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Updating and follow-up information

REPORTS

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on the Enterprise for the Americas Initiative

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REPORT ON THE ENTERPRISE FOR THE AMERICAS INITIATIVE

Report No. 15 - November 27, 1991

The first session of the 102nd Congress adjourned on November 27. While it is possible that the legislature could be called back into a special session, Congress is unlikely to return until the second session begins in January.

The adjournment left several aspects of the Enterprise for the Americas Initiative pending. Congress did approve trade preferences for Andean countries, but failed in last-minute efforts to authorize new EAI debt-reduction negotiations or the U.S. contribution to the Multilateral Investment Fund. These issues will be revisited next year.

TRADE

The Andean Trade Preferences Act (ATPA) was approved on November 26, as an amendment to what became a "mini-omnibus" trade bill (H.R.1724). The ATPA supporters in the House of Representatives accomplished this end even though the proposal was never given a hearing in the Senate, where key legislators are opposed to nonreciprocal trade liberalization.

The opportunity to advance the ATPA began when the Senate combined a trade bill with a domestic measure. As passed by the Senate on November 15, H.R.1724 would extend most-favored-nation (MFN) treatment to Czechoslovakia and Hungary, and increase spending on domestic unemployment programs. The House of Representatives further amended the bill on November 19, by attaching the ATPA and other trade measures (i.e., MFN for the Baltic republics, repeal of a ban on Soviet gold coins, and sanctions on trade chemical and biological weapons). Many observers expected the Senate to insist upon removal of the ATPA provisions, when the versions of the bill were reconciled in a conference committee, but the trade preferences emerged intact. President Bush is expected to sign the bill into law.

The House of Representatives did remove some provisions from the bill. The ATPA will not extend preferential treatment to rum, or to textiles and apparel made of alpaca or llama, nor will it exempt the Andean countries from the cumulation rules for injury determinations under AD/CVD laws. The bill also requires that the President and USITC prepare reports assessing the effectiveness of duty-free treatment in drug-crop eradication and substitution.

DEBT REDUCTION AND INVESTMENT

Pro-EAI members of Congress made serious efforts in the final hours of the session to enact the foreign aid authorization bill (H.R.2508), but were ultimately unsuccessful. The bill would authorize the Treasury to negotiate further agreements reducing Latin American and Caribbean debt to the United States, and authorize the U.S. contribution to the Multilateral Investment Facility.

The efforts to enact this bill began seriously on November 21-22, when conferees from the House of Representatives agreed to meet the Bush administration's demands on several controversial items. The conference committee removed provisions dealing with cargo-preference laws, abortion, and foreign military grant sales. They hoped that if they yielded on these issues, and President Bush signalled that he would sign the bill into law, both houses of Congress would give their approval. The President did not make such a statement, however, and the bill never came up for a vote.

Even if this bill had been enacted, it would provide only authorizations (i.e., grant power to the executive branch), and not appropriations (i.e., provide the necessary funds). The Senate Appropriations Committee intends to begin consideration of the foreign aid appropriations bill next February or March. Given the current unpopularity of foreign aid in the United States, it is possible that the debate on this measure will be contentious.

Congress may also give consideration next year to an innovative approach to debt reduction. Members of the House Agriculture Committee have been working with the Treasury, to develop a proposal based on buy-backs rather than write-downs. Committee Chairman Kika de la Garza (D-Texas) introduced on November 27 a bill (to which no number has been assigned yet) that would accomplish this end, by converting certain agricultural loan obligations into assets. Latin American and Caribbean countries would buy these assets from the United States at a discount; at the same time, the countries would establish environmental funds in local currencies. This bill might be less objectionable to the opponents of foreign aid, if it does not require an appropriation.

ENVIRONMENT

The EAI's environmental agenda took an important step forward on November 26, when the United States reached environmental framework agreements with Bolivia and Jamaica. These are the first such agreements under the EAI, and provide for the use of local-currency funds generated in debt-reduction agreements to finance environmental projects.

The Bolivian National Fund for the Environment will receive $1.8 million over the next fifteen years, in the form of interest payments on the reduced debt, as well as $20 million from a bond pledged by the Government of Bolivia. These funds will be at the disposal of the Enterprise for the Americas Administrative Council, composed of Bolivian non-governmental organizations, and representatives of the Bolivian and U.S. governments. The Jamaican EAI Environmental Fund will receive $9.2 million over ten years, to fund grass-roots environmental projects in that country.

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