade can benefit all concerned.

We can't achieve this breakthrough by equivocating between the status quo protectionists and the movement for freedom and change. Some suggest that we can hide in a cocoon of protection and pretend still to benefit from the fresh air of competition. Well, you and I know that is simply wrong-headed. Our economic future must not depend on those who pay lip service to free trade -- but full service to powerful special interests. We can't have

it both ways. In our own War for Independence those who took this kind of stand were known as the "Summer Soldiers." They wanted the glory of the revolution without showing the gumption to stand for freedom even in tough times. My stand is clear: Open trade is vital to the United States -- every bit as vital as domestic reforms to renew our systems of education, health care, government and administration of justice. \\

A free trade area comprising the United States, Mexico and Canada would be the largest market in the world -- 360 million consumers in a \$6 trillion economy. Mexico is among the fastest growing national markets for U.S. exports today. Over the last three years alone, American merchandise exports to Mexico have increased by two-thirds. Our exports of autos, auto parts, and

pled. And while I doubt it is ds of all imports t from this tes have increased to Mexico today a, Pennsylvania, ia and Arizona.

Berton Dickinson - NJ
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or GM
3rd most up term is based in Omaha
ASK Union Pacific Railroad if
Expanded trade creates jobs
along their right of way ... YES YES YES
1000 times YES.

Trade with Mexico already supports hundreds of thousands of U.S. jobs --and a North American Free Trade Agreement would create thousands more. It would create competitive efficiencies

Thousands of jobs in Rochester NY or Warren Ohio depend on their sister plants in Mexico to keep their products competitive in the rest of the world. Production sharing means better living by both US & Mexican workers. Truck drivers, Ask any driver - Ask UP in Omaha if expanded trade creates jobs along their right of way ... yes yes 1000 of times yes

and economies of scale that will help American companies compete in world markets.

Free trade with Canada and Mexico will make all of us winners in economic endeavor -- but our relationship goes well beyond trade. We share borders that span the continent. We're linked by centuries-old ties of family and culture. I share a warm friendship with Prime Minister Brian Mulroney, whom I consult frequently. I count President Carlos Salinas also as a dear friend -- he and I have been promoting the "spirit of Houston" ever since our summit meeting just after both of us were elected in 1988. Both President Salinas and Prime Minister Mulroney are bold and imaginative leaders -- and I am committed to working with them to forge enduring friendship among our countries, based on open trade, cooperation and mutual respect.

The North American Free Trade Agreement is only a beginning. Our Enterprise for the Americas Initiative already has made noteworthy progress to open markets, expand investment flows, reduce official debt, and strengthen the environment throughout the hemisphere. *Most of the investment to achieve the results to date has not been tax but private sector investment. Cooperation promotes economic boom not taxes!*

The Enterprise for the Americas Initiative reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our program is designed to empower them to succeed with free market economic reforms they have chosen on their own -- ideas developed in Latin America for Latin Americans... *And ALL Americans*

The courageous Latin American leaders who are reforming their economies and breaking down barriers to trade and investment need our support. They are the true liberators of our era. True success will mean opening up statist systems formerly rigged to protect wealthy elites and closed to working people and the poor. Free market reforms ^{HAVE already proven that banishment of} will banish burdensome regulations ^{Allow} that now prevent the urban poor ^{to} from starting new businesses ^{AND} or campesinos ^{to} from gaining access to credit and title to their land! ^B

Economic reform must also include honest government. ^{Both here and throughout the hemisphere!} Corruption is the enemy of both growth and democracy. New investment will flow only where ^{people feel} [the rule of law is] secure, the courts are fair, and bidding processes are open to all.

To support reformers -- to realize the hopeful new vision in Latin America -- the United States ^{with Lous andrew leadership on} Congress must meet its responsibility. I asked Congress ^{to invest} for \$310 million in this fiscal year under the Enterprise for the Americas Initiative. With that ^{Investment} authority we could [write off more than \$1 billion in the hemisphere's official debts and] ^{billions} generate millions of dollars to preserve the environment, ^{AND EXPAND profitable business in the Region that want to TRADE with each other} But Congress has refused to approve any funds for this purpose, ^{because Congress apparently does not believe in "Returns on Investment"} I Do! The Auto industry does, Electronics does, Environmental engineers ^{Confuse} do, Air Cargo do etc. I've helped persuade our allies in Europe and Japan to contribute nearly two-thirds of a \$1.5 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state enterprises at the grass roots -- with job retraining and small

because Congress apparently does not believe in "Returns on Investment"... I Do! The Auto industry does, the electronics industry does, environmental engineers do, the container industry in ~~Canada~~ the ~~USA~~, Air Cargo does... need I say more?

business loans. But Congress has refused to vote a penny for the U.S. share. *Where will most of the money be spent? In the U.S.!*

I'll keep on fighting for these vital programs of the Enterprise for the Americas Initiative until Congress demonstrates the vision and fortitude to provide the support they deserve. If we can aid the transformation of Eastern Europe and the old Soviet Union -- and we must do so -- then we can and we must help our closest neighbors on their peaceful road to true liberation and prosperity.

The United States' economic destiny is linked to Latin America's. ^{NO Army of American protectionists can change that.} When Latin America suffered its debt crisis of the 1980s, we suffered through a corresponding drop in trade. With ^{the rise of democracy and economic reform,} U.S. exports to Latin America have surged by nearly one-third in just two years -- from \$49 billion in 1989 to \$65 billion in 1991. This is a faster rate of growth than we have seen in any other natural market for U.S. goods. Strengthening our relationship with Latin America is not only in our interest, it is in their interest. It is the only way to create a more vibrant and growing Western Hemisphere. When any of us in the Western Hemisphere, we need a policy that is nothing exclusionary. We need a policy that promotes integration in our hemisphere. Our aim is simply to lower barriers to economic freedom within and among the nations of the Western Hemisphere -- not, I repeat, not -- to create any

INVEST WITH

If you don't believe me, ASK the employees of John Deere in Moline, Ill. in 1983. ASK Caterpillar in Peoria, Cessna in Wichita or Becton Dickinson in New Jersey if they suffered when our best customers in Latin America went in crisis.

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barriers between ourselves and the nations of Africa, Europe and Asia. All of our aims are consistent with the global policies of GATT -- and I would just like to commend the superb leadership of Arthur Dunkel, GATT's Director General, who spoke to you earlier today. And I want to assure you I urgently want to open up global markets through success with the Uruguay Round.

If the equivocators and the pleaders for special interests want to debate this, bring them on. \\ I will take the case for increased trade to the people in every corner of the United States. And I'll make this abundantly clear: Free trade means more exports, more investment, more choices, more jobs for Americans. This great country is the Number One exporter in the world -- over \$422 billion last year -- and we intend to pursue trade policies to keep that growth up now and in the future. We'll knock down barriers wherever we find them -- to open markets, for instance, for our computer software, movies, books and pharmaceuticals. We will fight hard against protectionism both at home and abroad.

Five centuries ago, a man of courage and vision set sail from Europe searching for new trade routes and opportunities. He defied the timid counsel of those who said the earth was flat.

Christopher Columbus's voyage to the Americas transformed human history. *Chris Col was an entrepreneur. He promoted Queen Isabela ... A VENTURE CAPITALIST TO TAKE A RISK. COLUMBUS TOOK A RISK AND THE PAYOFF STILL IS STILL INFINITE.*

Today, we still have to combat the flat-earth mentality -- *that did not have Entrepreneurial spirit,*
 the mindset that urges us to barricade our borders against

competition, to shut off the free exchange of food and machinery and skills and ideas.

But the future doesn't belong to the status quo. It is the legacy of people like yourselves -- people with far-sighted vision and a spirit of enterprise. The future awaiting the Americas is a time of rediscovery. A time for empowering the poor through new investment, trade and growth. A time for cultural renewal. Our efforts -- and the efforts of millions of citizens of the Americas -- can achieve new gains for honest, democratic, limited government. Together we can usher in a new order of peace and prosperity animated by personal freedom.

Thank you, and may God bless all of you.

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Letters to the Editor

A Maquiladora Success Story

As an employer of hundreds of people in the U.S. and Mexico, I believe free trade already has helped our two countries greatly. Expanded trade will be even more beneficial.

Lane Kirkland, president of the AFL-CIO, says American-run businesses in Mexico (*maquiladoras*) already have caused the "shut down" of factories in the U.S., and adds that free trade would make this bad situation worse ("U.S.-Mexico Trade Pact: A Disaster Worthy of Stalin's Worst," *Counterpoint*, op-ed, April 18).

Not at our company. The products we manufacture in Mexico we formerly purchased in Japan and Korea. We started operations in Juarez 17 years ago with 10 employees. At that time we employed 60 people in our St. Louis plant. Today, we employ 130 in Juarez and 600 in Missouri, Tennessee, Arkansas, New York and Illinois. The parts made in Mexico are shipped to our Tennessee plant, where they are then shipped throughout the U.S. and Canada, Western Europe, Australia and Japan. We are now selling to the Japanese what 25 years ago we purchased from them. Far from shutting down operations in the U.S., our Mexican operation has allowed us to expand our U.S. employment 1,000%.

Mr. Kirkland mentions "lack of effective government regulations and enforcement" in Mexico. He is badly misinformed. Mexican environmental law is in some ways more stringent than U.S. law. I consider the Mexican Environmental Protection Agency quite effective in its inspections. Our company has invested heavily in "scrubbing" equipment to comply fully with emission requirements.

Mr. Kirkland complains about poor living conditions of maquiladora employees. Not at our company, nor many others I'm familiar with. Fully 60% of our employees have been with our company 10 years. Now, their sons and daughters are working for us; four of our engineers are sons of original employees. We helped support

their ambition to go to engineering school.

Our employees certainly do not, as Mr. Kirkland says, live "in cardboard hovels with no running water or sanitation facilities" nor do they huddle "together for warmth at night." What they do is send their children to school, buy TVs and refrigerators, and go shopping in El Paso.

Mr. Kirkland complains about the health of maquiladora employees. But Mexican labor law is very strict. Every company is required to give employees complete health care. In addition, a doctor visits our plant three times a week to see anyone who has a health problem. We know that healthy employees make better and happier workers.

Finally, Mr. Kirkland says maquiladora wages in dollar terms are getting lower. In the past, there may have been a period when peso devaluation made this true. But this is not the case today. Moreover, if a large devaluation occurs, the Mexican government requires all employers to increase wages. We, like many other companies, have increased wages so that our employees can enjoy more purchasing power.

FRANKLIN A. JACOBS
Chairman, CEO
Falcon Products Inc.

St. Louis

Local 509International Union of Electronic, Electrical, Technical,
Salaried and Machine Workers, AFL-CIO

1564 Lyell Avenue • Rochester, New York 14606 • (Area Code 716) 254-7614

April 6, 1987

Congresswoman Louise M. Slaughter
311 Federal Building
Rochester, New York 14614

Dear Congresswoman Slaughter:

You received a letter dated March 13, 1987 from Ronald C DiLiddo, Plant Manager of Delco Products Division, General Motors Corporation, Rochester Operations, regarding a recent Executive Order signed by President Reagan on January 2, 1987.

Local 509, IUE, representing 3500 employees at the above-referred-to plant also expresses concern over the removal from the Mexican Generalized System of Preference list (GSP) which will become effective July 1, 1987.

The transfer of the ferrite magnets to the General Motors plant in Neuvo, Laredo, Mexico, has not affected our employment in Rochester and in fact has created new products and additional jobs.

The ferrite magnet is installed in every electric motor manufactured by Delco Products, Rochester Operations. In 1986, our plant, the world's largest manufacturer of fractional horsepower motors, produced 53 million motors, not only for General Motors cars but for Toyota, BMW, LeLand Motors, and other foreign automobile manufacturers.

We do not wish to imply that all is rosy in our business, as we recently lost a bid on an electric wiper system for the Nummi Plant by a German company who bid a \$1.73 per motor cheaper than can be produced in our plant.

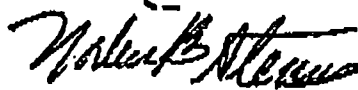
The removal of the magnet from the GSP list would put an additional burden of approximately one million dollars per year on the motors we manufacture, therefore placing us in a less competitive position.

We, as a Labor Organization, do not frequently take management's position in matters of this nature especially when it involves work being produced by foreign workers, but the name of the game is Competition and Jobs for American Workers, especially the members we represent in the Rochester community.

- 2 -
We sincerely hope you will take all these facts into consideration and intervene on our behalf.

We will appreciate any comments you may have regarding this communication.

Very truly yours,



Norbert B. Stevens
President

NBS/caa

THE WHITE HOUSE
WASHINGTON

SCHEDULE OF THE PRESIDENT

FOR

WASHINGTON, D.C.

THURSDAY, APRIL 23, 1992

EVENTS:

VIP Receiving Line
Address Council of Americas Dinner

DRESS:

Men - Business Suit
Women - Day Dress

CONTACT:

Office of Presidential Advance
Ed Murnane - 202/456-7565

Trip Coordinator
Suzanne Faulk - 202/456-7565

ADVANCE:

Dave Anderson - LEAD
Steve Ross - PRESS
Tom Poitras - USSS
Michael Carroll - WHCA
Mike Gould - MIL. AIDE

WEATHER:

Partly Cloudy/mid 70's

SCHEDULE OF THE PRESIDENT

FOR

WASHINGTON, D.C.

THURSDAY, APRIL 23, 1992

7:35 pm

THE PRESIDENT boards Motorcade and departs White House en route Sheraton Washington Hotel.

MOTORCADE ASSIGNMENTS:

Lead

Spare

B. Farish
Doctor

LIMO

THE PRESIDENT

Follow Up

Control

S. Skinner
Gen. Scowcroft
Mil. Aide

Support

M. Fitzwater
M. Lukens
Official Photographer
Medic

WHCA

Staff I

Staff II
(MiniVan)

Press Van I

M. Busch

Press Van II

(Drive Time: 10 Minutes)

7:45 pm THE PRESIDENT arrives Sheraton Washington Hotel and proceeds to eighth floor.

