

September 21, 2001

SCHAKOWSKY AMENDMENT TO ESTABLISH AN OFFICE OF HUMAN RIGHTS WITH EXPORT-IMPORT BANK APPROVED BY KEY COMMITTEE

WASHINGTON, D.C. - The Subcommittee on International Monetary Policy and Trade today approved an amendment by U.S. Representative Jan Schakowsky (D-IL) to establish an Office of Human Rights Impact Assessment within the Export-Import Bank.

Below is Schakowsky's statement in support of her amendment during today's hearing:

"Thank you, Mr. Chairman. My amendment would establish an Office of Human Rights Impact Assessment within the Export-Import Bank. For each potential Ex-Im project worth \$10 million or more, the Office would conduct an assessment of the possible impact on human rights that implementation of the project could have. Prior to the approval of such projects, the office would share its report with the President of the United States, the House Financial Services Committee and the Committee on Banking, Housing, and Urban Affairs of the Senate, as well as management at the Bank.

"In considering the proposed transaction, the report would consider several important factors, including the possible effects of the project on:

"Internationally-recognized labor rights, religious freedom, displacement of indigenous populations, possible social unrest, capacity of the local government to uphold international human rights standards, freedom of expression, assembly and association, treatment of ethnic minorities, and treatment and rights of women in the affected country.

"This amendment is modest. It will not change the role of the State Department or prevent State from weighing in on proposed projects. And it will not make it difficult for projects to be approved. It will add a needed level of political risk assessment that will benefit Ex-Im and U.S. businesses and will demonstrate that the United States is as committed to promoting human rights as it is to promoting corporate profits.

"The work of the Office would not change the current authority of the State Department or the Bank. Establishment of the Office would create a mechanism that currently does not exist. The office would have the capacity to evaluate possible transactions on a project-by-project basis-identifying possible problems before they occur and creating an opportunity for them to be prevented during the project design phase.

"The office would utilize input from those with expertise in the affected country, human rights experts, and personnel at the State Department to develop the report, which would

increase prospects for the long-term success of Ex-Im. The Office would not have the authority to cancel projects. It would provide a needed middle ground between the only two currently available determinations-project financing or project cancellation. By including input from organizations that are committed to human rights, the Bank would be protected from criticism and would be able to move forward in creating export opportunities for U.S. companies with an increased level of confidence in project success and loan repayment.

"Currently, Ex-Im employs 14 full-time staff in its environment and engineering division, and one of those individuals is completely devoted to environmental assessments. I believe that the United States should demonstrate a commitment to human rights that is at least level with what we do to protect the environment."

"There are past and current cases where an assessment could have been useful.

"In the case of the Dabhol Power project in India, U.S. government officials consistently lobbied the Indian government heavily on behalf of the companies."

"Demonstrations and police reprisals occurred in 1993-1994, but the Enron/Dabhol power project was approved without any consideration for those incidents. An Office of Human Rights Impact Assessment could have prevented violations in 1996-98 because safeguards could have been built into the loan guarantees."

"The Dabhol project is just one example, I have with me a briefing paper that was sent to each member's office by Human Rights Watch. The paper documents current projects in Russia, Uzbekistan, and Angola that could have benefited from an assessment prior to project approval."

"Again, this is a modest but necessary measure that will demonstrate the strong commitment to human rights that I know all members of this Subcommittee share. I urge all members to support this amendment."