

US – LATIN AMERICAN RELATIONS IN THE OBAMA ERA



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Introduction

- Obama's election raised expectations in Latin America
- New discourse emphasizing partnership, multilateralism, engagement with enemies
- Summit of the Americas - April 2009
- Has the Obama administration met expectations?
 - ▣ Two early test cases (Honduras and Cuba)
 - ▣ Before discussing these cases: 1) brief historical overview of US-Latin American relations and 2) recent international and regional trends affecting US policy

Historical Trends

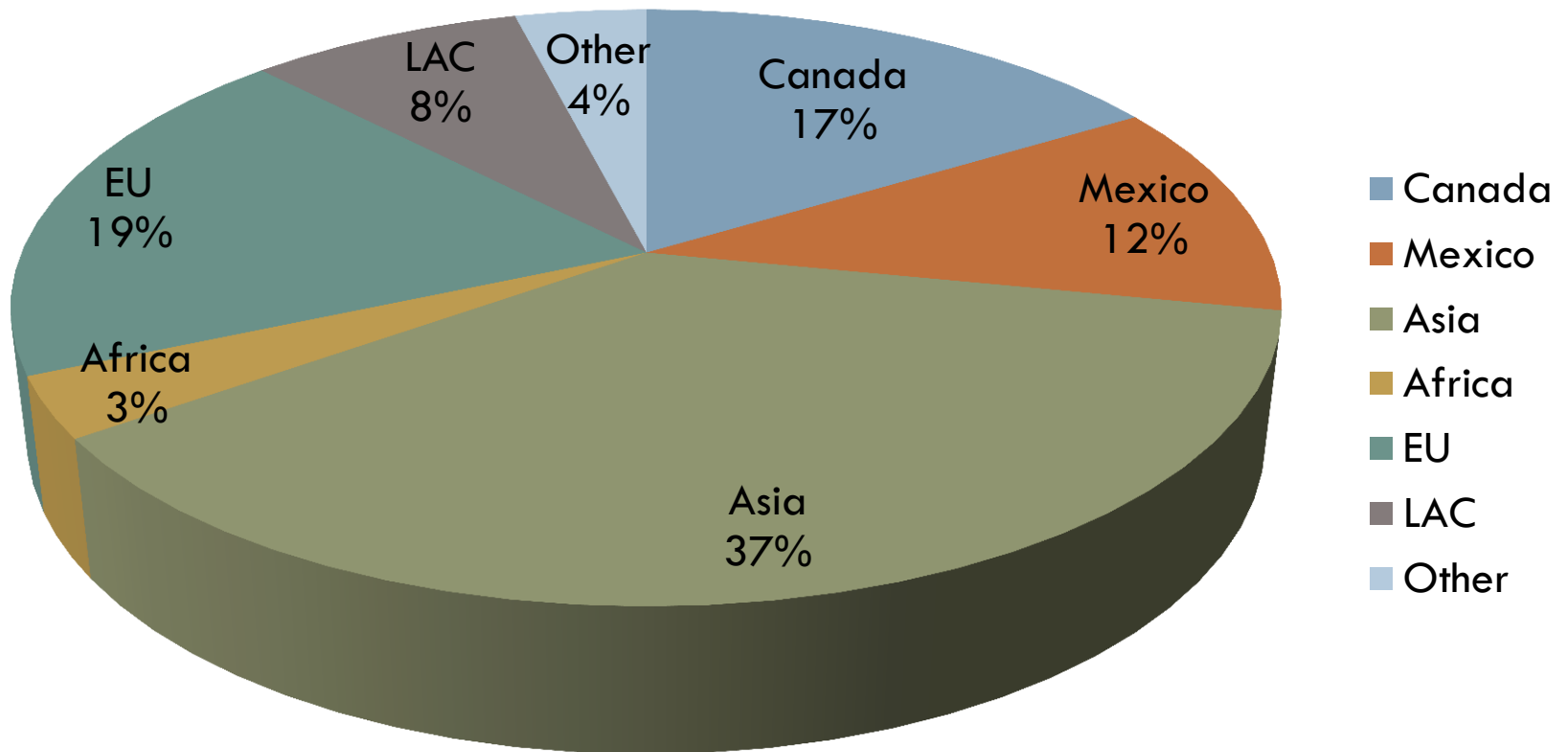
- Post-World War II Policy
 - ▣ Cold War policy of containment
 - ▣ National security concerns take priority
- Post Cold War Policy
 - ▣ New issues taking center stage
 - Trade
 - Drugs/transnational crime
 - Immigration
 - Democratic consolidation
 - ▣ Bush administration – 9/11 and terrorism