Met by:

Mr. and Mrs. Peter Potrykus (Janice)
Owners Representative, Sheraton Washington Hotel

Mr. John McKennen
Managing Director, Sheraton Washington Hotel

7:48 pm THE PRESIDENT arrives eighth floor and proceeds to Delaware Room.

Met by:

Mr. David Rockefeller
Chairman, Americas Society

EVENT: VIP RECEIVING LINE

CLOSED PRESS

7:50 pm THE PRESIDENT, accompanied by Mr. Rockefeller, arrives Delaware Room and begins participation in VIP Receiving Line.

8:00 pm THE PRESIDENT, accompanied by Mr. Rockefeller, concludes participation in Receiving Line, departs Delaware Room and proceeds to Main Ballroom Off - Stage Announcement Area.

8:02 pm THE PRESIDENT, accompanied by Mr. Rockefeller, arrives Off-Stage Announcement Area and holds briefly.

NOTE: Dais Guests are announced onto Stage prior to THE PRESIDENT.

EVENT: ADDRESS COUNCIL OF AMERICAS DINNER

OPEN PRESS

RUFFLES AND FLOURISHES

OFF-STAGE ANNOUNCEMENT

HAIL TO THE CHIEF

REMARKS

TELEPROMPTER

- 8:05 pm THE PRESIDENT, accompanied by Mr. Rockefeller, is announced onto Stage and proceeds to Seat.
- 8:07 pm THE PRESIDENT is introduced for Remarks by Mr. Rockefeller.
- 8:10 pm THE PRESIDENT Remarks.
- 8:25 pm THE PRESIDENT concludes Remarks, departs Stage and proceeds to Holding Room.
- 8:27 pm THE PRESIDENT arrives Holding Room and holds briefly.
- 8:29 pm THE PRESIDENT departs Holding Room and proceeds to Motorcade.
- 8:30 pm THE PRESIDENT boards Motorcade and departs Sheraton Washington Hotel en route White House.

MOTORCADE ASSIGNMENTS:

Same as on Arrival.

(Drive Time: 10 Minutes)

8:40 pm

THE PRESIDENT arrives White House.

Duggan/Simon
April 22, 1992
Draft Five
Trade

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS
SHERATON WASHINGTON HOTEL
WASHINGTON, D.C.
THURSDAY, APRIL 23, 1992
8:00 p.m.

[Acknowledgments]

I can't think of a more important moment than now to convene this Forum on the Americas. Over the last three years, we have seen our world transformed: The Berlin Wall torn down and Germany peacefully unified; the people of eastern Europe and the Soviet Union liberated from communism; and in South Africa an historic vote to reject apartheid. We have seen Arab neighbors negotiating for the first time face-to-face with Israel; and a worldwide coalition, under the banner of the United Nations, stand up, and turn back, Iraqi aggression against Kuwait.

Meanwhile, here in our own hemisphere, we've also made history. The Americas have launched an era of far-reaching and hopeful change. We're well on our way to creating something mankind has never seen: a hemisphere wholly free and democratic, with prosperity flowing from open trade.

From Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more private capital is flowing into the Americas for new investments than is flowing out. In country after country, the hyperinflation that devastated the region's economies, particularly its poor, has been halted. In nearly every nation, real growth has returned.

A growing number of nations are reducing their commercial debt under the Brady Plan.

Barriers to trade and investment are coming down. Go to the financial centers of the world and you will get the same message: One of the most exciting regions for investment is Latin America.

Alongside this economic revolution, we have witnessed and worked to support a political revolution every bit as far-reaching and every bit as powerful. Two years after Operation Just Cause, Panama has replaced the repression of the Noriega era with freedom and democracy. After 12 years of civil war, El Salvador is at peace. In Central America, civilian presidents hold office in each country, and the principle of consent of the governed is now firmly established. In South America, Chile and Paraguay have rejoined the community of democracies.

This peaceful revolution throughout the Americas did not happen by accident. It is the work of a new generation of courageous and committed democratic leaders with whom we have worked closely in pursuit of common goals. The new spirit was demonstrated in June of last year, when the OAS General Assembly passed a resolution designed to strengthen the international response to threats to democracy.

Consolidating this revolution will not be easy. Millions of people in our hemisphere are still mired in poverty and political alienation. Recent events in Haiti, Venezuela, and Peru remind us that democracy is still fragile and faces continued dangers.

In all our nations, powerful special interests cling to old ideas and privileges, promote protectionism, and resist expanded trade.

For the diehards -- for Castro's totalitarian regime, for those in the hemisphere who would turn the clock back to military dictatorship, for the stubborn holdouts for economic isolation - - I want to make one point clear: Hundreds of millions of Latin Americans share a faith in human freedom and opportunity. And I stand with them. As long as I am President, the United States will devote its energies to the true and lasting liberation of the people of the Western Hemisphere.

Sharing the democratic spirit makes a difference on every issue we care about: Democracy's rebirth led Argentina and Brazil to join hands to halt the spread of nuclear arms. Democracy energized Brazil to slow deforestation of the Amazon rainforest. Democracy gave Argentina the will to stop the Condor ballistic missile program financed by Libya and Iraq. Colombia's democracy is leading the fight against the drug trade. And the restored democracy in Panama has passed tough new laws to combat money laundering.

And make no mistake: Political and economic freedom are inseparable. Just as people have a God-given right to choose who will govern them, they also must be free to make their own economic choices. And when we lift barriers to economic freedom within and among our countries, we unleash powerful forces of growth and creativity.

Before I leave office -- and please be assured, my timeframe is years, not months from now -- I want manufacturers in Pittsburgh to enjoy virtually the same access to markets in Monterrey as they now have in Minneapolis. With new technologies, creators of services in Denver may be able to tap markets in Santiago as readily as those in Chicago. And I'll work to assure that government protection and excessive regulation don't stand in their way. To do this, we'll have to overcome the stunted vision of the special interests. And I am determined that we can and will do exactly that. \\

I've made it a top priority to conclude a free trade agreement designed to remove all tariffs on trade between the United States, Canada and Mexico. This agreement will build on our historic free trade agreement with Canada. The success of the agreement with Canada demonstrates how free trade can benefit all concerned.

We can't achieve this breakthrough by equivocating between the status quo protectionists and the movement for freedom and change. Some suggest that we can hide in a cocoon of protection and pretend still to benefit from the fresh air of competition. Well, you and I know that is simply wrong-headed. Our economic future must not depend on those who pay lip service to free trade -- but full service to powerful special interests. We can't have it both ways. In our own War for Independence those who took this kind of stand were known as the "Summer Soldiers." They wanted the glory of the revolution without showing the gumption

to stand for freedom even in tough times. My stand is clear: Open trade is vital to the United States -- every bit as vital as domestic reforms to renew our systems of education, health care, government and administration of justice. \\

A free trade area comprising the United States, Mexico and Canada would be the largest market in the world -- 360 million consumers in a \$6 trillion economy. Mexico is among the fastest growing national markets for U.S. exports today. Over the last three years alone, American merchandise exports to Mexico have increased by two-thirds. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled. And while members of this audience may be aware of this, I doubt it is widely known in the United States that two-thirds of all imports into Mexico come from the United States.

It's not just the border states that profit from this growth. During my presidency, 45 of our 50 states have increased their exports to Mexico. Our top 10 exporters to Mexico today include Michigan, Illinois, New York, Louisiana, Pennsylvania, Florida and Ohio -- as well as Texas, California and Arizona.

Trade with Mexico already supports hundreds of thousands of U.S. jobs --and a North American Free Trade Agreement would create thousands more. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Canada and Mexico will make all of us winners in economic endeavor -- but our relationship goes well

beyond trade. We share borders that span the continent. We're linked by centuries-old ties of family and culture. I share a warm friendship with Prime Minister Brian Mulroney, whom I consult frequently. I count President Carlos Salinas also as a dear friend -- he and I have been promoting the "spirit of Houston" ever since our summit meeting just after both of us were elected in 1988. Both President Salinas and Prime Minister Mulroney are bold and imaginative leaders -- and I am committed to working with them to forge enduring friendship among our countries, based on open trade, cooperation and mutual respect.

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The courageous Latin American leaders who are reforming their economies and breaking down barriers to trade and investment need our support. They are the true liberators of our era. True success will mean opening up statist systems formerly rigged to protect wealthy elites and closed to working people and

the poor. Free market reforms will banish burdensome regulations that now prevent the urban poor from starting new businesses or campesinos from gaining access to credit and title to their land.

Economic reform must also include honest government. Corruption is the enemy of both growth and democracy. New investment will flow only where the rule of law is secure, the courts are fair, and bidding processes are open to all.

To support reformers -- to realize the hopeful new vision in Latin America -- the United States Congress must meet its responsibility. I asked Congress for \$310 million in this fiscal year under the Enterprise for the Americas Initiative. With that authority we could write off more than \$1 billion in the hemisphere's official debts and generate millions of dollars to preserve the environment. But Congress has refused to approve any funds for this purpose.

I've helped persuade our allies in Europe and Japan to contribute nearly two-thirds of a \$1.5 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state enterprises at the grass roots -- with job retraining and small business loans. But Congress has refused to vote a penny for the U.S. share.

I'll keep on fighting for these vital programs of the Enterprise for the Americas Initiative until Congress demonstrates the vision and fortitude to provide the support they deserve. If we can aid the transformation of Eastern Europe and

the old Soviet Union -- and we must do so -- then we can and we must help our closest neighbors on their peaceful road to true liberation and prosperity.

The United States' economic destiny is linked to Latin America's. When Latin America suffered its debt crisis of the 1980s, we suffered through a corresponding drop in trade. With the rise of democracy and economic reform, U.S. exports to Latin America have surged by nearly one-third in just two years -- from \$49 billion in 1989 to \$63 billion in 1991. This is a much faster rate of growth than for our exports to Asia or Europe. It points to the fact that a stable, prosperous Latin America is a natural market for United States goods and services. Strengthening our neighbors' economies will result in more exports and more good jobs for people in the United States.

When any of us speak with our friends outside the Western Hemisphere, we need to assure them as clearly as possible: There is nothing exclusionary in our vision of open trade and economic integration in our hemisphere. Our aim is simply to lower barriers to economic freedom within and among the nations of the Western Hemisphere -- not, I repeat, not -- to create any barriers between ourselves and the nations of Africa, Europe and Asia. All of our aims are consistent with the global policies of GATT -- and I would just like to commend the superb leadership of Arthur Dunkel, GATT's Director General, who spoke to you earlier today. And I want to assure you I urgently want to open up global markets through success with the Uruguay Round.

If the equivocators and the pleaders for special interests want to debate this, bring them on. \\ I will take the case for increased trade to the people in every corner of the United States. And I'll make this abundantly clear: Free trade means more exports, more investment, more choices, more jobs for Americans. This great country is the Number One exporter in the world -- over \$422 billion last year -- and we intend to pursue trade policies to keep that growth up now and in the future. We'll knock down barriers wherever we find them -- to open markets, for instance, for our computer software, movies, books and pharmaceuticals. We will fight hard against protectionism both at home and abroad.

Five centuries ago, a man of courage and vision set sail from Europe searching for new trade routes and opportunities. He defied the timid counsel of those who said the earth was flat. Christopher Columbus's voyage to the Americas transformed human history.

Today, we still have to combat the flat-earth mentality -- the mindset that urges us to barricade our borders against competition, to shut off the free exchange of food and machinery and skills and ideas.

But the future doesn't belong to the status quo. It is the legacy of people like yourselves -- people with far-sighted vision and a spirit of enterprise. The future awaiting the Americas is a time of rediscovery. A time for empowering the poor through new investment, trade and growth. A time for

cultural renewal. Our efforts -- and the efforts of millions of citizens of the Americas -- can achieve new gains for honest, democratic, limited government. Together we can usher in a new order of peace and prosperity animated by personal freedom.

Thank you, and may God bless all of you.

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Duggan/Simon
April 21, 1992
Draft Four
Trade

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS
SHERATON WASHINGTON HOTEL
WASHINGTON, D.C.
THURSDAY, APRIL 23, 1992
8:00 p.m.

[Acknowledgments]

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Meanwhile, here in our own hemisphere, we've also made history. The Americas have launched an era of far-reaching and hopeful change. And it's clear that we now have it in our power to create something mankind has never seen: a hemisphere wholly free and democratic, with prosperity flowing from open trade.

From Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more private capital is flowing into the Americas for new investments than is flowing out. In country after country, the hyperinflation that devastated the region's economies, particularly its poor, has been halted. In nearly every nation, real growth has returned.

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We can't achieve this breakthrough by equivocating between the status quo protectionists and the movement for freedom and change. Some suggest that we can hide in a cocoon of protection and still benefit from the fresh air of competition. Well, you and I know that is simply not possible. We can't have it both ways. I will fight to tear down economic barriers with Mexico and throughout the hemisphere -- and I'll fight any special interest that tries to stand in our way. \\ Open trade is every bit as vital as the domestic reforms I am promoting to renew the

United States systems of education, health care, government and administration of justice. \\

A free trade area comprising the United States, Mexico and Canada would be the largest market in the world -- 360 million consumers in a \$6 trillion economy. Mexico is among the fastest growing national markets for U.S. exports today. Over the last three years alone, American merchandise exports to Mexico have increased ~~from~~ by two-thirds. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled. And while members of this audience may be aware of this, I doubt it is widely known in the United States that two-thirds of all imports into Mexico come from the United States.

It's not just the border states that profit from this growth. During my presidency, 45 of our 50 states have increased their exports to Mexico. Our top 10 exporters to Mexico today include Michigan, Illinois, New York, Louisiana, Pennsylvania, Florida and Ohio -- as well as Texas, California and Arizona.

A North American Free Trade Agreement would create hundreds of thousands of export-related jobs in the United States. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Canada and Mexico will make all of us winners in economic endeavor -- but our relationship goes well beyond trade. We share borders that span the continent. We're linked by centuries-old ties of family and culture. I share a warm friendship with Prime Minister Brian Mulroney, whom I

consult frequently. And I count President Carlos Salinas also as a dear friend -- he and I have been promoting the "spirit of Houston" ever since our first summit meeting just ^{before our} ~~following his~~ inauguration in December 1988. Both these men are bold and imaginative leaders -- and I am committed to working with them to forge enduring friendship between our countries, based on open trade, cooperation and mutual respect.

