



## **U.S. - Latin America Relations**

**Information Provided by the Information Resource Center  
Embassy of the United States of America  
Madrid, Spain  
October 2007**

## TABLE OF CONTENTS

Page

<b>CRS Report RL 33828, Latin America and the Caribbean: Issues for the 110th Congress, coordinated by Mark P. Sullivan. August 31, 2007.</b>	<b>3</b>
<b>The Americas: Dynamic Change in the 21st Century</b>	<b>4</b>
Thomas A. Shannon, Assistant Secretary for Western Hemisphere Affairs Remarks at the Miami Herald Americas Conference Miami, Florida. September 20, 2007	
<b>Vision and Foreign Assistance Priorities for the Western Hemisphere</b>	<b>7</b>
Thomas A. Shannon, Assistant Secretary for Western Hemisphere Affairs Testimony Before the House of Representatives Subcommittee on the Western Hemisphere Committee on Foreign Affairs Washington, DC. March 1, 2007	
<b>Related Web Sites</b>	<b>8</b>

CRS Report RL 33828, Latin America and the Caribbean:  
Issues for the 110th Congress, coordinated by Mark P.  
Sullivan. August 31, 2007.

U.S. interests in Latin America and the Caribbean are diverse, and include economic, political and security concerns. Geographic proximity has ensured strong economic linkages between the United States and the region, with the United States being the major trading partner and largest source of foreign investment for most countries in the region. Free trade agreements with Mexico and Canada, Chile, and Central America and the Dominican Republic have augmented U.S. economic linkages with the region.

The region is also the largest source of migration, both legal and illegal, with geographic proximity and economic conditions in the region being major factors in the migration. Curbing the flow of illicit drugs from Mexico and South America into the United States has been a key component of U.S. relations with Latin America for almost two decades. Latin American nations, largely Venezuela and Mexico, supply the United States with just over one-third of its imported oil, but there have been concerns about the security of the region as an oil supplier because of Mexico's declining oil reserves and periodic threats by Venezuela's President to cut oil exports to the United States.

In the aftermath of the Cold War, U.S. policy interests in Latin America and the Caribbean shifted away from security concerns and focused more on strengthened economic relations, but the September 2001 terrorist attacks in the U.S. resulted in security interests re-emerging as a major U.S. interest. As a result, bilateral and regional cooperation on anti-terrorism efforts have intensified. The Bush Administration has described the Caribbean region as America's third border, with events in the region having a direct impact on the homeland security of the United States. Cooperation with Mexico on border security and migration issues has also been a key component of the bilateral relationship.

In general, Administration officials set forth three priorities for the U.S. in Latin America and the Caribbean: promoting democracy; advancing free trade; and advancing poverty alleviation and social justice. As noted above, Latin America has made enormous strides in terms of political and economic development over the past 25 years, with considerable U.S. support, but such conditions as persistent poverty, especially in Haiti, and the rise of populism in such countries as Venezuela, Bolivia, and Ecuador will continue to pose challenges for U.S. interests and policy in the region. Fostering cooperation on such issues as drug trafficking, terrorism, crime, and poverty reduction will remain key components of U.S. policy in the region.

## The Americas: Dynamic Change in the 21st Century

Thomas A. Shannon, Assistant Secretary for Western Hemisphere Affairs  
Remarks at the Miami Herald Americas Conference  
Miami, Florida. September 20, 2007

*The Miami Herald*, and especially Andres Oppenheimer, has developed a rich and challenging agenda for this Conference on the Americas. You have a great array of speakers and panelists. I know you had an opportunity to listen to Secretary of Commerce Carlos Gutierrez this morning, who has played such an important role in constructing and implementing the President's agenda in the Americas. Secretary Gutierrez has expanded our understanding of the international role of commerce, working on issues as diverse as immigration, Cuba, and our free trade agenda in the Americas. His Conference on Competitiveness last June was a groundbreaking effort to define a hemispheric agenda to improve the Americas ability to compete commercially in an increasingly challenging global economy. I want to use my allotted time to make a few points about how we view the Americas following President Bush's most recent trip through the region.

First, this is not your father's Latin America and Caribbean. It is not even your older brother's Latin America and Caribbean. The Americas of the 21<sup>st</sup> century is undergoing dynamic change. And the rate of change is accelerating. The Americas the President encountered during his March trip, his eighth trip to the region, was markedly different from the region he inherited in 2001.

