

Originally Processed With FOIA(s):

S

FOIA Number:

S

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

---

**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

---

**OA/ID Number:** 13617  
**Folder ID Number:** 13617-008

---

**Folder Title:**  
Forum of the Americas 4/23/92 [O A 6101] [2]

---

Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>18</b>	<b>1</b>	<b>4</b>

---

**WHITE HOUSE STAFFING MEMORANDUM**

92 APR 21 P 6:39

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00pm

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS  
THURSDAY, APRIL 23, 1992

SUBJECT: \_\_\_\_\_

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MCGROARTY	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

*No Comment  
Maura Sheeh for DS*

**PHILLIP D. BRADY**  
Assistant to the President  
and Staff Secretary  
Ext. 2702

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

02 APR 20 P2:18

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

[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 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

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.

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 courageous and committed democratic leaders.

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: 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

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. \\\

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 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 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 North American Free Trade Agreement would create over 360,000 American jobs. It could increase our trade with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. Enterprise for the Americas 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 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 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. 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 \$1.3 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 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 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.

# # #

**NATIONAL SECURITY COUNCIL  
EXECUTIVE SECRETARIAT STAFFING DOCUMENT**

TIME STAMP

SYSTEM LOG NUMBER: 2987

32 APR 21 P 2:54

ACTION OFFICER: ~~McShane~~

DUE: 2:00 PM ~ 2:15 PM

ROBERT MORLEY

- Prepare Memo For Scowcroft/Howe
- Prepare Memo For Brady
- Prepare Memo Scowcroft +

- Appropriate Action
- Prepare Memo For Sittmann to McGroarty

CONCURRENCES/COMMENTS\*

PHONE\* to action officer at ext. \_\_\_\_\_

Concur	FYI	Concur	FYI	Concur	FYI
<input type="checkbox"/>	<input type="checkbox"/> Andricos	<input type="checkbox"/>	<input type="checkbox"/> Hutchings	<input checked="" type="checkbox"/>	<input type="checkbox"/> Popadiuk <i>Harlow o/c</i>
<input type="checkbox"/>	<input type="checkbox"/> Barth	<input type="checkbox"/>	<input type="checkbox"/> Jones	<input checked="" type="checkbox"/>	<input type="checkbox"/> Pryce
<input type="checkbox"/>	<input type="checkbox"/> Beers	<input type="checkbox"/>	<input type="checkbox"/> Kansteiner	<input type="checkbox"/>	<input type="checkbox"/> Rademaker
<input type="checkbox"/>	<input type="checkbox"/> Burns	<input type="checkbox"/>	<input type="checkbox"/> Lampley	<input type="checkbox"/>	<input type="checkbox"/> Riedel
<input type="checkbox"/>	<input type="checkbox"/> Canas	<input type="checkbox"/>	<input type="checkbox"/> Lowenkron	<input checked="" type="checkbox"/>	<input type="checkbox"/> Rostow <i>OK</i>
<input type="checkbox"/>	<input type="checkbox"/> Carney	<input type="checkbox"/>	<input type="checkbox"/> McNamara	<input type="checkbox"/>	<input type="checkbox"/> Stettner
<input type="checkbox"/>	<input type="checkbox"/> Chellis	<input type="checkbox"/>	<input type="checkbox"/> McShane	<input type="checkbox"/>	<input type="checkbox"/> Tilley
<input type="checkbox"/>	<input type="checkbox"/> Davis	<input type="checkbox"/>	<input type="checkbox"/> Melby	<input type="checkbox"/>	<input type="checkbox"/> Tobey
<input checked="" type="checkbox"/>	<input type="checkbox"/> Deal	<input type="checkbox"/>	<input type="checkbox"/> Menan	<input type="checkbox"/>	<input type="checkbox"/> Van Eron
<input type="checkbox"/>	<input type="checkbox"/> Dyke	<input type="checkbox"/>	<input checked="" type="checkbox"/> Morley	<input type="checkbox"/>	<input type="checkbox"/> Waguespack
<input type="checkbox"/>	<input type="checkbox"/> Fry	<input type="checkbox"/>	<input type="checkbox"/> Needles	<input type="checkbox"/>	<input type="checkbox"/> Wayne
<input type="checkbox"/>	<input type="checkbox"/> Gordon	<input type="checkbox"/>	<input type="checkbox"/> O'Leary	<input type="checkbox"/>	<input type="checkbox"/> Whitley
<input type="checkbox"/>	<input type="checkbox"/> Gompert	<input type="checkbox"/>	<input type="checkbox"/> Paal	<input type="checkbox"/>	<input type="checkbox"/> Working
<input type="checkbox"/>	<input type="checkbox"/> Haass	<input type="checkbox"/>	<input type="checkbox"/> Patterson	<input type="checkbox"/>	<input type="checkbox"/> _____
<input type="checkbox"/>	<input type="checkbox"/> Holl	<input type="checkbox"/>	<input type="checkbox"/> Pavitt	<input type="checkbox"/>	<input type="checkbox"/> _____
<input type="checkbox"/>	<input type="checkbox"/> Hewett	<input type="checkbox"/>	<input type="checkbox"/> Pilling	<input type="checkbox"/>	<input type="checkbox"/> _____
<input type="checkbox"/>	<input type="checkbox"/> Hull	<input type="checkbox"/>	<input type="checkbox"/> Poneman	<input type="checkbox"/>	<input type="checkbox"/> _____

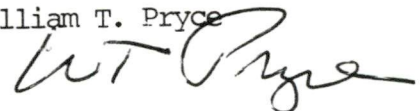
INFORMATION

- Sittmann
- Hill
- Exec Sec Desk
- Scowcroft (advance)
- Howe (advance)
- Secretariat

COMMENTS

This has been coordinated with Nick Rostow, Eric Melby and Bill Harlow.

William T. Pryce



Logged By MB

Return to Secretariat  
379 OEOB

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00p.

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS

SUBJECT: THURSDAY, APRIL 23, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MCGROARTY	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

RESPONSE:

TO: DAN MCGROARTY

The NSC concurs with changes, as noted.

Brent Scowcroft

cc: Assistant to the President and Staff Secretary Philip D. Brady

PHILLIP D. BRADY Assistant to the President and Staff Secretary Ext. 2702

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

2 APR 20 P2:18

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

[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 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.

*Mc Groun*  
~~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 changes than here in our own hemisphere.~~  
*Meanwhile, here in our own hemisphere we've also witnessed also made history. The nations of the Americas have made*

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 <sup>private</sup> capital is flowing into the Americas for new investments than is flowing out, ~~as flight capital.~~ 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. <sup>New para.</sup> Barriers to trade and investment are coming down. Go to the financial centers of the world and they will give you the same message: <sup>One of</sup> <sup>regions</sup> ~~The most exciting region~~ for growth and investment is Latin America.

Alongside this economic revolution, we have <sup>and supported</sup> 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 courageous and committed democratic leaders, <sup>with whom we have worked closely</sup> <sup>in the pursuit of common goals.</sup>

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

The new spirit was demonstrated in June of last year, when the DAS General Assembly passed a resolution designed to strengthen the international response to threats to democracy.

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

designed to remove all tariffs on trade between the U.S., Canada, and Mexico. This agreement will build on our historic free trade agreement with Canada. The success of the FTA with Canada demonstrates how a free trade agreement can benefit all concerned.

4

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. \\

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 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 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 North American Free Trade Agreement would create over 360,000 American jobs. It could increase our trade with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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~~ <sup>four investment sector loans,</sup> ~~year,~~ We've seen <sup>three new debt agreements, three new</sup> environmental agreements, and <sup>with 31</sup> ~~31 new~~ framework agreements <sup>for countries</sup> and one new bilateral investment agreement. opening trade. Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

*X re duant*  
economic and political

program is designed to empower them 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 and investment need and deserve our support. They are the true liberators of our era. <sup>True</sup> ~~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 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 <sup>generate</sup> ~~provide~~ 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.<sup>5</sup> 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 ~~I get a~~ Congress demonstrate ~~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 <sup>democratic,</sup> honest and <sup>efficient</sup> ~~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.

# # #

## WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00pm

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS  
THURSDAY, APRIL 23, 1992

SUBJECT: \_\_\_\_\_

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<del>HOLIDAY</del>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MCGROARTY	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

*See comments. Thanks.  
Paul <sup>PK</sup> Karfonta  
04/21/92*

**PHILLIP D. BRADY**  
Assistant to the President  
and Staff Secretary  
Ext. 2702

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

02 APR 20 P2:18

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
SHERATON WASHINGTON HOTEL  
WASHINGTON, D.C.  
THURSDAY, APRIL 23, 1992  
[TIME]

[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; <sup>and</sup> 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 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

(OCA)  
Can. f. be  
time. How  
can you com-  
pare  
only in a  
few American  
Republics to  
USSR/E. Eur.

(Treas.)

(Treas.)

Already, Mexico, Costa Rica, Venezuela, Uruguay, and Argentina, have reached agreement to reduce their commercial debt burdens under the Brady Plan, and more are on the way.