The North American Free Trade Agreement is only a beginning. Our Enterprise for the Americas Initiative already has made noteworthy progress to open markets, expand investment flows, reduce official debt, and strengthen the environment throughout the hemisphere.

The Enterprise for the Americas Initiative reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our program is designed to empower them to succeed with free market economic reforms they have chosen on their own -- ideas developed in Latin America for Latin Americans.

The courageous Latin American leaders who are reforming their economies and breaking down barriers to trade and investment need our support. They are the true liberators of our era. True success will mean opening up statist systems formerly rigged to protect wealthy elites and closed to working people and the poor. Free market reforms will banish burdensome regulations that now prevent the urban poor from starting new businesses or campesinos from gaining access to credit and title to their land.

Economic reform must also include honest government. Corruption is the enemy of both growth and democracy. New investment will flow only where the rule of law is secure, the courts are fair, and bidding processes are open to all.

To support reformers -- to realize the hopeful new vision in Latin America -- the United States Congress must meet its responsibility. I asked Congress for \$310 million in this fiscal year under the Enterprise for the Americas Initiative. With that authority we could write off more than \$1 billion in the hemisphere's official debts and generate millions of dollars to preserve the environment. But Congress has refused to approve any funds for this purpose.

I've helped persuade our allies in Europe and Japan to contribute nearly two-thirds of a \$1.5 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state enterprises at the grass roots -- with job retraining and small business loans. But Congress has refused to vote a penny for the U.S. share.

I'll keep on fighting for these vital programs of the Enterprise for the Americas Initiative until Congress demonstrates the vision and fortitude to provide the support they deserve. If we can aid the transformation of Eastern Europe and the old Soviet Union -- and we must do so -- then we can and we must help our closest neighbors on their peaceful road to true liberation and prosperity.

The United States' economic destiny is linked to Latin America's. When Latin America suffered its debt crisis of the 1980s, we suffered through a corresponding drop in trade. With the rise of democracy and economic reform, U.S. exports to Latin America have surged by nearly one-third in just two years -- from \$49 billion in 1989 to \$63 billion in 1991. This is a much faster rate of growth than for our exports to Asia or Europe. It points to the vital fact that a healthy, stable, prosperous Latin America is a natural market for United States goods and services. Strengthening our neighbors' economies will result in the benefit of more exports and more good jobs for people in the United States.

When any of us speak with our friends outside the Western Hemisphere, we need to assure them as clearly as possible: There is nothing exclusionary in our vision of open trade and economic integration in our hemisphere. Our aim is simply to lower barriers to economic freedom within and among the nations of the Western Hemisphere -- not, I repeat, not -- to create any barriers between ourselves and the nations of Africa, Europe and Asia. All of our aims are consistent with the global policies of GATT -- indeed, we urgently want to open up global markets through the current Uruguay Round of the GATT talks.

If the equivocators and the pleaders for special interests want to debate this, bring them on. \\ I will take the case for increased trade to the people in every corner of the United States. And I'll make this abundantly clear: Free trade

multiplies choices for consumers. It lowers real prices and increases quality. And it creates and enhances jobs. Every billion dollars in U.S. exports supports 20,000 jobs in the United States.

Five centuries ago, a man of courage and vision set out from Europe searching for new trade routes and opportunities. He defied the timid counsel of those who said the earth was flat. Christopher Columbus's voyage to the Americas transformed human history.

Today, we still have to combat the flat-earth mentality -- the mindset that urges us to barricade our borders against competition, to shut off the free exchange of food and machinery and skills and ideas.

But the future doesn't belong to the status quo. It is the legacy of people like yourselves -- people with far-sighted vision and a spirit of enterprise. The future awaiting the Americas is a time of rediscovery. A time for empowering the poor through new investment, trade and growth. A time for cultural renewal. Our efforts -- and the efforts of millions of citizens of the Americas -- can achieve new gains for honest, democratic, limited government. Together we can usher in a new order of peace and prosperity animated by personal freedom.

Thank you, and may God bless all of you.

#

Duggan/Simon
April 20, 1992
Draft Two
Trade

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS
WASHINGTON SHERATON HOTEL
WASHINGTON, D.C.
THURSDAY, APRIL 23, 1992
[TIME] 8:00 p.m.

[Acknowledgments]

I can't think of a more important moment than now to convene this Forum on the Americas. Over the last three years, we have seen our world transformed: The Berlin Wall torn down and Germany peacefully unified; the people of eastern Europe and the Soviet Union liberated from communism, and the Baltic nations freed; in South Africa an historic vote to ~~end~~ ^{move away from} apartheid. We have seen frontline Arab states, negotiating for the first time face-to-face with Israel; and a worldwide coalition, under the banner of the United Nations, stand up, and turn back, Iraqi aggression against Kuwait.

These revolutionary changes fill me with hope for the future. Yet, nowhere in my three years as President have I witnessed more dramatic, far-reaching, or more hopeful change than here in our own hemisphere.

Here in the Americas, we have it in our power to create something mankind has never seen: a hemisphere wholly free and democratic, with prosperity flowing from open trade.

From Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more capital is flowing into the Americas for new investments than is flowing out as flight capital. In country after country, the hyperinflation

*State Dept.
Draft
#2*

that devastated the region's economies, particularly its poor, has been halted. In nearly every nation, real growth has returned. Barriers to trade and investment are coming down. Go to the financial centers of the world and they will give you the same message: The most exciting region for growth and investment is Latin America.

*WSC
insert to
State
draft 2*

Alongside this economic revolution, we have witnessed a political revolution, every bit as far-reaching and every bit as powerful. Two years after Operation Just Cause, Panama has replaced the repression of the Noriega era with freedom and democracy. After 12 years of civil war, El Salvador is at peace. In Central America, civilian presidents hold office in each country, and the principle of consent of the governed is now firmly established. In South America, Chile and Paraguay have rejoined the community of democracies.

This peaceful revolution throughout the Americas did not happen by accident. It is the work of a new generation of democratic leaders of courage, commitment, and will.

Consolidating this revolution will not be easy. Millions of people in our hemisphere still are mired in poverty and political alienation. Recent events in Haiti, Venezuela, and Peru remind us that democracy is still fragile and faces continued dangers. In all our nations, powerful special interests cling to old ideas and privileges, defend protectionism, and resist expanded trade.

For the diehards -- for Castro's totalitarian regime, for those in the hemisphere who would turn the clock back to military

dictatorship, for the stubborn holdouts for economic isolation -
 - I want to make one point clear: Hundreds of millions of Latin Americans share a faith in human freedom and opportunity. And I stand with them. As long as I am President, the United States will devote its energies to the true and lasting liberation of the people of the Western Hemisphere.

Sharing the democratic spirit makes a difference on every issue we care about: The new birth of democracy led Brazil and Argentina to join hands to halt the spread of nuclear arms. Democracy energized Brazil to slow deforestation of the Amazon rainforest. Democracy gave Argentina the will to stop the Condor ballistic missile program financed by Libya and Iraq. Colombia's democracy is leading the fight against the drug trade. And the restored democracy in Panama has passed tough new laws to combat money laundering.

And make no mistake: Political and economic freedom are inseparable. Just as people have a God-given right to choose who will govern them, they also must be free to make their own economic choices. And when we lift barriers to economic freedom within and among our countries, we unleash powerful forces of growth and creativity.

Before I leave office -- and please be assured, my timeframe is years, not months from now -- I want manufacturers in Pittsburgh to enjoy virtually the same access to markets in Monterrey as they now have in Minneapolis. With new technologies, creators of services in Denver may be able to tap

State
 Dept.
 draft 2

markets in Santiago as readily as those in Chicago. And I'll work to assure that government protection and excessive regulation don't stand in their way. To do this, we'll have to overcome the stunted vision of the special interests. And I am determined that we can and will do exactly that. \\

I've made it a top priority to conclude a free trade agreement opening Mexico's markets to Canada and the United States. We can't achieve this breakthrough by equivocating between the status quo protectionists and the movement for freedom and change. Some suggest that we can hide in a cocoon of protection and still benefit from the fresh air of competition. Well, you and I know that is simply not possible. We can't have it both ways. I will fight to tear down economic barriers with Mexico and throughout the hemisphere -- and I'll fight any special interest that tries to stand in our way. \\

*David
Maltus
USTR*

A common market of the United States, Mexico and Canada would be the largest in the world -- 360 million consumers in a \$6 trillion economy. Mexico is ^{among} the fastest growing national market for U.S. exports today. Over the last five years, since Mexico began opening its markets and joined the GATT organization, American merchandise exports to Mexico have increased from \$12.4 billion to ~~\$31.3~~^{33.3} billion. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled; our exports of corn have tripled.

It's not just the border states that profit from this growth. During my presidency, 45 of our 50 states have increased

their exports to Mexico. Our top 10 exporters to Mexico today include Michigan, Illinois, New York, Louisiana, Pennsylvania and Florida -- as well as Texas, California and Arizona.

A NAFTA would create over ~~360,000~~ ^{130,000 hundreds of thousands} American jobs. It could increase our trade with Mexico by ~~\$10~~ ^{\$44.5} billions. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Institute for Int'l. Economics

Jeff Schott
328-0583

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade.

World Almanac
1992

We share a border two thousand miles long. We're linked by centuries-old ties of family and culture. I share a warm friendship with President Carlos Salinas -- as close a relationship as I enjoy with any other foreign leader. President Salinas is a bold and imaginative leader -- and I am committed to working with him to forge an enduring friendship between our countries, based on open trade, cooperation and mutual respect.

The North American Free Trade Agreement is only a beginning. Our Enterprise for the Americas Initiative aims to open markets, expand investment flows, reduce official debt, and strengthen the environment throughout the hemisphere. During just the past year, EAI has brought about three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. EAI reflects a revolution in thinking. Through EAI, the United States is not seeking to impose our ideas on our neighbors. Rather, our program is designed to empower our neighbors to succeed with reforms they have chosen to undertake.

The courageous Latin American leaders who are reforming their economies and breaking down barriers to trade need and deserve our support. They are the true liberators of our era. Their success will mean opening up statist systems formerly rigged to protect wealthy elites and closed to working people and the poor. Free market reforms will banish burdensome regulations that now prevent the urban poor from starting new businesses or campesinos from gaining access to credit and title to their land.

Economic reform must also include honest government. Corruption is the enemy of both growth and democracy. New investment will flow only where the rule of law is secure, the courts are fair, and bidding processes are ^{open to all.} transparent.

To support reformers -- to realize the hopeful new vision in Latin America -- the United States Congress must meet its responsibility. I asked Congress for \$310 million in this fiscal year under the Enterprise for the Americas Initiative. With that authority we could write off more than \$1 billion in the hemisphere's debts and provide millions of dollars to preserve the environment. Congress did not provide a penny.

I've helped persuade our allies in Europe and Japan to contribute nearly two-thirds of a \$1.3 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state enterprises at the grass roots -- with job retraining and small business loans. But Congress would not vote a penny for the U.S. share.

I'll keep on fighting for these vital programs of the Enterprise for the Americas Initiative until I get a Congress with the vision and fortitude to provide the support they deserve. If we can aid the transformation of Eastern Europe and the old Soviet Union -- and we must do so -- then we can and we must help our closest neighbors on their peaceful road to true liberation and prosperity.

When any of us speak with our friends outside the Western Hemisphere, we need to assure them as clearly as possible: There is nothing exclusionary in our vision of open trade and economic integration in our hemisphere. Our aim is simply to lower barriers to economic freedom within and among the nations of the Western Hemisphere -- not, I repeat, not -- to create any barriers between ourselves and the nations of Africa, Europe and Asia. All of our aims are consistent with the global policies of GATT -- indeed, we urgently want to open up global markets through the current Uruguay Round of the GATT talks.

If the equivocators and the pleaders for special interests want to debate this, bring them on. \\ I will take the case for increased trade to the people in every corner of the United States. And I'll make this abundantly clear: Free trade multiplies choices for consumers. It lowers real prices and increases quality. And it creates and enhances jobs. Every billion dollars in U.S. exports supports more than 20,000 jobs in the United States.

Five centuries ago, a man of courage and vision set out from Europe searching for new trade routes and opportunities. He defied the timid counsel of those who said the earth was flat. Christopher Columbus's voyage to the Americas transformed human history.

Today, we still have to combat the flat-earth mentality -- the mindset that urges us to barricade our borders against competition, to shut off the free exchange of food and machinery and skills and ideas.

But the future doesn't belong to the status quo. It is the legacy of people like yourselves -- people with far-sighted vision and a spirit of enterprise. The future awaiting the Americas is a time of rediscovery. A time for empowering the poor through new investment, trade and growth. A time for cultural renewal. Our efforts -- and the efforts of millions of citizens of the Americas -- can achieve new gains for honest and limited government. Together we can usher in a new order of peace and prosperity animated by personal freedom.

Thank you, and may God bless all of you.

#

3 years - Mexico

Exports

two-thirds
~~20%~~ of all Mexican

imports are from U.S.

\$ 20.6 B
\$ 33.3 B

in '88
in '91

61% ↑

Commerce Dept. 377-4464
Mexico Dept

Bob Howard P.1 0M3 4657



DEPARTMENT OF THE TREASURY

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395-1178
FAX Number
(Verify)

FROM: George A. Folsom *GA*
(Name) DO: IA: ID
(Office Symbol) 566-8243
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PAGE 1 OF 10 PAGE(s) 9

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REMARKS/SUBJECT

Suggest 1 paragraph on specific acceptance of EAI since last annual Council of the Americas in Washington meeting: four Investment Sector Loans; three debt agreements; environmental agreement; framework agreements with thirty-one countries.

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*I've asked Blum to follow up
Mon. I'll be back Tues*

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Revised April 16

3:30 p.m.

