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SHIFTING THE BALANCE:
THE OBAMA ADMINISTRATION AND THE AMERICAS – A MIDTERM ASSESSMENT

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P R O C E E D I N G S

MR. CARDENAS: Good morning. My name is Mauricio Cardenas and I'm the director of the Latin America Initiative here at the Brookings Institution. I have the great pleasure of welcoming all of you to this very special event. It is the book launch of a new publication of the Latin America Initiative entitled Shifting the Balance: Obama and the Americas. This book was edited by Abraham Lowenthal, who is here on the panel; Ted Piccone, who is the deputy director of Foreign Policy here at the Brookings Institution; and Laurence Whitehead from Oxford University.

Before we go into the details of the book, and we have a panel conversation with two of the co-editors, we have the great privilege of having with us Arturo Valenzuela, the assistant secretary of state for Western Hemisphere Affairs. Arturo is a very good friend of this house, has been in his capacity as assistant secretary on several occasions in our events and discussions. And as you all know, Arturo has a long career both in public service and in academia. So it's a perfect combination of skills to be, really, a central figure in this cast of main characters that shape U.S. hemispheric policies.

Arturo has been assistant secretary of state for Western Hemisphere Affairs since November 2009. Prior to that he was a professor of government at the School of Foreign Service at Georgetown University and also the director of the Center for Latin America Studies there. And his public service experience dates back from the Clinton administration when he was a special assistant to the president for Western Hemisphere Affairs and also director for Inter-American Affairs at the National Security Council.

Arturo will give us his keynote speech and after that we'll go into a conversation with him, take a few questions. Then Arturo will leave and we'll remain here for the discussion of the book. And the discussion of the book will have presentations by two of the co-editors and then we'll also engage in a conversation that I will moderate in

order to extract all the wisdom that is in all the chapters that cover the key aspects of the Western Hemisphere relations with the U.S.

So without further ado, let me welcome Arturo, who certainly will give us the basis for the discussion in terms of his own views on what has been achieved during these first two years of the Obama administration in terms of the way the U.S. interacts with the region, but also his views about what will happen in the second half of the Obama administration in this very important area for the work we do here at the Brookings Institution. So thank you, Arturo, for joining us again, and the floor is yours.

MR. VALENZUELA: Well, I want to begin by thanking the Brookings Institution for this wonderful invitation. I very much appreciate the great work that you, Mauricio, are doing along with other scholars here at Brookings who worked on Western Hemisphere affairs for some time: Ted, Carol Graham, Diana Negroponte, other scholars as well. But it's, of course, always for me a special pleasure to see my good old friend, Abe Lowenthal. You know, he's the dean of a remarkable group of scholars who have worked persistently over the years to pioneer, to develop the field of U.S.-Latin American relations, and as most of us know, Abe has contributed not only to defining the field but also to create remarkable institutions that have helped build the bridges across the Americas. So, and I can see here also that powerful duo of Laurence Whitehead and Abe Lowenthal emerging yet again. You know, Abe's contribution is just extraordinary. And if you go back to the works on the transitions to democracy and everything else, you see his imprint on so many things so I'm really grateful to be able to see him again. And Ted, as always, it's good to see you, too.

The new book, Shifting the Balance: Obama and the Americas, is an excellent contribution to understanding how U.S. policy has been changing under the current administration. Brookings has assembled an insightful group of authors to examine how the Obama administration is charting a new course in its Latin America policy, as well as the risks and opportunities we faced in the past two years. The

analysis of many of our key bilateral relations, including Mexico, Brazil, Colombia, Venezuela, Bolivia, and Haiti, is thought-provoking and excellent. The only thing I'm going to say about Dan Erickson's chapter on Cuba is that we finally decided that the best way to get him to stop writing about these things is to hire him at the State Department. So, Dan, you know, you've been muzzled now.

Now, since its first days in office, the Obama administration has worked very hard to shift the balance in the U.S.-Latin American relationship in a positive and constructive direction, and we are confident that our approach is achieving results. I see so many here who like me have spent the better part of their careers studying the Americas or U.S. policy in the region and many other friends as well I'd like to acknowledge.

For us in particular these are fascinating times. That's because we are seeing the convergence of two powerful and positive trends: the consolidation of successful market democracies that are making big strides in meeting their people's needs and the growing global integration of Latin America. These trends are fundamentally reordering our interaction with each other. Indeed, our greatest regional challenges, including inequality, the impunity of power, lack of rights, ineffective institutions, lack of opportunity-- those elements are receding in most countries in the Americas. And nations of the hemisphere are realizing their take in new global challenges, like food security, climate change, transnational crime, economic competitiveness. Most importantly, they are realizing their capacity to act on a global level to address these issues. So there's a whole new set of incentives for democratic societies to adjust national policies, pursue greater regional integration, and join in new networks of partnerships around the world in order to help meet the tests of our time.

Therefore, any discussion of U.S. policy and the Americas has to start from the recognition that the world has changed. It's getting harder to extrapolate from the past to predict what's around the corner or to advance our interests based on

traditional ways of doing business. These considerations are at the core of the quadrennial diplomacy and development review, also known as the QDDR, that the State Department has just unveiled. Secretary Clinton initiated this groundbreaking QDDR process to enhance our capacity to lead through what she calls “civilian power.” As she has emphasized, advancing American interests and values will require leading other nations in solving shared problems in the 21st century. Therefore, we must increase our reliance on our diplomats and develop experts as a first face of American power.

In 2011, the concepts underpinning the QDDR will also guide our approach of a dynamic engagement that seeks to advance U.S. interests in partnerships with Latin America as a whole, while recognizing the value of accommodating diverse needs and interests. The Obama administration has focused our efforts on four overarching priorities critical to people in every society: promoting social and economic opportunity for everyone, securing a clean energy in the future, ensuring the safety and security of all of our citizens, and building effective institutions of democratic governance. All this we seek to achieve while harnessing and strengthening multilateral and regional institutions, especially the Organization of American states, but our focus has been very much on subregional initiatives, such as Central America or the Caribbean.

Our priorities are based on the premises that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations in this hemisphere that can play a pivotal role in building a rules-based international system capable of meeting today’s global challenges. Achieving that objective has required an important shift in the conduct of U.S. foreign policy. As President Obama and Secretary Clinton have said, this policy must be conducted on the basis of mutual respect and co-responsibility through dialogue and engagement. The United States must be a more effective and determined partner in helping countries throughout the Americas achieve their own chosen paths as determined by their own people.

With this in mind we have developed collaborative platforms, like

"Pathways to Prosperity" and the "Energy and Climate Partnership of the Americas," which invite partner governments to join us in addressing key elements in the agenda. We are also pursing diplomatic initiatives to support racial and ethnic inclusion in the hemisphere and look forward to increasing these efforts during 2011, which the United Nations has named the International Year for People of African Descent.

