

Obama and Latin America. Year II

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The first year of the Obama Administration has made clear how difficult it will be to substantially change the US-Latin American relationship. Under the best of circumstances, it will take many years and major shifts in the politics and attitudes of both the US and the region.

Arguably, no event since John F. Kennedy's election in 1960 was more welcomed in Latin America or held out greater expectations for improving the region's ties with the US than Barack Obama's electoral victory in November 2008. Yet one year after taking office, US policy remains largely unchanged and it is hard to identify a single Latin American country that has a better relation with Washington today than it did when President Bush left office.

President Obama's debut into the divisive world of hemispheric politics—with which he had virtually no experience—was the April 2009 Summit of the Americas in Trinidad and Tobago, which brought him together with the Western Hemisphere's 34 other elected heads of state. And it was a successful start. The new president took full advantage of the two-day meeting to demonstrate his political and personal skills, as well as his intent to change the dynamics of US ties with Latin America.

He did not offer a grand vision or a new strategy for US policy in the hemisphere. Instead, his promise was a change in style and emphasis—fundamentally a turn to multilateralism and enhanced cooperation, and a closer alignment of the US and Latin American policy agendas. The assembled leaders applauded his pledge to “seek an equal partnership” and were pleased by his acknowledgement that the US has at times “been disengaged” and “sought to dictate our terms.” A palpable change occurred in the atmospherics of US-Latin American relations. The new President left Port of Spain with his own stature enhanced and US credibility lifted. Venezuelan President Hugo Chavez and his allies in the anti-US Alliance for the Bolivarian Alternative (ALBA) were muted for the moment.

After the Summit, however, the new president ran headlong into the multiple roadblocks frustrating change in US relations with Latin America.

The intense and bitter partisanship of Washington, reflecting the increasingly polarized politics of the US, delayed two of Obama's critical diplomatic appointments for about six months—that of Obama's senior policy official for Latin America Arturo Valenzuela, and of Tom Shannon as Ambassador to Brazil. Partisan congressional battles also threw a monkey wrench into the Administration's efforts to design a coherent response to the Honduran crisis and other challenges in hemispheric affairs.

The Republican minority has stymied consideration of any immigration reform package, which remains the most critical US policy issue for Mexico and most nations of Central America and the Caribbean. For their part, Democrats in Congress and their allies in the US labor movement have made it impossible for the Administration to deal responsibly

with trade matters. They have prevented the approval of free trade agreements signed with two close allies, Colombia and Panama, and—in violation of the US-Mexican free trade pact—continue to bar Mexican trucks from US highways. The Administration had to work hard to limit the reach of the protectionist “Buy America” clause demanded by the Democrats in the economic stimulus legislation. Both Democrats and Republicans are responsible for blocking legislation to transform Cuba policy and neither has shown much interest in considering changes in US anti-drug strategy.

Moreover, the Obama Administration’s massively overcrowded agenda of domestic and foreign policy has left little room for Latin American issues. Congressional elections in November this will add to the policy congestion and political divisiveness. President Obama devoted the bulk his state of Union address on January 27th to politically charged domestic issues—the faltering US economy, continuing record unemployment, and health care. Only 15 percent of his speech addressed foreign policy questions. It is not surprising then that Latin America—aside from Haiti—was mentioned only in a passing comment on free trade deals. At this time, the region **cannot seriously compete for Washington’s limited foreign policy attention with the wars in Iraq and Afghanistan, other security risks in Asia and the Middle East, or with critical global issues like continuing financial uncertainty and climate change.**

Under the circumstances, it is not surprising that US policy toward the region has been mostly reactive, responding to unexpected events like the Haiti’s tragic earthquake or the political crisis in Honduras or South America’s criticism of the US-Colombia security accord—or to deadlines imposed by scheduled meetings (like the Summit of the Americas or the OAS General Assembly), visits, or elections. So far the one-year-old Administration has not developed a clear strategy, concrete goals, or new directions for its Latin American policy—and appears increasingly unlikely to do so. Indeed, aside from Cuba, it has taken almost no new initiatives toward the region.

