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“South America and the US: How to Fix a Broken Relationship”

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The U.S. relationship with South America is urgently in need of repair. The strain and mistrust between Washington and most South American capitals has grown considerably over the past several years. As was made clear at the General Assembly meeting of the Organization of American States in Panama earlier this month, working together with our closest neighbors to effectively address even such questions as threats to press freedom – the most essential element of democracy – is very difficult in the midst of such heightened tension and political disarray. Further, the 2005 election of the OAS’s Secretary General was itself a measure of the hemisphere’s deep and bitter divisions. And the latest Summit of the Americas gathering in Argentina in November 2005 was notable for its sour mood and lack of consensus on key policy questions. The dramatic drop in U.S. credibility and the deterioration in its relations with South America should be of utmost concern – and requires an improvement in the quality of policy attention devoted to the region.

How did the United States get to this point?

In my judgment, three factors have contributed to the slide in U.S. relations with South America. The first and most immediate has to do with the misguided policies the Bush administration has pursued towards the region over the past several years. The second factor, perhaps even more significant, concerns the Bush administration’s global policies, particularly in the Middle East, that have been immensely unpopular in South America and have alienated the region from Washington. And, finally, the worsening US-South America relationship stems from deeper, more structural changes linked with globalization, that go beyond any single administration, and that reflect a move towards greater independence and distance from Washington’s agenda.

For most of the Bush administration – and particularly since the terrorist attack on September 11, 2001 – there have been considerable distractions drawing the administration’s attention away from South America. To be sure, some decisions have been taken in response to evolving situations in Venezuela, Colombia, Bolivia, Argentina and Brazil, but there has been an absence of any coherent framework or vision to guide those decisions. The policy has been reactive and ad hoc, often resulting in serious errors. At times, the United States has been indifferent to South American concerns; at other times, when its agenda is clear, it has been overbearing. In either case, the costs have been enormous and have only widened the rift in inter-American relations.

In 2002, for example, the Bush administration failed to respond to an appeal for modest support from a close ally, former Bolivian president Gonzalez Sanchez de Lozada, who warned that his government would be in trouble if aid was not forthcoming. In October 2003, the government faced enormous social unrest and fell. To be sure, it may have fallen regardless, but an unresponsive Washington sent a message to the region that when things get tough for a friend, the United States is not prepared to be helpful. The United States was similarly cavalier in the face of Argentina's financial crisis in late 2001.

Even more costly have been serious missteps in dealing with Hugo Chavez, the main adversary of the United States in South America. The United States lost considerable credibility on the democracy question in April 2002, when it expressed its approval of the short-lived coup against Chavez. It has been hard to square that initial position (which was later corrected) with the U.S. claim that it is defending interruptions in democratic, constitutional governments. In general, the U.S. policy towards Venezuela under Chavez has been inconsistent and contradictory. Sometimes the United States has been confrontational – at other times too passive. The approach has showed little strategic thought, and has been ineffective. The occasional tit-for-tat rhetorical exchanges with Chavez have been counterproductive and have only bolstered his popularity. Our friends in the region have also resented the U.S. pressure on them to stand up and condemn Chavez. Looking for a South American leader to play the role of the anti-Chavez has proved futile and self-defeating.

The core problem over the past several years is that what the United States has most wanted from South America – opposing the fiercely anti-US Chavez, becoming reliable partners in the US-led war on terror, lowering tariffs to open up trade and investment – has been notably out of sync with what South America has most wanted from the United States – greater attention to the region's acute social agenda, reduced agricultural subsidies, and more liberal immigration laws. It is essential for both Washington and South American governments to attempt to bridge that wide gap and focus on pursuing common interests.

Beyond failing to respond more constructively to South America's highest priorities, some of Washington's policies in recent years have further exacerbated the relationship. That the United States has withheld some aid to roughly a dozen Latin American countries for refusing to sign an Article 98 agreement giving exemption to all U.S. citizens before the International Criminal Court has caused considerable irritation and has hurt U.S. credibility on rule of law issues. And even though immigration questions are higher on the agenda in Mexico and Central America than in South America, hard-line measures from Washington, such as building a "wall" on the US-Mexico border, have significant and negative repercussions even in the most distant areas of the continent.