Today, we remain very optimistic about the state of the hemisphere. Indeed, the Western Hemisphere today is experiencing a period of economic and political health that is a far cry from the troubles of the past. And folks like Abe and I, who have been slugging away at this for 40-some odd years, have seen another era, you know, of authoritarianism, of civil conflicts in Central America, debt crises of the Americas losing their ground in the world. But things have changed. Not only did the region avoid the worst effects of the financial crisis on this round, but current growth rates are projected to exceed five percent this year. And politically speaking, we welcome the reduction in tensions between Colombia and its neighbors and note the smooth transfer of power that has occurred in many countries throughout the Americas. Moreover, the Obama administration's new strategy of engagement has contributed to a shift in Latin American public opinion. In the 2010 poll by the public opinion research firm, *Latinobarómetro* poll that just came out, two-thirds -- two-thirds -- of the population in most countries had favorable attitude towards the United States, an increase of 10 to 20 percentage points from the 2008 levels.

The role of the United States in Latin America is also overwhelmingly viewed as positive. And this again is a really significant shift. This suggests that the administration's strategy has prompted an important replenishment of U.S. soft power in Latin America, thereby reversing the dangerous depletion of goodwill towards the United States that had occurred during the prior decade. Indeed, the region's reaction to the recent WikiLeaks cables incident, far from disrupting our regional relations, has actually highlighted their renewed strength. While the United States deeply regrets the disclosure

of any information that was intended to be confidential, we are also heartened by the support and understanding that has been offered by most of our regional partners.

We also recognize the central role played by economic integration in our hemispheric relations. In 2009, total U.S. merchandise traded between the U.S. and Latin America and the Caribbean reached 524 billion and more than 40 percent of the region's exports flow to the United States, making us the region's single largest export destination, as well as the largest source of foreign investment. And the Western Hemisphere, including Canada, absorbs 43 percent of U.S. exports. Around 84 percent of our overall trade with the region takes place with our FTA partners, and half of our energy imports come from the Western Hemisphere.

Latin America will be a key target of the president's National Export Initiative, known as NEI. As part of his strategy for restoring strong economic growth in the United States, President Obama has called for a doubling of U.S. exports in the next five years, an ambitious goal. Last month's deal with South Korea paves the way for congressional approval of a long-stalled FTA with a crucial Asian ally and may create an opportunity to work through outstanding issues to move forward our other two pending FTAs with Colombia and Panama.

Of course, the 33 countries of Latin America and the Caribbean, as well as Canada, all have unique attributes that present different opportunities for U.S. policy. In order to provide some context, let me briefly review the state of our relations in the hemisphere and preview our priorities for 2011. In South America, the United States has forged especially strong partnerships with Brazil, Colombia, Peru, Chile. Our relations with these countries have never been so comprehensive in both regional and global dimensions. Secretary Clinton's recent trip to Brasilia to attend the inauguration of President Dilma Rousseff highlights our desire to develop a deeper relationship with Brazil to help address issues such as facilitating the global economic recovery and combating climate change. We look forward to establishing a strong working relationship

with President Rousseff and her government. We've also struck a new tone in our dialogue in engagement with countries like Uruguay and Paraguay.

The administration has also actively engaged with the countries of the Andes. Last fall, President Obama met with his counterpart, Colombian President Juan Manuel Santos at the United Nations in New York where they announced the creation of a high level partnership dialogue, which was launched by the Deputy Secretary Steinberg when he traveled to Colombia in October. And we're working to finalize a new framework agreement with Bolivia that will strengthen the bilateral relationship. And we've engaged Ecuador on a range of important bilateral and regional issues. We strongly believe that the U.S. interest is served when we engage both with our friends and allies, as well as those countries with whom we may not see eye to eye on several matters.

The recent *Latinobarometro* poll also confirms something that the Obama administration has recognized in our own policy, and that is that the greatest concern of citizens throughout the hemisphere is achieving safety and security, and combating the rise of international crime. Thus, we have increased our partnerships with countries to improve citizen safety, especially in Mexico, Central America, and the Caribbean. Without basic security for all, countries cannot fulfill their full economic and social potential. The United States and Mexico have built an especially close partnership over the past two years, in large part through our cooperative law enforcement efforts to dismantle transnational organized criminal groups.

Congress has appropriated 1.5 billion to support the Merida Initiative assistance programs. And by the end of 2010, the U.S. Government will have delivered 8 helicopters, millions of dollars worth of other equipment, trained over 6,700 federal police, as well as 3,000 prosecutors and judicial authorities. We have shifted Merida's focus away from supplying big ticket equipment to providing more training and technical assistance. We are also partnering with Mexico to help institutionalize justice sector reforms, to sustain the rule of law and respect for human rights and build a stronger

institutional basis for combating the drug trade. In addition, the United States is increasing its own domestic law enforcement efforts to dismantle Mexican narcotic supply networks in our country, and the smuggling of illegal, financial proceeds and weapons to Mexico.

Although the road ahead remains challenging, we are certain that this is the right approach that will lay the groundwork for long term, sustainable results. We've learned that a successful approach to security challenges must be a comprehensive regional one. That is why the United States is also working to enhance citizen safety through the Central American Regional Security Initiative and the Caribbean Basin Security Initiative to break the power of violence and impunity of the region's gangs and criminal organizations and strengthen law enforcement and justice sector institutions. Our support for Central America and the Caribbean is by no means limited to security, however. In El Salvador and Honduras, the U.S. Government's Millennium Challenge Corporation has spent almost 700 million in recent years modernizing farms and building or improving hundreds of miles of highway.

In the Caribbean, through the President's Emerging Plan for AIDS Relief, the PEPFAR program, the U.S. works with 15 Caribbean countries to treat and prevent exposure to HIV, provide care and treatment, and eliminate the stigma and discrimination that perpetuates the disease. I'd like to add, too, that one of the things that we've been working on most strongly and I think very effectively is to see how we can better coordinate with donor countries, as well as with international organizations, and the international financial institutions in developing a strategic approach, in particular, to the Central American situation as well as to the Caribbean. I think that all of us working in the international community together are more effective than when we're trying to work in our separate channels. And this coordination is based on the concept that there's also a co-responsibility on the part of the countries that we're working with. In other words, they're going to have to pony up their own resources as well through higher tax increases

and things like that. So this is an integrated effort that we're doing where we're cooperating not only with the countries in the subregions, but also we're cooperating with the donor organizations and donor countries in order to be more effective in our assistance as we move forward.

Since taking office, President Obama has made clear his commitment to supporting the Cuban people's desire to freely determine their own future. During the first two years of the Obama administration, we've begun to make progress on that vision that the president has outlined, including taking measures to increase contact between separated families and to promote the free flow of information to and from and within Cuba. In addition, we've engaged Cuban authorities on key bilateral matters, like migration and direct mail service.

We're also continuing to help the Haitian people rebuild after the terrible earthquake that struck the country a year ago. As President Obama emphasized shortly after the earthquake, the U.S. commitment to Haiti will be sustained. We are proud of the role of the United States in the unprecedented bilateral and multilateral cooperation in support of Haiti. There's been progress, and while uneven, it has deepened the resolve and commitment to Haiti of the international community as well as the United States.

