

me now to make a brief description of the functions of the office:

Environment

OPIC is required by statute to conduct an environmental assessment of every project proposed for insurance or financing and to decline support for investment projects that, in OPIC's judgment, would have an unreasonable or major adverse impact on the environment, or on the health or safety in the host country. For most industrial sectors, OPIC expects projects to meet the more stringent of World Bank or host-country environmental, health and safety standards.

For projects in sectors designated as "environmentally sensitive" a full Environmental Impact Assessment (EIA) must be submitted for OPIC's review. As part of its review process, OPIC lists every such project on OPIC's web site for a 60-day public comment period.

U.S. effects

OPIC supports only those projects that are not likely to harm the U.S. economy or have a negative effect on U.S. employment. Additionally, OPIC will not support "runaway plants," which substitute existing U.S. facilities with foreign plants to serve the same markets. By statute, and consistent with overall U.S. government policy, OPIC does not participate in projects subject to performance requirements that would substantially reduce the potential U.S. trade benefits of the investments.

Human rights

OPIC's statute directs the agency to take human rights into account in the operation of its programs and to operate its programs consistent with the provisions of Section 116 of the Foreign Assistance Act. OPIC consults the State Department's Bureau for Democracy, Human Rights and Labor Affairs, (DRL) with respect to each and every project considered for OPIC financing and insurance, as well as downstream transactions undertaken by OPIC supported investment funds. No project commitment is concluded by OPIC until DRL has provided OPIC with its clearance on human rights.

Worker rights

OPIC has the strongest worker rights mandate of any international financial institution, multilateral or bilateral. OPIC is prohibited by statute from supporting projects that contribute to violations of internationally recognized worker rights. What is unique about OPIC's statutory mandate is that it operates on both the country eligibility and project levels. OPIC promotes worker rights on the country level by withholding eligibility for OPIC programs from countries that are excluded from eligibility from the Generalized System of Preferences (GSP) on worker rights grounds, as well as other non-GSP countries that fail to take steps to adopt and implement internationally recognized worker rights. On the project level, the mandate is implemented through contractual obligations between OPIC and the companies OPIC supports. These obligations incorporate host country labor laws and International Labor Organization (ILO) standards to ensure that projects do not cause worker rights violations. OPIC monitors worker rights in the field and requires companies to promptly remediate worker rights violations or face the default and other legal remedies available under OPIC's authority. Looking to the future, OPIC hopes to work with stakeholders to enhance compliance with internationally recognized worker rights. We

also hope that this process will improve due diligence, reporting and monitoring procedures providing detailed, accurate and timely information on worker rights, and concurrently, that enforcement procedures are comprehensive, effective and transparent. I wish to assure the Committee of my strong personal interest and involvement in this regard, and look forward to sharing the results of our efforts with the Committee on a regular basis.

Future activities

I would also take this opportunity to confirm to the Committee my intent, in consultation with stakeholders, to create an accountability mechanism at OPIC. Among other functions, it is my intention that the mechanism will allow for a robust, consistent and independent evaluation of social, labor, human rights and transparency standards of OPIC projects, policies and practices. I also want to confirm to the Committee my intent to continue the dialogue with stakeholders on a "transparency" initiative. Among other functions, such an initiative is intended to ensure that stakeholders can more clearly see how OPIC is implementing its statutory mandates and policy commitments concerning its stewardship of social, labor and human rights issues. This initiative would heighten transparency and information disclosure concerning OPIC's projects and internal mechanisms. I look forward to re-engaging in this dialogue in the coming weeks and months. In closing, I would like to express my appreciation to the Committee for its support, and I look forward to working with you in the future.

Best regards,

PETER S. WATSON,
President & CEO.

Mr. Speaker, I yield back the balance of my time.

Mr. BEREUTER. Mr. Speaker, I thank the gentleman from California (Mr. LANTOS) for his statement and for the cooperation that he and other Members on his side of the aisle and the staff of both sides of the aisle have given us in the advancement of this legislation to reauthorize OPIC. Mr. Speaker, I urge all Members to support the reauthorization of this very worthy, important agency.

