

**Opening Statement  
Chairman Eliot L. Engel**

House Foreign Affairs Subcommittee on the Western Hemisphere

**Foreign Assistance in the Americas**

*Tuesday, September 16, 2008*

I am pleased to welcome you to today's hearing on Foreign Assistance in the Americas. I commend the leadership role that Chairman Berman has taken in announcing his intent to rewrite the Foreign Assistance Act (FAA). Today's hearing marks the beginning of my work to support our Chairman in ensuring that we adequately and effectively provide foreign aid to our friends in the Americas.

I would venture to say that no Member of this Subcommittee would disagree with me that we need to significantly increase foreign aid to our neighbors in Latin America and the Caribbean. Quite frankly, budgets show priorities and when foreign aid to the hemisphere lags behind, our allies understand the message that is being sent to them. That is why the Social Investment and Economic Development Act for the Americas of 2007, introduced by Senators Menendez and Martinez in the Senate and by myself and Congressman Burton in the House, is so important both substantively and symbolically. I urge my colleagues in both chambers to quickly pass this bill, and I also urge the appropriators to ensure that this new assistance is appropriated.

I now would like to briefly comment on **4 key areas** where I believe we must make improvements in our foreign aid strategy in the hemisphere.

**First**, when thinking about foreign aid in the Americas, it is critical that we not overlook some of the larger countries with higher GDP. Brazil, of course, is a key example. Brazil is the 11<sup>th</sup> largest economy in the world, the largest in Latin America and one of the largest in the developing world. Yet, it is also home to 50% of the people in Latin America defined as poor, and there are 35 million people living in extreme poverty in Brazil's North and Northeast. Aid to Brazil unfortunately has been shrinking in recent years. We need to find ways to increase development aid to crucial allies like Brazil and Mexico with high levels of GDP, but large pockets of poverty.

**Second**, remittances significantly dwarf US foreign assistance to the hemisphere. Latin American and Caribbean workers sent home a record \$66.5 billion of remittances last year. That's more than the combined total of foreign direct investment and official development assistance flowing to the region. I believe the US can do much more to help families and communities in the Americas leverage remittances for development. First and foremost, this means that USAID, the Millennium Challenge Corporation (MCC) and the Inter-American Foundation should play a greater role in helping remittance senders and recipients enter the financial mainstream.

**Third**, several countries in Latin America have refused to sign so-called Article 98 agreements which make US government personnel immune from the International Criminal Court's (ICC) jurisdiction. As a result, certain foreign aid for these countries has been held up. Secretary of State Condoleezza Rice once said that with these restrictions, we are "cutting off our nose, to spite our face." I have introduced legislation to remove Article 98 restrictions on foreign aid. I believe that we must eliminate this failed policy once and for all.

**Fourth**, we must consider a more aggressive campaign to help countries completely dependent on oil imports to develop clean domestic energy resources. Why? Today, most Caribbean and Central American nations are almost entirely reliant on oil provided by Hugo Chavez's Venezuelan Petro Caribe program. With oil selling at \$100 per barrel, if I were the President of one of these countries, I'd probably take the deal, too – but I'd know that I would be under Chavez's thumb for the foreseeable future. By aggressively helping these countries escape their oil dependence and Chavez problem, we'd actually be helping ourselves. These nations would be more independent in their foreign policy and more able to focus their limited resources to lift up their poor and promote regional prosperity.

There is obviously much more to cover, but I will leave things here and hope we can discuss these subjects and others in greater depth during the question and answer portion of today's hearing.

I am now pleased to call on Ranking Member Burton for his opening statement.