Now, we recognize that our goals of facilitating regional prosperity, citizen safety, and a clean energy future will require building stronger institutions of democratic governance that respect fundamental, civil, and human rights. Still, as we work with our partners to strengthen democratic institutions in the community of the Americas, we are cognizant of the continuing weakness in democratic procedures and practice and the threats to democratic consolidation. Collectively, we need to be clear-eyed and proactive in addressing risks to our common agenda, and those include attempts to expand majoritarian or populous rule at the expense of fundamental minority rights and effective democratic governance based on dialogue and consensus within the framework of the rule of law.

And while we congratulate popular leaders who have opted to leave office in accordance with the institutions of democratic governance, rather than promoting constitutional change to sustained power, we regret that the opposite trend has taken root in several countries. Developments in Venezuela raise serious concerns in this context. Particularly worrisome among other developments is the recent delegation of legislative authority to the executive that extended beyond the term of office of the outgoing National Assembly. This undemocratic measure violates the shared values enshrined in the Inter-American Democratic Charter, which will mark its tenth anniversary this year.

We are committed to looking for ways to more effectively implement the Charter as a safeguard of core democratic principles. The coup d'état that occurred in Honduras in June 2009, marked an egregious setback to democratic governance in the region. We are, however, pleased that during 2010 Honduras has made significant progress in strengthening democratic governance, promoting national reconciliation, addressing issues of human rights, even though much more needs to be done in that regard, and restoring diplomatic relations with many countries in the hemisphere. In our view, President Lobo has prepared the groundwork for the restoration of Honduras to the Organization of American States.

Our agenda remains manifestly inclusive and seeks points of convergence even in difficult cases. We remain steadfast -- again, I want to repeat that -- in our commitment to core principles and recognition of key values, like human and labor rights, press freedom, and the importance of robust democratic institutions. In conclusion, we're committed to these. In other words, of U.S. policy that is respectful, responsive, and realistic, and that is consonant with our values. Our common embrace of a qualitatively new level of partnership holds vast potential to help us thrive in our diversity and freedom.

Thanks very much for your attention. (Applause)

MR. CARDENAS:

We're going to collect a few questions and let the assistant secretary respond to them. I also want to encourage our two panelists here to interact with the assistant secretary. But let me -- let me begin then with you. And then we'll take your question and then I'm going to ask Abe and Ted to make their own questions. So please, go ahead. And please introduce yourself first.

SPEAKER: Sonia Schott, Globovision, Venezuela. Mr. Secretary, could you bring a little bit of light on what's going on with the nomination of Larry Palmer? Two days ago, Mr. Crowley said they are going to withdraw the nomination and they are thinking about another possibilities. And yesterday he said the State Department is continuing to support the nomination. What's going on between Venezuela and the U.S.? Thank you.

MR. CARDENAS: Yes, please. On this side.

MR. MCAULIFFE: John McAuliffe from the Fund for Reconciliation and Development. Mr. Secretary, there have been many, many news reports since August that there was going to be an announcement of people-to-people travel. And even this morning the Miami Herald suggested you were going to talk about that today. So I'm wondering, do you have something to say?

The second question is that Mr. Crowley, just before Christmas, defined or defended the lack of high level dialogue and other changes on the grounds that the U.S. could not do that until Cuba fundamentally changed its political system. And I'm wondering how you can have either a high level dialogue or any other negotiations with a country when you're saying that you can't do that until it's no longer that country.

MR. CARDENAS: Abe.

MR. LOWENTHAL: Arturo, first of all, thank you very much for your kind words and for coming today to this session and for your thoughtful remarks.

On the assumption that among academic colleagues there are no

undiplomatic questions, the question I would have is this. That was a very good and comprehensive presentation, but if you were asked the question in the first two years of the administration, only half of which you were actually in office, what has disappointed you so far and what you see is the challenges around those disappointments, what would you identify?

MR. PICCONE: And if I could just add one additional question, which is it's the week of a new Congress coming into office and a real shift in some very important issues to the regional agenda, including, of course, immigration, Cuba, among others. So I'm wondering if you have anything to say about how you imagine your agenda going forward in light of the changes in Congress.

MR. CARDENAS: I think you have more than enough. I was tempted to say something but you have -- the plate is full.

MR. VALENZUELA: That's good. Thanks.

Abe, let me take your question first. You know, it's -- I think that I prefer to sort of emphasize the positives as I did in my remarks. I think that the survey data that comes out of Globovision certainly indicates a very significant shift in opinions. And this is among elites, as well as mass publics throughout the hemisphere. In fact, when I'm in meetings with some of my counterparts from other regions in the world and we talk about things like the evaluation of U.S. policy to the world and the standing that the United States has among populations, there's just no other region where they are as high as they are at this particular point. I mean, an average of two-thirds approval rating. And we're talking across the board. You know, there are some differences in some countries and some have gone down a little bit, but for the most part, as I said in my remarks, the increase has been 10, 20 percent. So there is a strong perception that the kind of engagement that we're engaged in and the standing of the president, by the way, remains extremely high in Latin America as well and resonates very well.

But this is not just about public opinion. It's about, you know, concrete

advances. And again, you know, it used to be said that when the United States sneezed, Latin America got bronchial pneumonia. You know, this time around the United States got bronchial pneumonia and Latin America didn't even sneeze. So, you know, some of the reforms that were adopted, really in the 1990s, with the structural adjustment policies and the macro stabilization policies, really made a difference. There was a lot of significant discipline in Latin America this time around. So you did not see the kind of tendencies towards over-lending and things like that that might have occurred in the past. And I think that that accounts then for the robust, strong economic performance that we see in many places.

And then it's also true that in the last 10 to some odd years there have been innovative social policies in many countries that have significantly reduced poverty rates. There's a lot more to go. I don't want to be Pollyannaish in this assessment. There's a long way to go still. The Americas still remain one of the most unequal continents. But, you know, if we, again, look at this broader, historical perspective that many of us who have studied the region have for a long time, these are really good times.

And let me just point to something else that I think is also very important. There was, I think, an artificial division, perception of divided countries. You know, some countries on one side or another, that the country was polarized. And you saw it, for example, in the election of the Secretary-General of the Organization of American States the first time around. This time around it was a unanimous selection and the kind of -- the kind of polarization is beginning to dissipate. And I think there is a far more degree of consensus in the region.

Now, there are outliers on this, you know, and I'm not going to, you know, fool you that I don't think that's the case. But at least there isn't a construct anymore of some and others allied with the United States against the United States and that kind of thing. That's simply not the case and our policy has been one to try to engage with every country, to try to see whether, in fact, we could advance a respectful,

again, constructive dialogue. But that kind of dialogue has to be also based on frank discussions, on the ability to really disagree significantly. And we're not going to concede on that point as well.

And then the final evidence, I think, of this new environment is the way that, in fact, Colombia has been able to rebuild some of its own relationships with some of its neighbors, a process that we have encouraged very significantly and that we've been part of from the very beginning. I think that that has led to a greater isolation of maybe perhaps some of the more strident voices in the region.

Disappointments? Yes. It's much -- it takes much longer to consolidate democratic institutions, although I always used to remind my students, and this is where I have to get, you know, this is a process. It's very, very difficult everywhere and it was difficult in other contexts.