Finally, **an increasingly assertive and politically divided Latin America has also complicated US policy making. Most countries say the want expanded cooperation with the US, but a few countries are openly hostile to Washington while others remains suspicious of the motives for US policies and actions (including many of those that seek greater cooperation). On several occasions last year, serious tensions emerged in US-Latin American relations--from the evolution of events in Honduras, regional efforts to restore Cuba’s OAS membership, and sharp criticism of the US-Colombia defense pact--which irritated US officials and aggravated partisan conflict in Washington.**

It was not long after the April 2009 Summit, that the region’s governments began to make life more difficult than anticipated for the new administration in Washington

At the OAS’s General Assembly meeting in early June, the US reluctantly—and under considerable pressure from several Latin American governments—signed on to a unanimously-approved resolution that set a path for Cuba’s return to the hemispheric organization. The resolution was a constructive step and fully consistent with US policy. But American diplomats felt unduly pressed to sign onto a document they felt could interfere with their cautious, bilateral approach to the politically perilous task of re-engaging Cuba, which had already produced some modest but important changes.

When the initial response of the OAS, supported by every member government (including the US) failed to reverse the Honduran coup and return President Manuel

Zelaya to power, the consensus began to fracture and opinion in the US and elsewhere in the hemisphere quickly polarized on what to do next. The Obama Administration, then without its senior Latin American diplomat, came under intense, and unwanted, lobbying from all sides. When it decided to recognize the election of Porfirio Lobo, the clear winner of the November balloting, Washington found itself at odds with most governments of the hemisphere.

Although a great deal of bitterness remains, the Honduran crisis may finally be nearing resolution, now that Lobo has committed himself to establish a genuine multi-party government (including supporters of Zelaya) and create an independent “truth commission” to report on the events leading to and following Zelaya’s overthrow. But whatever the outcome, events in Honduras demonstrated how difficult it will be for the Obama Administration to pursue multilateral approaches in a politically tense and divided Latin America. The US could certainly have done a better job of managing Honduran policy. Washington often appeared ambivalent and inconsistent in its decision-making. At times, no one seemed to hold the reins on a day-to-day basis. Multilateralism will require more adroit political management at home and attentive diplomacy overseas.

In the midst of the Honduras affair, nearly every South American government vehemently condemned a new US-Colombian agreement authorizing US troops to use Colombian military bases to help combat drugs and guerrillas. Latin America’s deep distrust of the US (despite their warm feelings toward Obama) was on full display as the continent’s other governments demanded to review every detail of the agreement and sought formal guarantees that US military activities would be restricted to Colombia. Colombia’s South American neighbors may have overreacted. After all, US troops had been stationed in Colombia for some ten years without once being accused of violating any other country’s sovereignty. But it is true as well that both Colombia and the US handled the incident poorly. With greater transparency and wider consultation from the outset, the outcry could have been muted, if not avoided. Certainly, Washington officials should have been sensitive to Latin America’s reflexive unease about US troop presence in the region.

In its early months, the Obama Administration viewed Brazil as a promising partner on both regional and international issues, but the two governments have since ended up disagreeing on a series of important matters. While they have been cooperating effectively in Haiti (before and after the earthquake), the two nations have often been disappointed and frustrated with the other on other issues. The US resented Brazil’s harsh and persistent criticism of the US-Colombia accord and of Washington’s approach in Honduras—although their differences have more recently narrowed in both situations. President Lula has helped on occasion to moderate Chavez’s belligerence toward the US, but he has stopped short of challenging the Venezuelan leader’s assaults on democracy at home, or his interventionism in South and Central America. Brazil’s close relationship with Iranian president Ahmadinejad has particularly concerned the US, particularly Lula’s warm reception of the Ahmadinejad in Brazil, his defense of Iranian nuclear policies, and his seeming indifference to Iran’s crackdown on internal dissent and its threats against Israel. US-Brazil cooperation on the Doha round and on biofuel development appears stalled. One year, after President Obama’s historic election, Lula told the Financial Times that the US was “not paying attention to Latin America.”

Despite handshakes and smiles in Trinidad, President Chavez has zealously stuck to his anti-US agenda in the Americas. He remains a dangerous and disruptive force in inter-American affairs and a relentless and malicious opponent of the US. Sometimes, Chavez dismisses Obama as well-intentioned, but too weak to curb predatory agencies like the Pentagon and the CIA from aggression and 'imperial' policies. But more and more often, Obama is attacked as the main culprit, hardly distinguished from President Bush.

The Obama Administration, in short, has a tough agenda ahead in Latin America. 2010 will probably not be any easier than 2009.