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.

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 courageous and committed democratic leaders.

Insert A  
Treasury

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

(Treas.)  
Insert A

INSERT (A) page two

Now we face a new challenge, a clear challenge:

~~[The challenge we face is clear]~~ to accelerate the momentum <sup>and investment</sup> 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.

no -  
per  
from by NSC

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

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. \\  
L.

(Treas.) I've made it a top priority to conclude a free trade agreement opening ~~Mexico's markets to~~ *further trade and investment opportunities among* 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. \\  
L.

(USTP) *free trade area comprising*  
A ~~common market of~~ *market* the United States, Mexico and Canada would be the largest in the world -- 360 million consumers in a \$6 trillion economy. Mexico is 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 ~~\$22.14~~ *(Commerce) 14.6* billion to ~~\$32.0~~ *33.3* billion. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled; [our exports of corn have tripled.] → *See Commerce attachment. "A"*

USTP can't verify

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

→ Commerce

**ATTACHMENT A**

NOTE: Exports of corn doubled from 1987-1990, but plunged in 1991. Suggest using example of grain sorghum instead. Grain sorghum exports were 62 million in 1985 and 381 million in 1991...

(Commerce)

\* change order from largest to smallest -- and add Ohio.

5

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.

Important (CUSTR) ↓

Economists say A North American Free Trade Agreement would create ~~over~~ hundreds of thousands of export related 360,000 American jobs. It ~~could~~ increase our trade with Mexico by \$10 billion<sup>130,000</sup> of dollars. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Ohio support → (Treas.)

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

(Treas.) like for example has been foremost among these countries and indeed is ready to begin talks on a free trade agreement of its own.

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, we've seen three new debt agreements, three new environmental agreements, and <sup>9</sup> new framework agreements ~~for~~ opening trade. Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

reduction (Commerce)

(CUSTR)

which will help open trade.

see Treas. Conflicting comments and Commerce conflicting comments

less version less

we now have framework agreements with 31 nations in this hemisphere.

(Treas.)  
economical and political

program is designed to empower them 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. (Treas.)  
land investment

(Treas.)

~~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 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 official generate millions of dollars to preserve the environment. But Congress has refused to approve any funds for this purpose. (Treas.)

(Commerce) →

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

W. J. R.  
Mr. NSC  
ver. 1.0  
(Treas.)

As well as improve the climate for environmentally sustainable investment.

7

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 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.

# # #

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~~ <sup>already four investment sector loans</sup> we've seen three new debt agreements, three new environmental agreements, and ~~31~~ <sup>with 31 countries</sup> new framework agreements for opening trade <sup>and one new investment agreement.</sup>

Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

present  
feas.  
on effective  
comments

Treasury  
comments

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, we've seen three new debt <sup>-reduction</sup> agreements, three new environmental agreements, and <sup>16</sup> 31 new framework agreements <sup>with 31 countries</sup> for opening trade. Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

Commerce  
Comments



DEPARTMENT OF THE TREASURY  
WASHINGTON

FACSIMILE COVER SHEET  
OFFICE OF INTERNATIONAL AFFAIRS  
15TH & PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20220

DATE April 21, 1992 NUMBER OF PAGES TO FOLLOW 10

TO: 1. French Hill: 2. Robert Morley: 3. Nelson Rockefeller

ADDRESSEE'S FAX NUMBER 1. 456-7739 2. 395-1178 3. 395-5730

ADDRESSEE'S CONFIRMATION NUMBER \_\_\_\_\_

FROM George A. Folsom

SENDER'S FAX NUMBER: (202) 633-7832

SENDER'S CONFIRMATION NUMBER: (202) 566-8243

COMMENTS/SPECIAL INSTRUCTIONS:

Changes to the Council of the Americas speech.

Photocopy-Preservation

*Com was interest  
objective global free trade*

EXECUTIVE SECRETARIAT CORRESPONDENCE PROFILE

PROFILE #: 92-108900

CREATE DATE: 04/20/92

ADDRESSEE: Downing, R. Blair  
Executive Secretary

AUTHOR: Luttig, Elisabeth  
White House

SUBJECT: Presidential Comments: Forum of the Americas 4/23

ABSTRACT: Request for comments on Presidential remarks to be delivered to the Forum of the Americas on 4/23/92

\*\*\*\*\* TASK ASSIGNMENT MEMORANDUM \*\*\*\*\*

ASSIGNED TO: R. BLAIR DOWNING  
EXEC SEC

DUE DATE: 04/21/92

ACTION REQUIRED: Direct Reply

TASK: Mr. Graetz/OAS/PUB AFFS/ECON POL/POL MGT: Please review relevant sections for consistency with Administration policy and provide comments to Peter Barlow on 566-2378 by 11:30AM TUESDAY, APRIL 21.

DISTRIBUTION: ~~OASIA~~  
PUBLIC AFFAIRS/LIAISON REVIEWERS

ECONOMIC POLICY  
POLICY MANAGEMENT

OTHER DISTRIBUTION: Michael Graetz

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 united; 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 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  
~~of the Americas~~. In country after country, the hyperinflation

[Acknowledgments]

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
 SHERATON WASHINGTON HOTEL  
 WASHINGTON, D.C.  
 THURSDAY, APRIL 23, 1992  
 [TIME]

2 APR 20 P 2: 18

Dugan/Simon  
 April 20, 1992  
 Draft three  
 Trade

Already, Mexico, COSTA RICA, Venezuela, Uruguay, and Argentina, have ~~reached~~ reached agreement to reduce their commercial ~~debt~~ debt burdens under the Brady Plan, and more are on the way. 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.

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 courageous and committed democratic leaders.

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

(A)  
Insert →

Good!

NSC (Morley)  
owns don't take use  
this insert.  
- JLD

Not

INSERT (A) PAGE TWO

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.

3

*9/11/92!*

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

4

good / 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 <sup>further trade + investment opportunities among</sup> 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 <sup>[with Mexico and]</sup> throughout the hemisphere -- and I'll fight any special interest that tries to stand in our way. \ \

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 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 billion. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled; our exports of corn have tripled. *deletion ok*

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

NO

Chile, for example, has been foremost among those countries  
and, indeed, is poised to begin talks on a Free Trade  
Agreement of its own.

~~Chile~~  
~~is~~  
~~poised~~  
~~to~~  
~~begin~~  
~~talks~~  
~~on~~  
~~a~~  
~~Free~~  
~~Trade~~  
~~Agreement~~  
~~of~~  
~~its~~  
~~own~~

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 North American Free Trade Agreement <sup>support</sup> would ~~create~~ over  
360,000 American jobs. It could increase our trade with Mexico  
by \$10 billion. It would create competitive efficiencies and  
economies of scale that will help American companies compete in  
world markets.

Free trade with Mexico will make both of us winners in  
economic endeavor -- but our relationship goes well beyond trade.  
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. <sup>and one new investment agreement</sup> ~~During just the past~~  
~~year~~ we've seen <sup>four investment sector loans</sup> three new debt agreements, three new  
environmental agreements, and <sup>with 31 countries</sup> ~~31~~ new framework agreements for  
opening trade. Enterprise for the Americas reflects a revolution  
in thinking. Through this initiative, the United States is not  
seeking to impose our ideas on our neighbors. Rather, our

CH. NOS. →

INSENT

6

program is designed to empower them 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. <sup>and IN UPGRADE</sup>

<sup>TRUE</sup> 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 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 <sup>general</sup> ~~provide~~ 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 \$1.3 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state

7

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.

*AS MUCH AS ~~the~~ ~~the~~ environmentally sustainable  
(improve the climate for) investment.*

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

*Export related*

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.

# # #

reference 5 reforms - ~~do on~~

Copy Dan

Document No. \_\_\_\_\_

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUES. 4/21/92 11:00am

SUBJECT: FACT SHEET ON SECURITIES REGULATION REFORMS

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	MOORE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>SCHAERR</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Gene Schaerr, Rm. 114, x2607, no later than 11:00 a.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

*nc*

**PHILLIP D. BRADY**  
Assistant to the President  
and Staff Secretary  
Ext. 2702

DRAFT 4/20/91

THE WHITE HOUSE

2 APR 20 P2:44

Office of the Press Secretary

?

April 21, 1992

**FACT SHEET ON SECURITIES REGULATION REFORMS**

In response to the President's 90-day regulatory relief initiative, the Securities and Exchange Commission today announced numerous elements of a comprehensive new regulatory modernization program -- a program that will eliminate unnecessary regulatory burdens on capital formation and thereby promote economic growth.

Vigorous capital markets are essential for business expansion and job creation. Indeed, capital markets are the principal funding mechanism for the operation and growth of the U.S. businesses. This is reflected in the fact that the value of all securities traded in U.S. capital markets -- including stocks, bonds, and commercial paper -- exceeds \$ [12] trillion.