Second, for the most part, this change is positive. You are all familiar with the broader dimensions of change in the Americas, especially the movement from authoritarian regimes to elected governments and from closed, centralized economies to open, free market economies that connect to global markets. But who would have guessed that this agenda would have been embraced so aggressively. Countries in the region are eliminating trade barriers, integrating electricity grids and energy markets, collaborating on alternative energy sources, connecting national infrastructures, constructing new fora for political dialogue and cooperation, and reaching beyond the Americas to cement commercial relationships with Europe, Africa, India, and Asia. Even those leaders who decry what they call "neoliberalism" speak the language of integration and trade.

Third, democracy is for real and is the most potent driver of change in the Americas. There are other important drivers accelerating change. Globalization, migration, market integration, and advances in information technology. But none of these is as dramatic as democracy. The effort throughout the region to move from elected governments to democratic states has unleashed powerful political forces and brought into the body politic sectors of our societies that have been historically excluded: the indigenous, Afro-Latinos, and the poor. The emergence of these sectors within democracy has caused what President Bush has called a "revolution of expectations." This revolution, the real revolution, is causing countries to rethink their national priorities and reshape their diplomacy as they redefine their national interests.

Fourth, as countries in the Americas commit to common political values and economic understandings, the diplomatic space available for dialogue and cooperation increases. This is a region that resolves its problems through dialogue and engagement, and recognizes that diplomacy must address differences without damaging the essential connectivity of the Americas. It is no coincidence that successful diplomacy in the

region is built around positive agendas, cooperation and collaboration, and vibrant multilateralism. It is also no coincidence that the two largest democracies in the region--Brazil and Mexico--have committed themselves to playing a larger regional role, and that countries such as Chile, Argentina, Uruguay, Peru, and Colombia have committed themselves to preserving and improving the mechanisms of dialogue and cooperation.

This last point is not Pollyanna-ish. It is not meant to diminish the differences that exist in the region or the major challenges that we all face in addressing very daunting social and security challenges. I mean only this:

- the differences that exist among nations, with few exceptions, should be understood as differences of perceived national interests and not unbreachable ideological divides;
- that these differences are amenable to negotiation and compromise;
- that the largest, most important, and most responsible countries in the region are engaged in addressing these differences; and finally,
- that there exists a space and an openness in the Americas for our involvement, if we are smart enough to take advantage of it.

Which brings me to a larger point. As the Americas change, so does the nature of our influence. Our agenda has prevailed. The Americas have opened to the world, and they have done so in a way that largely corresponds to our values and practices.

This has two practical consequences for our diplomacy. First, the countries of the Americas have more options than just us. In other words, we have to be mindful of our diplomatic competitiveness. Second, this region is not stopping. The Americas will not wait on the United States. We are either present, or we are absent. Our influence depends on being present; it depends on our ability to engage and to sustain that engagement.

This observation brings me to an issue of topical but also long-term importance: the free trade agreements with Peru, Colombia, and Panama. These three agreements, if approved by our Congress, will create an unbroken string of free trade partners from the Arctic to Tierra del Fuego. These agreements cover two-thirds of the GDP of the hemisphere, not counting that of the United States, and create a strategic platform for the Americas to reach across the Pacific to the dynamic economies of Asia.

More importantly, these free trade agreements are an essential part of our engagement in the hemisphere, and the key component of our larger strategy for the economic and social development of the Americas. The three evils of the Americas--poverty, inequality, and social exclusion--cannot be overcome without the growth and opportunity created by free trade agreements. The paradigm of development in the Americas has changed. Development can no longer come from within. It can no longer come from import substitution and protectionism. It must be export driven. It can only come from connecting to the world, connecting to markets, and then using democratic institutions to ensure that the prosperity and opportunity that results becomes available to the poorest and most vulnerable members of our societies. One of the most important steps we can take in support of our neighbors and friends is to approve and implement the free trade agreements pending before our Congress.

These agreements represent much more than trade. They represent our determination to promote prosperity and security, good governance and social justice in our Hemisphere. Failure to approve these agreements would be a tremendous setback for

the United States and for our ability to pursue our interests in the Americas. It would also be a boon to those who have sought to revive a discredited agenda of authoritarianism, economic statism, and anti-Americanism.

U.S. policy in the region is driven by the recognition that we must be present. This defined the President's five-country trip to the region in March; and it has described our deployment of the U.S. hospital ship, the *Comfort*, and the cascade of Cabinet officials who have visited Latin America and the Caribbean.