FORUM OF THE AMERICAS

April 23, 1992

I can't think of a more important moment than now to convene this Forum on the Americas.

Over the last three years, we have seen our world transformed: the Berlin Wall torn down and Germany peacefully re-unified; the people of eastern Europe and the Soviet Union liberated from communism, and the Baltic nations freed; ^{and} in South Africa an historic vote to end apartheid. We have seen frontline Arab states, negotiating for the first time face-to-face with Israel; and a worldwide coalition, under the banner of the United Nations, stand up, and turn back, Iraqi aggression against Kuwait.

These revolutionary changes fill me with hope for the future. Yet, nowhere in my three years as President have I witnessed more dramatic, far-reaching, or more hopeful change than here in ^{OUR OWN} [this] hemisphere.

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~~[Today, here]~~^I in the Americas, we have it in our power to create something mankind has never seen: a hemisphere where democracy is the only legitimate form of government, and trade is free and prosperity shared from Alaska to Argentina.

~~[Today]~~ from Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more capital is flowing into the Americas for new investments than is flowing out ~~[to pay old debts]~~^{As flight capital}. In country after country, hyperinflation that devastated the region's economies has been ~~[halted]~~^{halted}. In nearly every nation, real growth has returned. Already, Mexico, Costa Rica, Venezuela, Uruguay, and Argentina, ~~have reduced~~^{reached agreement to} their commercial debt burdens under the Brady Plan, and more are on the way. From Mercosur in the southern cone to the Andean Pact, from Caricom to Central America, from Mexico to the United States and to Canada, the nations of the Americas are dismantling the barriers to trade and investment. Go to the financial centers of the world and they will ~~[tell]~~^{give} you the same message, ~~[the]~~^{today's} most exciting region for growth and investment is Latin America.

Alongside this economic revolution, we have witnessed a political revolution, every bit as far-reaching and every bit as powerful. Consider this: if we had held this conference just three years ago, we could not have welcomed a democratic Chile, a democratic Paraguay, a democratic Panama, a democratic Nicaragua, or an El Salvador at peace.

3

And

This economic and political revolution did not happen by accident. It is the work of a new generation of democratic leaders of courage, commitment, and will.

Now we face a new challenge, a clear challenge:

~~[The challenge we face is clear:]~~ to accelerate the momentum ^{and investment} towards free markets and open trade; to consolidate and fortify democracy so that its roots are permanent and deep; and to build a new inter-American partnership that will secure the freedom and expand the prosperity of all our citizens.

A difficult challenge? YES.

~~[That will not be easy.]~~ For we confront a revolution of rising expectations from millions of citizens in the Americas who remain mired in abject poverty. Recent events in Haiti, Venezuela, and now Peru remind us that democracy remains fragile and faces continued dangers and assaults. The intellectual debate has been won in the Americas. No serious leader defends closed statist economies. Still, in all of our nations, powerful, entrenched special interests cling to old ideas and privileges, defend protectionism, and resist expanded trade. *get exact number.*

To build a more hopeful future in our hemisphere, each of us must meet his responsibilities. I intend to meet mine. I believe deeply that the coming decade can be the most hopeful in the history of our hemisphere. ^{But} It will not be if the United States repeats its historic mistakes towards the Americas, disengages, or is distracted elsewhere, at a moment of maximum opportunity

4

and need. I know from my conversations with leaders in the hemisphere that there are fears the United States ^{is} [its] turning inward and will neglect the Americas. ~~[let me put it plainly:]~~
To that I answer this way:
not while I am President.

We live in an interdependent world and a global economy. Here in the Americas, we will either participate together in growing trade, ~~and~~ rising incomes and increased prosperity for all our citizens, or we will pay the price together in instability, economic stagnation, more cocaine trafficking, and increased refugee flows.

That is why the United States, working with our partners in the OAS, will continue to defend democracy wherever it is at risk-- whether in Haiti, Venezuela, or Peru. We will defend democracy because we believe in freedom and because we know that only democracies will join with the United States as full partners to confront the global challenges of the post cold war world.

It was democratic Brazil and Argentina who joined together to stop the spread of nuclear weapons proliferation in the Southern Cone. It was democratic Argentina that suspended the Condor ballistic missile program financed secretly by Libya and Iraq. It was democratic Brazil that slowed deforestation of the rainforest in the Amazon. Democratic Colombia and Bolivia are leading the fight against the narco-trafficking cartels. And

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democratic Panama passed tough, new laws to combat money laundering. *We recognize we must remain vigilant in the fight against ~~drug~~ narcotics.*

#X 65 11-11-92
OK

To those who say we must compete successfully with Europe and Japan, I say look to the South. The fastest growing regional market for U.S. exports in the world today is Latin America. In this hemisphere, the United States commands a 57 percent market share ^{of industrial nations exports}. In the last two years alone, as Latin America and the Caribbean have begun to recover, ^{we've} increased our exports to the region by 29 percent. ^{At this rate} By the year 2000, just 8 years from now, this ^{could} ~~can~~ be a \$100 billion export market for the United States - supporting 2 million jobs for Americans. (NB: *we need figures on the benefits of free trade for the Latins so it doesn't look so 1st-world*) That is why I will continue to negotiate and fight to ratify a North American Free Trade Agreement joining Mexico, Canada, and the United States. This agreement will create the largest free market in the world -- 360 million consumers in a \$6 trillion economy. It will bring down the economic barriers between our first and third largest partners in trade.

To those old thinkers who still question whether this is good for the U.S. economy, consider ^{this}: In the last five years our exports to Mexico have increased a staggering 95 percent. Mexico is the fastest growing national market for U.S. exports today. Our exports of autos, auto parts, and telecommunications equipment to

be careful. This surplus is due to U.S. TRADE RESTRICTIONS!

Mexico have doubled; our exports of corn have trippled, [and we have a surplus in steel, textiles, and apparel.]

Some think only our states along the Mexican border benefit from this growth. In fact, 45 of the 50 states, and the District of Columbia, have increased their exports of U.S. products to Mexico, during my Presidency. Our top ten exporters to Mexico today include Michigan, Illinois, New York, Louisiana, Pennsylvania, Florida, and Ohio along with California, Texas, and Arizona.

The North American ~~F~~ ~~T~~ ~~A~~ Free Trade Agreement is only a beginning. I want to see free trade spread throughout this hemisphere. That competition is good for America, and that free trade--new growth--and economic dynamism rippling throughout the Americas will mean rising incomes and a better life for all our hemispheric citizens.

To realize this hopeful new vision, Congress must also meet its responsibility.

Last year

\$310

~~Three~~ weeks ago, I asked Congress for ~~\$276~~ million in authority under the Enterprise for the Americas Initiative ^{for FY'92}. With that authority we could ~~see~~ ^{more than} write off \$1 billion in the hemisphere's debts and ^{generate} ~~create~~ ^{in thousands of dollars help} \$100 million to preserve the environment.

Congress did not provide a penny. We hear many lectures from the

7

Congress about convincing our allies to share our burdens. Through the Enterprise for the Americas Initiative, we did just that. ^{at an} ^{expense} Japan committed \$500 million to ^{the} a new \$1.5 billion fund in the Inter-American Development Bank. It would help retrain workers in privatized state enterprises and offer loans to microentrepreneurs. European ^{Canadian} and Latin American nations also committed ^{at least 300} ~~nearly \$500~~ million. But Congress would not vote a penny for the U.S. share. I understand some fear that supporting foreign initiatives in this political season may not be popular.

~~I say:~~ it is time to tell our citizens the truth. Growth and prosperity in this hemisphere mean growth and prosperity in the United States. *↳ Latin America and the Caribbean*

I call on Congress to reverse these shortsighted decisions in the next appropriations bill. *for FY93.*

If it succeeds, the economic revolution sweeping the Americas will liberate the region's citizens from poverty and despair. But there is a counter-revolution underway and this battle is not yet won. Guardians of privilege, the defenders of the status quo, will not give up their closed and cozy economic arrangements without a fight. All of us, North and South, must support continued economic reform against the forces of reaction. The best weapon we have in this battle is to tell the truth.

The populists and demagogues say they are defending the poor. The truth is--and we need to proclaim it North and South: No one paid a bigger price for the closed statist model of economic development in Latin America than ordinary citizens. Those systems were closed to working people and the poor. They were open only to the political influence of the privileged and powerful. In statist systems, only the protected elites got wealthy; the poor were devastated by uncontrolled inflation while they paid inflated prices for products protected from competition.

Real economic reform must mean upward mobility to all those left out and shut out of the formal economy. The licenses and regulations that prevent slum dwellers and taxi drivers from starting a new business or campesinos from gaining access to credit and title to their land, must be swept away. The energies, hard work, and imagination of the region's entrepreneurs, small merchants, shopkeepers, and farmers must be liberated and released. For reform will be supported and democracy will endure only if the future offers a better life and rising income for the countless millions living in squalor and malnutrition in shanty towns and barrios and in the impoverished countryside.

Economic reform must also include honest government. Corruption is the enemy of both growth and democracy. New investment will

9

flow only where the rule of law is secure, the courts are fair, and bidding processes are transparent. Here again, the answer is to dismantle the layers of protection and state regulation, for they are the breeding grounds of corruption and political influence in the economy.

Five centuries ago, a sailor set out from Europe searching for a new world. His voyage to the Americas transformed human history. Today, the world is rediscovering the Americas and finding them a fertile ground for new investment, growth, and trade and for democracy. If all of us, in the coming years, North and South, rise to the challenges before us, we can look back and say this was the era when the Americas finally came into its own. This was the time when democracy was planted in the Americas forever. This was the time when all the nations of the hemisphere joined together in freer trade, renewed growth, and rising incomes for all our citizens. That is my vision for our hemisphere. I believe that here in the Americas, through forums such as this, that vision is becoming a reality.

Thank you.

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Merchandise exports

in 1986 figure was 31.3 billion

exports today. ⁶ Our exports of autos, auto parts, and ^{\$12.4 billion} telecommunications equipment to Mexico have doubled; our exports of corn have tripled, and we have a surplus in steel, textiles, and apparel.

Some think only our states along the Mexican border benefit from this growth. In fact, 45 of the 50 states, and the District of

received their exports of U.S. goods to Mexico,

Our top ten exporters to Mexico today are Illinois, New York, Louisiana, Pennsylvania, Michigan, along with California, Texas, and Arizona.

The trade agreement is only a beginning. It will spread throughout this hemisphere. That is the goal for America, and that free trade--new growth--is rippling throughout the Americas will mean

rising incomes and a better life for all our hemispheric citizens.

A successful conclusion of the Uruguay Round of multilateral negotiations would facilitate hemisphere trade liberalization. To realize this hopeful new vision, Congress must also meet its responsibility.

I will continue to push for this result.

I asked Congress for \$310 million in authority this fiscal year under the Enterprise for the Americas Initiative. With that authority we could write off \$1 billion in the hemisphere's debts and create \$100 million to preserve the environment. Congress

*Cristina
Some changes in
"Forum" speech
from USTR. See
attachments. Call
me if there is a problem
Bob Malley*

Today, here in the Americas, we have it in our power to create something mankind has never seen: a hemisphere where democracy is the only legitimate form of government, and trade is free and prosperity shared from Alaska to Argentina.

Today, from Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more private capital is flowing into the Americas for new investments than is flowing out. In country after country, hyperinflation that devastated the region's economies has been halted. In nearly every nation, real growth has returned. Already, Mexico, Costa Rica, Venezuela, and Uruguay have reduced their commercial debt burdens under the Brady Plan, Argentina is close, and more are on the way. From Mercosur in the southern cone to ^{Central America and} the Andean Pact, ~~from Caricom to Central America~~, from Mexico to the United States and to Canada, the nations of the Americas are dismantling the barriers to trade and investment. Go to the financial centers of the world and they will tell you the same message, the most exciting region for growth and investment is Latin America.

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FACT SHEET

ENTERPRISE FOR THE AMERICAS (EAI)

March 3, 1992

OBJECTIVE: To strengthen Latin American and Caribbean economies through trade, investment, and reduction of official debt to the United States.

TRADE

- **Framework Agreements on Trade and Investment** -- 16 agreements signed covering 31 countries: Colombia, Ecuador, Chile, Honduras, Costa Rica, Venezuela, El Salvador, Peru, Panama, Guatemala, Nicaragua, Dominican Republic, the South American Quadripartite Common Market (MERCOSUR) -- Argentina, Brazil, Uruguay, Paraguay -- and CARICOM (thirteen English-speaking nations) -- Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts-Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad & Tobago. Mexico and Bolivia signed before EAI announced.
- **Free Trade Agreements (FTAs):** Trilateral FTA with Mexico & Canada (NAFTA - North American Free Trade Agreement) under negotiation, covering total market of 365 million people, over \$6 trillion output. NAFTA agreement would serve as model for other such agreements in the hemisphere. No decision has been made about future candidates for a free trade agreement; however, the Administration has stated publicly that if there were another candidate before the June 1, 1993 expiration of "fast track" authority, the only likely one would be Chile.
- **Hemispheric Market (1990):**

	TOTAL	U.S.	Canada	Mexico	Other LA/Caribbean
Population (M)	712	250	27	88	347
GDP (B)	\$7,051	\$5,517	\$591	\$238	\$705

SUMMARY

Mexico	20,000,000
Guatemala	600,000
Costa Rica	600,000
Nicaragua	600,000
El Salvador	600,000
Honduras	600,000
Venezuela	20,000,000
Colombia	5,000,000
Peru	1,000,000
Chile	5,000,000
Brazil	20,000,000
Argentina	20,000,000
Uruguay	<u>3,000,000</u>

TOTAL \$1,257,000,000

Paraguay has tentatively committed \$1 million. The Fund will support investment reform and technical assistance in privatizing.

- **U.S. Investment in Region:** \$55 billion (year-end 1990). Excludes Bermuda and the large negative position of Netherlands Antilles finance industry which represents borrowing in the Eurobond market by U.S. parent companies through their Antilles affiliates.