The steps announced today will help make U.S. capital markets even more vigorous and efficient by reforming the SEC's regulation of securities offerings, exchange and over-the-counter markets, securities brokerage firms, investment advisers, and mutual funds. These changes will help facilitate credit and equity financing for businesses, expand investment opportunities available to investors, lower regulatory costs, and promote greater economic efficiency. At the same time, none of the proposed changes will impair the fundamental goals of investor protection and confidence that have made U.S. capital markets the best in the world.

The specific actions announced today are as follows:

1. Streamlining Regulation of Mutual Funds and Investment Companies. Although the mutual fund and investment company industry has undergone tremendous growth and enormous structural changes in recent years, the basic federal laws regulating this industry have not been amended in twenty years. The SEC's modernization program will include the following steps to streamline and modernize the existing system of regulation for mutual funds and other investment companies.

• Removing Constraints on Asset-Backed Financing. The SEC's program will include rules to remove certain artificial restraints the SEC has previously imposed on the market for asset-backed securities. [impact?]

- Increasing Flexibility. The SEC's program will also implement numerous regulatory changes to permit greater variation in pricing, distribution, redemption and advertising practices by mutual funds and other investment companies, while preserving full public disclosure. These will encourage greater innovation in the industry, and a wider range of choices for investors.
- Simplification of Proxy Disclosure Rules for Mutual Funds. The SEC's modernization program will simplify and improve investment company proxy statement disclosure.
- Aiding Investments in Small Business. Small businesses can be greatly helped by increased capital supplied by investment companies. As part of its modernization program, the SEC will develop a regulation that will assist in creating a new type of mutual fund oriented toward less liquid investments such as venture capital stakes in small companies.

In addition, the SEC has recently taken two other steps to facilitate investment by mutual funds in small businesses:

- It has issued proposed rules to facilitate broad-based investor participation in investment companies that specialize in small business investing; and
- It has published an interpretation that would allow mutual funds to invest a greater percentage of their assets in illiquid securities of small businesses.

2. Promoting the Efficiency of Securities Markets. The SEC seeks to promote fair, orderly and efficient trading markets. To this end, the SEC's modernization program includes several initiatives to eliminate unnecessary burdens on market participants and improve market efficiency.

- Simplification of Broker-Dealer Registration and Reporting Requirements. The SEC's program will amend the basic registration form for broker-dealers to reduce the scope of the disclosure requirements and to eliminate the need to file information that can be obtained through an interstate filing system. The staff is also working with state regulators towards development of a one-stop filing system for state and federal registration of broker-dealers.
- Streamlining Trading Practice Rules. The SEC's modernization program also includes a review of restrictive trading rules that apply to the conduct of certain persons and their affiliates in connection with the distribution of securities. This review will consider:

- the effect of these restrictions in international offerings;
- their application to domestic securities firms that have affiliates acting as market makers or specialists;
- the need to modernize the rules to make them more consistent with contemporary market practices and trading technologies.

3. Making Disclosure Simpler and Better. The SEC is also taking numerous steps to make disclosure required under the securities laws simpler and better. These steps will both reduce costs for securities issuers and make it easier for investors to understand disclosure documents.

- Increasing Use of "Shelf" Registration. In the 1980s, the SEC adopted a system for "shelf registration" of securities. Under this system, securities could be registered for delayed offering, thereby eliminating the need for further SEC review, and providing issuers greater flexibility in the timing, size, and manner of distributions. The SEC's modernization program will include actions to expand the availability of "shelf registration" for all types of asset-backed securities and a broader class of reporting companies.
- Easing the Burden of Insider Reporting. The SEC's modernization program will include steps to simplify regulations requiring reporting by a public company's officers, directors and significant shareholders of transactions in its securities.
- Simplifying Accounting Rules. The SEC's program will include amendments to the current Regulation S-X (governing financial statements of issuers) to take advantage of improvements in generally accepted accounting principles, to eliminate unnecessary rules, and to remove ambiguities. The SEC will also eliminate duplicative accounting requirements.
- Simplified Disclosure System for Small Businesses. In addition, the SEC has recently issued proposed rules to create comprehensive, but less burdensome, "junior" disclosure forms that can be used by small businesses to comply with securities registration and continuous reporting requirements.

4. Reducing the Costs of Securities Offerings. In addition to the measures described above, the SEC has recently taken the following actions to reduce the costs of securities offerings, particularly by small businesses:

- Amendments to Regulation A Offerings. Regulation A offerings of securities are less costly than registered offerings. The SEC recently issued for public comment proposed revisions to permit more issuers to qualify to use that type of offering and to further reduce the costs of such offerings by (a) raising the annual dollar limit from \$1.5 million to \$5 million, (b) permitting the use of a simple question-and-answer format for the offering circular, and (c) permitting companies for the first time to "test the waters" regarding investor interest before incurring the expense of preparing offering documents. These changes will make it easier for small business to raise greater amounts of capital without incurring substantial legal and accounting expenses.
- Small Debt Offerings. The SEC recently issued proposed rules that will expand exemptions to costly compliance conditions in connection with issuance of corporate debt securities. The SEC's proposed amendments would permit an issuer to raise up to \$5 million without complying with the Trust Indenture Act and up to \$10 million without complying with certain of the Act's conditions.
- Seed Capital Offerings. The SEC recently issued a proposed rule making it easier for businesses to avail themselves of an exemption that permits start-up companies to raise up to \$1 million in capital without triggering federal registration requirements.

p. 8: 2nd Para:

~~flat-earth mentality.~~  
move to  
"round world  
reality."

p. 5:- warm friendship w/ Pres. Salinas:  
remember Mulroney & Canada. ✓

p. 6: Ask Cong for 3/0 for AET.  
add clause ~~to~~ <sup>strengthen</sup> then economic  
measures will create  
more inner jobs. ✓

Moobacher:

1) p. 4 - "5 yr. period"  
Comm. can provide Bush years  
3 yrs. "\$'s just as"  
good ✓

2) re Salinas: called the  
"Spirit of Houston"  
from agr. to furniture to high tech. ✓  
imports

FACT:  
70%  
of Mexican  
overall are  
American. ✓

360,000 jobs.  
↳ higher \$'s for longer term of measures. ✓

Mosbacher  
from H. Moore  
to D. Mc G.

2 pm Tues

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
SHERATON WASHINGTON HOTEL  
WASHINGTON, D.C.  
THURSDAY, APRIL 23, 1992  
[TIME]

[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 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

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.

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 courageous and committed democratic leaders.

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: 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

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. \\\

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 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 billion. Our exports of autos, auto parts, and telecommunications equipment to Mexico have doubled; our exports of corn have tripled.

*Commercial*  
3 yrs.  
Bush yrs

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.

*Commerce:  
better  
\$5??*

A North American Free Trade Agreement would create over 360,000 American jobs. It could increase our trade with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

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

*Maloney & CANADA*

*(?)  
a Spirit  
of  
Houston*

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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

*from agr. to purchase of high tech →*

here to come in  
& support  
most of you  
here,  
6

70% of Mexico's  
Total  
Imports are  
American.

but I wish  
the US public  
be there?

program is designed to empower them 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 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. 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 \$1.3 billion fund to help Latin American reformers. This fund, administered by the Inter-American Development Bank, would help people privatize old state

strengthen  
L.A. economic  
means  
more  
imports  
more  
American  
jobs.

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 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.

# # #

THE WHITE HOUSE

WASHINGTON

April 21, 1992

MEMORANDUM FOR DAN MCGROARTY

FROM: ROGER B. PORTER

SUBJECT: Forum of the Americas Speech

This is a good speech. It makes clear the President's strong personal commitment to the hemisphere. It describes the need for action by the Congress to implement the debt pillar of the Enterprise for the Americas.

We have only a few suggestions:

Page 4. 1st paragraph. "I've made it a top priority to conclude a free trade agreement designed to remove all tariffs and trade barriers between Canada, Mexico, and the United States. Our objective is a unified North American market that builds on the historic U.S.-Canada Free Trade Agreement."

*already done*

Explanation: Current text could be read to imply that Mexico is the only country opening its market. NSC advises that a reference to Canada may help allay current trade tensions.

Page 5. 3d paragraph. Break out new paragraph as follows:

Enterprise for Americas reflects a revolution in thinking. We must break out of the imprisoning ideas of the past. Just as our ties with Russia and the former Soviet states have moved beyond Cold War containment, we must move in this hemisphere -- beyond traditional U.S. paternalism and beyond Latin American dependence. Our program is designed to empower Latin Americans to succeed with free market economic reforms they have chosen on their own -- ideas developed in Latin America for Latin Americans. Let us forge a new hemispheric partnership based on open markets, free trade, mutual benefit, and mutual respect.

*change this to reflect that to resurgence to democracy*

Explanation. To fend off press criticism that we aren't announcing any new initiatives, it might be useful to make clear that EAI itself represents a sharp break with traditional U.S. policy toward Latin America.

Page 6. Insert Treasury paragraph describing EAI if

available.