Ted, look, there is a new Congress. There's a new majority in the House of Representatives. You know, I had lunch recently with Congressman, you know, the new chairman of the subcommittee, Congressman Mack and, you know, reiterated what we were trying to do even back in the Clinton administration. That is that we're far better off in dealing with this hemisphere when we realized that we don't really have fundamental differences. What is our -- as I said in my remarks, what is our vital interest in the Western Hemisphere? Our vital interests in the Western Hemisphere are successful societies. This is what's critical. And I think we should try to thrive as much as we can to build a bipartisan basis for our foreign policy.

Look, on Cuba, the -- we continue to have -- the migration talks are going to take place next week. We continue to have a conversation with them. We've made it clear to the Cuban authorities that it's very difficult to move to the -- to greater engagement with -- in the context where they have continued to hold Alan Gross after a year's gone by without charges and then under that context just the idea -- it's not whether or not there are other sorts of demands that are out there. The question is if you

can't even address something which is a fundamental concern to the United States, which is, you know, the holding of an American citizen without preferring any kind of charges for over a year, I mean, that's just something that makes it very difficult for us to even think about having a conversation with them. As I said in my remarks, the administration has moved to see how we can strengthen people-to-people engagement. That still tends to be our -- that is still our objective.

And then finally, on the last point, look, from the outset we made it clear to the Venezuelans that we wanted to have strong diplomatic relationships. We wanted -- however, we would have that kind of relationship only if our conversations were frank, you know, where we understood that we have common interests but at the same time we're not going to hedge our words on developments that are taking place there. We made it very clear that Larry Palmer was the president's nominee, that he was a very good, professional, career foreign-service officer, would do a very good job. When they said that that they didn't -- after the questions for the record were released, that they didn't want to take them, we continued to engage and said, look, I think we'd like you to try to reconsider that.

As you know, the Senate adjourned without the nomination finally being approved. What -- you referred to the fact that the spokesman for the State Department had said that we would be nominating somebody else. He did not say that. He said that the administration would consider a nomination and left it at that. In fact, the decisions to nominate the president or something at the -- an ambassador-- is something that the White House is going to have to address. But we regret very much the fact that they did withdraw the (inaudible) because we think that he would have been an excellent ambassador.

Well, thanks very much.

MR. CARDENAS: If I could make a final request on behalf of the Spanish language media that is here, they're sending me a note whether you'd like to

make a few comments in Spanish for the Latin American audience. And knowing you, I think you will accept that. (Laughter)

MR. VALENZUELA: (Speaking in Spanish) Bueno, solamente un saludo no mas, y para mi es un enorme placer poder participar en este foro, en una discusión de un libro tan importante como el libro que acaba de publicar la Brookings, que es un esfuerzo para tratar de hacer una evaluación de lo que es la política exterior de los Estados Unidos hacia América Latina, y la situación de las relaciones entre todos los países de las Américas. En ese sentido me siento muy a gusto porque estoy con mis amigos académicos, me siento muy parte del mundo académico, y quisiera decir, como dije en mis comentarios escritos anteriormente, que nosotros vemos esta oportunidad al abrirse un año nuevo, de ir fortaleciendo las relaciones entre Estados Unidos y los países de las Americas. Y vemos con mucho optimismo las tendencias en la región. Muchisimas gracias. (Applause)

MR. CARDENAS: All right. Well, now let's go into the discussion of the book.

I think Arturo did a fantastic job in terms of setting the stage, establishing which are the priorities, touching on a few of the more sensitive issues of the day. And we can further elaborate on them based on what the book actually says.

Let me just make a quick reflection on the book before I turn over to Abraham Lowenthal and Ted. This is a very comprehensive book. It's a book that covers a lot of ground. It is organized and structured in a way that chapters are self-contained, most of them organized around bilateral relationships of the U.S., and you have a whole cast of authors that are top rate, that are really experts in each one of these areas. Carlos Heredia and Andres Rozental, for example, covered the Mexico chapter; Joao Augusto de Castro Neves, who is right here with us, and Matias Spektor do the Brazil chapter; Michael Shifter, who is also here, wrote the Colombia chapter; Jennifer McCoy, the Venezuela chapter; George Gray Molina, the Bolivia chapter; Dan Erickson,

who was here with the assistant secretary, did, as he said, the Cuba chapter; Kevin Casas-Zamora, one of our own senior fellows, does the Honduras chapter; and Juan Gabriel Valdes, no person better to do that, wrote the Haiti chapter. So really you have a substantial amount of wisdom in this book covering what has been accomplished.

And also what are the unfulfilled promises of the Obama administration. So I think the book does a very good balance in highlighting the positive but also underscoring what has been lacking and perhaps setting the ground for what needs to be done during the remaining years of the Obama administration.

When we decided to organize this book launch on this very special day, January 6th, you know, it's a holiday for most of the countries in Latin America, we got a lot of comments and e-mails from friends suggesting that we touch on issues that are, I guess, the thorny issues of the day in the relationship -- the Colombian-Panama Free Trade Agreements, the issues that relate to the frustrations of many of the Hispanics in this country regarding migration, the failure to pass the Dream Act -- things that would suggest that the relationship has not moved in the right direction after that great start when President Obama went to Trinidad and Tobago and tried to re-engage and re-establish the relationship with Latin America in a way that marked the difference relative to what happened in the years before.

So it's that type of a combination of challenges and opportunities, but also what has been accomplished that we want to elaborate in this conversation today. So let me now turn to Abraham Lowenthal who can give us his views. He wrote the introductory chapter to the book, that is a comprehensive view of the state of the relationship, and I'm sure that he can share with us what the flavor and the spirit of the book is. And then we'll hear Ted Piccone, who has his own chapter in the book on democracy. A key issue, Secretary Valenzuela -- Assistant Secretary Valenzuela just mentioned the issue of the National Assembly and the seizing powers of the National Assembly by President Chavez, something that I'm sure he will refer to in his comments

about the state of democratic governance in the region.

So Abraham, the floor is yours.

MR. LOWENTHAL: Thank you very much, Mauricio, and to the Brookings Institution for this opportunity.

I'd like to begin on a personal level by saying what a great pleasure it is to be back again at the Brookings Institution. I began my exposure to Washington by writing my doctoral dissertation as a research fellow of the Brookings Institution in this building so it's nice to kind of cycle back here. I'm also very pleased that several of our fellow authors are with us as Mauricio just emphasized. Our co-editor, Laurence Whitehead, who was not able to cross the pond for this occasion, but he has the concluding chapter in the volume. And if you had time to read only one chapter of the book that's the one I'd recommend. It's a very lucid and balanced appraisal by somebody who is looking at the relationship from an exterior to both Latin America and the United States but with tremendous knowledge of both parts of the hemisphere. But, of course, don't limit yourself to reading Whitehead's chapter. Read them all. They really do add up to a very good treatment, I think.