DEBT

- EAI covers bilateral, official debt only (\$12.3B²):
 - Concessional debt. To be reduced, depending on economic reform programs with IMF and World Bank, investment liberalization, and debt reduction agreement with commercial banks. 1990 Farm Bill authorized reduction of PL-480 -- food assistance -- debt (\$1.9B). EAI legislation requests approval to reduce debt to AID (\$5.1B).

² Components may not add to total as some miscellaneous debt is included in the sum.

LEGISLATION

- "Enterprise for the Americas Initiative Act of 1991" transmitted to Congress February 26, 1991. Seeks authorization to reduce AID, CCC, EXIM debt and funding for the IDB Multilateral Investment Fund.
- The Administration remains committed to gaining passage of the requested authorizations and appropriations, and is working closely with Congress towards those goals.
- The 1990 Farm Bill (passed October 23, 1990) granted authority to reduce PL-480 debt. Executive Order to implement issued March 19, 1991.

PRIVATE SECTOR ROLE

- Governments can create conditions for expanded trade and investment...private sector makes them happen.
- EAI won't work without the participation of private sectors in the United States and the region. Increased trade and investment will drive EAI.
- U.S. private sector should:
 - Take a fresh look at Latin America...many positive changes.
 - Work through bilateral business councils (e.g. U.S.-Venezuela Council), domestic business organizations, to advise about remaining trade and investment barriers policy people can work on dismantling.
 - Spread word to colleagues about the new opportunities in a new Latin America.

March 3, 1992
U.S. Department of Commerce
Office of Latin America
(202) 377-8475

Mutual Benefits of Free Trade

The United States and the countries of Latin America and the Caribbean will gain from free trade, as removal of trade barriers results in lower prices, more efficient production, and enhanced global competitiveness.

Since the Latin American/Caribbean countries' economies are significantly smaller than the economy of the United States, the gains from liberalization relative to national output will be larger for each of them than for the United States. Latin American/Caribbean countries will also see important indirect benefits -- improved economic organization, greater stability, increased investment and return of flight capital.

Latin American and Caribbean trade barriers are generally much higher than those in the United States. Elimination of these should mean commensurately greater opportunities for U.S. exports. The United States also stands to gain from expanded growth in the region.

Moving Toward Free Trade -- Indicators of Readiness

Our standards for entering free trade agreement (FTA) negotiations will be high. We will consider whether an FTA would be in the economic interest of the United States, and consistent with our overall hemispheric policy objectives. Any decision to proceed would be taken after consultations with the U.S. Congress.

To be a realistic candidate, a country or group of countries must have the economic and institutional capacity to fulfill the long-term, serious commitments involved. We would expect a prospective FTA partner to be committed to a stable macroeconomic environment and market-oriented policies before negotiations begin. The international financial institutions, in particular the Inter-American Development Bank and the World Bank, are ready to help the region's nations adopt structural and investment policy reform programs with this goal in mind.

Another aspect of readiness is a country's commitment to the multilateral trading system. We consider the EAI to be compatible with, and supportive of, the multilateral trading system. Indeed, we are using the meetings of the trade and investment Councils created by framework agreements to coordinate our positions in the GATT. As to FTAs, we have been clear that we will only negotiate agreements fully consistent with the provisions of GATT Article XXIV³.

³ GATT Article XXIV: Tariffs and other impediments to trade regarding third-party countries in place at the inception of a free trade agreement cannot be increased.

**Free Trade Agreements Under the
Enterprise for the Americas**

The United States ultimately envisions combining various bilateral and plurilateral agreements with Latin American/Caribbean countries to create a "hemispheric system of free trade in Latin America". To achieve this, free trade agreements evolving from the "Enterprise for the Americas" will need to be largely consistent in scope and terms with each other and with the evolving form of the North American Free Trade Agreement. In addition, free trade agreements in the hemisphere need to cover a variety of trade-related economic policies beyond the classic tariff phase-out provisions, so as to minimize distortions and promote our common objectives.

The following elements constitute our initial negotiating objectives, recognizing that in some respects agreements will be tailored to individual country circumstances:

- An EAI-related free trade agreement should eliminate tariffs on substantially all trade between the parties to the agreement in products originating in the customs territories of the parties. There should be a specified phase-in schedule for these tariff reductions. This is a prerequisite for GATT consistency and makes economic sense.
- There should be an analogous phase-out of non-tariff barriers.
- A free trade agreement should cover services, since services are becoming an increasingly important part of international trade, and a source of U.S. competitive strength. Our goal would be effective market access on a broad scale.
- A free trade agreement should provide standards for the treatment of investment, guaranteeing investors in signatory countries national treatment in each other's markets. Trade distorting "performance requirements" imposed on investors are inconsistent with a free trade relationship.
- A free trade agreement should have a mechanism or mechanisms for settling disputes about the application of its terms and the treatment of investors. Impartial dispute settlement helps avoid debilitating political arguments in the future.
- A free trade agreement should guarantee investors and traders protection of intellectual property rights. We cannot foresee a free trade arrangement with a country that denies U.S. pharmaceutical patent holders the right to exploit their inventions, for example.

Framework Agreements on Trade and Investment

The trade and investment framework agreements negotiated to date with Latin American/Caribbean countries are generally similar. They open with a statement of agreed principles on the:

- benefits of open trade and investment;
- increased importance of services to economies;
- need for adequate intellectual property rights protection;
- importance of observing and promoting internationally-recognized worker rights;
- desirability of resolving trade and investment problems expeditiously.

The parties agree that a bilateral/plurilateral consultative mechanism is useful, and accordingly establish a Council on Trade and Investment. The Council meets at mutually agreed times.

The governments are to seek the advice of the private sector, and may request its participation in Council meetings whenever both sides agree it is appropriate.

The Councils' objectives are to monitor trade and investment relations, hold consultations on specific trade and investment matters of interest to both sides, and work towards removing impediments to trade and investment flows. Either side can raise any trade or investment issue for consultation. Framework agreements do not bind signatories to implement specific trade liberalization commitments.

The Annexes to Framework agreements on Trade and Investment describe the immediate action agenda, which vary by country.

ENTERPRISE FOR THE AMERICAS

INVESTMENT PILLAR

Restrictive investment regimes in Latin America and the Caribbean have not only hampered efforts to attract capital, but have induced existing capital to move offshore.

The investment component of the Initiative seeks to support countries' efforts to liberalize investment regimes, and thereby generate foreign and domestic investment and the return of capital held by nationals overseas. To compete effectively for capital in a world of scarce resources, countries need to establish clear and predictable regulatory systems that are hospitable to all investors.

The Initiative includes two proposals to help governments do this:

- a new Investment Sector Loan Program (ISLP) in the Inter-American Development Bank; and
- a Multilateral Investment Fund (MIF) administered by the Inter-American Development Bank.

A. Investment Sector Loan Program. The Initiative proposes creation of a fast-disbursing loan program in the Inter-American Development Bank (IDB) to support investment sector reforms. The IDB has been evaluating the need for reform in individual countries and has been negotiating investment sector loans. The first of these was approved in June, with Chile receiving \$150 million to open its copper and transport sectors to foreign investment, sign inheritance tax and investment agreements, and pass legislation allowing international dispute settlement mechanisms to arbitrate foreigners' investment disputes with Chile. Subsequently, loans for Jamaica and Bolivia were approved for \$75 and \$140 million respectively. In October 1991, IDB approved a \$200 million loan for Colombia. Loans to Uruguay, Costa Rica, Argentina, Honduras, Guatemala, Trinidad & Tobago, El Salvador, Bahamas, Barbados, and Paraguay are under active consideration.

The investment sector loan program could provide both technical advice and financial support for privatization and investment liberalization, which could be undertaken in conjunction with similar World Bank programs.

ENTERPRISE FOR THE AMERICAS

DEBT PILLAR

I. Introduction

The large amounts of debt owed by Latin American and Caribbean countries to commercial banks and official creditors have slowed economic growth and diminished investor interest over the last decade. Debt reduction can restore the confidence of domestic and foreign investors, and encourage repatriation of flight capital.

Debt reduction is also an important tool for encouraging countries in the region to persist in their economic reform efforts. The overhang of external debt has tested the resolve of nearly every government in the region. By easing the burden of debt on Latin and Caribbean economies, we can help make the rewards of reform more immediate and visible.

II. Commercial Debt Reduction. We propose that the Inter-American Development Bank (IDB) immediately join the IMF and the World Bank to support debt service reduction negotiated with commercial banks under the Brady Plan. The IDB would earmark a portion of its policy-based loans to help make debt and debt service reduction more attractive to these banks. The IDB has committed to provide such support to Uruguay.

Such programs can be very effective. For example, Mexico has already reaped benefits from this type of debt reduction. Investors now look to Mexico with renewed interest, and Mexicans themselves are repatriating capital they had invested overseas. Chile's successful economic management and debt reduction strategies have also helped it generate new investor interest.

III. Official Debt Reduction: The debt component of the Enterprise for the Americas proposes to reduce two types of bilateral debt:

- A. concessional, owed to the U.S. Government
- B. non-concessional, owed to U.S. Government.

A public/private Environment for the Americas Board has been established in Washington to review implementation. The Board's three primary functions are to:

1. advise the Secretary of State on negotiation of environmental framework agreements;
2. ensure, in consultation with local governments and groups, proper constitution of local administering bodies; and
3. review the programs, operations, and fiscal audits of these bodies.

B. Bilateral Non-Concessional Debt. Total non-concessional debt owed to the United States Government by Caribbean and Latin American governments is about \$4.9 billion. About \$4.0 billion is owed to the Export-Import Bank, and \$0.9 billion to the Commodity Credit Corporation (CCC) - Ref. Table 1.

A portion of this non-concessional debt could be sold to facilitate debt-for-nature, debt-for-development, or debt-for-equity swaps in eligible countries. These swaps would retire part of a country's non-concessional obligations to the U.S. Government. About 10-15 percent could be eligible for swaps.

A potential purchaser of debt would negotiate a swap with an eligible debtor country government. For example, a purchaser can offer to arrange a \$1 million reduction in EXIM debt or CCC in exchange for a negotiated amount in local currency. The mechanism will involve four steps. The U.S. Government will notify the debtor government of the amount of EXIM or CCC debt which the U.S. Government is prepared to cancel through swaps. Debtor governments will negotiate with private parties the terms of the swap, committing local currency. The private party will then receive certification from the government of its agreement, which it presents to EXIM or CCC along with cash for the purchase price. At this point, EXIM or CCC cancels a portion of the debt.

Table 1
LATIN AMERICA & CARIBBEAN BILATERAL DEBT
WITH THE UNITED STATES (Millions of \$, as of 12/31/90 to reflect
current EAI legislation in Congress)

	AID	PL-480	CCC	EXIM	Guaranteed	TOTAL**
MEXICO	20	0	415	1,187	1,622	1,625
SOUTH AMERICA	2,704	512	315	2,449	5,980	6,180
Argentina						
Bolivia	36	0	0	465	501	524
Brazil	-0.00	0	0	33	505	536
Chile	966	49	152	1,304	2,471	2,696
Colombia	304	230	68	29	446	447
Ecuador	499	2	0	497	998	1,003
Guyana	109	18	0	34	161	223
Paraguay	-0.00	-0.00	0	9	114	117
Peru	32	2	0	0	34	36
Uruguay	318	221	95	54	688	732
Venezuela	36	2	0	6	44	46
CENTRAL AMERICA	0	0	0	18	18	20
Belize	1,520	719	2	53	2,294	2,494
Costa Rica	26	0	0	0	26	31
El Salvador	331	127	0	32	490	498
Guatemala	274	368	0	0	642	755
Honduras	179	101	0	0	280	304
Nicaragua	-0.00	-0.00	0	3	433	447
Panama	-0.00	-0.00	0	12	235	252
CARIBBEAN	181	0	2	6	189	207
Anguilla	813	619	172	297	1,901	1,983
Antigua & Barbuda	0	0	0	0	0	2
Bahamas	15	0	0	1	16	21
Barbados	0	0	0	0	0	0
Cuba	7	0	0	0	7	7
Dominican Republic	0	0	0	36	36	36
Grenada	321	209	119	87	736	782
Haiti	0	0	0	0	0	2
Jamaica	16	-0.00	0	9	133	134
St. Kitts & Nevis	443	540	53	50	848	873
St. Vincent	10	0	0	0	10	10
Trinidad & Tobago	1	0	0	0	1	1
TOTAL - LATIN AMERICA	5,057	1,850	904	3,986	11,797	12,283
& THE CARIBBEAN					114	114

* Chile, Jamaica, and Bolivia debt reduced to \$2 million, \$4 million, and \$6 million respectively, under bilateral EAI debt reduction agreements.
 ** Reflects non-EAI FY91 reductions under Section 572 AID debt and PL-480 Section 411 debt. These are not reflected in the table.
 *** May not add due to rounding and miscellaneous programs.

Source: U.S. Treasury Department

Revised April 17

8:30 a.m.

State Dept.
draft 2

FORUM OF THE AMERICAS

April 23, 1992

I can't think of a more important moment than now to convene this Forum on the Americas.

Over the last three years, we have seen our world transformed: the Berlin Wall torn down and Germany peacefully re-unified; the people of eastern Europe and the Soviet Union liberated from communism, and the Baltic nations freed; in South Africa an historic vote to end apartheid. We have seen ~~frontline~~ Arab *Lebanon* states, negotiating for the first time face-to-face with Israel; and a worldwide coalition, under the banner of the United Nations, stand up, and turn back, Iraqi aggression against Kuwait.

These revolutionary changes fill me with hope for the future. Yet, nowhere in my three years as President have I witnessed more dramatic, far-reaching, or more hopeful change than here in this hemisphere.

Today, here in the Americas, we have it in our power to create something mankind has never seen: a hemisphere where democracy is the only legitimate form of government, and trade is free and prosperity shared from Alaska to Argentina.