Page 7. Insert paragraph describing economic benefits for U.S.:

"Our economic prosperity depends in part on trade with Latin America. During the 1980s, the debt crisis led to the collapse of U.S. exports to the Latin America, and contributed to our trade deficits. As Latin America is reborn under democracy and economic reform, U.S. exports to Latin America have surged by nearly one-third -- from \$49 billion in 1989 to \$63 billion in 1991. They have grown much faster than our exports to Asia and Europe. In short, a healthy, stable, and prosperous Latin America represents a natural market for American goods and services."

| yes ✓

Explanation. It is important to make clear that EAI represents a win-win situation for the United States and Latin America.

Simon

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
SHERATON WASHINGTON 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 <sup>move away from</sup> ~~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 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

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.

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 courageous and committed democratic leaders.

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: 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~~ Mazatlan 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 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. \\\

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 <sup>among</sup> 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 <sup>33.3</sup> ~~\$31.3~~ 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 North American Free Trade Agreement would create over *hundreds of thousands* ~~360,000~~ American jobs. It could increase our trade with Mexico by ~~\$10 billion~~. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. *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 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 <sup>open to all</sup> transparent. ( — (doesn't translate well) )

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. 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 \$1.3 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 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 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.

# # #

**WHITE HOUSE STAFFING MEMORANDUM**

92 APR 21 P2:56

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00p

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS  
THURSDAY, APRIL 23, 1992

SUBJECT: \_\_\_\_\_

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>MCGROARTY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

*See comments*

**PHILLIP D. BRADY**  
 Assistant to the President  
 and Staff Secretary  
 Ext. 2702

32 APR 20 P2:18

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
SHERATON WASHINGTON HOTEL  
WASHINGTON, D.C.  
THURSDAY, APRIL 23, 1992  
[TIME]

[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 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

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.

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 courageous and committed democratic leaders.

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: 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

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. \ \

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 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 \$<sup>33.3</sup>~~31.3~~ billion. Our exports of ~~autos~~ auto parts, and telecommunications equipment to Mexico have doubled; our exports of ~~corn~~ <sup>substitute soybeans & sorghum</sup> have ~~tripled~~ <sup>about doubled</sup>.

It's not just the border states that profit from this growth. During my presidency, 45 of our 50 states have increased <sup>with Mexico in ten years.</sup>

*Howard  
4/6/57*

*Source:  
Commerce  
Mexico  
desk.*

*our Trade balance with Mexico is in surplus by \$2.1 billion, our first surplus with Mexico in ten years.  
Howard*

*6 Nov 1957*

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 North American Free Trade Agreement would create over <sup>64,000</sup> ~~360,000~~ American jobs. It could increase our <sup>exports</sup> ~~trade~~ with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. Enterprise for the Americas reflects a revolution in thinking. Through this initiative, the United States is not seeking to impose our ideas on our neighbors. Rather, our

USTR  
Soury  
Howard  
4/6/57

X  
other  
Sources

program is designed to empower them 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 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. 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 \$1.3 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 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 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.

# # #

THE WHITE HOUSE  
WASHINGTON

92 APR 21 12:04

April 21, 1992

MEMORANDUM FOR DAN MCGROARTY

FROM: STEPHEN G. RADEMAKER   
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Forum of the Americas

Pursuant to Phillip Brady's request, Counsel's Office has reviewed the above-referenced matter. We have no objection to the draft presidential remarks subject to the change indicated on page 4 of the attached draft.

Attachment

cc: Phillip D. Brady

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00pm

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS

SUBJECT: THURSDAY, APRIL 23, 1992

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FINDLAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MCGROARTY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

**PHILLIP D. BRADY**  
 Assistant to the President  
 and Staff Secretary  
 Ext. 2702

2 APR 20 P2:18

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

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

[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 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

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.

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 courageous and committed democratic leaders.

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: 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

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. \\

*free trade area encompassing*  
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 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 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

*NAFTA would not be a common market*

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 North American Free Trade Agreement would create over 360,000 American jobs. It could increase our trade with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. Enterprise for the Americas 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 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 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. 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 \$1.3 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 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 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.

# # #



DEPARTMENT OF THE TREASURY  
WASHINGTON

*John DeGuzman*  
*Wander*

FACSIMILE COVER SHEET  
OFFICE OF THE UNDER SECRETARY  
FOR INTERNATIONAL AFFAIRS  
1500 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20220

DATE: APRIL 20, 1992

NUMBER OF PAGES TO FOLLOW 1

TO : FRENCH HILL  
SPECIAL ASSISTANT TO THE PRESIDENT  
FOR ECONOMIC AND DOMESTIC POLICY  
EXECUTIVE SECRETARY FOR THE POLICY COORDINATING GROUP

FROM: JEFFREY H. BUNZEL  
SPECIAL ASSISTANT TO THE UNDER  
SECRETARY FOR INTERNATIONAL AFFAIRS

TO FAX NUMBER 202-456-2223

TO CONFIRMATION NUMBER 202 456-7968

FROM FAX NUMBER: 202-786-8449

CONFIRMATION NUMBER: 202-566-8101

COMMENTS/SPECIAL INSTRUCTIONS:

PLEASE DELIVER IMMEDIATELY



DEPARTMENT OF THE TREASURY  
WASHINGTON

April 20, 1992

TO: FRENCH HILL

FROM: JEFF BUNZEL *JB*

Below are the inserts for the Council of the Americas speech. The first involves a positive reference to Chile to be inserted on page 6 at the end of the paragraph beginning with NAFTA and ending with citizens. The second is the paragraph we discussed to be inserted on page 7 after the sentence calling on Congress to reverse decisions in the next appropriations bill for FY93.

- (1) Latin America has recognized the rewards of this competition and is pursuing trade liberalization. Chile, for example, has been foremost among those countries and, indeed, is poised to begin talks on a Free Trade Agreement of its own.
- (2) Even though we await further action, significant strides have already been made under the Enterprise for the Americas Initiative. The United States has signed bilateral Trade and Investment Framework Agreements with 31 countries in the hemisphere. In addition, reduction of U.S. official bilateral debt has begun -- in 1991 we wrote off approximately \$1.5 billion for seven countries in the region and established mechanisms to fund grass roots environmental projects in three of these countries. We take pride in these accomplishments, including the negotiation of the Multilateral Investment Fund, and plan to continue contributing to the momentum of reform which has taken hold within the region.

French —

Thanks for your help on this speech. Let me know if we can contribute in any other way.

*Jeff*

**WHITE HOUSE STAFFING MEMORANDUM**

92 APR 21 P12:17

DATE: 4/20/92 ACTION/CONCURRENCE/COMMENT DUE BY: TUESDAY, 4/21/92 2:00pm

PRESIDENTIAL REMARKS: FORUM OF THE AMERICAS  
THURSDAY, APRIL 23, 1992

SUBJECT: \_\_\_\_\_

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HORNER	<input type="checkbox"/>	<input type="checkbox"/>
SKINNER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	YEUTTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>FINDLAY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>MCGROARTY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**REMARKS:**

Please forward your comments directly to Dan McGroarty, Rm. 122, x2930, no later than 2:00 p.m., TUESDAY, APRIL 21, with a copy to this office. Thank you.

**RESPONSE:**

*See pp. 6 & 7*

**PHILLIP D. BRADY**  
Assistant to the President  
and Staff Secretary  
Ext. 2702

02 APR 20 P2:18

Duggan/Simon  
April 20, 1992  
Draft Three  
Trade

PRESIDENTIAL REMARKS:

FORUM OF THE AMERICAS  
SHERATON WASHINGTON HOTEL  
WASHINGTON, D.C.  
THURSDAY, APRIL 23, 1992  
[TIME]

[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 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

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.

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 courageous and committed democratic leaders.

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: 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

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. \\\

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 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 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 North American Free Trade Agreement would create over 360,000 American jobs. It could increase our trade with Mexico by \$10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

Free trade with Mexico will make both of us winners in economic endeavor -- but our relationship goes well beyond trade. 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, we've seen three new debt agreements, three new environmental agreements, and 31 new framework agreements for opening trade. Enterprise for the Americas 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 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 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. 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 \$1.3 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 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 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.

# # #



# DISPATCH

## The North American FTA: The New World Order Takes Shape In the Western Hemisphere

Robert B. Zoellick

*Address by the Under Secretary for Economic and Agricultural Affairs and Counselor of the Department of State before the Columbia Institute's conference on "NAFTA: Impacts of a Borderless Economy on North American Regional Competitiveness," Tucson, Arizona, April 3, 1992.*

**W**hat do Switzerland, the Cold War, and NAFTA have in common?

This is not a riddle, but a serious question.

According to the story, President Salinas was attending a meeting of the World Economic Forum in Davos, Switzerland in early 1990 when he came to a realization about the end of the Cold War. President Salinas reportedly observed that the post-Cold War world would pose new economic challenges for Mexico and North America. On the one hand, many developed nations, especially those of Western Europe, would probably be preoccupied with the demands for investment, trade, and development of the world that was frozen behind the Iron Curtain for over 4 decades. On the other hand, developing countries would have to compete even more vigorously than before for capital, to create jobs, and to expand trade.