Ted and I and other colleagues were here nearly two years ago for the launch of a different book, The Obama administration: America's Agenda for Change, which laid out recommendations for how we believe the new administration should approach the challenges and opportunities of recalibrating and energizing the United States' relations with the countries of the Western Hemisphere. At that time, as the new administration was just taking office, the conventional wisdom in Washington, especially around Dupont Circle, was that the new governing group would be too overwhelmed by its daunting agenda, a severe economic and financial crisis and fast-growing unemployment, two costly and unpopular wars, the continuing threats from al Qaeda, the dangerous confrontations with Iran and North Korea and so on and so forth, would be too overwhelmed by that agenda to pay any real attention to Latin America and the

Caribbean. After all, these countries were not sources or targets of international terrorism, they were not nuclear proliferators, they were not posing issues of impending crisis to the United States, which had its hands full already. And indeed, a number of experts argued that the statements made by the president-elect during the presidential campaign on Latin America, particularly on trade issues, were not particularly promising and that maybe not paying attention to Latin America would be a good thing in that if he paid attention he might be going in the wrong direction.

The collective argument of our volume at that time was that the new administration would be well advised and we were intent to advise them to think differently about the relationship with Latin America, to understand that the relations with Latin America were not urgent and critical but increasingly important. Likely, over time to affect the daily lives of our citizens and very well worth prudential concern. We argued with respect to a wide range of issues from pre-trade and investment to the agenda of democratic governance, controlling the narcotics traffic, protecting the environment, energy development, immigration from Mexico to Cuba, that the Western Hemisphere offered opportunities for the new administration. Not so much threats but opportunities to shift and improve U.S. policies, to grasp some low-hanging fruit in terms of policy initiatives, to move the policy and the relationship in a direction that was consistent with the broader worldview that the president-elect had articulated in his striking presidential campaign.

That was a couple of years ago. We've now put together the three same co-editors with some of our colleagues from the first book and with a number of colleagues who are joining us in this endeavor that were not part of the first one, to looking at the relationship now. We have 13 authors, 5 of them have had senior foreign policymaking experience in the governance of their respective countries. The group includes seven Latin Americans, five North Americans, and a European, some senior veterans. I was tempted to say at the beginning it's nice to see a number of old friends

here, but then I decided not to say that because after all, we're not old. But friends of some years standing. We have a number of such veterans in the book but also a number of the best young analysts in the hemisphere who are just acquiring the international reputation that they will justly deserve.

Of course, our contributions in our individual chapters, which are self standing as Mauricio emphasized, are individual chapters and there's no sort of house view, but I think all of us who participated in this project are committed to helping to build more constructive and cooperative United States' relations with Latin America focused on solving or at least managing shared problems more effectively. And so we've worked together to provide a midcourse assessment of how the relations have evolved. And I think the -- our message is considerably more mixed than the perspective offered by Assistant Secretary Valenzuela. That is, we combine our analysis of positive shifts with disappointments on a number of issues.

And it won't be possible to go into detail on all of it, of course, but we emphasize that the administration did, in fact, begin very well in dealing with Latin America. Its first moves were extremely positive. It backed away from the campaign rhetoric about -- that suggested trade protectionism. It promised a new beginning to U.S.-Cuban relations and took some concrete, if modest, steps in that direction. It began to change the focus from the war on terrorism to shared concerns in the region.

I was thinking as I was listening to Arturo Valenzuela, I remember a dinner at the Inter-American Dialogue during the previous administration when a group of board members had dinner with some senior administration officials to discuss Latin American issues and we had a briefing and questions and so on. And one of us asked, well, what do you see as the most challenging problems going forward? And the administration official in question, a senior official, said, well, of course, this is the Inter-American Dialogue. You're always looking for problems. Yeah, I mean, I guess I'd mention three. And he mentioned three. One had to do with Cuba, one had to do with

Panama, and the third was the likelihood that Daniel Ortega would be elected president in Nicaragua.

Contrast that with what Arturo Valenzuela was talking about. I mean, there is a shift in the agenda of inter-American relations from the U.S. perspective to one that is much more *en sintonía* with what Latin Americans see as the underlying issues the region faces. And I think that should not be underestimated. We shouldn't take it for granted. These things don't happen without conscious efforts to change direction and policy, some of which did begin as we emphasized in the book in the latter stages of the previous administration under the period in which Tom Shannon was assistant secretary of state. There were shifts in U.S. policy in that direction but they have been crystallized and carried forward in the new administration.

The administration in its first months also promised a comprehensive immigration reform. It took explicit responsibility, co-responsibility for the narcotics issue, the secretary of state and the president personally speaking in Mexico to that effect. And the appointment of a new head of the DEA with a track record for approaching the issue as a public health problem. And the president's own adroit diplomacy at the Summit of the Americas in Port of Spain. And the explicit disaggregation of Latin America into a series of subregions and groups with differing agendas, both discussing that and also in terms of the meetings the president had as well.

So it began very well. By mid-2009, the Obama Administration was off to a very good start. There were lots of expectations in the hemisphere, some of them no doubt exaggerated. Our book analyzes what contributed to that good start and then analyzes how and why it went awry. Because there have been disappointments since then. The relationship with Cuba, for example, after the president's speaking about a new beginning, has remained nearly frozen. The backing away from the negative talk about the Free Trade Agreements with Colombia and Panama that occurred during the campaign was real and it hasn't been repeated, but trade policy has been confusing at

best and the FTA agreements with those two countries remain unratified. The promises to change the status of the Guantanamo facility, which had great symbolic significance in Latin America, have turned out to be impossible to implement. The authoritarian tendencies in a number of Latin American countries -- Venezuela, Nicaragua in particular and in different ways elsewhere -- have deepened rather than been resolved. There have been frictions with a number of countries, particularly with Brazil over Honduras, Colombia, the U.S. reaction to the Brazil-Iran policy and so on. I think in Latin America, yes, there is I think great appreciation of the difference between the Obama administration and the prior administration on a range of issues, some of them outside the hemisphere. And I think the *Latinobarometro* data that was cited is important but there is a lot of talk about *decepción*, a word which as most of you will recognize is even stronger than disappointment. It's a kind of disappointment linked to a sense of being misled.

We try in this book to analyze how and why that happened, what the shortfalls are and why they have occurred. And we go into considerable detail in terms of discussing the U.S. policymaking process, the different interest groups in the United States, the way in which policy is made. That's discussed broadly in both my chapter and Whitehead's, but it's also discussed in very specific terms in the chapters on Honduras and Mexico and others.

But we also provide in this book considerable evidence that the glass, if it's half empty, is also half full and that there have been accomplishments and that those accomplishments could provide the basis for further forward movement. There have been accomplishments in shifting the focus of U.S. policy from unilateralism to multilateralism, from obsessive focus on terrorism to concern with shared issues, including energy, climate change, property and exclusion; from a focus on U.S. policy to change the Cuban regime to pragmatic foundation-laying for the next period in U.S. Cuban relations. From a Colombia policy focused almost entirely on the narcotics issue

to a much broader effort at cooperation which Mr. Valenzuela spoke of in terms of Steinberg's visit there and the bilateral task force that's been set up. A tremendous amount of progress in building day-to-day significant, intimate cooperation with Mexico of really a historically unprecedented nature, a strong U.S. response to the humanitarian disaster in Haiti, and nuanced efforts to deal with the difficult political issues in the Andean region on a disaggregated nuanced basis dealing with Bolivia and Ecuador in terms very different from the confrontation with Venezuela. And we try to point attention in very specific terms to those accomplishments while indicating that they're not enough.