Today, from Mexico City to Buenos Aires, that vision is becoming a reality. For the first time in many years, more private capital is flowing into the Americas for new investments than is flowing out. In country after country, hyperinflation that devastated the region's economies has been halted. In nearly every nation, real growth has returned. | Already, Mexico, Costa Rica, Venezuela, and Uruguay have reduced their commercial debt burdens under the Brady Plan, Argentina is close, and more are on the way. From ~~Mercosur~~ ^{Argentina to Chile} in the southern cone to the Andean Pact, from Caricom to ~~Central America~~, from Mexico to the United States and to Canada, the nations of the Americas are dismantling the barriers to trade and investment. Go to the financial centers of the world and they will tell you the same message, the most exciting region for growth and investment is Latin America.

Alongside this economic revolution, we have witnessed a political revolution, every bit as far-reaching and every bit as powerful. Consider this: if we had held this conference just three years ago, we could not have welcomed a democratic Chile, a democratic Paraguay, a democratic Panama, a democratic Nicaragua, or an El Salvador at peace.

This economic and political revolution did not happen by accident. It is the work of a new generation of democratic leaders of courage, commitment, and will.

The challenge we face is clear: to accelerate the momentum towards free markets and open trade; to consolidate and fortify democracy so that its roots are permanent and deep; and to build a new inter-American partnership that will secure the freedom and expand the prosperity of all our citizens.

That will not be easy. For we confront a revolution of rising expectations from millions of citizens in the Americas who remain mired in abject poverty. Recent events in Haiti, Venezuela, and now Peru remind us that democracy remains fragile and faces continued dangers and assaults. The intellectual debate has been won in the Americas. No serious leader defends closed statist economies. Still, in all of our nations, powerful, entrenched special interests cling to old ideas and privileges, defend protectionism, and resist expanded trade.

*Here are
powerful spec
int. forces in the
US who want
to close our
border -
for both on issues
regarding the market
or foreign
aid incentives
and skills*

*The
people want
freedom
and
prosperity
and
I'll
lead
the
U.S.*

To build a more hopeful future in our hemisphere, each of us must meet his responsibilities. I intend to meet mine. I believe deeply that the coming decade can be the most hopeful in the history of our hemisphere. It will not be if the United States repeats its historic mistakes towards the Americas, disengages,

or is distracted elsewhere, at a moment of maximum opportunity and need. I know from my conversations with leaders in the hemisphere that there are fears the United States its turning inward and will neglect the Americas. Let me put it plainly: not while I am President.

when people are concerned w/ education, drugs, crime & other social problems it's too necessary

We live in an interdependent world and a global economy. Here in the Americas, we will either participate together in growing trade and rising incomes and increased prosperity for all our citizens, or we will pay the price together in instability, economic stagnation, more cocaine trafficking, and increased refugee flows.

easy to get them to trade - you make it if the convenience between America & America were done as simple as between Colombia & Cuba.

That is why the United States, working with our partners in the OAS, will continue to defend democracy wherever it is at risk-- whether in Haiti, Venezuela, or Peru. We will defend democracy because we believe in freedom and because we know that only democracies will join with the United States as full partners to confront the global challenges of the post cold war world.

or between Monterrey and Pittsburgh as easy as Atlanta & Chicago. That's the benefits of consumer choice

It was democratic Brazil and Argentina who joined together to stop the spread of nuclear weapons proliferation in the Southern Cone. It was democratic Argentina that suspended the Condor ballistic missile program financed secretly by Libya and Iraq. It was democratic Brazil that slowed deforestation of the rainforest in the Amazon. Democratic Colombia and Bolivia are

leading the fight against the narcotrafficking cartels. And democratic Panama passed tough, new laws to combat money laundering.

To those who say we must compete successfully with Europe and Japan, I say look to the South. The fastest growing regional market for U.S. exports in the world today is Latin America. In The United States commands a 57 percent market share of exports to the countries of the hemisphere. In the last two years alone, as Latin America and the Caribbean have begin to recover, we increased our exports to the region by 29 percent. By the year 2000, just 8 years from now, this can be a \$100 billion export market for the United States--supporting 2 million jobs for Americans.

That is why I will continue to negotiate and fight to ratify a North American Free Trade Agreement joining Mexico, Canada, and the United States. This agreement will create the largest free market in the world -- 360 million consumers in a \$6 trillion economy. It will bring down the economic barriers between our first and third largest partners in trade.

*GATT compatibility
Dumbest was here -*

To those old thinkers who still question whether this is good for the U.S. economy, consider: In the last five years our merchandise exports to Mexico have increased a staggering 169 percent. Mexico is the fastest growing national market for U.S.

exports today. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled; our exports of corn have tripled, and we have a surplus in steel, textiles, and apparel.

Some think only our states along the Mexican border benefit from this growth. In fact, 45 of the 50 states, and the District of Columbia, have increased their exports of U.S. goods to Mexico, during my Presidency. Our top ten exporters to Mexico today include Michigan, Illinois, New York, Louisiana, Pennsylvania, Florida, and Ohio along with California, Texas, and Arizona.

The North American free trade agreement is only a beginning. I want to see free trade spread throughout this hemisphere. That competition is good for America, and that free trade--new growth--and economic dynamism rippling throughout the Americas will mean rising incomes and a better life for all our hemispheric citizens.

To realize this hopeful new vision, Congress must also meet its responsibility.

I asked Congress for \$310 million in authority this fiscal year under the Enterprise for the Americas Initiative. With that authority we could write off \$1 billion in the hemisphere's debts and create \$100 million to preserve the environment. Congress

did not provide a penny. We hear many lectures from the Congress about convincing our allies to share our burdens. Through the Enterprise for the Americas Initiative, we did just that. Japan committed \$500 million to a new \$1.5 billion fund in the Inter-American Development Bank. It would help retrain workers in privatized state enterprises and offer loans to microentrepreneurs. Several members of the European Community, Canada, and a member of the Latin American nations also committed nearly \$500 million. But Congress would not vote a penny for the U.S. share. I understand some fear that supporting foreign initiatives in this political season may not be popular. I say: it is time to tell our citizens the truth. Growth and prosperity in this hemisphere mean growth and prosperity in the United States.

I call on Congress to reverse these shortsighted decisions in the next appropriations bill.

If it succeeds, the economic revolution sweeping the Americas will liberate the region's citizens from poverty and despair. But there is a counter-revolution underway and this battle is not yet won. Guardians of privilege, the defenders of the status quo, will not give up their closed and cozy economic arrangements without a fight. All of us, North and South, must support continued economic reform against the forces of reaction. The best weapon we have in this battle is to tell the truth.

The populists and demagogues say they are defending the poor. The truth is--and we need to proclaim it North and South: No one paid a bigger price for the closed statist model of economic development in Latin America than ordinary citizens. Those systems were closed to working people and the poor. They were open only to the political influence of the privileged and powerful. In statist systems, only the protected elites got wealthy; the poor were devastated by uncontrolled inflation while they paid inflated prices for products protected from competition.

Real economic reform must mean upward mobility to all those left out and shut out of the formal economy. The licenses and regulations that prevent slum dwellers and taxi drivers from starting a new business or campesinos from gaining access to credit and title to their land, must be swept away. The energies, hard work, and imagination of the region's entrepreneurs, small merchants, shopkeepers, and farmers must be liberated and released. For reform will be supported and democracy will endure only if the future offers a better life and rising income for the countless millions living in squalor and malnutrition in shanty towns and barrios and in the impoverished countryside.

Economic reform must also include honest government. Corruption is the enemy of both growth and democracy. New investment will flow only where the rule of law is secure, the courts are fair, and bidding processes are transparent. Here again, the answer is to dismantle the layers of protection and state regulation, for they are the breeding grounds of corruption and political influence in the economy.

Five centuries ago, a sailor set out from Europe searching for a new world. His voyage to the Americas transformed human history. Today, the world is rediscovering the Americas and finding them a fertile ground for new investment, growth, and trade and for democracy. If all of us, in the coming years, North and South, rise to the challenges before us, we can look back and say: this was the era when the Americas finally came into its own. This was the time when democracy was rooted in the Americas forever. This was the time when all the nations of the hemisphere joined together in freer trade, renewed growth, and rising incomes for all our citizens. That is my vision for our hemisphere. I believe that here in the Americas, through forums such as this, that vision is becoming a reality.

Thank you.

Columbus
vs.
flat
earth
movement

to
close
borders
and costs
again
the
exchange

and
food and
equipment
and skills
and ideas.

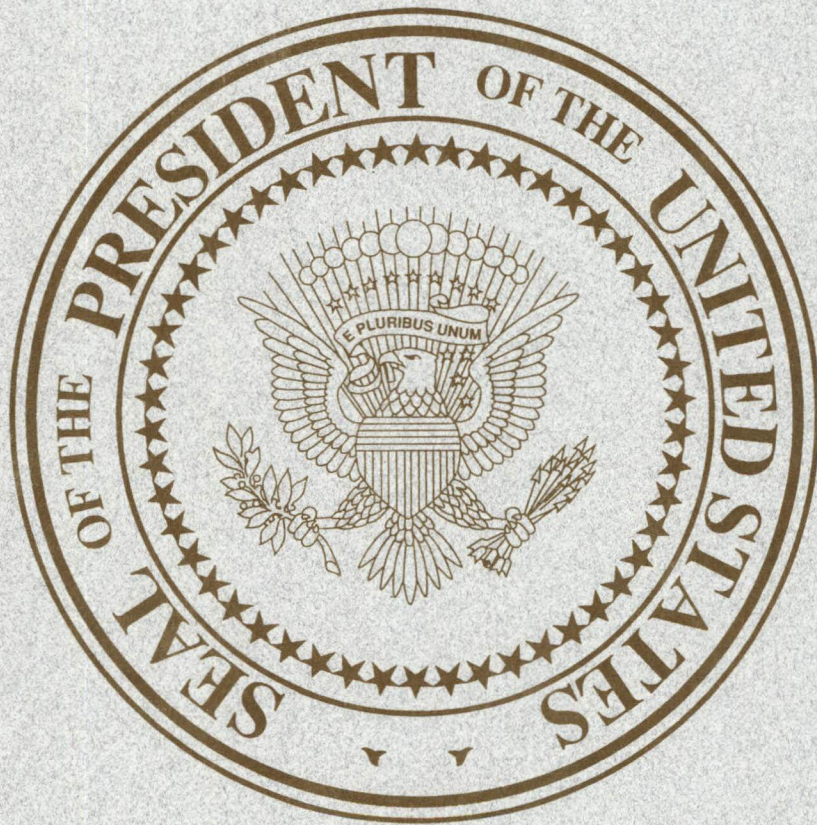
NSC

We have come very close to our goal of a democratic hemisphere. Two years after Operation Just Cause, Panama is free and democratic. An elected administration controls the government and represents the people of Panama. An open, critical press operates without fear of intimidation. Vigorous competition among political parties has replaced the repression of the Noriega era. In Central America, civilian Presidents hold office in each country, and the principle of consent of the governed is now firmly established. In Nicaragua Sandinistas and supporters of President Chamorro's coalition actively debate the nation's future. And in El Salvador, after twelve years of armed conflict, a peace settlement has been negotiated and the government of President Alfredo Cristiani is opening the way for a major reform and reconstruction effort.

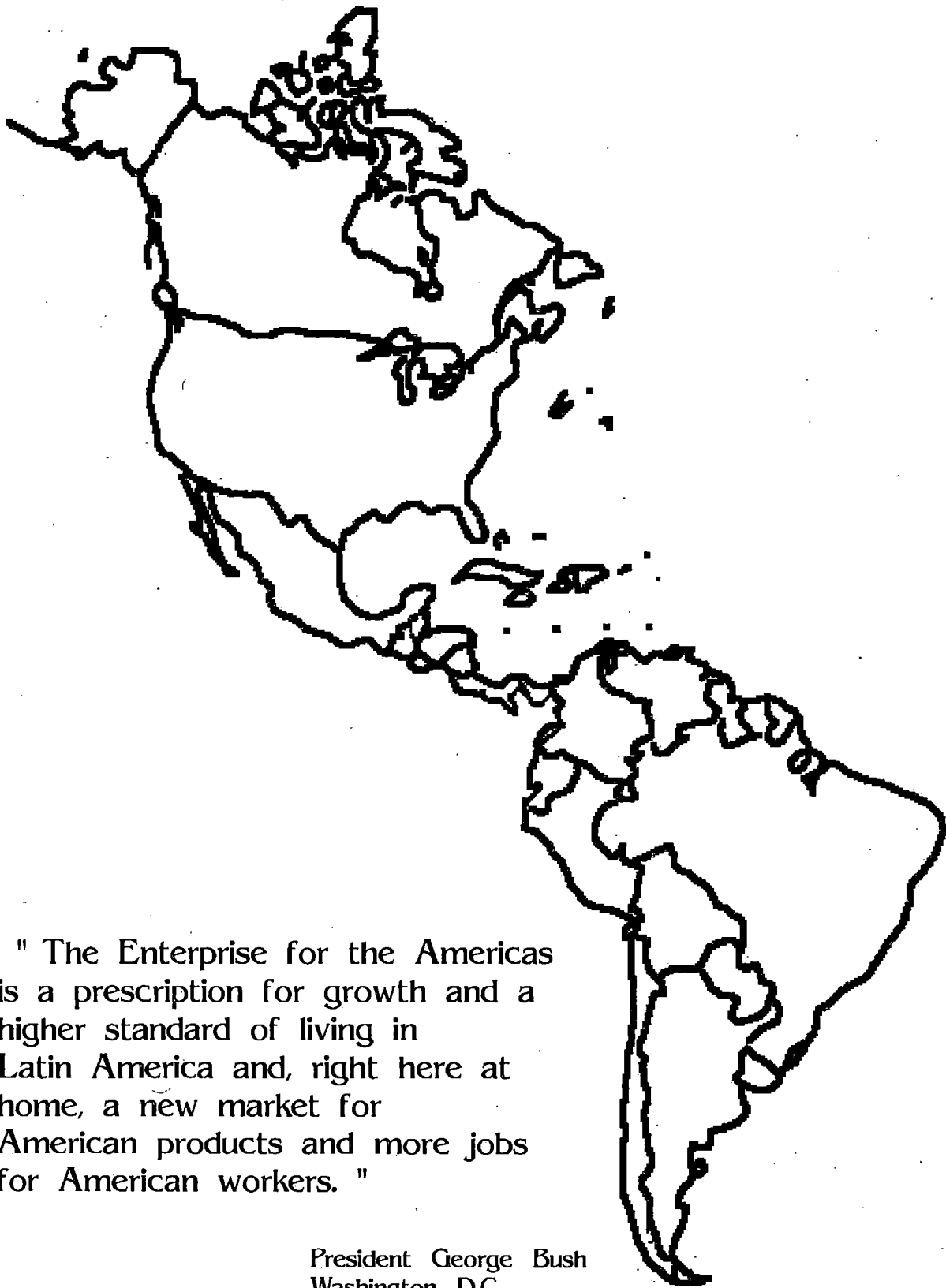
In addition, we have strengthened mechanisms essential to the support of still-fragile democracies. In Santiago in June of 1991, the OAS General Assembly passed a resolution designed to strengthen the international response to threats to democracy. Whenever a coup occurs, the OAS Council of Ministers will convene in extraordinary session to consider responses to the situation.