So, the story goes, NAFTA was born.

I start with this perspective because it is important to recognize that we are in fact creating a post-Cold War order, and NAFTA is part of it. Indeed, I believe that NAFTA could be a practical expression of the way that the United States can address a number of the changing challenges of a new era.

Of course, this is still a period of transition. This new era is so fresh that we still don't even have a proper name for it, other than to refer to these times as after what came before: a post-Cold War era. Yet to me, this flux represents dynamism, and dynamism means opportunity for those who are ready to leave old assumptions behind and be guided by a vision of the future. One feature of the United States' foreign policy strategy in this post-Cold War world is that our economic policy must become an increasingly critical component of our planning and action. The United States must be economically strong at home and abroad. One or the other won't do.

That is why NAFTA is so important. It is a rare strategic opportunity to secure, strengthen, and develop our continental base, economically and politically, in a way that will promote America's foreign policy agenda, our economic strength and leadership, and US global influence.

The United States is the only nation in the world today that ranks at the top of the scales of political, military, and economic power. Over the course of the past few years—in Europe, the Gulf, and elsewhere—we have once again demonstrated our political and military leadership. But it is also vital that we remain in the forefront of international economic policy.

We've taken important steps in this direction. The US is the largest exporter in the world. Nearly one-third of our growth in GDP from 1986 to 1991 is due to our increased exports. The US worker is the most productive in the world, 81% above Japan, 26% above the western states of Germany. During the 1980s, the productivity of our manufacturing workers grew an average of 3.6% per year.

Taken together, exports and productivity produce jobs: Our growth in merchandise exports accounted for about 25% of the total growth in private industry jobs between 1986 and 1990.

But no one ever got ahead just by touting accomplishments.

We need to develop political and economic structures that enable us to grow stronger, and in doing so, to expand prosperity and opportunity for others around the globe.



*US Department of State Dispatch*

The NAFTA would be a key component of a network of global, regional, and bilateral arrangements that promote American interests. It can strengthen the capabilities of North America, enhancing our ability to compete globally.

Attention to the challenges of regional integration is definitely not the same as the promotion of regional blocs. The signal the United States wants to send the world is that we're committed to opening markets, and that we will extend a hand to others who share that commitment. NAFTA is a commitment by the United States, Mexico, and Canada to be outward-looking, promoting liberalization of trade and capital flows in our hemisphere as a step toward promoting them globally.

In particular, we want to support the efforts of Mexico, and then the rest of Latin America, to leave behind the illogic of economic autarky. The new leaders building competitive market economies in Latin America want to do business with Asia and Europe as well as North America. It is in our interest to support their transition to the global marketplace.

Indeed, this generation of political and business leaders has the opportunity to fulfill a lost promise of America's revolutionary generation. Our revolution won more than our independence; it was viewed at the time as a practical experiment emanating from the Age of Reason, the Spirit of the Enlightenment. That's why in 1782 the new Congress of the United States selected the motto "Novus Ordo Seclorum", New Order of Ages, for the Great Seal of the new nation.

Our experiment inspired others, inspired the causes of Bolivar and San Martin. While the revolutions against Spanish colonial authority in Latin America were victorious on the field of battle, their hopes were not fulfilled. Indeed, a traveler to Washington, DC today can see the special place accorded statues of Latin American liberators—not European, not Asian—among the Capital's memorials to our American heroes; mute statements of a dream not yet realized.

For 2 centuries, the United States' hemispheric relations, starting at our Latin border with Mexico, were marked by disappointments and conflicts on both sides.

But the original vision still survived, preserved by leaders with imagination on both sides of the border, people who understood the importance of US-Mexican relations.

In the 1860s, during the Civil War that almost destroyed our American experiment, President Lincoln still took time to support President Juarez in his struggle against French efforts to install a European Emperor in Mexico.

In 1933, shortly after assuming office, FDR rose above preoccupation with a deep depression at home to chart a new course with Mexico and the rest of Latin America. FDR called it the "Good Neighbor Policy." And he dismissed the special interests who argued that Latin America was "different" and not ready for such a special relationship.

Almost 30 years later, in 1961, another new President, John F. Kennedy, called for an Alliance for Progress with Latin America. He asked us to reach out to our hemispheric neighbors, to rise above those who lament about what we cannot do, saying the Latins are poor—or "different."

Now, after another 30 years, we have the opportunity to sustain and invigorate that vision. After 200 years, history is coming full circle. This generation, on both sides of the border, has the opportunity to integrate North America in a way that will build the foundation for stronger cohesion, growth, and cooperation.

The people of the United States may take for granted our geopolitical good fortune. Unlike most of the rest of the world, our land borders, extending about 7,500 miles, are marked by the absence of military threat. But the challenges of the 21st Century will be of economics, environment, narcotics, and migration, as well as military. The security of our citizens will encompass this broader set of challenges. So we need to complete the North American reconciliation in a way that strengthens

our ability to handle these challenges cooperatively. The North American Free Trade Agreement can be the cornerstone of this structure.

NAFTA will give important economic and political impetus for our current efforts to address the range of pressing North American problems. By dismantling the economic barriers among the United States, Mexico, and Canada that create inefficiencies and higher costs, NAFTA will generate economic growth, enhancing our ability to take on new challenges, economic and otherwise.

A failure to complete and approve NAFTA, on the other hand, would be seen as a rebuff of the Mexican political leaders and people who have sought to reorient their country as part of North America. The United States would be trying to isolate itself from its neighbors, something it cannot, in fact, do. We would do irreparable harm to our ability to work together, with mutual respect, on the numerous issues—migration, narcotics, environment, and others—that do not recognize borders. We would repeat mistakes of the past. We would fail to answer the call for leadership.

NAFTA will send strong encouraging signals throughout all of Latin America. A new cadre of leaders throughout the hemisphere is struggling to transform our region into one pledged to democracy, market economics, and growth. These men and women are taking a totally new attitude towards the United States. They reject the excuses of "dependency theory." But the process of progress is still fragile; tremendous barriers must still be overcome.

The governments of Latin America and, even more important, the people of Latin America, are trusting that the people of the United States will continue to stand for the ideals that we have espoused for so long. They know that they must perform the tasks of reform—but they also know that their prospects for success depend on the willingness of the United States to preserve and promote international systems based on the free flow of capital, trade, and ideas.

*US Department of State Dispatch*

If there is to be a New World Order that unites security and economic policies, certainly these must be our objectives.

But Latins are troubled by the new echoes of the old nay-sayers in the United States who grumble that Latin America is in some way "different," or even a threat.

The United States cannot promote the same vision that Lincoln and FDR and JFK acted on, if we follow the voices that have abandoned America's faith in bettering itself—and others.

Now I understand that Americans are practical people as well as idealists. Any New World Order for the United States must also be based on common sense. That's good news for NAFTA, because the nuts and bolts of this agreement can fit together very well.

The North America Free Trade Agreement will create the largest market in the world: 360 million consumers with a total output of \$6 trillion.

The agreement will eliminate economic barriers and inefficiencies with our first and third largest trading partners. In 1991, our three-way trade amounted to \$243 billion.

NAFTA will increase sales opportunities for US firms, improve their operating efficiency, increase real income for workers in the United States, create jobs, and spur growth in all three nations. Our neighbors' growth multiplies benefits for the United States. For each dollar of growth in Mexico, about 15 cents is spent on US goods. As Mexico grows more, it will import more. Seventy cents of each Mexican import dollar is spent on goods from the United States.

This is an important point: Trade is not a "you win, I lose" proposition. By generating growth, trade multiplies the purchasing power of our trading partners.

Of course, Mexico's economy is relatively small compared to that of the United States. Its GDP, approximately \$280 billion, is about the same as that of Illinois. Because Mexico's economy is only about one-twentieth the size of the US economy and its exports only amount to about 6% of US imports, scare stories of mass dislocations from

reducing barriers simply are not credible.

Moreover, the factual record since 1986, when Mexico began a major opening of its economy, tells a very encouraging story. US exports to Mexico have increased from \$12.4 billion to \$33.3 billion in 1991, making Mexico our third largest export market. This growth of 169% is almost twice the rate of overall US export growth in this period. By way of example, our exports to Western Europe increased 93%, a hefty amount but still significantly less.

US manufacturing exports to Mexico increased from \$10.4 to \$26.7 billion during this period, almost twice the rate of our overall growth in manufacturing exports. Agricultural exports jumped from \$1.1 to \$2.8 billion, making Mexico our third largest customer in 1991. Consumer goods exports tripled from \$1 to \$3 billion in 1990.

Exports of telecommunications equipment doubled. Exports of autos and auto parts more than doubled. In fact, two highly sensitive sectors—steel and textiles—were in surplus with Mexico in both 1990 and 1991.

If you forget all the rest of these numbers, just remember this fact: We have swung from a bilateral trade deficit with Mexico in 1986 of \$4.9 billion to a surplus of \$2.1 billion in 1991. If one excludes our petroleum imports, the surplus shoots up to \$6.6 billion.