I think I'd like to conclude by suggesting, partly drawing on my own chapter, that at this point with two years left in this term of the Obama administration and with the congressional situation having changed as it has and with all the other things that are going on internationally, we need to reiterate something we said in our first book, which is there needs to be both a strategic vision and a sharp focus on priorities. I don't think the strategic vision for the U.S. relationship with Latin America has been well articulated yet by this administration. Perhaps the 50th anniversary of the Alliance for Progress speech this March would be an opportunity to take a new look at a strategic vision for the U.S. relationship with Latin America.

In terms of priorities, it seems to me that taking into account everything that's happened, including the domestic political issues, I would suggest priority be given first of all to refocusing on the opportunities to build strategic partnership with Brazil. Yes, there have been conflicts and tensions in the last couple of years over very specific issues and over the natural conflicts and tensions that arise between a rising power and an established power, something which has happened in different parts of the world and in different phases of history, but I think we see signs from the new Brazilian administration of a desire to put some of those issues in a new context and I hope there will be a reciprocal expression of interest on the part of the U.S. In fact, that's how I interpret the Secretary of State's decision to fly to Brasilia to attend the inauguration even

when her agenda permitted really only her to go there, be present, and return. But an important symbolic gesture, I think. I think there is an agenda for international cooperation with Brazil which deserves and should get emphasis in this next period of the Obama administration.

Second, I think really continuing to focus on the relationship with Mexico, on the management of the border region, on the narcotics issues, but also on a series of other educational and social problems and on a joint approach to issues in Central America, which is a vital concern to both countries.

Third, my instinct, and it's I think not widely shared yet, but my instinct is that the timing is good for making an effort to develop a comprehensive immigration reform. I think the pressures that are building up at the state level, et cetera, is a recipe for absolute chaos and disaster in the management of this issue and that there should be concern in both parties and in different parts of the country for really trying to develop a rational approach to immigration reform.

And finally, on the trade policy front, the Export Initiative, which the president has announced and which Mr. Valenzuela underlined, is a context and the Korea agreement is a good precedent for moving on the Colombia and Panama agreements and for restoring some vitality to a more open trade policy in the Western Hemisphere. I think those things are doable in the new U.S. executive legislative situation and I hope they get the attention they deserve.

Thanks for the opportunity to meet with you today. (Applause)

MR. PICCONE: Thank you. We're running a little behind schedule. I'm going to sit here and try to give you a quick tour de raison of the country-specific points that are being made, many of which have been touched upon. But I want to in particular go into some specific cases that are addressed. But first I want to add my thanks to you all for coming and especially to the authors who are here who contributed to the book. I should note that we have a Spanish edition that's out by Planeta Press and we'll be doing

a Portuguese edition as well. So we're really trying to project our work into the hemisphere as well.

General -- two general themes I want to highlight. One is that, you know, the domestic political constraints on really meaningful change in the bilateral agenda with key countries in the region remain. And these are on, of course, important -- really important issues, like trade, immigration as Abe just mentioned, the drug agenda, gun trafficking. I think these aren't going away and I think that will continue to be the real challenge in U.S. relations with the hemisphere.

And then a second overarching theme is that when you think about Latin America in the context of the world and it's a relatively benign environment for the United States to really build up relationships that would contribute toward general global goals and help the U.S. in different spheres, you know, whether it's on terrorism issues or as Arturo mentioned, food security. And I think these issues are starting to rise more on the agenda of the Latin American countries. And I think that's really a great opportunity for the United States. And I would focus in particular on Brazil, Mexico, and Argentina, which are all members of the G-20 who are really going to play an important role in these emerging new elements of global governance. So I would highlight that.

To break it down, I would put this in some order of priority country issues. Mexico. I mean, the exploding violence in Mexico is really of primary concern. And just to focus on one aspect, which is the gun trafficking issue which has gotten some attention lately. And I think the United States is making some progress toward acknowledging that we're part of the problem. And if you think about the statistics, they're really overwhelming. Eighty to 90 percent of the firearms recovered from crime scenes in Mexico originated in the United States. This is according to the ATF, Arms Trafficking Bureau. Over 60,000 U.S. guns recovered in Mexico in the last four years alone. The U.S. has stepped up enforcement along the southwest border but not enough. I mean, auditors have looked at it and said this is weak and ineffective. And why? Well, partially

because the political culture and power in this country rests with the NRA and other lobbies that are really protecting their interests and resisting very vigorously any kind of regulation of gun sales. So I think that's a good example of where there needs to be a shift but it's going to take a lot of time in the politics here.

Immigration, of course, we just had the Dream Act defeated in the last Congress. I personally don't see any movement going forward. Maybe on very kind of smaller aspects of it. In fact, the winds seem to be shifting towards creating two classes of citizenship in the United States. This whole debate about birthright, I think that's not going to go away right away. We'll see if it has any traction. But if you think about the politics here, I mean, Obama won 68 percent of the Latino vote in 2008 and he's going to need that again if he wants to win in 2012.

And then if you think about how it relates to Mexico, 31 million of the 45 million Latinos living in the United States are Mexican or of Mexican descent. Or another way of looking at it, 11 percent of the Mexican population actually lives in the United States. Now, of course, many of these people don't vote and can't vote but an increasing number are able to vote and I think the president is going to have to really think hard about how to address the interests of that constituency. And of course, it reverberates importantly with our bilateral relations with Mexico.

Relating Mexico to the global agenda, I think Mexico's leadership role in Cancun on the climate change is a very positive example of the kind of burden-sharing that we need to see from other countries in the region on common goals. Of course, a big pending issue is how do you really close the gap in terms of quality of life and standard of income between Canada and the U.S. on the one hand, and Mexico. And ideas that are mentioned in the chapter of having some kind of North American development fund to help close that gap remain on the agenda.

I would turn next to Brazil. I think as Abe just mentioned and I think Arturo did discuss this, you know, Brazil is a really key partner, not only on regional

relations but on global issues as well. And you have, you know, a sense of, you know, a warm -- warm tones between Lula and Obama. Hopefully that will be transferred over to Dilma Rousseff now that she's in office and looking forward to a visit that she would make here in the coming months. But there's really not a whole lot to show for it. I mean, the Defense Cooperation Agreement is one bright spot. It's the first one since 1977. But the disagreements seem to overshadow the progress, both on bilateral regional issues, as well as global issues. And just to tick some of them off there was disagreements on Cuba's admission to the OAS. Of course, what happened on Honduras. Biofuels remains a real sore point. The disagreement over the U.S. defense cooperation with Colombia. Different perspectives on how to deal with Chavez.

In the meantime, you know, Brazil is really building up its own leadership in the region through UNASUL and other institutions that are specific to South America. And I think it's pretty clear that Brazil is positioning itself to be a center of political and economic gravity in the region. And so, you know, there's some natural competition that we haven't seen in the past that I think will continue to grow and the question is how to harness that and find the areas of common ground.