ENTERPRISE FOR THE AMERICAS INITIATIVE

A VISION
FOR ECONOMIC GROWTH
IN THE WESTERN HEMISPHERE



February 1992



" The Enterprise for the Americas is a prescription for growth and a higher standard of living in Latin America and, right here at home, a new market for American products and more jobs for American workers. "

President George Bush
Washington D.C.
June 27, 1990

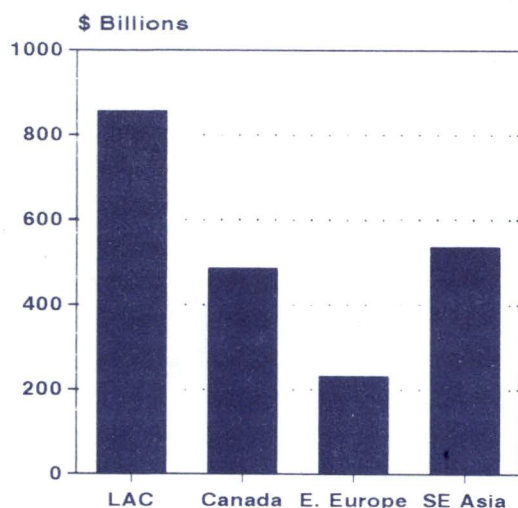
Why Latin America and the Caribbean is Important to U.S. Businesses

Latin America and the Caribbean as a Market for U.S. Exports

The attraction of the Latin American and Caribbean market has always been its considerable size, its large resource base, and its close proximity to the United States. For 1991, the total population in the region is estimated at **451 million**, **8.4 percent** of the world total. This population base rivals that of all of Europe.

The gross domestic product of Latin America and the Caribbean exceeds **\$860 billion**. This makes the region's economy nearly **40 percent** larger than that of Canada, the number one export market for the United States. It is over **three times** larger than that of Eastern and Central Europe and it is larger than the entire South-East Asia market.

Gross Domestic Product
1989

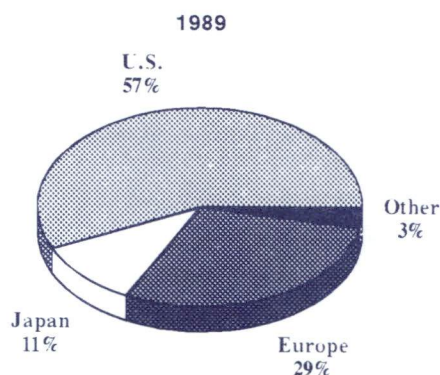


LAC: Latin America and the Caribbean
Source: World Bank

Latin American and Caribbean trade with the world is estimated at **\$236 billion**.

More than **50 percent** of that trade is with the United States. Of the total exports to Latin America and the Caribbean from industrialized countries, the United States commands a **57 percent** share, as compared to only **11 percent** for Japan and **29 percent** for Europe.

Industrial Country Exports
to Latin America and the Caribbean



Source: United Nations

Encouraging Trends in the Region

Political Stability

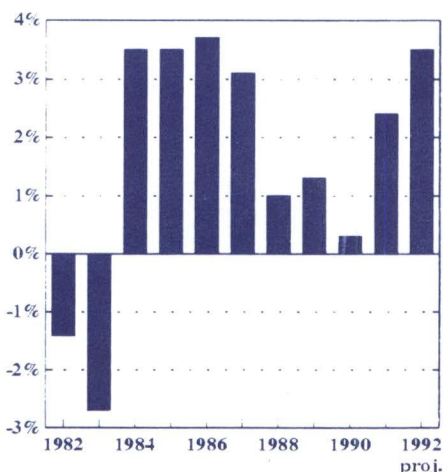
Almost all Latin American and Caribbean countries have replaced authoritarian regimes with elected civilian governments. Armed conflict has diminished. Most citizens now live in peace throughout the Hemisphere. The growing political stability in the region encourages investment and sustained economic growth.

Economic Growth

Real gross domestic product in the region is estimated to have risen by **2.4 percent** in 1991, a significant improvement over the

0.3 percent figure for 1990 and the average growth rate of 1.3 percent from 1981 to 1990. For several countries the growth rate in 1991 was much higher: Mexico estimates 4-4.5 percent growth, Venezuela 6 percent growth, and Chile 5.5 percent growth. In 1992, economic growth for the entire region is projected to accelerate to 3.5 percent.

Gross Domestic Product for Latin America and the Caribbean



Source: United Nations' ECLAC

Reduced Inflation

For the most part, hyperinflation has been brought under control. The weighted average annual inflation rate for the region in 1991 is expected to be down over four fold from the average of 1,200 percent in 1989 and 1990. Except for Brazil and Peru, where prices are still rising by more than 100 percent a year, inflation is generally expected to range from 10 to 35 percent.

Growing Trade

Latin American and Caribbean trade with the world has risen dramatically from

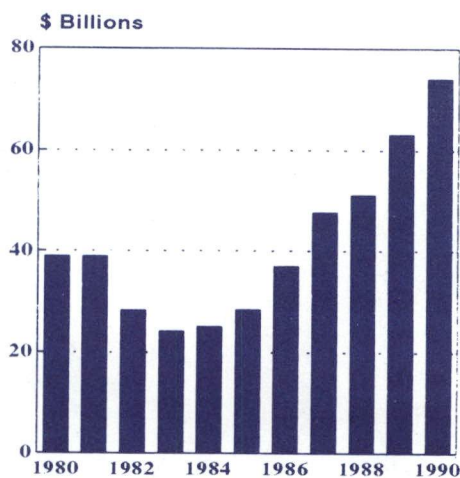
\$140.5 billion in 1986 to an estimated **\$236 billion** in 1991. During that same period merchandise trade with the United States grew from **\$72.1 billion** to an estimated new record high of more than **\$125 billion**.

As a result of the market-oriented economic policies it has implemented since the mid-1980's, Mexico is experiencing the fastest growth in trade in the region. Total U.S.-Mexican merchandise trade has risen from **\$29.5 billion** in 1986 to **\$57.9 billion** in 1990. Other countries in the region have begun to adopt similar reforms and are beginning to see increases in trade, from **\$42.5 billion** in 1986 to **\$58.6 billion** in 1990.

Increased Investment

Capital inflows into Latin America and the Caribbean accelerated to **\$14 billion** in 1990, up from only **\$4 billion** in 1989. U.S. direct investment in the region has risen

U.S. Direct Investment Position in Latin America and the Caribbean



Source: U.S. Department of Commerce

substantially over the past five years, from **\$36.8 billion** in 1986 to **\$72.5 billion** in 1990. Mexico's market-based policy reforms have attracted a large portion of

this new investment. As other countries in the region follow suit they too will attract new U.S. investors.

Impact on the U.S. Economy

U.S. merchandise exports to Latin America and the Caribbean totalled **\$54 billion** in 1990 and are expected to reach about **\$62 billion** in 1991. This represents almost **14 percent** of U.S. exports worldwide.

Latin America and the Caribbean is the fastest growing regional market for U.S. exports. For the last five years, U.S. exports to the region have averaged **12 percent** annual growth. In 1991, exports are expected to grow almost **14 percent**. This rate of increase is well above U.S. export growth to the rest of the world which is expected to be about **5 percent** in 1991.

U.S. Trade with Latin America and the Caribbean



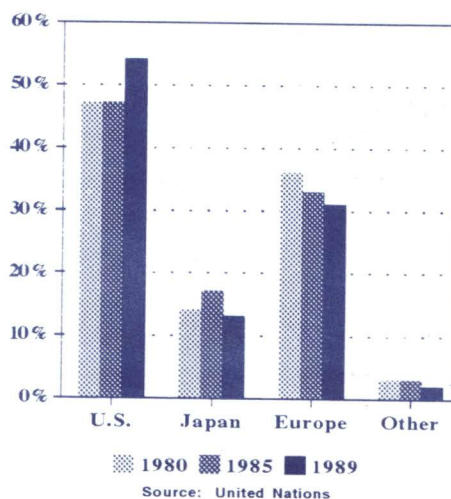
U.S. export growth is strong not only in Mexico, where it is averaging **18 percent** annually since 1986, but also in the rest of the region, where U.S. exports have grown

by more than **7 percent** over each of the last five years.

Because of this strong export growth, the U.S. trade deficit with the region has declined from **\$10.8 billion** in 1986 to less than **\$1 billion** in 1991.

Much of the gain in U.S. exports to Latin America is attributed to rapidly growing demand for manufactured goods, which now account for **83 percent** of total U.S. exports to the region. Leading U.S. manufactured exports are motor vehicle parts, aircraft, telecommunications, electrical switching gear, construction and mining equipment, and electrical machinery.

Industrial Countries Manufactured Exports to Latin America and the Caribbean



The U.S. market share of industrialized-country exports to Latin America and the Caribbean has gained relative to that of Japan and Europe, rising from **50 percent** in 1980 to **57 percent** in 1989. For manufactured goods the U.S. share rose from **47 percent** to **54 percent**.

U.S. Exports to Latin America and the Caribbean Create U.S. Jobs

It is estimated that each \$1 billion in U.S. exports creates **20,000** U.S. jobs. The **\$62 billion** in U.S. exports to Latin America and the Caribbean in 1991 thus supported more than **1,000,000** U.S. jobs. More than one-half of those jobs were created since 1986, as a result of U.S. export growth to the region. This steady growth in U.S.-job-creating exports to Latin America and the Caribbean since 1986 stands in sharp contrast to the bleak economic times in the region from 1981 to 1983. During that period U.S. exports fell by **\$16 billion** at a cost of over **300,000** jobs.

The strong U.S. market share in the region indicates a preference in Latin America and the Caribbean for U.S. goods. The principal constraint on growth in U.S. exports to the region is the limited purchasing power of Latin Americans and Caribbeans. Economic growth in Latin America and the Caribbean means increased ability to purchase which is translated into U.S. export growth and into more jobs in the United States.

A New Era of U.S.-Latin American and Caribbean Relations

A quiet revolution for political and economic freedom is underway in the Western Hemisphere which, in its own right, is just as profound as those revolutions in Eastern Europe and the new Commonwealth of Independent States.

Elected civilian governments are in office in virtually every nation, with **96** percent of the Hemisphere's population governed democratically. Just ten years ago, nearly **40** percent was living under authoritarian regimes.

Countries in the Hemisphere are also turning away from the failed statist economic model of government-owned enterprise, excessive regulation and import substitution. Instead they are turning toward market-oriented economic policies which open up trade and private investment opportunities as a basis for broad participation in lasting economic growth.

The "open market" outlook now embraced is a far cry from the panoply of licensing requirements, price controls, high tariffs, and discriminatory investment policies of the past. The new liberalization measures are designed to generate economic growth, attract foreign and domestic investment, and reverse the economic stagnation engendered by past economic policies. While the pace of economic reform varies, each country in the region offers significant commercial opportunities for U.S. business.

As a result of the changes occurring in the region, U.S. relations with Latin America and Caribbean are increasingly characterized by mutual respect and mutual responsibility, based on shared interests and values.

Enterprise for the Americas Initiative

Overview

The Enterprise for the Americas Initiative (EAI), introduced by President Bush on June 27, 1990, crystallized a vision of promoting economic growth through increased trade and investment and has served as a catalyst for furthering this vision. The EAI offers market access, financial and technical resources and debt reduction opportunities to countries that liberalize their trade and investment regimes, maintain sound economic policies conducive to investment and competition, and manage responsibly their international debt obligations. A few countries are at the forefront of the swing toward market-oriented liberalization in the region. The pattern of reform they have set is clear, and the EAI seeks to encourage further progress in these and other countries.

The appeal of the Initiative is an appeal to self interest. It serves the interests of both U.S. and Latin American and Caribbean businesses and governments. It ushers in a new era of U.S.-Latin American and Caribbean relations which is no longer characterized by dependency. It envisions a partnership among all of the countries in the Hemisphere. The benefits, like the responsibilities, are two-way.

To realize the vision of the EAI requires a partnership of the public and private sectors working together to make it a reality. Building business linkages throughout the hemisphere will improve the position of U.S. businesses in the region for the future. If U.S. businesses are to remain competitive and continue to grow, they must focus on the international arena. Latin America and the Caribbean, where

the U.S. already enjoys a competitive advantage, is a natural partner for trade and investment.

The EAI's three pillars--trade, investment and debt reduction--are interrelated and mutually reinforcing components which should all move forward in order to achieve the economic growth that is necessary to a peaceful, democratic and prosperous Hemisphere.

Trade

The long-term goal of the EAI is a free trade area stretching from Point Barrow, Alaska to Argentina's Tierra del Fuego, the southernmost tip of Latin America. However, hemispheric free trade is not a substitute for an open global trading system. The successful completion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), therefore, remains the first priority of the United States in assuring our own access--and that of Latin America and the Caribbean--to the markets of the world. A concurrent priority for the region is to complete the negotiation of the North American Free Trade Agreement (NAFTA) with Canada and Mexico. Additional free trade agreements will be negotiated with other countries or groups of countries in the region under the EAI.