The United States has even more to gain because our economy is already relatively open. Right now Mexico has relatively good access to our market; NAFTA will help us secure reciprocal access to Mexico's. To take just one example, our already sizable agricultural exports to Mexico are still less than they could be because restrictive Mexican import licenses still apply to about 80% of the value of the US agricultural exports.

I also think it is a serious miscalculation to assume that the alternative to NAFTA is Mexican barriers as they exist today. Those lower barriers and the growth that is stimulating more Mexican purchases of US goods are a recent phenomenon, reflecting a shift

by Presidents de la Madrid and Salinas away from the historical Mexican reliance on protectionism and economic autarky. At the end of 1985, Mexican tariffs ranged up to 100%, the average tariff was about 30%, and licenses for imports protected 47% of domestic output (down from 92% earlier in the year); today, Mexico's maximum tariff is 20%, its average trade-weighted tariff is about 10%, and many more licensing restrictions have been removed.

If the United States sends a signal to the Mexican people that we intend to reject this historic opening, I could easily see a return to the old ways.

Politics and economics are dynamic, not static, systems. There are political forces in Mexico, as in the United States, that are afraid of competition. In Mexico, these forces usually are strongly associated with antipathy toward the United States. A failure to complete NAFTA would fuel their animosity for decades and give these negative protectionists the upper hand. That's why NAFTA is an excellent example of the serious choices we have to make as we define this New World Order.

I understand that some people will snipe that all these statistics may sound good for American business, but what about the American worker. Speaking frankly, that sort of logic will trip up the United States as we cross the threshold into the 21st Century. It certainly will leave America ill-prepared to play a strong leadership role in the post-Cold War world. Because the fact is that successful American businesses are going to help create US jobs.

The Commerce Department estimates that our current trade with Canada and Mexico supports jobs for well over 2 million US workers, about 588,000 of whom are linked to our exports to Mexico. That's just the start of what we can do.

As a rough rule of thumb, every extra billion dollars of US merchandise exports creates about 20,000 new jobs; so consider the benefits we've already achieved because trade liberalization and faster growth in Mexico has produced a swing of our trade balance

*US Department of State Dispatch*

of over \$7 billion. Various studies suggest that NAFTA will create between 64,000 and 150,000 new US jobs. My personal view is that these estimates are on the low side, because most are based on so-called "equilibrium", or "static", models that, in effect, measure the impact of reduced barriers in an economy at rest. They do not generally capture the dynamic effects of higher growth, which I suspect will be the real generator of jobs.

The claims about overall job loss just don't stand up to scrutiny. Jobs don't flee to places just because wages are lower. If they did, I imagine that Puerto Rico, which enjoys duty free entry into the US as well as tax incentives, would be the manufacturing center of the hemisphere.

In fact, firms' decisions on locations of investments and their ability to pay higher wages depend significantly on the productivity of the labor force. Productivity, in turn, depends on the education, skills, capital, technology, management, and overall infrastructure (including financial, communications, and transportation systems) that can be brought to bear.

Moreover, the US market is already relatively open to Mexico. Our trade-weighted tariff for Mexican goods is only about 3-4%, with 45% of Mexico's goods coming in duty free; so we can use NAFTA to slash Mexico's higher barriers and look in new market openings. It's also useful to observe that past dire warnings about job losses from reducing US barriers turned out flat wrong: For example, after the Caribbean Basin Initiative opened our markets, we turned a \$200 million deficit with those nations in 1986 into a \$2.1 billion surplus in 1991.

Consider the real competition. Japanese firms have grown stronger by sourcing components in Asia. EC firms are doing the same with inputs from southern Europe. Integrated operations that produce or assemble parts in Mexico can help make our higher wage workers more competitively globally. We even could expect a bonus because Mexican workers will buy more from us, too.

Nevertheless, the reduction of remaining US barriers to competition will require adjustment by some US firms and individual workers. But it is important not to overstate the scope of these changes. Since Mexico's economy is about 5% the size of ours, it is not likely to overwhelm us. In addition, I would expect that NAFTA will incorporate long transition periods. It will also probably include safeguards that ease the transition if the import flows become too disruptive. To place this adjustment in context, recall that about 10% of the US labor force changes jobs annually (87% of them voluntarily). Finally, these changes are necessary if the US is to remain a dynamic economy that is always striving to produce goods and services in which we have a comparative advantage.

Job changes can also be expedited and eased through the financial assistance of programs such as the Economic Dislocation and Worker Adjustment Assistance Act, or EDWAA. EDWAA is a flexible, comprehensive program that Congress created in 1988 with broad bipartisan and Administration support. Funded at \$540 million in 1992, EDWAA will have served approximately 750,000-800,000 workers in its first 3 years, achieving a placement rate of about 68%.

President Bush recently reaffirmed the importance of these programs as part of an overall strategy to make America stronger. On March 20th, the President said, "We must prepare our work force to compete, through better education, better training." His set of education reforms, called America 2000, and our new approach to job training, Job Training 2000, are natural complements to the NAFTA.

The United States didn't get where it is today by shrinking from challenges. With good education, good training, and a fair opportunity to sell our goods abroad to countries whose growing economies draw more US goods, we can help the American worker and American business lead the way in the New World Order.

In addition to benefiting the United States, Mexico, and Canada economically, NAFTA is likely to lead to a pattern of cooperation that will be important for other challenges we face after the Cold War. The publics in all our countries have expressed an increasing interest in the so-called transnational problems: These are issues that cross national borders, but which tend to be generated by the actions of private individuals and groups, not governments. Topics like narcotics, the environment, migration, and health are examples of transnational problems.

The traditional foreign policy machinery is only beginning to figure out how to cope with such issues; we need to integrate them more effectively within our statecraft. I strongly believe that a new and strengthened North American relationship, founded on NAFTA and economic integration, could be extended to address a series of such transnational problems that neighboring states will have to face together in the 21st Century.

Just take one example--the environment.

The United States and Mexico know that sustainable economic development and environmental safeguards need to be mutually supportive.

Indeed, the Salinas Administration has made significant strides in recent years to orient environmental policies, as well as economic policies, towards the standards set by the United States and other developed nations. President Salinas has made clear that Mexico is taking these steps because it recognizes they are in its own interest, not because we and other developed nations require them as an "entry ticket" to the club of developed nations. Without underestimating the tasks it faces, Mexico could become a model for nations that believe economic growth and protection of the environment are complements, not alternatives.

Of course there is a relationship between economic prosperity and the ability to devote resources to environmental protection. Mexico has about one-third the population of the United States with only one-twentieth of our economic resources.

*US Department of State Dispatch*

Our task, then, is to build on the program of environmental cooperation that we have already begun with Mexico, and to negotiate a trade agreement that will help Mexico grow so it will have new resources to fulfill its environmental goals.

Mexico took a major step towards environmental protection in 1988 through enactment of its General Law for Ecological Equilibrium and Environmental Protection. Much of this statute is based on US law and experience. It covers air, water, and soil pollution; contamination by hazardous materials and waste; pesticides and toxic substances; the conservation of ecosystems; ecology reserves; and the rational use of natural resources.

A central element of the 1988 law is the requirement of environmental impact assessments for all new investment projects in both the public and private sectors. The law also establishes administrative sanctions and criminal penalties for non-compliance.

The Salinas Administration recognizes that laws on the books will not be effective unless they're backed by proper enforcement. So the Mexican government is acting to remedy its past problem of inadequate enforcement. It sent a strong signal over the past 2 years by temporarily closing some 1,000 industrial enterprises for non-compliance. The budget of SEDUE, Mexico's environmental agency, increased almost eightfold between 1989 and 1991; a large part of this increase will go to develop regulations and enhance enforcement. SEDUE recently announced a commitment of 50 new environmental inspector positions for Mexico City and a total of 200 for the US-Mexican border.

Mexico is also turning to international sources to expand its environmental resources. The World Bank has extended loans worth \$345 million to support projects in forestry development, water supply, and sanitation, and it is currently considering lending to support projects worth \$226 million in environmental and resource management and air pollution. In addition, the

Inter-American Development Bank is currently working on loans for water projects in Guadalajara, ecology conservation in Mexico City, and forestry.

The United States and Mexico already cooperate extensively in a number of environmental areas. Not surprisingly, these joint efforts have intensified along with our economic integration.

Let me refer to just a few examples. The United States is providing technical support for Mexico's efforts to reduce Mexico City's air pollution. In the areas of wildlife and parks, we have around 100 joint projects, ranging from conservation and management of migratory bird habitats, to protecting endangered species such as the jaguar, to research on tropical birds. Mexico's extensive domestic wildlife conservation programs include the establishment of 44 national parks, 8 reserves, and 14 biosphere reserves. Mexico has joined CITES, the International Convention for the Protection of Endangered Species. The US Forest Service and the Agency for International Development have developed a cooperative program with the Mexican government for the sustainable management of tropical forests. Joint projects include, for example, cooperative research on insects and pest control, protecting migratory bird habitats, and remote sensing inventories of Mexico's forests.

