

CONG. PAUL TSONGAS REPORTS

MARCH 16, 1977

HUMAN RIGHTS AND THE EXPORT IMPORT BANK

A wide-ranging discussion of foreign policy issues accompanied a speech I gave last week to a group of business executives participating in the Washington Briefing of the International Management and Development Institute. I shared the platform with Congressman Garry Brown (R-Mich) in what was billed "the outlook in Congress for legislation affecting the Export-Import Bank."

Eximbank Functions

Officials of Eximbank, as it is called, humorously refer to their agency as one of Washington's best kept secrets, since so few people seem to know of the Bank's existence or what it does. Even its name is somewhat misleading since it operates only in the export sector--offering direct loans, financial guarantees and insurance to foreign governments to help finance their purchase of U.S. manufactured exports when terms in the private sector are not available. The Eximbank was funded by the government in 1945 with \$1 billion but has not received appropriations since and operates as a self-sustaining institution. It must come to Congress every four years for continuation of its charter and approval of its budget levels. The Eximbank is currently asking for a three month extension of its authorization so that its future requests will coincide with the fiscal year which now runs from October 1 to September 30. This seemingly routine request may well become the focal point for amendments on many foreign policy issues--human rights, nuclear development, the Arab boycott of Israel, and bribery of foreign officials.

Foreign Policy Considerations

Eximbank officials have told me they do not think it proper to raise these issues since the Bank is not a policy making agency and operates solely as a financial mechanism. It seems to me, however, that we cannot have U.S. foreign policy going in one direction and agencies which function at the international level going in another. The Carter Administration has made it clear that respect for human rights is an important issue which will determine U.S. response to aid and trade requests throughout the world. It would not be prudent to loan money or make guarantees where gross violations of human rights have been documented. Last year an amendment was attached to legislation authorizing funding for the Inter-American Development Bank and African Development Fund which said the U.S. must vote against any loans to countries which consistently violate human rights, unless the loan will directly benefit needy people in the country. It is quite possible that a similar amendment will be attached to the Eximbank legislation.

The Administration is also developing a policy on the export of nuclear technology. Many Eximbank loan requests are for nuclear power

March 16, 1977

plants, and last year Congress enacted oversight authority for such loans. In cases where the recipient country has not signed the Nuclear Non-proliferation Pact, or where it looks as if that country may be trying to arrange reprocessing technology from France or West Germany for the manufacture of nuclear weapons, the Congressional veto would most likely be exercised. On the other hand, if this Administration places a moratorium on the export of all nuclear technology, Eximbank would have to comply and end this loan activity. I personally favor very strong controls on nuclear development--most countries attempting to import nuclear powerplants view this as the first step toward nuclear capability.

International Trade

Finally, and most important for our region, I was impressed with the discussion I had with participants at the Institute about the increasing importance of the export sector to our economy. We agreed that those regions of the country which do not recognize this fact and actively promote manufacture for export will lose out in an important area of economic development. The international trade theme is one I have stressed since I first came to Congress because New England has the resources for prominent participation --particularly in the export sector. We have the skills and technology as well as the natural harbors which provide commercial access to our area. We have the Boston Stock Exchange where 13 percent of the participating firms are foreign and where there is a growing sense of international business. We have foreign firms like Pellon which have shown confidence in our area and we should continue to vigorously pursue foreign investment in the U.S. Both exporting goods and importing industry mean jobs here at home. We have made a great deal of progress, but without active pursuit of international trade, we may well be losing out on the continuation of our progress in a world which becomes increasingly small.