The President's effort to link democracy and development, to make the strategic argument for our commitment and engagement in the Americas, has broad bipartisan support. This is understood in the region. What is not understood is the current debate within the Congress about the three free trade agreements. Our friends and allies in Latin America and the Caribbean are looking for a policy towards the region that is broad-based and sustainable. It is our hope that we can continue the good work done by our U.S. Trade Representative Susan Schwab and Representative Rangel and build support for the free trade agreements to show that we have the will and the vision to continue to play a central role in the Americas.

Finally, let me close with a comment about Cuba. There is a quiet consensus in the Americas and in Europe that Cuba's future must be democratic. There is a common understanding that Cubans want to connect to the rest of world, and want to enjoy the rights and freedoms that are enjoyed throughout the Americas.

There still exist differences about how to promote Cuba's democratic future. Latin America's historic commitment to the principles of non-interventionism and national sovereignty shape how many in the region are prepared to engage with Cuba. But have no doubt, helping the Cuban people achieve their democratic destiny and re-integrate their country into the Americas will be one of the biggest diplomatic challenges we face. Currently, the regime believes it can buy time and space through increased repression within Cuba and aggressive diplomacy outside of Cuba. This is not a long-term strategy, and it does not address the forces of change that ripple beneath Cuba's surface. All successful political and economic transitions, from South Africa to Eastern Europe, have required dialogue between the existing regimes and the citizens of their countries. Cuba will be no different. A peaceful transition to democracy requires a dialogue between the regime and the Cuban people. It requires that the Cuban people have a voice in determining their future. Throughout the hemisphere, we and our partners can repeat this call and work to make this dialogue a reality. In this, I believe that we and our partners can find common ground in a simple approach: Give freedom a chance.

## Vision and Foreign Assistance Priorities for the Western Hemisphere

Thomas A. Shannon, Assistant Secretary for Western Hemisphere Affairs  
Testimony Before the House of Representatives Subcommittee on the Western Hemisphere Committee on Foreign Affairs  
Washington, DC. March 1, 2007

Thank you for the opportunity to discuss the Administration's foreign assistance priorities for the Western Hemisphere and our overall vision for the region. The opportunity to meet with you is especially welcome coming only one week before the President's five-country swing through South America, Central America, and Mexico.

The Americas are on the cutting edge of transformational political and economic change in the world. Unlike other regions, the Americas have already completed, with one exception, the first and most dramatic stage of such change: moving from authoritarian regimes to democratically-elected governments, and from centrally controlled, closed economies to open, trading economies that link to global markets. Today, the 34 democratic states of our hemisphere face the next generation of transformational challenges: how to build enduring democracies and market-based economies that can address a regional social agenda dominated by poverty, inequality, and social exclusion.

The Americas, through the Summit process, the institutions of the Inter-America system, and the Inter-American Democratic Charter, have committed themselves to addressing their fundamental social and economic development challenges through democratic means. In the clearest terms, the Americas have asked this question: Can democracy deliver the goods? Can democracy provide the benefits and services required by its poorest and most vulnerable citizens while protecting the rights and liberties of all its citizens? By answering this question affirmatively, the Americas have expanded our understanding of citizenship and democratic participation beyond voting and political activity to include participation in the economic and social life of our nations. It is no longer enough for our citizens to have a voice in determining our national destinies. They also need to have access to the economic opportunity, the individual capacity-building, and the security to become agents of their own personal destiny. In short, democracy in the Americas becomes the means by which individual freedom and human dignity is asserted and made manifest.

This understanding of democracy has created what President Bush has called a "revolution in expectations." In a speech he gave in Brasilia, Brazil, in November 2005, the President asserted, "In free societies, citizens will rightly insist that people should not go hungry, that every child deserves the opportunity for a decent education, and that hard work and initiative should be rewarded. And with each new generation that grows up in freedom and democracy, these expectations rise, and the demands for accountability grow. Either democracies will meet these legitimate demands, or we will yield the future to the enemies of freedom."