In the area of marine resources, we're working together to place stringent restrictions on waste generated from ships in the Gulf of Mexico, to protect endangered sea turtles, and, most recently, Mexico proposed a number of far reaching moves to protect dolphins.

To help include business in our efforts, we established a joint business committee to provide advice and training in compliance with environmental laws and regulations for businesses in Mexico. In November 1991, we set up a Technical Information Clearinghouse in Mexico City that

offers businesses access to information on advanced environmental technologies to meet standards more effectively.

I know that the border environment is particularly important for many of you. Our initial efforts built on programs of the 100-year-old International Boundary and Water Commission. In 1988, Mexico and the United States established a new framework for cooperation on border and environmental pollution, supplementing the IBWC by tackling a broader range of pollution problems.

Then this year, the two Presidents announced a much more comprehensive and in-depth plan for addressing environmental concerns in the border region. This border plan focuses on problems in the areas of air pollution, water pollution, hazardous waste, chemical emergencies, enforcement, and pollution prevention. Recognizing the need to adjust to changing circumstances, our border plan includes programs that will be implemented during the period 1992-94. The plan will then be reviewed every 2 years, with further initiatives added or expanded as needed.

As part of the development of the border plan, US and Mexican officials held a series of public hearings in cities along the border. This was the first time the government of Mexico had ever conducted such public hearings. To ensure ongoing input from the public, EPA and SEDUE are establishing advisory committees.

This new border plan is backed by money. The Mexicans have committed \$460 million over 2 years. And the United States proposed \$241 million for next year alone.

Both Mexico and the United States recognize that these moves, substantial though they might be, are just a start of a much larger effort. Both of us intend to do more in the future—to address problems and opportunities that are unconstrained by borders.

I believe all of us want to do more to improve environmental conditions in Mexico and the United States. I also

*US Department of State Dispatch*

firmly believe that economic growth is the essential ingredient in helping us to do so. So I hope you appreciate that I am deeply disturbed by the statements of some who seem willing to sacrifice the free trade agreement to make a point.

I would hope people would answer this question honestly: Do you really believe killing NAFTA would improve Mexico's efforts to clean up the environment?

The answer must be no.

First, it is a practical fact of life that the Salinas Administration's innovative efforts to improve the environment are far less likely to win popular support if the Mexican people are struggling to find jobs or eking out an elementary existence.

Second, rejection of NAFTA on environmental grounds will lend great support to those in Mexico who argue that the United States and other developed nations are only pressing the environmental topic so as to perpetuate the developing world's dependency.

Third, our joint efforts with Mexico on environment and conservation issues have been based on a spirit of cooperation, reciprocity, and respect. We have avoided self-defeating actions that might appear to Mexicans like the hectoring commands of gringos who have in the past inserted themselves into Mexican sovereignty and decisionmaking. The Mexican people, who today want to clean up their own environment because they recognize it is in their own interest, will resent environmental dictates that they may perceive as an insult to their own commitment and as a new form of eco-protectionism.

There is a great deal that the US, Mexico, and Canada can and must accomplish together. To do it, the parties on each side of the border need to work together on the same side of the issue.

In conclusion, a successful North American Free Trade Agreement can be part of a new paradigm for the United States in the post-Cold War era.

This agreement can stand for US leadership in opening markets abroad.

It can stand as a building block in a strategy to produce growth, jobs, higher incomes, competitiveness, and economic strength for America.

It can stand as a practical commitment by the United States to help support nations, in Latin America and elsewhere, that are struggling to adopt outward-looking market economies and democratic political systems.

It can stand as a model of effective integration that will enhance our cooperation on other mutual challenges—such as the environment, narcotics, migration, and health.

And at a time when, elsewhere in the world, the fervors of nationalism are fragmenting countries and regions, NAFTA can stand out and move the world ahead by showing the benefits of enhanced integration based on mutual respect and working from shared principles.

That is my vision of a New World Order for the post-Cold War world. ■

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 23, 1992

REMARKS BY THE PRESIDENT  
TO THE FORUM OF THE AMERICAS

Sheraton-Washington Hotel  
Washington, D.C.

8:00 P.M. EDT

THE PRESIDENT: Please be seated. And, David, thank you, sir. And thank you for your really vital work in rallying the private sector and congressional support for the North American Free Trade Agreement, for the Enterprise for the Americas Initiative. And let me say to his many friends here that his personal involvement -- David's personal involvement has been a major factor in the success we've enjoyed so far with both of these significant initiatives.

And I also want to pay my respects to another old friend, Ambassador George Landau of the Americas Society, and Antonio Del Valle of the Business Council of Latin America, and Tom d'Aquino of the Business Council on National Issues. And I am grateful for all your leadership.

I understand also -- and I can't see too well out here with these bright lights -- that somewhere out there sits an old friend, a former colleague at the United Nations who went on to greater heights than being an ambassador there, an old friend, Javier de Cuellar is with us. And I am just delighted that he could be here. And I just wish I could see him. Javier. There he is. (Applause.)

And may I particularly welcome all of our guests from south of the Rio Grande, leaders from both the public and the private sectors. I see several ambassadors here and many others that are in the government sector, but so many from the private sector. And we salute you for your leadership. And let me just say this: public or private from the United States, we are glad to be your partners.

And I can't think, really, of a more important moment than now to convene again this Forum on the Americas. Over the last three years, we've seen our world literally 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. And we've 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 the face of the Earth. And we have drastically -- and this is one I take great pleasure in having been a small part of -- we have drastically reduced the threat of nuclear war.

And 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. And our

actions today will eliminate requirements for thousands of export licenses, including many that affected computers, one of our strongest export earners. Trade covered today by today's deregulation amounts to about \$2.5 billion.

Here in our own hemisphere, the Americas have launched an era of far-reaching and hopeful change. We've made history, all of us. 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 literally 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 our 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'll 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. And 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 -- those leaders supported by this dynamic private sector that is so beautifully represented here tonight. 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; we understand that. 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. They 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. And as long as I am President of this great country, the United States will devote its energies to the true and lasting liberation of the people of the Western Hemisphere. (Applause.)

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 rain forest. 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 linked; they are inseparable. And 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. And 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 some 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 cannot 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, if there's ever an audience that understands this, 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 cannot have it both ways. (Applause.)

In our own war for independence those who took this kind of stand were known as the "summer soldiers." And they wanted the glory of the revolution without showing the gumption to stand for freedom even in tough times. Our stand is clear -- my stand is clear: Open trade is vital to this country, to the United States, and every bit as vital as domestic reforms to renew our system 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 entire world -- 360 million consumers in a \$6 trillion -- \$6 trillion economy. Mexico -- and I salute its President, it's business people here tonight -- Mexico is among the fastest growing national markets for U.S. exports today. And over the last three years alone, American merchandise exports to Mexico have increased by two-thirds -- two-thirds. Our exports of autos, auto parts, 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, those border states.

Trade with Mexico already supports hundreds of thousands of U.S. jobs. And 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 of Canada, whom I consult frequently. I count President Carlos Salinas also as a dear friend. And he and I have been promoting the "spirit of Houston" ever since our summit meeting just after both of us were elected in 1988. And 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, let me say this: These voices are not speaking for me. The time of opportunity is now. And I have instructed our negotiators to accelerate their work. And I believe we can conclude a sound, sensible deal before the election -- and I want to sign a good agreement as soon as it is ready. (Applause.) And there will be no delay because of American politics. (Applause.)

Now, to other friends here let me say this: 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've 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. And 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 regrettably, 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 have 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 will 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. (Applause.) And if we can invest in the transformation of Eastern Europe and the old Soviet Union -- and we must do so -- then we can and 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 '80s -- 1980s -- we suffered through a corresponding drop in trade. We did. If you don't believe me, ask Caterpillar 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. We all

have a stake, a big stake, in a successful conclusion of the Uruguay Round of the GATT. (Applause.)

And if the equivocators and the protectionists 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 of America. And I will make this abundantly clear: Free trade means more exports, more investment, more choices, more jobs for Americans. (Applause.) Our great country is the number one exporter in the world -- over \$422 billion last year. Imagine that, \$422 billion. And we intend to pursue trade policies to keep that growth up now and in the future. And we will 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.

And five centuries ago, a man of courage and vision set sail from Europe searching for new trade routes and opportunities. And 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.

And today, we still have to combat the flat-Earth mentality -- the mind-set 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 does not belong to the status quo. It is the legacy of people like yourselves -- people with far-sighted vision and then 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. And together, we can usher in a new order of peace, a new time of prosperity, both animated by personal freedom.

Thank you all very much for what you are doing to strengthen free trade in this hemisphere. And let me say again how grateful I am to David and the other leaders of this wonderful organization for vitalizing and getting that public sector involved in all of these decisions. It is an absolutely essential ingredient if we are going to succeed. And, of course, it is mutually beneficial.

