COMMISSIONER HILLS: It's a quarter of five, but we have only two witnesses who have signed up to speak during the public open mike session. I recommend, therefore, that we get started. Some of our Commissioners would have to leave, and I would rather have them here more rather than less -- I understand that Carlos Rovelo has signed -- is he here?

Why don't you take one of these microphones here, and then we have Nancy Ryan. You're here? Why don't you come up here? Could you limit your opening remarks to between three and five minutes?

Ms. Ryan, can you do that, too? Five minutes, would that do it?

MS. RYAN: Yes. Do the lights work that tell you when to start and stop?

COMMISSIONER HILLS: Yes. We can certainly turn on the lights. Why don't we turn it on to five minutes for each of the presentations. We're delighted that you took the time to stay with us all day, and we look forward to your remarks. And perhaps we should ask Ms. Ryan to go first. Would that be satisfactory Mr. Rovelo? Thank you.

Proceed.
MS. RYAN: Thank you Chairman Hills and Commissioners. My name is Nancy Ryan and by way of introduction I'm a U.S. financial trustee for Heather Saul and Henry Harris Howland. And I am a U.S. trustee because in 1970 I married a man named Robert Palmer Ryan, who was my financial trustee, and I was a central banking programmer at First National Bank in 1969 and '72.

In 1982 my grandmother, Rose Charles de la Fointaine Thomason Harris's first cousin, Mary Hampton Arbuthnot, who was my familial great-aunt once removed, made me her sole heir. She was a civil employee of Carswell Air Force Base and the general's office, but these represented personal funds that had taxes paid on them and had represented only a portion of the Carroll Voight oil and gas leases which underwrite the economic activity in Texas, in the nation, and internationally.

In 1988, my sister Judith Ann Harris Howland became deathly ill, and I did also. She died; I didn't. I am now the financial trustee for her two children. In 1993, my mother, Faye Hoefgen Harris, died, and my husband, Robert Palmer Ryan, was her financial trustee. In 1994, January 9, my husband, Robert Palmer Ryan, died
and in 1994 in March my daughter, Kimberly Ann Cowan Ryan, died.

Through these successive deaths, I am now a U.S. financial trustee for one-third of the assets of Carroll Voight oil and gas leases, the mineral rights to Reeves and Ward County. I own St. Augustine, which is 122 acres of pine timber production on Lake Sam Rayburn, and I own 1,000 acres in Cass County and about five joint ventures that my husband and I covenanted with other people through his accounting practice and were underwritten by these raw assets.

Before now, I always had male fiduciaries. I am now a female fiduciary. I'm a graduate of the University of Texas in economics and finance, but I am also an heiress, so it makes my relationship rather unique and rather difficult, because it is not only personal and private and painful. It is also -- has ramifications outside my own life and it touches many other people's lives.

And I would like to make just very quickly the remark that this NAFTA is a brand-new thing. Historically in this part of the world we have had a balance between the French and the Spanish and it has
been the United States of America that has taken a position internationally to include NATO. NATO is an organization that has trade and covenantal relationships between Western Europe, historically.

With the breakup of the Soviet Union and the intervention or the concerns that have happened through South America and Mexico with drugs, we have had something of a currency crisis which it should not be surprising in view of the fact that we've deregulated everything.

My suggestion is that you re-regulate, and I have written a rather -- two rather lengthy reports. I've written this one. I own a claim against the Treasury secured by the Secretary of State. I own bank stock in North Dallas Bank and at Frost, and my claims have gone ignored. In an international probate, after seven years, there is loss of life. May 13, 2000 there will be a seven-year time period from the time my mother, Faye Hoefgen Harris, died.

I am not aware as to whether this is a professional audit or a professional probate, because we invested heavily in Mexico in our accounting practice, or if it has other implications.
And that's all I have to say. I have North Dallas Bank. I own stock and I know the principals. My grandfather, Jack Harris, covenanted with E. H. Perry and Power Cox. The covenant's up in 2001 so it would be 50 years before that, and that covenant expires, and there is a need to rewrite those covenants. Whether we have national asset banking that is endemic of Mexico or FDIC banking, it needs to be addressed.

COMMISSIONER HILLS: Well, we appreciate your taking the time to be here. The charter of this Commission is to study the U.S. trade deficit.

MS. RYAN: It is a function of liquidity, borne by the inability to meet the demands of banking's legitimate requirements, and I have covenantal authority to draft. And it has been ignored, and it is supported by the State of Texas, and that authority is being ignored.

So if the State of Texas authority is being ignored and the U.S. -- and I have a financial and legal liability if I don't present this information -- and the United States authority is being ignored, I would suggest this Commission can't do anything.
COMMISSIONER HILLS: Do you have any questions, Commissioner Zoellick?

COMMISSIONER ZOELICK: No.

COMMISSIONER HILLS: Do you have any questions?

COMMISSIONER ZOELICK: No. Thank you.

COMMISSIONER HILLS: Well, I appreciate your being here.

Mr. Rovelo?

MR. ROVELO: Thank you for the opportunity.

I would like to describe how NAFTA impacts the small companies. Not American Airlines, not Microsoft, but the ones that have 300 people.

My company is in the business of paper. We collect paper from businesses like this, like Dell, like American Airlines headquarters. We take it to our facility. We have four in North America where we process the paper. We recycle it and we put it on rail cars or by trailers or by ocean containers to go worldwide.