The Honduran crisis is one issue that is likely to be off the agenda. The new Lobo government is taking the measures called for by the international community. Washington is moving to lift all sanctions against the country. Secretary-General Jose Miguel Insulza favors Honduras's return to the OAS. Brazil is reevaluating its position and may soon recognize President Lobo. While things could still go awry, the best guess is that Honduras will cease to be a central issue in inter-American relations in the coming months. The Honduras episode has tarnished nearly all of the governments and institutions involved. Clearly, the hemisphere needs a better approach to respond to coups and other breaches of democratic rule—but this is a challenge that, for some time, will be extremely difficult to address given Latin America's political and ideological divisions.

The recovery of Haiti from its massive earthquake and subsequent rebuilding of its institutions and infrastructure will, for many years into the future, surely be a central concern of the US and many other countries in the hemisphere and beyond. The international community had been working effectively in Haiti prior to the earthquake and there is every reason to expect sustained multilateral cooperation in the coming period. Aside from the grotesque statements of a few US right wing commentators asserting that Haitians have been deservedly punished and the bizarre claims of Hugo Chavez and a few other ALBA leaders that the US is seeking to colonize Haiti, a broad consensus has emerged regarding what has to get done in Haiti and where the external leadership should come from (mainly from the UN, as has been the case over the past several years, but with the US playing a oversized role at least during the current emergency period). Although events in Haiti may go off course and produce unexpected problems as they have so often in the past, there is no good reason to believe that the relief and rebuilding efforts will generate much political conflict in the US or the rest of the hemisphere. Haiti will surely present a series of formidable challenges, but it is not likely to provoke the ideological battles it once did.

Getting relations with Brazil on a more productive track may now be the most critical task confronting the Obama Administration in 2010. The task has certainly been made easier by the US Senate's confirmation, at long last, of former Assistant Secretary Tom Shannon as Ambassador in Brasilia, but the past year has been deeply disappointing and, at times, frustrating for both the US and Brazilian governments. A new Brazilian government will take office in January next year, but no one expects major changes in Brazilian policies or approaches—either in this hemisphere or internationally.

In many instances, Washington depends on Brazil's cooperation and good will to advance its agenda in Latin America. Brazil is as a regional pole of power in the Western Hemisphere and occupies a particularly central role in South America, where on many

issues it has displaced the US as the dominant presence. On those matters which Washington and Brasilia can find common ground, most other countries of the hemisphere are likely to follow suit. The US increasingly must also deal with an influential and omni-present Brazil on a range of crucial international issues—multilateral trade, climate change, nuclear non-proliferation, and global financial management, for example. And both countries should be taking far better advantage of the multiple opportunities a [more robust economic relationship would offer](#). Brazil is today only the 11th or 12th largest US trading partner and, more telling, [the increase](#) in bilateral trade has been substantially [less](#) than US trade expansion with the other BRIC countries ([Russia, India, and China](#)) and with Mexico. While Brazil still has more US direct investment (FDI) than the other BRICs, it is fast losing ground to China and India. New US investment is heading more to the Asian countries than Brazil.

The Obama Administration's challenge this year is not only to find common ground with Brazil—and develop stronger cooperation in regional and international forums. It is first of all to find more constructive ways of managing US-Brazilian policy disagreements and divergent approaches, so they do not lead to recurring tensions. Over the longer run, the quality of US relations with Brazil will depend on both countries willingness to overhaul commercially (and diplomatically) damaging legislation and regulation in such areas as trade, energy, and agriculture.

Managing the US relationship with Mexico may be an even more important challenge for the Obama Administration. Although the two heavily integrated countries have developed increasingly effective cooperation on an array of important and routine issues, they are not making much progress in dealing with the most critical problems that they share. This is a source of unease and some tension. Economic relations need some rethinking. Last year, Mexico suffered the [steepest economic downturn](#) in all of Latin America, mostly because of its heavy dependence on US markets, tourism, and remittances, but also because of its own lackluster efforts at policy reform. The US has provided some modest support for Mexican efforts to confront its relentless wave of crime and violence, but has is unable to do much to reduce the drug consumption in the US or curb arms smuggling to Mexico, which would be of most help. And the inability of the US to repair its immigration system is a continuing source of bilateral friction. For some time into the future, US-Mexico relations will have to be kept on course without major reforms in US drug or immigration policies. Domestic politics are almost certain to block the Obama Administration's search policy change on these issues.

A third task for Washington is to reassure Colombia of continuing US support as it battles guerrillas and drug traffickers, confronts neighboring Venezuela's aggressive threats of war, and faces stiff criticism across South American for its military ties to the US. The Colombian government is already disheartened by the Obama Administration's failure so far to take any action to secure congressional approval of the free trade accord it signed with Washington two years ago. Colombians welcomed Obama's favorable reference to the accord in his January 27th State of the Union speech, but remain impatient for an indication of the Administration's plans for advancing its ratification. More recently, the Colombian government was upset by the reduction (albeit modest and predictable) in military aid called for in the Administration's budget proposal for next year.