Now, I heard you were having broccoli for dinner, so I'm out of here. Many, many thanks. And may God bless all of you. (Applause.)

END

8:30 P.M. EDT

THE WHITE HOUSE  
WASHINGTON

April 22, 1992

MEMORANDUM FOR W. HENSON MOORE

FROM: GENE SCHAEER *GS*

SUBJECT: Possible Export Announcement for Tomorrow's Speech

Attached are the materials on the BXA proposals. The first page is from Commerce's draft report on the 90-day regulatory review. The remaining sheets are a press release (on three of the four items) that Commerce prepared several days ago but has not yet issued. Commerce estimates these four changes could produce \$2.5 billion in increased trade activity.

Please let me know if you would like me to pursue this further.

*COCOM -*

*FOR  
FORUM FOR THE  
AMERICANS?*

# BUREAU OF EXPORT ADMINISTRATION

## I. DESCRIPTION OF ACTIONS TAKE PURSUANT TO THE REVIEW

Bureau of Export Administration (BXA) efforts to reduce the burden of government regulation consisted in the main of three parts.

A. First, with respect to export control reform generally, BXA participated in senior policy level discussions chaired by the NSC/Deputies Committee concerning the formulation and review of proposed regulatory reform with a view to removing unnecessary export controls and streamlining the control responsibilities of the U.S. government.

B. Second, BXA recently received final interagency clearance on regulations that reduce regulatory burdens based on a November 1990 Presidential directive. These actions involve both the effective repeal of previous requirements, as well as pro-growth modifications of retained requirements. These regulations will become effective soon.

① BXA will eliminate nearly all individual license requirements for exports to COCOM and cooperating countries, enabling exporters to ship items without prior agency approval. Estimated economic impact: 500 fewer license applications, representing \$500 million in increased trade activity.

② BXA will eliminate most U.S. reexport authorizations for U.S.-origin goods going from COCOM and cooperating countries to most third countries, except when destined to a country or region of proliferation concern. Estimated economic impact: 500 fewer license applications, representing \$500 million in increased trade activity.

③ BXA will expand use of the Distribution License, used by approximately 150 of the largest exporters, to export computers to many countries, thus eliminating many current prior approval requirements. Estimated economic impact: 1000 fewer license applications, representing \$1 billion in increased trade activity.

④ BXA will liberalize licensing requirements on exports to Hong Kong and New Zealand. Estimated economic impact: 500 fewer license applications, representing \$500 million in increased trade activity.

BXA will remove Cambodia from the list of embargoed countries, and revise licensing policies and procedures affecting Cambodia and Laos. BXA estimates that there will be an increase in exports resulting from implementation of this regulation, but it

*less releases*  
- individual licenses no longer required  
- for 80% of trade  
- auth for reexport no longer required  
*Cocom permit - which came in so well in the cold war*  
*2.5 billion*

*NSE*

*draft*

Contact: Anne Sittmann  
(202) 377-2721

COMMERCE EASES LICENSING  
REGULATIONS

FOR IMMEDIATE RELEASE

The Commerce Department announced today amendments to three important areas of the Export Administration Regulations (EAR) that represent a substantial liberalization in export control on trade in high volume export markets.

Consistent with the President's priority to eliminate unnecessary regulations, the new rules will ease the licensing requirements on controlled exports to our COCOM partners in Western Europe and Japan. In addition, procedures to make bulk shipments of computers to most "Free World" countries are also being expanded.

Specifically, nine product categories are being dropped from the list of items that require prior Commerce Department approval when exported to allies. In addition, requirements to obtain prior Commerce permission for reexports of most U.S. products are being dropped in cases in which an item transits Western Europe and Japan. Exceptions apply for items controlled for non-proliferation reasons, or when the country of final destination is designated on Commerce's non-proliferation lists.

Computer exporters using Commerce's "Distribution License" to make bulk shipments will also benefit. In particular, the changes permit all computers -- including supercomputers -- to be exported to many European destinations without prior Commerce approval of each transaction. However, certain compliance and auditing requirements for exporters using the DL will continue to be in effect.

These changes reflect improvements in export control cooperation with foreign governments, and are also necessary to ensure that export controls are not an obstacle for U.S. companies marketing in the European Common Market. The changes do not weaken U.S. non-proliferation export controls.

The rules will be issued in interim form and comments will be considered and taken into account by the Department in developing the final regulations.

The Commerce Department administers and enforces export controls established for reasons of national security, foreign policy and short supply.

# # #

DRAFT

FACT SHEET  
Intra-COCOM Trade and Reexports

The Commerce Department is amending the Export Administration Regulations (EAR) to ease the licensing requirements on controlled exports to our COCOM partners, in addition to nations cooperating with COCOM controls and to reduce reexport licensing requirements.

The new regulations represent a substantial liberalization in export trade controls in high volume export markets. The rules will be issued in interim form and comments will be considered and will be taken into account by the Department in developing final regulations.

Intra-COCOM Trade

- o The rule substantially expands eligibility for additional controlled items for export under General license COCOM Trade (GCT). Items that no longer require a validated license for export to COCOM and countries cooperating with COCOM controls now include the full range of semiconductor manufacturing equipment, submersible systems components, coatings equipment and technology and others controlled for national security purposes.
- o The rule makes eligible nine types of goods and technologies for export under general license GCT. Commerce validated licensing will no longer be required on roughly 95 percent of all national security controlled items exported to COCOM members and cooperating countries.
- o Items not eligible for exporting under this General License are limited to five critical items: supercomputers, cryptographic equipment, night-vision equipment, high-speed streak cameras, and flash discharge x-ray equipment.
- o Supercomputers, streak cameras, and flash x-ray equipment have wide applicability in nuclear weapons development.
- o Cryptographic equipment can be utilized for the encryption and decryption of military and intelligence data.
- o Night-vision equipment has a variety of uses in military operations during night or other reduced visibility conditions, and in combat systems requiring enhanced imaging capability.
- o In order to comply with COCOM's understanding on intra-COCOM trade, certain Munitions List and Atomic Energy List items now eligible for GCT are made ineligible, and will require a validated license.

2

### Reexports

- o The rule reduces a major concern with industry and our allies over reexport controls and the assertion of U.S. regulatory jurisdiction abroad.
- o The rule lifts a substantial burden on foreign customers of U.S. controlled items and recognizes that COCOM controls have effective control systems that meet COCOM standards and therefore, exercise appropriate national controls.
- o The rule eliminates reexport controls on most U.S. controlled items reexported from a COCOM member or cooperating nation to non-COCOM countries with two exceptions.
  - Reexport restrictions will continue to apply for items on the intra-COCOM Trade (GCT) exclusion list, plus items controlled for nonproliferation reasons (e.g. missile, nuclear, chemical, biological) and other items subject to foreign policy controls.
  - All reexports to regions and countries, other than COCOM proscribed countries, on Commerce's nonproliferation lists (Supplements 4 and 5 to EAR Part 778).

FACT SHEET

3

Revised Distribution License (DL)

The Commerce Department is amending the Export Administration Regulations (EAR) to expand the technical limits of certain controlled items under the Distribution License procedures. The rule will be issued in interim form and comments will be considered and taken into account by the Department in developing the final regulations.

- o The rule amends the Distribution License (DL) procedure by raising computer eligibility levels for exports to various countries based on the Composite Theoretical Performance (CTP) of the computers measured in million theoretical operations per second (MTOPS).
- o The rule revises thresholds and countries to determine eligibility for DL computer exports:
  - Supercomputers (i.e. computers 195 MTOPS and above) are eligible to Australia, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Spain and the United Kingdom; (Previously, each supercomputer export required an individual validated license. Supercomputer exports to Canada and Japan can be made under General License.)
  - Computers with CTP less than 195 MTOPS (continue to be eligible for export to COCOM member nations and countries cooperation with COCOM controls (listed in Supplements 2 and 8 to Part 773 of the EAR).
  - The threshold is increased from 41 to 100 MTOPS for DL computer exports to most "Free World" countries (listed in Supplement 3 to Part 773 of the EAR).
  - The threshold is increased from 23 to 41 MTOPS for DL computer exports to all countries not listed in Supplements 2, 3, and 8 to Part 773, except Argentina, Brazil, India, Israel, Pakistan and the Republic of South Africa.
- o The DL permits exports of items on the Commerce Control List (CCL) to approved consignees in eligible countries without review of individual transactions. The DL authorizes approved U.S. exporters to export pre-approved list of commodities to pre-approved list of foreign consignees.

- o DL holders are required to maintain a comprehensive internal control program, including training of company employees, record retention, and special procedures for processing orders. Approximately 150 U.S. exporters presently utilize the DL special licensing procedure.
- o DL exports are not permitted to controlled countries or to countries embargoed for foreign policy purposes (e.g. Cuba, North Korea, Vietnam, Libya, Iran, Iraq, Syria etc). Certain items are not eligible for the DL including those controlled for missile and nuclear nonproliferation reasons, chemical weapons precursors and equipment, and some additional entries on the CCL (listed in Supplement 1 of Part 773).