

MEMBERS OF CONGRESS FOR PEACE THROUGH LAW

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SPECIAL ALERT

ON THE CARIBBEAN BASIN INITIATIVE

On Tuesday, August 17, 1982, the House will consider H.R. 6755, the Caribbean - Central American Economic Revitalization Act of 1982.

This bill contains the foreign aid portion of the President's Caribbean Basin Initiative, including \$350 million in Economic Support Funds for FY 82; it does not include any of the tax or tariff portions of the CBI, which are pending before the Ways and Means Committee.

Major Provisions:

The Economic Support Funds are designed to provide balance of payments support for the countries of the region and to help the private sector finance critically needed imports. According to an agreement between the Committee and the Administration, the funds would be allocated as follows: El Salvador: \$100 million (including some \$20 million earmarked for support of the land reform in El Salvador); Costa Rica: \$70 million; Jamaica: \$50 million; Dominican Republic: \$40 million; Honduras: \$35 million; Eastern Caribbean: \$20 million; Guatemala: \$11 million; Haiti: \$10 million; American Institute for Free Labor Development: \$2 million; Inter-American Foundation: \$2 million.

The bill also stipulates that at least \$43.5 million of the \$350 million total shall be used to finance development programs in the region and \$7.5 million for scholarships in the U.S. At least 80 percent of the remaining funds (\$240 million) must be used to generate local currency that can be used to finance additional development programs in the recipient countries. The bill also directs the President to seek a balance between assistance to the public and private sector and between development and balance of payments support.

Although the bill sets a \$80 million ceiling on the amount that can go to any one country, the Committee exceeds the limit in the case of El Salvador, by authorizing \$80 million plus an additional \$20 million for support of the land reform in El Salvador. These funds would help in providing compensation for property acquired under Phase III of the land reform. Before the funds would become available, however, the President would have to certify that substantial progress is being made in the land reform's implementation

and the rights of the beneficiaries or the intended beneficiaries have not been compromised.

EXPECTED AMENDMENTS

Cut El Salvador from \$100 million to \$75 million.

Delete or condition aid to Guatemala.

Delete the \$7.5 million in scholarship funds.

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