Colombia is not so much worried that Venezuela will start a war—but that Chavez will step up aid to the FARC guerrillas, who already enjoy safe haven in Venezuela, and

prolong Colombia's internal conflict. But the Obama Administration's challenge is more complex than merely helping Colombia withstand Venezuela's bullying tactics. It must also work to persuade Colombia's government to do more to curb abuses of human rights, better control its intelligence and security services, and keep its paramilitary forces disarmed. Washington must as well assure other South American countries that the US access to Colombian military bases is no threat to any of them.

Venezuela is suffering increasingly serious internal difficulties—a deteriorating economy, rising political tensions and conflicts, and expanding crime and violence—all of which threatens Hugo Chavez's ability to govern. But it may also make him more dangerous and could push him more and more toward domestic repression and external blustering to hold power. Responding to Venezuela and its ALBA allies will require a delicate balancing act. Confrontation with Chavez is usually counterproductive, most often emboldening rather than containing him. Washington has to be wary that its treatment of Venezuela not harm its relations with other nations and create sympathy for the Chavez government. Still, it will be hard for the US to ignore Chavez's violations of democratic norms, his interference in other countries' affairs, and his deepening relations with Iran.

The Obama Administration's bilateral approach to Cuba had begun to produce some modest but important changes—a relaxation of Bush era curbs on remittances and family travel for Cuban-Americans, authorization of new US investments in telecommunications in Cuba, renewed dialogue on migration, and negotiations to establish regular postal service. This step-by-step strategy seems now to have stalled. The Cuban government has refused to respond to US initiatives with any concessions of its own, increasing the political costs of new measures from Washington. The arrest of a US government contractor in Havana, accused of working with dissidents, has been further complicated US diplomacy. Moreover, an active and still relatively powerful anti-Castro lobby has been able to prevent any legislative effort from the US Congress, and bureaucratic caution within the government continues to impede change. With no assurance of any major advances Obama Administration may not be willing to assume the greater initiative and political risk needed to successfully reset US Cuba policy.

Interestingly, what many feared would be the toughest challenge for Latin America, and potentially most harmful for US relations with the region—the global financial crisis—has turned out to have had a relatively mild impact in Latin America, far less destructive than had been feared. The economic and social damage in most places has been kept in check, and growth is returning to the region. And despite the fact that the crisis was essentially “made in the USA,” the recriminations against Washington have been limited—even in Mexico. The credit goes mostly to the governments of Latin America for their steadily improving their economic management in recent years. Indeed, Latin Americans have, by and large, been managing their economies better than the US has been able to do.

Still, what Latin America, a region of mainly middle-income countries, most needs from the US in the coming period is access to the US's \$14 billion economy, nearly 4 times the total size of the region's economies. It needs US capital for investment, US markets for its exports, and US technology to achieve sustained growth of five percent or so a year.

So far, however, the Obama Administration has been relatively silent on how it proposes to deal with the economic dimensions of its relations with Latin America. It has said little

about its plans gaining approved of the trade treaties with Colombia and Panama—or about how it proposes to open US highways to Mexican trucks as called for by the NAFTA treaty. It has remained quiet about the finding of the World Trade Organization, in a case brought by Brazil, that US cotton subsidies are illegal—and about the imminent prospect of Brazil's WTO authorized retaliation. The Administration has not revealed its thinking about the US's questionable subsidies, tariffs, and quotas on a range of agricultural products, including ethanol, which has stalled implementation of a US biofuels agreement with Brazil. It remains unclear whether the US will support the replenishment of the resources of the Inter-American Development Bank (IDB), whose importance to the region, particularly its smaller and poorer countries, has increased as a result of shrinking private capital flows.

More than just responding to each of these issues, the Administration might also seek to develop a broader framework for US economic relations in Latin America. There is no point in trying to resuscitate the Free Trade Area of the Americas (FTAA), which dominated thinking about hemispheric economic arrangements for nearly a dozen years—but lost its credibility in 2003, when neither the US nor Brazil showed much commitment to finding common ground or even continuing the negotiations. But the Obama Administration should be exploring, with Brazil and other key Latin American countries, alternative approaches to building longer-term economic cooperation in the hemisphere. A new economic strategy could provide US policy in the Americas with the direction and energy it currently lacks. .