To its credit, the Bush administration has recently benefited from greater professionalism and has improved the tone of its policymaking towards South America. An attempt has been made to be more attentive to the region's core concerns, including

social inequalities, governance problems, and energy challenges. The trade deals negotiated with Peru and Colombia were important advances. That President Bush openly recognized the centrality of social injustice before and during his March visit to the region and has undertaken a promising initiative on ethanol production with Brazil are indeed welcome signs of progress. But these steps, though positive, are too minor and peripheral to make a significant dent in the continuing, strained relationship with South American countries.

For that to happen, Washington will also have to seriously address the second and third factors that account for the deterioration in relations with South America. In this age of globalization and rapid communication, what the United States does or does not do in other parts of the world has a huge impact on perceptions in this hemisphere. The Iraq war – a largely unilateral military action – particularly touched a nerve in Latin America, even South America, given the historical record of U.S. intervention in the region. The preemption doctrine, though just formalized in September 2002, has long been a reality in this hemisphere. Moreover, it is hard to overstate the sensitivity and reaction in much of Latin America to the revelations of U.S. treatment of prisoners in Guantanamo. The perceived U.S. departure from basic international norms and standards and its disdain for multilateralism in recent years have had an immense cost in this hemisphere.

Finally, and fundamentally, most U.S. policymakers still fail to grasp that the forces of globalization have inspired all of the countries in this hemisphere to seek greater elbow room from Washington. Signs persist that the United States regards Latin America as its “strategic preserve” or “backyard.” Washington still reflexively assumes that Latin Americans should understand and support our interests and objectives, since they are, we presume, intrinsically good. The profound disappointment felt towards Mexico and Chile when, as non-permanent members of the UN Security Council, they failed to support the United States in its Iraq position, illustrates this unfortunate tendency.

But if one looks at the global relationships that have been forged by Brazil and Chile, the myriad options facing governments throughout the continent, and especially the growing role of China and other world powers in South America – it is clear that the traditional view of Latin America as a stepchild of U.S. foreign policy has little to do with current political and economic realities. South American governments should be viewed as partners. Their own particular needs, interests, and agendas deserve respect. Just like with other U.S. partners in the world, there will inevitably be closer cooperation on some issues than on others.

What are the current challenges for U.S. policy in South America?

The United States confronts a variety of critical tests in South America. Though each country is, in its own way, wrestling with the social agenda and seeking to diversify its foreign policy, there are enormous differences among the governments. It is far too simplistic to refer, as many analysts have, to a shift or turn to the left in the region.

Venezuela under Chavez poses a *sui generis* challenge. By now, after nearly nine years in power, the autocratic and anti-US character of Chavez's regime is clear. With huge sums of money at his disposal thanks to high energy prices, Chavez is intent on constructing a counterweight to U.S. power, in Latin America and throughout the world. That is an essential part of his mission, and he is pursuing it with growing belligerence. In addition to his astuteness as a tactician and excellent communication skills, his "success" derives from the good fortune of having an inept and fractured domestic opposition and a U.S. government with no consistent policy to deal with him. He also benefits enormously from a region in disarray, with severe governance challenges and acute problems of social inequality and injustice. Chavez's rhetoric finds resonance in some quarters of the region, as he has identified a legitimate grievance among the poor. It is clear, however, that he is not able to devise a sustainable solution to those problems and that the model of governance he is promoting comes with an unacceptably high political cost.

For the US, which continues to receive some 12 percent of its oil imports from Venezuela, Chavez's actions in three key respects should be of particular concern. First, his 21st century socialism clearly means that he is the sole power and decision maker in Venezuela. Chavez's arbitrary decision not to renew the license for the popular Radio Caracas TV (RCTV), which went off the air on May 27, reveals his drive for absolute control and desire to suppress any independent source of political or economic power. This concentration of power, free from any checks and balances or minimal constraints on his decisions, is bound to result in increased abuses.