Meeting these "legitimate demands" has presented a challenge to many national governments. Weak institutions in some countries, and the political difficulty of effecting the microeconomic and national changes necessary to extend the benefits of democracy and free markets to all people, has generated impatience and frustrations. It has also created an opportunity for the emergence of a competing vision of development in the Americas. This competing vision harkens back to earlier

development models in the Americas, and is based upon centralized, commodity-based economies, authoritarian political leadership, and the assertion that the demands of social justice and the intent of the majority trump respect for individual rights and liberties. This vision did not succeed in the past, and we do not believe it will succeed today. As these differing visions compete for influence in the Americas, it is important to remember two things: First, these visions will compete on political terrain, within democratic processes and institutions, and the victor will be determined by results and not by ideology or rhetoric. Second, although this competition will express itself in some countries through political dispute and conflict, it is an expression of a more fundamental struggle: how to address poverty, inequality, and social exclusion. In this regard, we should not underestimate the volatility created by growing social resentment and bitterness among the poorest and most vulnerable sectors of the Americas.

The United States is committed to helping our partners in the Americas successfully take the next step in this hemispheric process of transformational change. Our policy engagement, our diplomacy, and our foreign assistance is aimed at drawing the link between democracy and development, and showing that democracy can deliver the goods. Our activities in the region focus on the following:

**Consolidating Democracy and Promoting Prosperity:** U.S. policy offers a positive vision based on the benefits of representative democracy, economic integration, and faith in the transformative power of freedom in individual lives. The United States recognizes that the inequality of income and wealth that characterize much of the region make it difficult for democracy to thrive. Sustainable economic growth and political stability are only possible if governments provide access to the political system, economic opportunity, and social justice to all citizens, especially the poor and marginalized. We will continue to lead hemispheric efforts to catalyze private sector investments, reduce the cost of doing business, and expand access to microcredit.

**Investing in People:** Our policy aims at inclusion. All citizens, not just elites, should benefit from the opportunities of democracy. For citizens to realize their full potential in freedom requires deepening investments in health care, education, and rural development. We will help to combat illiteracy and improve the quality of and access to education; strengthen health systems to treat and prevent infectious diseases, including HIV/AIDS, and improve maternal and child health.

**Protecting the Democratic State:** In recent years, the United States and our regional partners have fundamentally transformed the security agenda of the Americas and forged a consensus on the vital link between security and prosperity. Today's challenge is confronting nontraditional, multidimensional threats such as organized crime, terrorism, gangs, natural disasters, and pandemics. By protecting the people of the Americas from those who operate outside the law, we strengthen democracy, promote social justice, and make prosperity more likely.

As we work toward these goals, our diplomacy will be guided by the following principles:

- Maintain our political and commercial engagement in the region;
- Continue a positive agenda focused on engaging our hemispheric partners to support their efforts to consolidate gains;
- Articulate our policies in terms of development and economic well-being;

- Use multilateral institutions, regional trade agreements, and the Summit process to promote integration, and build cohesion;
- Develop strategic partnerships to promote our goals in the hemisphere.

To accomplish our goals, and underscore that we remain an indispensable partner to countries intent on being successful, we have established foreign assistance priorities that are reflected in our budget request. Emblematic of those priorities are the following:

- **Colombia.** A successful Colombia will change the face of South America. The U.S. has committed over \$5 billion since 2000 to support Colombia's comprehensive approach to fighting the intertwined threats of narcotics and terrorism and improving the lives of the Colombian people. Colombia itself has paid the majority of the costs and continues to increase its defense and social spending. Challenges remain, but under President Uribe's leadership, Colombia is a success story for transformational diplomacy. For the first time in over a generation, Colombians can envisage the possibility of real peace, and the Colombian government is poised to make it a reality. We have developed a plan for U.S. support of Colombia's consolidation strategy to lock in this progress and take advantage of Colombia's new realities. The Colombian strategy puts increased emphasis on consolidating state presence through access to social services and on development through sustainable growth and trade. Our success will depend on maintaining U.S. assistance while we equip Colombia to assume responsibility for programs we are now funding.
- **Haiti.** Haiti just completed local elections, finishing a year long cycle of voting that has put in place democratically-elected leaders at all levels of government for the first time in a decade. We now face an implementation challenge as we seek to build a stable state and create conditions for economic growth. The U.S. is Haiti's largest donor, providing over \$600 million between 2004 and 2006. The President has requested \$223 million for Haiti for FY2008. U. S. assistance will strengthen governance and the rule of law, improve security, foster economic growth and address humanitarian needs. WHA will engage with international partners to secure their long-term commitment and robust support for Haiti, including through the UN Stabilization Mission in Haiti (MINUSTAH). Fourteen Western Hemisphere contributors provide approximately half of MINUSTAH's strength.

