

**ENTERPRISE FOR THE AMERICAS
INITIATIVE ACT OF 1991: HEARING BEFORE
THE COMMITTEE ON AGRICULTURE,
HOUSE OF REPRESENTATIVES, 102ND
CONGRESS, 2ND SESSION ON H.R. 4059,
JUNE 17, 1992**

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ONE HUNDRED SECOND CONGRESS

SECOND SESSION

ON

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JUNE 17, 1992

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**ENTERPRISE FOR THE AMERICAS INITIATIVE
ACT OF 1991**

WEDNESDAY, JUNE 17, 1992

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, DC.

The committee met, pursuant to call, at 9:35 a.m., in room 1300, Longworth House Office Building, Hon. E (Kika) de la Garza (chairman of the committee) presiding.

Present: Representatives Rose, Stenholm, Volkmer, Penny, Jontz, Johnson, Long, Condit, Peterson, Kopetski, Hopkins, Gunderson, Smith, Walsh, Camp, Allard, Barrett, Nussle, Boehner, and Ewing.

Staff present: Dennis E. Lambert, minority staff director; John E. Hogan, minority counsel; Glenda L. Temple, clerk; Anita R. Brown, James A. Davis, Xavier Equihua, David Ebersole, and Lynn Gallagher.

**OPENING STATEMENT OF HON. E (KIKA) de la GARZA, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

The CHAIRMAN. The committee will be in order.

I might advise our guests and witnesses that the House Democratic Caucus is in session detaining some of the Members. I know that some of our witnesses have timeframe constraints. I am going to begin the session and take care of some of the witnesses who have problems with time.

We are very happy to welcome, and it is always a pleasure to work with our dear friend, Senator Lugar from Indiana in all the work that he does in the Agriculture Committee and all the other areas of involvement. He and I go back a long time. I don't know that I should even mention this, but we belong to different parties, but that has never been demonstrated in the way we have been able to work together. That I treasure greatly.

Thank you.

[The prepared statement of Mr. de la Garza and H.R. 4059 follow:]

Statement by Rep. E (Kika) de la Garza, D-Texas
Chairman, House Agriculture Committee

Committee Hearing on H.R. 4059,
authorizing additional functions within
the Enterprise for the Americas Initiative
June 17, 1992

The Committee meets today to receive public testimony on the bill, H.R. 4059, which authorizes certain additional functions within the Enterprise for the Americas Initiative (EAI).

I recognize that our nation's own \$400 billion deficit and the pressing needs we face here at home severely limits our flexibility to assist other countries. Yet if we learned anything from the recent Earth Summit in Rio de Janeiro it is that we must find innovative ways to help developing countries protect their environment and avoid costly mistakes.

The principal provision contained in H.R. 4059, which I introduced last November, attempts to establish a workable and cost-effective way to help some of the countries of Latin America and in the Caribbean finance much-needed environmental improvement projects.

The approach I have taken in this bill is what I would term a government-to-government debt-for-the-environment swap. It is, I believe, an approach that could be in the best interests of the U.S. Treasury and in the best interests of promoting environmental quality in Latin America.

Briefly, let me explain how H.R. 4059 would work. It authorizes the President to sell on the open market up to 40 percent of the so-called Paris Club rescheduled debt owed by 9 Latin American and Caribbean countries to the U.S. Department of Agriculture's Commodity Credit Corporation (CCC). The countries involved are Mexico, Brazil, Chile, Honduras, the Dominican Republic, Jamaica, Panama, Peru, and El Salvador.

The total amount of the Paris Club/CCC debt is, I understand, currently around \$1.4 billion. Under the bill, 40 percent of that debt -- up to \$560 million -- would be eligible for the debt-for-the-environment swap.

Under my bill, a market rate sale could only take place if the debtor country agrees to commit an amount equivalent to 40 percent of the purchase price in local currency to finance eligible environmental projects.

In Mexico's situation, my bill specifically requires that proceeds derived from any of its sales must be used to finance its share of cleanup projects along the Mexican border with the United States and in the Gulf of Mexico. Mexican participation would therefore benefit people on both sides of the border.

This proposal would seem to be attractive to the U.S. Treasury since we would be reducing our official debt exposure. Under my bill, the U.S. Treasury would receive payment immediately on a debt that under the Paris Club rescheduling terms does not have to be paid back in most cases for another 5, 10, or 15 years.

The projects that could be funded include both nature and development projects. They could range from financing initiatives by local communities to protect the environment or promote the sustainable use of natural resources to improving human living conditions to the biological control of animal and plant diseases and pests.

This legislation is designed to build upon the only part of the Enterprise for the Americas Initiative that has been authorized by the Congress -- that is, the EAI provisions to reduce P.L. 480 debt included in the 1990 Farm Bill.

I would also like to mention the other significant provision in H.R. 4059, to establish a U.S.-Mexico Environmental Board.

The United States and Mexico have committed themselves to tackling the growing environmental problems faced along the U.S.-Mexico border. It is important to the integrity of the decision-making process that we seek local input about the needs of the region and the priority these needs should take.

In H.R. 4059, I am proposing establishment of a 15-member public-private sector board to advise the U.S. government on the environmental improvement projects that need to be undertaken. The bill suggests a similar board be named by the Mexican government.

I look forward to the testimony of our distinguished witnesses on this modest proposal. It is my hope that the testimony presented here today can help the Committee improve the bill and provide us with the momentum necessary to make this proposal a real tool to promote environmental quality in the developing countries of Latin America and the Caribbean.