As an important first step toward this vision of hemispheric free trade, the EAI calls for the negotiation of trade and investment framework agreements between the United States and the countries of Latin America and the Caribbean. These framework agreements establish commissions to identify and discuss steps for the

elimination of obstacles to expanded trade and investment. Successful implementation of the trade pillar will greatly expand trade within the region, opening markets, enhancing opportunities for U.S. businesses and creating more U.S. jobs.

Investment

Businesses throughout the region will benefit from the open investment climates that the EAI strives to create. The removal of government restrictions and disincentives will stimulate employment, increase investment in industry, and encourage the return of flight capital. By increasing market access, protecting intellectual and physical property, and providing recourse for resolving disputes, Latin American and Caribbean countries can compete for scarce investment capital in the global marketplace.

To support such reforms, President Bush has called upon the Inter-American Development Bank (IDB) to implement two programs which will help create a positive investment climate in the region: the Investment Sector Loan Program and the Multilateral Investment Fund.

The Investment Sector Loan Program provides adjustment loans to countries committed to reforming their trade and investment regimes. These loans encourage the further opening of investment regimes which will help recipient countries mobilize and attract private capital and strengthen private sector contributions to development. Specific investment reforms encouraged by the loans include:

- financial sectors must be open to competition, and financial services and markets must be modernized to facilitate private investment;

- flight capital must be encouraged to return;
- open investment policies must be codified so that the "rules of the game" are clear;
- state owned businesses should be privatized;
- credible and internationally accepted dispute settlement procedures must be adopted.

The IDB has already negotiated Investment Sector Loans with the Governments of Chile, Jamaica, Bolivia and Colombia.

The five year, \$1.5 billion Multilateral Investment Fund (MIF) will facilitate the adoption of investment reform by providing grant and loan financing for the following three purposes:

- **technical assistance** to implement policy reforms such as the privatization of government owned enterprises and business infrastructure development;
- **human resource development** to meet the needs of an expanded private sector including retraining of former employees of privatized state owned enterprises; and
- credit and equity financing and technical assistance to **small enterprises**.

Open investment regimes will allow for the free flow of capital throughout the Hemisphere, increasing opportunities for U.S. investors. The strengthening of the Latin American and Caribbean economies will allow the region as a whole to compete for scarce resources on the global market.

Debt Reduction

The large amounts of debt owed by Latin American and Caribbean countries have slowed economic growth and investment

flows into the region. Debt reduction can restore the confidence of domestic and foreign investors, and will encourage repatriation of flight capital and help renew access to international financial markets.

The EAI will work to reduce bilateral debt owed to the U.S. Government, which totalled about \$12 billion at the end of 1990. Such debt includes both concessional debt and non-concessional debt.

Eligibility for reduction of concessional debt resulting from USDA food aid loans (and upon Congressional authorization, Agency for International Development loans) requires that the beneficiary country meet the following conditions:

- have an IMF program or its equivalent in place;
- have in place a World Bank adjustment loan, if appropriate;
- have undertaken major investment reform in conjunction with the IDB investment sector loan program, or otherwise implementing or making significant progress towards an open investment regime; and
- have negotiated a financing program with commercial banks if commercial loans are a significant share of country's debt portfolio.

The Administration is also seeking Authority to swap non-concessional Export-Import Bank and Commodity Credit Corporation assets under the EAI to facilitate equity investment, development and environmental activities.

U.S. commitment to the debt reduction pillar is critical to continue to reinvigorate the confidence of the global market in the region.

Environment Component

The debt reduction pillar of the EAI includes an innovative mechanism to support environmental protection and conservation in Latin America and the Caribbean. Each country that benefits from a reduction of its P.L. 480 and/or A.I.D. debt can pay the interest on the debt that remains in local currency. These local currency payments will be used to support grassroots environmental projects. Following the negotiation of an Environmental Framework Agreement, each debtor country will set up an administering body, with U.S. membership, to make decisions about the use of these funds. Local non-governmental organizations will hold a majority of the seats on these bodies. The U.S. Environment for the Americas Board, a body combining government and non-governmental members, will provide general oversight of the program.

Conclusion

The future prosperity of the United States and our neighbors in the Western Hemisphere is dependent upon our capacity to build mutually beneficial economic partnerships. In order for this to happen, business and government must work together to create healthy and expanding economies throughout the region. The EAI builds upon the positive trends within the Hemisphere by offering a partnership that through investment policy reform and trade liberalization will expand Latin American and Caribbean economies and increase demand for U.S. goods and services.

Status of the EAI

Progress to Date

In the year and a half since President Bush's June 1990 announcement of the Enterprise for the Americas Initiative, significant progress has been made toward realizing the program's objectives. With each step, new opportunities are opening for trade with and investment in the Latin America and the Caribbean region. Important advancements include:

Stimulus of Economic Reform throughout the Region

The EAI is supporting dramatic reforms in the region to open up economies. These include the reduction of trade barriers, the reform of investment regulation, the privatization of nationalized industries, and sub-regional free trade negotiations. Such reforms open markets for U.S. goods and services as well as opportunities for U.S. investment.

Increased Support of U.S. Positions in GATT Negotiations

In conjunction with the increased cooperation brought about by the EAI, many countries in the region are committed to the GATT process, taking an active role in the Uruguay Round of multilateral trade negotiations and actively pursuing global agreements on agriculture, balance of payments and trade related investment measures negotiations, among others.

Progress in the Negotiation of the NAFTA

The extension by Congress of fast track authority until June 1993 allows for the

negotiation of the North American Free Trade Agreement (NAFTA) with Mexico and Canada and furthers the trade pillar of the EAI. The NAFTA negotiations are currently underway in six broad categories: market access, trade rules, investment, services, intellectual property rights and dispute settlement. The NAFTA will greatly increase U.S.-Mexico trade and bring more jobs to the United States.

Opening up of Trade Negotiations

The U.S. has signed 16 Trade and Investment Framework Agreements with 31 countries in Latin America and the Caribbean, leaving only three small countries outside the Initiative. These agreements provide a forum for discussing restrictive trade and investment policies that limit business opportunities, allow for the resolution of disagreements, and advance efforts at trade liberalization and opening of markets.

Meetings have been held or are scheduled for all of the trade and investment councils. This process will help the parties to identify and put in place the measures that will be necessary for the future negotiations of free trade agreements.

The EAI has also served as a stimulus to regional arrangements which are lowering barriers to trade within groups of countries in Latin America and the Caribbean. Trade groups such as the Andean Pact, Central America, MERCOSUR and CARICOM are simultaneously expanding regional markets.

Implementation of the Investment Sector Loan Program (ISLP) and the Multilateral Investment Fund (MIF)

ISLP loans totaling \$485 million have been made by the Inter-American Development Bank (IDB) to Chile, Jamaica, Bolivia and Colombia. Seven additional loans are under review for approval by the end of 1992.

The U.S. and Japan will each contribute \$500 million to the MIF. Spain, Canada, Portugal, and several Latin American countries are also committed to contributing. Additional countries are considering participation, which will continue to advance the MIF toward the \$1.5 billion funding target.

Full implementation of the ISLP and MIF programs will greatly enhance U.S. investment opportunities in the region.

Reduction of Concessional Food Aid Debt

Pursuant to the authorization gained under the 1990 Farm Bill, in fiscal year 1991 the Administration reduced concessional food aid debt owed by Chile, Jamaica and Bolivia by a total of \$263 million. These countries have implemented extensive economic and investment reforms, demonstrating strong commitment to expanding their economies through the free market approach.

Signing of Environmental Framework Agreements

In September 1991, President Bush named the Environment for the Americas Board, a joint public and private body established by Congress. The functions of the Board are to advise the Administration on the

negotiation of Environmental Framework Agreements, to ensure appropriate non-governmental participation in local administering bodies, and to review the operation of funds established in participating countries. This Board is chaired by a representative from the Treasury Department and includes representatives from the Agency for International Development, the Department of State, Environmental Protection Agency, the Inter-American Foundation and four private sector representatives. Two additional seats will soon be added to the Board to include a representative from the Department of Agriculture and a fifth private sector representative.

With the advice of the Board, the U.S. Government has now negotiated and signed Environmental Framework Agreements with Bolivia and Jamaica. Negotiations are underway with Chile, and an agreement is expected to be signed early in 1992. It is hoped that authorization and appropriations for reduction of A.I.D. loans and for debt swaps of non-concessional CCC and EXIMBANK debt will be obtained.

Status of Pending Legislation

While remarkable progress has been made over the past year and a half, full implementation of the President's Initiative remains contingent upon the passage of the Administration's "Enterprise for the Americas Act of 1991." Submitted to Congress in February 1991, the Bill seeks authorization to work actively on the investment and debt reduction pillars of the Initiative.

The Enterprise for the Americas Initiative Act has two major components:

- A \$500 million contribution over five years (1992-1996) of U.S. funds for the Multilateral Investment Fund (MIF) to be administered by the Inter-American Development Bank. This contribution will match the Japanese commitment and, when combined with amounts pledged by other donors, will substantially fulfill the \$1.5 billion target for the MIF.
- The authority to reduce official debt owed by the Latin American and Caribbean countries to the U.S. Government. Congress already authorized the reduction of PL 480 food debt, in the 1990 Farm Bill. Additional legislative authority is needed to reduce debt owed to the Agency for International Development, the Export-Import Bank and the Commodity Credit Corporation.

Once these authorizations are granted, Congress must then appropriate funding for both components. Congressional support for both the Enterprise for the Americas Initiative Act of 1991 and the corresponding appropriations is essential to the success of the Initiative.

Why U.S. Business Must Act Now

The possible benefits of increased economic cooperation among the nations of the Western Hemisphere are tremendous. The region is rapidly stabilizing and improving both economically and politically. Most countries are experiencing positive economic growth. Nations are eliminating laws and regulations that restrict trade and investment. Because of strong U.S. competitiveness and established market presence, the United States is uniquely positioned to participate in and benefit from such cooperation. Working together will result not only in the strengthening of the economies throughout the region, but also in the creation of U.S. jobs.

From a national perspective, the consequences of failing to strengthen economic ties with Latin America and the Caribbean could be severe. By the year 2020 the region's population is estimated to grow to more than 700 million. The question that should concern us is whether those 700 million people will be living in poverty and desperation, disillusioned with the principles of democratic government and market economies, and vulnerable to the false appeals of extremists. Or will they be informed, productive citizens and consumers with whom we share common interests and values grounded in individual liberty, the rule of law, and free enterprise? If both the U.S. government and the U.S. business community are actively engaged in the region, prospects for success are greatly increased.

The positive trends and growing opportunities in Latin America and the Caribbean are becoming increasingly evident to investors from other industrialized countries. As they have done in Mexico, U.S. companies should reconsider the benefits of doing business in the region, identify new opportunities for entering the market, and make a sustained commitment to the Hemisphere. Doing so will stimulate growth in the region, strengthen the U.S. economy and create U.S. jobs.

The EAI provides governments and businesses with a framework for assuring that the region is marked by strong, interdependent economies. In order for the vision of the EAI to become a reality, it will take the coordinated effort of governments and private sectors from every nation in the Hemisphere to work together as partners. The United States is both a critical partner in and a beneficiary of this process.

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Executive Summary

A quiet revolution for political and economic freedom is under way in the Western Hemisphere. In its own right, it is just as profound as the revolutionary events in Eastern and Central Europe and the new Commonwealth of Independent States. Elected civilian governments hold office in virtually every nation, encompassing **96 percent** of the Hemisphere's population. The "open market" outlook now embraced by most countries in the region is a far cry from the discriminatory and protective trade and investment policies of the past. While the pace of economic reform varies, each country in the region offers significant commercial opportunities for the United States.

With a population of **451 million**, a gross domestic product valued at more than **\$860 billion**, and total world trade of **\$236 billion**, Latin America and the Caribbean provide natural partners for U.S. business. The established market presence puts U.S. business in a uniquely competitive position to profit from the expanding and increasingly diversified production, as well as the growing consumer market in the region. U.S. exports to Latin America and the Caribbean have risen from **\$31 billion** in 1986 to an estimated **\$62 billion** in 1991, creating an additional **620,000** U.S. jobs. Much of this increased trade and investment is occurring in Mexico, where the government has acted aggressively to make the changes necessary to bring about the economic growth which attracts U.S. business. As the rest of the region undertakes similar reforms, it will be up to U.S. business to capitalize on the increased opportunities for trade and investment in the Hemisphere.

President Bush introduced the Enterprise for the Americas Initiative (EAI) in June 1990 to create a private-public partnership that will assure continued growth and stability throughout the Hemisphere. The appeal of this initiative is an appeal to economic self-interest. It serves the interests of both U.S. and Latin American and Caribbean businesses and governments and ushers in a new era of U.S.-Latin American and Caribbean relations--one that is based on mutual respect and mutual responsibility. The benefits, like the responsibilities, are two-way.

The program's three pillars--trade, investment, and debt reduction--are mutually reinforcing. The goal of the trade pillar is to expand free trade throughout the Hemisphere, creating growth, jobs, productivity, and new private sector initiative. The investment pillar is designed to stimulate economic reform and investment liberalization that will create an attractive environment for new capital and repatriated flight capital. The debt reduction pillar, by alleviating the region's financial burden, will strengthen economies, generate demand for traded goods, and stimulate investment. In addition, by allowing the repayment of interest on remaining debt in local currency to support grassroots environmental projects, the EAI includes an innovative mechanism to support sustainable use of the environment.

A successful EAI is essential to a strong U.S. economic future. For the vision of the EAI to become a reality, governments and private sectors from every nation must work together as partners. The U.S. government is already working with other governments to move toward a free trade area and to create more attractive investment climates throughout the hemisphere. It is now time for the private sector to capitalize on the improving economic climate and maximize the new opportunities generated in Latin America and Caribbean. As they have done in Mexico, U.S. companies must reconsider the benefits of doing business with the region, identify opportunities for entering the market, and stimulate a broader commitment to the Hemisphere. Doing so will strengthen the U.S. economy and create U.S. jobs.



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