In addition, Venezuela is too small a stage for Chavez's ambitions and appetites. Through the political use of considerable petrodollars, he is attempting to spread his influence throughout Latin America, in pursuit of his Bolivarian vision. In South America, his closest ally is Bolivian president Evo Morales, who has joined with Chavez (along with Cuba's Fidel Castro and Nicaragua's Daniel Ortega) in the Bolivarian Alternative for the Americas (ALBA), a response to the stalled Free Trade Area of the Americas (FTAA). Ecuador's Rafael Correa is also forging a closer relationship with Chavez in a variety of areas.

All three cases are examples of the rise of resource nationalism in the region, an effort to extract more favorable terms from foreign companies in the petroleum and natural gas sectors. The Venezuelan, Bolivian and Ecuadoran governments also reject the long-standing political establishments in those countries, and appeal to those who have been previously excluded from decision-making or denied the fruits of economic development. New political forces are taking advantage of the failure of traditional parties, widespread social frustration and availability of resources from energy windfalls to refashion institutions that bear less and less resemblance to liberal, representative democracy. Though Correa and even Morales should not be regarded as Chavez's clients – both are pressing the U.S. Congress for extension of trade preferences that are due to expire at the end of the month, for example – there is clearly shared an alignment on key questions among the three governments.

Most other South American governments tend to indulge Chavez, chiefly for pragmatic economic and political reasons. As countries explore and exercise their options in the global economy, what Chavez has to offer is clearly of interest. In addition, Chavez has some limited constituencies in countries like Brazil and Argentina. At the same time, most governments are palpably uncomfortable with Chavez's brand of confrontational, divisive politics. For the most part, they are interested in pursuing cooperation with the United States in a variety of areas, including trade, energy and counter-narcotics. Chavez has a disruptive effect on inter-American relations. His actions and decisions – leaving the Andean Community when Peru and Colombia made trade deals with the US, for example – aim to pit countries against Washington, and make carrying out the U.S. agenda in the region more difficult. Still, other South American governments – even Colombia's, despite security concerns on the border – are pragmatic in dealing with him.

To protect himself from a possible decision by the United States to stop importing Venezuelan oil, Chavez is trying to diversify markets. At present, he sells some 60 percent of oil exports to the US. China is a high priority for Chavez, and in fact Venezuelan oil exports to that country increased tenfold between 2004 and 2006. Still, experts agree that it is unlikely Chavez will be able to shift the market to China, at least in the near term, due to the serious technical and economic obstacles in doing so.

Of greater concern for the United States is Chavez's effort to protect himself from what he views as a possible US-led military action against Venezuela. As a result of this perceived invasion, he has been using oil money to purchase arms and prepare the population for a possible military confrontation. Russia has already provided Venezuela with Kalashnikov rifles, Sukhoi fighter jets, and Russian military helicopters, and there is currently some discussion about Venezuela purchasing several state-of-the-art Russian submarines.

Chavez has also developed a closer political and economic alliance with Iran. The two governments share a similarly defiant posture towards the United States and, as members of the Organization of Petroleum Exporting Countries (OPEC), have a keen interest in coordinating energy policies and keeping oil prices high. Although there are limits to consolidating the Venezuela-Iran relationship, the alliance does inject an additional geopolitical dimension in South American politics that should be of concern to Washington and warrants careful vigilance.

Colombia, too, poses a major test for the United States. Since 2000, Colombia has received some \$4.5 billion in U.S. security aid, making it the largest recipient outside of the Middle East. Under the government of Alvaro Uribe, there have undeniably been important security gains, a reduction in homicides, kidnappings and other atrocities. The results in fighting drugs – the chief aim of U.S. aid – have been far more disappointing. It is hard to claim great success in achieving Plan Colombia's original, anti-drug goals. Still, in part thanks to U.S. support, the Colombian state has managed to reassert its authority and better protect its citizens. The problem, however, is that high levels of violence persist, and recent revelations, and arrests, reveal that there are disturbing links

between Colombia's paramilitary forces – guilty of human rights violations and involved in the drug trade – and political figures, some close to the Uribe administration. It is essential to bring all of these connections to light in strict accordance with the rule of law. The United States should work with Colombia to clean out the political system and help deal effectively with all illegal armed groups.