You know the other kinds of disputes we've had with Brazil on Iran, on the Middle East peace process, on climate change. You know, this hopefully under the new president will diminish somewhat. I think the new foreign minister, Ambassador Patriota who served here in Washington, is quite attuned to the Washington agenda and I think will be articulating a more positive cooperative tone to what can happen in the U.S.-Brazil relationship. One of the big questions that remains pending looking forward is how to resolve the U.S. position on Brazil's campaign for a permanent seat on the U.N. Security Council.

On Colombia, we might have Mauricio elaborate a little bit, as well as Michael. Basically, it's a mixed picture on, you know, where do we stand in making progress on the key issues with Colombia, on drugs, violence, on the human rights

agenda. But the general thrust of Michael's argument is, you know, we need to denarcotize the agenda and really emphasize the broader set of issues, including trade and development, democratic governance, human rights. Even as the very high levels of aid under Plan Colombia will decrease going forward.

There are different things we can do to really support Colombia's efforts on human rights. I won't go into all the details here because I'm looking at the clock. I think obviously the Free Trade Agreement is -- continues to be a real disappointment. South Korea went first. We'll see where things go and how much political muscle the administration is really going to put behind the Colombia agreement. It would seem that given you have a more friendly atmosphere on the Hill, at least on the House side toward a Free Trade Agreement, that this would go forward.

On Venezuela, there seems to be this ongoing sense of just being stuck in a cycle of mutual recriminations. I think the U.S. has really tried to mute on its side its criticism and wants to avoid being drawn into a pointless shouting match that really plays into Chavez's hands. I think this latest dust up over the ambassadors is an example of trying to navigate a way through it that doesn't close off the door to future dialogue and cooperation and engagement. The U.S. interest is to have an ambassador in Caracas. We need to have that kind of senior representative. So we need to get past this issue and try to come up with pragmatic ways of cooperation.

But we have to be honest about what Chavez is up to. It's very clear in this latest set of moves that he continues to see maximum advantage in governing through executive power without constraints and, you know, I think that's going to continue. This latest changes include a law that is really a direct challenge to the United States which prohibits U.S. and foreign funding to domestic groups in Venezuela. This is really yet another challenge to what we've been trying to do in that country to support and be on the side of democrats and journalists and others that are trying both currently and in the future to move Venezuela toward a more democratic future.

So if you look at it honestly, I think the U.S. -- and I think Assistant Secretary Valenzuela was fairly frank in saying these latest moves were undemocratic and violated the Inter-American Democratic Charter. That's correct. The question is what to do about it. And I think trying to find some kind of support from our friends in the region so that it's not just the United States but others that are raising these concerns and hopefully coming back to the OAS or using other mechanisms to really call attention to the problems and trying to find other ways to support the democrats in that country.

Of course, there are other issues in Venezuela besides the deterioration of democracy. Public security in Caracas has one of the highest crime rates in the world. We see signs of increased drug trafficking, ongoing kind of warming ties with Iran and Russia, support to the FARC. And then of course you have the oil dynamic. So at the end of the day and where Jennifer McCoy, who authored this article comes out, is that we're stuck in this inconvenient marriage that requires us to find pragmatic approaches in the strategic areas of greatest concern to the United States while holding firm on defending Venezuelan democracy.

On Haiti, I'm not going to go into -- I think we have an event here on Monday where we're going to look at Haiti policy one year after the earthquake with Sean Penn and other interaction and other experts on these issues, so I welcome you to come on Monday to hear that. On Cuba, I think you've heard and Abe was clear on how disappointing it's been. I would say this is really the worst case of what we have on the Obama agenda for the region. Some initial positive steps, you know about those but it's really hard to qualify this as anything short of a failure. You know, Cuba is changing in some interesting ways and we're completely absent from the scene. You know, we've seen political prisoners being released, an important role being played by the Catholic Church, by Spain, by others. We're seeing important economic changes that are really in our interest to be part of and to kind of stimulate and provide the kind of technical assistance as Cuba tries to transition from a very bloated state and move more people off

the payrolls into, you know, microenterprises. And we're just completely missing the boat. We're stuck in a cold war mindset and we're also stuck in the politics of Florida and we're letting that control the agenda. We're losing the opportunity to be on the side of positive change.

So going forward I would say, you know, with the republicans controlling the House, the prospects of congressional action, which a lot of effort went into in this last session are zero. The odds of executive action, which the White House has, you know, the power to take, are I'd say only slightly better. There are some low hanging fruit that are open to the administration if they want to take action. Liberalized telecommunications exchange. There's gas and oil exploration underway and protection of the marine environment which is critical to Florida's interests and its economy and protecting its tourist economy. And there's a lot more we need to be doing to make sure that our interests are protected as Cuba goes forward with oil drilling. There's people to people exchanges. A lot more can be done there. I'm not counting on it.

Finally, on the democracy agenda, you know, I think the shift in tone here is quite important where the Obama administration, after the days of a much more unilateral approach on this issue of the Bush administration, you know, this administration has stepped back from endorsing particular candidates in elections, for example. And it's really put efforts into multilateral diplomacy. More can be done. If you wanted to really be creative and to build some bridges, you know, why not create some kind of an inter-American fund for democracy. There are examples that can be followed in the U.N. I think something has to be done to rescue the inter-American democratic charter, which is moribund, in my view, given the incidents we've seen in the hemisphere. I think you could expand the role, for example, of the Inter-American Commission on Human Rights as fact-finders with a more elevated role in their reporting to the permanent council. Why not create a special rapporteur who can provide some kind of early warning before a crisis erupts as we've seen in -- as we saw in Honduras and Ecuador? I think Arturo

talked about working more with donors and the countries themselves on development assistance. I would add democracy assistance to that. That's positive.

So in conclusion, I would just say think about the title of the book, *Shifting the Balance*. In my view right now I think it's more like shifting your weight from one foot to the other. Your posture may change and it may even be healthy for your back but you're still standing in the same place.

SPEAKER: Nice.

MR. CARDENAS: It's already 10:30 and we're supposed to finish now but I think we would do a disservice to the book if we don't open up for at least two questions. And I would like to engage in the conversation. Maybe some of the authors of the chapters who are sitting here in the first row, the chapter on Brazil, the chapter on Honduras, and the chapter on Colombia. But let's take two questions and then I may ask some questions to Michael, Kevin, and Joao so you engage in the conversation. So why don't we start with you, here, sir, and then we go back to you.

SPEAKER: Mr. Coleman.

MR. COLEMAN: I'm Bill Coleman. If you're saying -- I haven't read the book, but if you're saying the book shows that the present administration has put people in various offices and they do more talking with the other side --

MR. CARDENAS: Can you speak up a little bit?

MR. COLEMAN: And they do more talking with the other side. I think you might well be right. But if you're saying that the talk has resulted in a lot of issues being solved, I have some controversy with you. I mean, for example, we still have the problem that if a Mexican family lives in the United States and they have a child, is that child a citizen of the United States? And we also have other issues, one of which is this whole criminal issue where Mexico or somebody is important every day drugs into the United States. Governors of the United States -- most governors in the United States are very upset but yet we haven't been able to resolve that problem.

MR. CARDENAS: Thank you. We also -- John Mesa and then we'll have the lady next to you.

MR. MESA: Thank you. Congratulations to all, particularly to the last part. Very incisive.