Together, Colombia and Haiti account for 56% of our FY2008 budget request, or \$813 million. When combined with other priority Andean countries, Bolivia, Ecuador, and Peru, these 5 countries account for 72% of our budget request. This represents an important shift in funding over the last 15 years. The same five countries accounted for only 20% of our FY1992 foreign assistance budget, and only 62% of our FY2006 bilateral allocations. We will continue to target our assistance strategically to areas where it will have the greatest transformational impact.

- **Cuba.** The U.S. Commission for Assistance to a Free Cuba detailed in July 2006 steps for the USG to increase the flow of information to the Cuban people, to step up enforcement of economic sanctions, and to increase support to civil society and the opposition through \$80 million in assistance programs in FY2007 and FY2008. We believe that this assistance can be a catalyst for democratic change in Cuba. We are prepared to increase diplomatic outreach and have prioritized \$45 million for our efforts in Cuba in our FY2008 budget request.

- **FTAs.** We have already completed free trade agreements that cover two-thirds of the hemisphere's GDP and are working to sustain forward momentum on trade by empowering the private sector to take full advantage of the existing FTAs, link U.S. and other development assistance to building capacity for free trade, and highlight the benefits of free trade for workers and the environment. We have signed our trade promotion agreement with Peru and announced our intention to sign the trade promotion agreement with Colombia. We plan to continue discussions with Panama. We also need to help FTA partners like the Dominican Republic and Costa Rica conclude the final steps toward bringing CAFTA into force in those countries. We prioritized \$40 million in regional funds for labor and environment capacity building in the CAFTA-DR countries.

Overall assistance levels to the region have nearly doubled since the start of this Administration, rising from \$862 million in FY2001 to a FY2008 request of \$1.47 billion. Funding from the Millennium Challenge Account will continue to complement other USG assistance programs for years to come as the Millennium Challenge Corporation (MCC) provides a total of \$866 million in Compacts to Nicaragua, Honduras, and El Salvador, and builds upon a Threshold Country Program in Paraguay. We expect MCC projects, which aim to reduce poverty through sustained economic growth, to magnify the impact of our foreign assistance programs. This mutual reinforcement will pave the way for future growth opportunity.

The President's vision for this hemisphere is rooted in partnership. Next week I will accompany the President on his eleventh trip in the Americas with stops in Brazil, Colombia, Guatemala, Mexico, and Uruguay. The President's visits will reaffirm his commitment to furthering political, economic, and social advancement in these countries and will strengthen his relationship with the democratically-elected leaders of these nations. Together, with these partners and the visionary leadership of the OAS and the IDB, we will link democracy with development, generate broad-based growth through freer trade and sound economic policies, invest in the well-being of people from all walks of life, and make democracy serve every citizen more effectively and justly.

## Related Web Sites

### U.S. GOVERNMENT



U.S. Department of State  
Under Secretary for Political Affairs  
Bureau of Western Hemisphere Affairs  
<http://www.state.gov/p/wha/>



U.S. Trade Representative  
Free Trade Area of the Americas  
[http://www.ustr.gov/Trade\\_Agreements/Regional/FTAA/Section\\_Index.htm](http://www.ustr.gov/Trade_Agreements/Regional/FTAA/Section_Index.htm)  
!



U.S. Agency for International Development (USAID)  
Latin America & the Caribbean  
[http://www.usaid.gov/locations/latin\\_america\\_caribbean/](http://www.usaid.gov/locations/latin_america_caribbean/)

**NON-U.S. GOVERNMENT**



**Organization of American States (OAS)**  
<http://www.oas.org/>



**Free Trade Area of the Americas (FTAA)**  
<http://www.ftaa-alca.org/>



**Summits of the Americas Information Network**  
<http://www.summit-americas.org/default.htm>

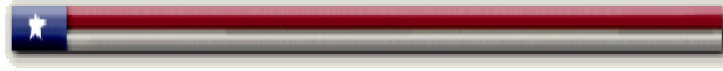


**Council of the Americas**  
<http://www.counciloftheamericas.org/>



**Center for Strategic & International Studies  
Americas Program**  
<http://www.oas.org/>

Information compiled by the Information Resource Center  
*Embassy of the United States of America*  
*Madrid, Spain*



Tel. 91 587 2528

<http://www.embusa.es/irc>

**Disclaimer:** The links included in this information package are being provided as a convenience and for informational purposes only; it does not constitute an endorsement or an approval by the Information Resource Center.