Mr. MANZULLO. Mr. Speaker, I rise in support of the Overseas Private Investment Corporation Amendments Act of 2003 (S. 1824), which will reauthorize the vital programs of the Overseas Private Investment Corporation (OPIC) for another four years. As the author of the previous OPIC reauthorization bill in 1999 (P.L. 106-158), I am pleased to strongly endorse S. 1824.

Since 1971, OPIC-supported projects have facilitated \$145 billion worth of investments in hundreds of projects that have helped developing countries and emerging economies of the former East Bloc improve their standard of living. In addition, OPIC-supported projects have helped to create or sustain 254,000 American jobs and \$65 billion in exports; expanded economic development; encouraged political stability; and promoted free market reforms around the world.

As an additional benefit, OPIC operates at no net cost to taxpayers by charging fees for its services. It has earned a profit in each year of operations—\$175 million in 2002—and built its substantial reserves to more than \$4 billion. I wish every government agency operated like OPIC by producing a profit for the taxpayer. All of OPIC's guaranty and insurance obligations are backed by OPIC's own substantial reserves

and by the full faith and credit of the U.S. Government.

As chairman of the Small Business Committee, I am particularly pleased that under the current leadership of OPIC President and CEO Peter Watson, OPIC has launched two significant initiatives to encourage greater use of OPIC's programs by small business exporters to fulfill the mandate contained in P.L. 106-158 to expand OPIC's small business efforts. First, in July 2003, OPIC announced the establishment of a new department focusing on small and medium-size businesses. The Small and Medium Enterprise Department will be responsible for OPIC's Direct Loan program, which provides financing to U.S. businesses with annual revenues under \$250 million. The Small Business Center will also be part of the new department. Small businesses looking to participate in the global marketplace have unique requirements. Lack of resources to pursue opportunities abroad, concern over political risks, or the inability to find private sector support can prevent U.S. small businesses from expanding overseas. The Small Business Center at OPIC will help meet these needs by providing financing and political risk insurance to small businesses with annual revenues of less than \$35 million.

Second, OPIC and a small business lender, WorldBusiness Capital, Inc. (WBC) of Hartford, Connecticut, in July 2003 entered into a historic cooperative agreement that will expand support for U.S. small businesses investing overseas and enhance the activities of OPIC's Small Business Center. Under the agreement, OPIC will provide loan guarantees for WBC projects pursuant to a risk-sharing arrangement. WBC will make loans with its own funds, and will continue to monitor and service each loan. WorldBusiness Capital, Inc. intends to make OPIC-guaranteed loans of between \$250,000 and \$10 million to U.S. small businesses expanding into overseas markets. Hopefully, this private-public partnership will set an example for other banks to enter into similar arrangements to publicize and maximize the leverage of OPIC's programs to small business exporters. Delegated authority lenders and preferred lenders are quite common programs at the Export-Import Bank of the United States and the Small Business Administration. The same should hold true for OPIC.

Mr. Speaker, it is a privilege and honor for me to support the Overseas Private Investment Corporation Amendments Act of 2003. I commend my good friends, Chairman HENRY HYDE of Illinois and ranking minority Member TOM LANTOS of California of the House International Relations Committee for working so hard on this bill and bringing it to the floor in a timely manner. My only regret is that my duties on the Small Business Committee prevented me from taking a more active role in the OPIC reauthorization process this time around. I urge my colleagues to support S. 1824.

Mr. THOMAS. Mr. Speaker, I submit two letters for the record with respect to S. 1824, legislation to reauthorize the Overseas Private Investment Corporation (OPIC). These letters are a letter that I wrote to Dr. Peter S. Watson, President and CEO of OPIC, and the letter that I received from Dr. Watson in response clarifying OPIC's statutory obligations and existing practices with respect to issues regarding worker rights.