It is hard to survey South America and analyze challenges for the region and for U.S. policy without according high priority to Brazil. As a significant regional power with a pragmatic government and growing global aspirations, Brazil needs to play a critical role in pushing a more constructive South American agenda. No matter what the issue – energy, trade, democratic setbacks, the drug trade, or the environment – finding common ground between Washington and Brasilia is central to developing effective solutions. Although there are apt to be differences with the United States on important policy questions – trade, for example – there are other areas such as a shared interest in alternative energy and ethanol production that offer real opportunities for a more strategic collaboration. Brazil may pose the greatest test for U.S. policy, given South America's changing landscape.

How can the United States repair the damage?

The countries of South America are unlikely to become a top-tier priority for Washington any time soon. Other regions in the world are understandably, and manifestly, of higher priority. Still, from the perspective of U.S. interests and values, it is possible and desirable to devote more serious, sustained attention to the challenges in the region. The costs of not engaging South America in a spirit of genuine partnership are considerable.

- The pursuit of our interests will be handicapped until we fathom that the new realities in our hemisphere require an honest give and take, that trust must be earned, and that all must benefit to be able to work together effectively. Long-term cooperation can only be based on activities that serve the interests of others as well as ourselves.
- On Venezuela, the United States should adopt a firm and consistent strategy in dealing with the challenge posed by Chavez. It should only support democratic and constitutional actions. It should avoid going for Chavez's bait and should drop its unrealistic expectation that South American governments will unite and stand up to him.
- The best way for the United States to deal with Chavez – to put him on the defensive and offset his influence – is to be engaged in the region and pursue a positive agenda. Unfortunately, that has happened too infrequently in recent years. The focus on a more strategic partnership with Brazil – starting with collaboration on energy but extending to other areas – is an essential part of such an approach. Pursuing a more independent energy policy, with reduced dependence on Venezuelan oil, deserves high priority.

- Another critical challenge for the United States is to strengthen policy instruments that more effectively respond to the region's social agenda. Beyond enlarging conventional aid programs, some consideration should be given to incorporating serious compensation packages into trade agreements, and expanding eligibility for Millennium Challenge Account support to particularly distressed regions in middle-income countries. Proposals even for even modest Social Investment and Development funds for South America also merit attention.
- The United States should also seriously rethink its counter-drug approach in the region. More resources and emphasis need to be given to social development programs and there should be a higher-level political focus on multilateral cooperation among the affected countries. Too often, governments look to Washington, rather than each other, to deal with this serious problem.
- Congress should back the pending trade agreements with Peru, Colombia, and Panama, along the lines of the recent compromise reached between the White House and Congress. Otherwise, lingering doubts about the United States being a reliable partner will multiply. An effort should be made to amend the agreements to include labor provisions. If it is not feasible to approve the Colombia deal soon, it should be postponed, with the aim of working towards a revised agreement and eventual approval. The ATDPEA to Ecuador and Bolivia should also be extended for another year. Allowing the program to lapse would result in greater unemployment and poverty in those countries while pushing the position of those governments away from the US. In the long run, this would be detrimental to U.S. interests.
- The Congress should authorize continuing aid to enable the Colombian government to consolidate its gains and end the continuing, drug-fueled armed conflict that has taken such a tremendous toll in the country. Security aid remains important, though some reallocation of funds towards support for judicial authorities and other democratic institutions in Colombia is essential as well.
- Liberal immigration reform, and especially a humane way to deal with illegal residents already in the United States, should be adopted, in part to improve U.S. relations with Latin America, including the countries of South America. The construction of a wall on the US-Mexico border is broadly seen as an affront and has wide, negative implications for the image of the United States throughout the continent.
- The United States should close down the base at Guantanamo. That decision would be well-received throughout South America and would send a positive signal that the United States is sensitive to international public opinion and is prepared to take steps to repair the damage to its standing.

It is important to approach the policy challenge towards South America realistically, with no illusions. Resources and policy instruments are limited for the United States today, and the days of ambitious programs like the Alliance for Progress are over. Our interests have never precisely coincided with those of South America and are unlikely to ever line up perfectly.

But there have been moments in the not too distant past – as recently as the 1990s – when there was much more trust, goodwill, and cooperation in inter-American affairs than there is today. With a commitment to restoring that confidence and a full recognition that our southern neighbors are independent global actors that will want to maximize their options, the United States can pursue policies that will make a real difference, both for South America and for our own interests.