Does the book address multilateralism opportunities like the OAS? And does the book address education?

MR. CARDENAS: And you? Did you -- okay.

Let me ask Michael, Kevin, and Joao so you can make some comments on this. Joao, we have integration of Dilma Rousseff this past January 1st and the first actions of the Brazilian -- the new Brazilian government have been surprising to many, especially regarding China and the language that has been used regarding China, kind of like market change relative to the language that President Lula used. Do you see in those first actions of the Dilma administration any sign that could suggest changes in the relationship with the U.S.? That's one point.

And Michael, I think everyone here in Washington understands that there is a sense of frustration. I think, Abraham, you used the word *decepcion* regarding the Free Trade Agreements of Colombia and Panama, but yet not much action in that front. So the question is: Is that frustration or decepción in Latin America something that potentially can backfire here in Washington and at one point or another make people aware that it was a mistake not to have ratified and approved these trade agreements? Or are we going to continue playing by the rules of the domestic interests, especially the labor interests that prevent these agreements from happening?

And Kevin, Secretary -- Assistant Secretary Valenzuela made this comment that things are evolving in the direction for Honduras to be reincorporated entirely into the body of the OAS which implicitly means that at some point countries that have been reluctant to reestablish relationships with the Honduras government will change their minds. Do you think that's a realistic scenario for 2011?

So, how do you want to start? Why don't you deal with the questions of the floor and then we'll give time to the other authors to make their comments.

MR. LOWENTHAL: To John Mesa's question, in my chapter which is the introductory chapter, there is a brief discussion of multilateralism, on the need to disaggregate and work with clusters of countries on particular issues but also to reinforce the work of the Organization of American States and the Inter-American Development Bank on those issues on which there is broad consensus which is really the only issues on which those organizations can be effective. And second, there is some discussion of education, both on the international level in terms of exchanges particularly in the context of Cuba but second also a discussion of the priority of bolstering Latin American education as the root to competitiveness which is ultimately central to the whole economic and equity issue in the region. We don't have a chapter on either of those subjects as such. There's always questions as to how you organize a book and in this case we did a lot on the bilateral level.

Having made the plug for my colleague, Laurence Whitehead's final chapter, let me say since it's come up in the discussion, Kevin Casas-Zamora's chapter on Honduras is a jewel. All of us have been participants and subjects of lots of discussions of Honduras in the last 18 months. It was not something two years ago one thought of as at the top of the inter-American agenda but it became a very important issue. It is nowhere as lucidly discussed as in Kevin's chapter in this book.

MR. PICCONE: I would just add on the multilateral agenda that I tried to think about a division of labor between UNASUR and the OAS. I mean, the UNASUR is not going to go away. I think Brazil will continue to invest in it and the other countries seem to be very much along for the ride. And you think about maybe some issues that are really particular to South America. There are old lingering border disputes. There are other kinds of trade-related issues that might be better addressed under UNASUR. But more hemispheric-wide issues like, of course, the democratic values that all the

countries have signed up to. The drug agenda certainly I think belongs at the OAS given its integrated nature across the hemisphere might reside more, you know, logically in the OAS as a lead actor. But I'd like to hear from the others. We did not get to education.

MR. CARDENAS: Why don't we start with the question on Brazil to Joao Augusto de Castro Neves.

MR. AUGUSTO DE CASTRO NEVES: Yes, thank you. Well, clearly there is room for improvement in the U.S.–Brazil relationship as was mentioned here. Hillary Clinton's visit to Brasilia and her remarks on wanting to engage with Brazil, that shows that from the West perspective there is room and I think will to engage closer with Brazil starting this year. I think there's a presidential visit -- Obama is planning to go to Brazil. Brazil has been waiting for this visit for quite a while now and from a Brazilian perspective, change of administration also shows that after a period of a very popular president that we had for the past eight years, which meant also a more elevated rhetoric in terms of foreign policy even to more ideological stance, we see now a good chance of this deflation of this presidential diplomacy that has put the two countries, Brazil and the United States, on different sides on many global issues, such as Iran, climate change, among others. But I think Dilma Rousseff's administration has been showing some signs of wanting to engage also with the United States on those issues and accepting the fact that you have to lower a little bit your ideological rhetoric in order to engage in order to be seen as a responsible stakeholder on many affairs such as human rights and climate change, et cetera.

MR. CARDENAS: All right. Thanks. Michael.

MR. SHIFTER: Thank you. Well, that was a question you posed to me I was going to pose to you, Mauricio. I think you'd be in a better position to answer it.

No, I think, look, I think what happens sometimes on U.S. policy and Latin America is random in this city and very unpredictable, very uncertain. I think the Colombian example is very, very clear. Lots of efforts lobbying for the Free Trade

Agreement, no results, and a lot of lost ground by Colombia over the years. A lot of costs towards efforts and I think the current administration is doing exactly the right thing by focusing on its neighbors, focusing on Asia and China and still expressing an interest in the Free Trade Agreement. Would welcome it, obviously. And I think the best thing to do is simply to continue to pursue the kind of priorities the government is pursuing both internationally and domestically and communicate those to Washington because I think they fit and would resonate here and would gain a lot of support, but not the kind of lobbying I think was based on certain assumptions about how Washington worked that I think do not really apply and were not very productive for Colombia. So I think it's doing the right thing.

I think it's unfortunate there are a lot of people I know, a lot of Latin Americans who are not particularly enthusiastic about free trade deals but are completely puzzled and can't believe that in a case like Colombia, given the nature of the relationship, that this hasn't come through. So, but I just think they're doing the right thing.

MR. CASAS-ZAMORA: Thank you. It might yet happen that Honduras gets readmitted to the OAS this year. I think a lot of it hinges upon the results of the Truth Commission that are due to come out at some point in the first half of 2011. A lot of countries are sort of, you know, wait-and-see attitude to see what the results are and to see in particular if the commission acknowledges some kind of positive attitude from the current administration in Honduras. Whether the administration of President Lobo, you know, had some positive attitude toward the commission, whether it helped, its workings, et cetera. I think that Brazil -- I would be very surprised if Brazil, the new administration doesn't come to its senses and realize it's a silly, you know, it's a silly dispute at this point. And you would also have the diehards like Venezuela who would resist any attempt to readmit Honduras, but at the same time, you know, we have to be mindful of the fact that Venezuela has benefitted from a very awkward silence from the OAS for a

long time.

So, who knows? You know, you might find a very peculiar situation which the Venezuelans relent, you know, to accept Honduras's readmission at the cost of prolonging the OAS silence about what's happening in Venezuela.

MR. CARDENAS: All right. Well, thank you. Thank you so much.

Before we break up let me take this opportunity to thank very specially Abraham Lowenthal and Ted Piccone and Laurence Whitehead for this effort. They've been very prolific members of our initiative and I really commend you for that. And if I hear what the floor is saying, what resonates here is the need of more work on the multilateral aspects, the role of the OAS and potential venues for reform of these multilateral institutions in the Americas.

So thank you for coming and sharing with us your time and thank you again to the authors of the chapters that joined us today. (Applause)

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary Public in and for the Commonwealth of Virginia

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