Kimberly-Clark, Proctor and Gamble -- when they go to Latin America they ask us to go with them so we can take the raw material, which is waste paper. Along the Monterrey area, there is a big Kimberly-Clark
mill. We send them about 3,000 tons of paper every month to make tissue, and that tissue come back to the U.S. to use at hotels. You can see where the environment and trade and job creation get together.

The interesting part about this is that due to NAFTA, we have tripled our exports to Mexico, mainly because there is less paper work, less attorney fees that we have to pay that maybe American Airlines can pay, but small guys can't. And also the fact that Mexico by nature is a deficit nation when it comes to paper -- raw materials, so they've got to import that.

The same thing happens with metals, steel, iron, aluminum. They automobile industry in Mexico imports a lot of scrap metal from the U.S. to make automobiles. If they wouldn't import that material it will stay in the U.S. and it will create a real mess on the price of that commodity because we cannot consume everything that we dispose when other nations like Brazil, Mexico, have a deficit.

The other interesting part about this is that we compete with people that make paper in the Scandinavian nations too, so we are not competing with Joes in Mexico, we are competing with someone in Finland.
can sell that same raw material at a cheaper value. And in that sense, we've got to be very efficient and not look along borderlines for a loan -- what would make us more competitive?

The fact that American corporations are going global has also changed the dynamics of our company because if we don't go with them they will find someone else. And that's some of the benefit with NAFTA, and I can tell you that there are a lot of things that -- in this business of NAFTA that are not perfect, but I always see -- treat it as a work in progress, and as long as small companies like the one I represent can make a living, it will survive.

Thank you.

COMMISSIONER HILLS: Thank you very much.

Do you have questions, Commissioner?

COMMISSIONER ZOELLICK: Actually, if you don't mind, I do have just two.

One is, have you added employees since NAFTA and if so, approximately how many --

MR. ROVELO: Just this year, 73 employees. Excuse me, 1999.

COMMISSIONER ZOELLICK: And --
MR. ROVELO: And prior to NAFTA --

COMMISSIONER LEWIS: You added 73 employees?

MR. ROVELO: Yes. 1999. And the reason why I can be precise, Dell is one of our clients. You might say, What does Dell has to do with your company? Dell generates a lot of scrap, so that scrap that we get out of Dell factories we take south to become raw material for manufacturing facilities.

So if Dell opened another business in let's say Chicago, chances are they're going to take a -- come with us.

COMMISSIONER ZOELLICK: And then the second question -- Congratulations. It sounds like you're doing very well -- second question is at the time that Mexico had its financial crisis and the demand from Mexico would have fallen off, how did you adjust?

MR. ROVELO: We make more money. Do you know why? Because Mexican exports became cheaper for people that want to buy Mexican goods. Remember, the industry that we target is really associated with the maquiladora. You must say, Carlos, why? Because when you export things out of the maquiladora, frame and boxes, and boxes have made from waste paper.
So those companies that were buying the raw material to make boxes make a lot of money because those boxes remember were for the export market. They were not to be consumed domestically. So that '95-96 was a great time for sellers of raw materials that were part of the export dynamic of Mexico.

COMMISSIONER ZOELLICK: Thank you. I only wish the U.S. government could cut your taxes so you could keep more of what you earned.

(Laughter.)

MR. ROVELO: It's not easy, but whether there is NAFTA or there is no NAFTA, business will find a way to make it.

COMMISSIONER LEWIS: Are you headquartered here in Dallas?

MR. ROVELO: Austin.

COMMISSIONER LEWIS: In Austin?

MR. ROVELO: But we run the operation -- the global operation out of Dallas.

COMMISSIONER LEWIS: This is your main office but not your headquarters?

MR. ROVELO: Yes. And the other thing I want to tell you is that we get inquiries from all over
the place: China, the Philippines, Colombia. And the
reason why is because the U.S. is such an affluent, rich
society that we generate a lot of waste that really is
scrap they use as a raw material.

COMMISSIONER LEWIS: I'm familiar with your
business, because I used to be in the shipping business.
We used to carry waste paper.

How many employees do you have in your
company?

MR. ROVELO: 315.

COMMISSIONER LEWIS: Isn't that wonderful.

COMMISSIONER HILLS: And what is the name of
your company?

MR. ROVELO: Balcones Recycling, and if you
are familiar with Texas, there is a Balcones Fault around
Austin.

COMMISSIONER LEWIS: V-A-L-C-O-N-E-S?

COMMISSIONER HILLS: B-A-L.

MR. ROVELO: We have an Internet site. And
you know -- and again, this is where the environment, job
creation, and trade just --

COMMISSIONER HILLS: Come together.

MR. ROVELO: Come together.
COMMISSIONER LEWIS: Well, congratulations on a wonderful business and thank you very much for coming.

MR. ROVELO: And by the way, we recycle American Airlines paper too.

(Laughter.)

MR. ROVELO: I mean, not for you. It goes to Mexico.

MS. RYAN: Can I make just one more comment?

(No response.)

MS. RYAN: Would it be all right?

COMMISSIONER HILLS: Please. Go ahead.

MS. RYAN: One of the things I think is wonderful and I think we need to remember it because we're in an environment of drug interdiction. We've replated our currency -- is that our neighbor to the south has a peso and that is a wonderful thing. It recognizes the independence and the sovereignty of Mexico.

COMMISSIONER HILLS: Thank you both. We appreciate your time. And this meeting is adjourned.

(Whereupon, at 5:00 p.m., the hearing was concluded.)