Recent International and Regional Trends

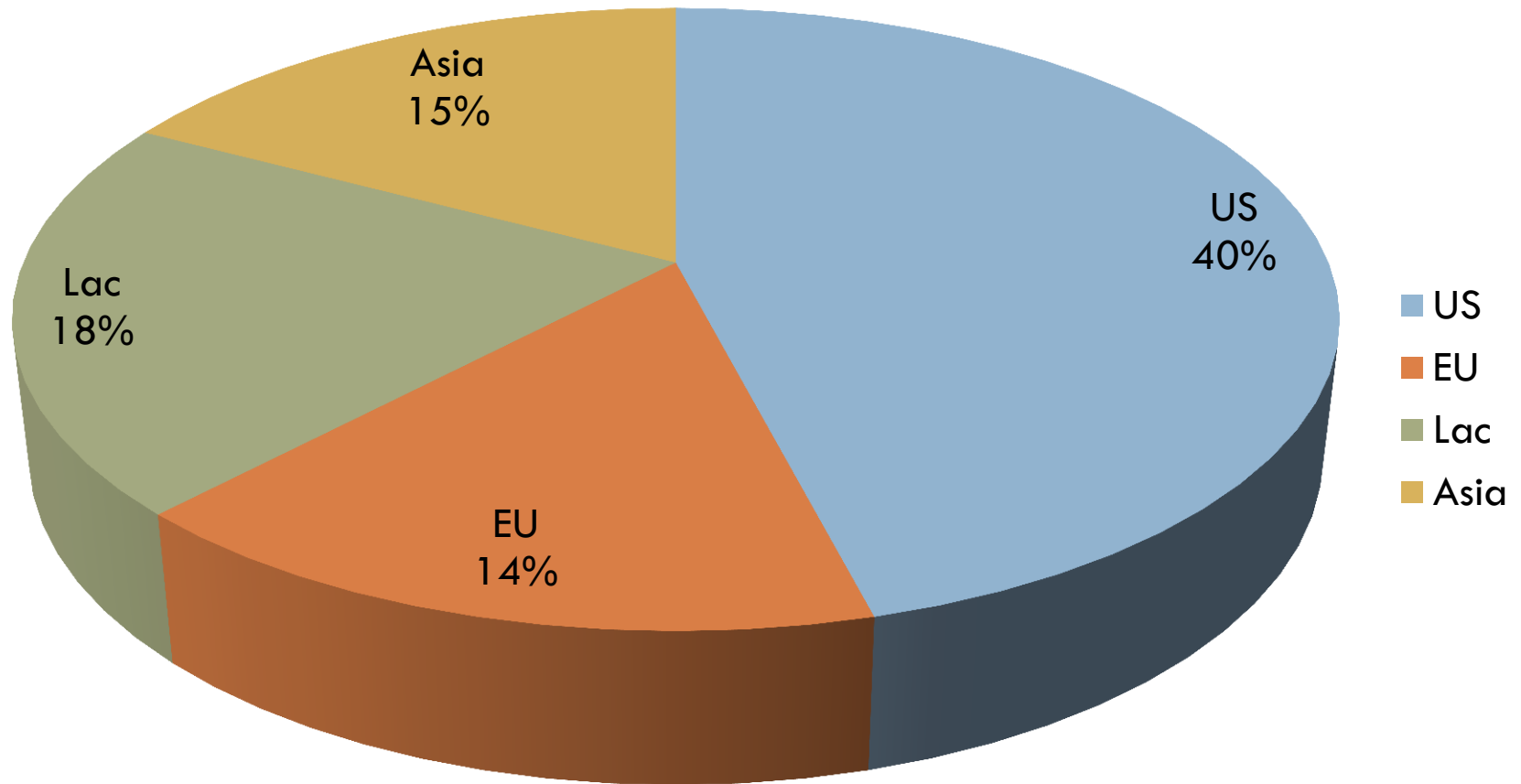
- Shifting global power
 - ▣ BRIC countries
 - ▣ Relative decline of US superpower status
 - ▣ Growing interdependence of global economy
- Regional trends
 - ▣ China's growing economic stature in the region
 - ▣ Emergence of Brazil as regional power w/ global aspirations

US Direction of Total Trade, 2009

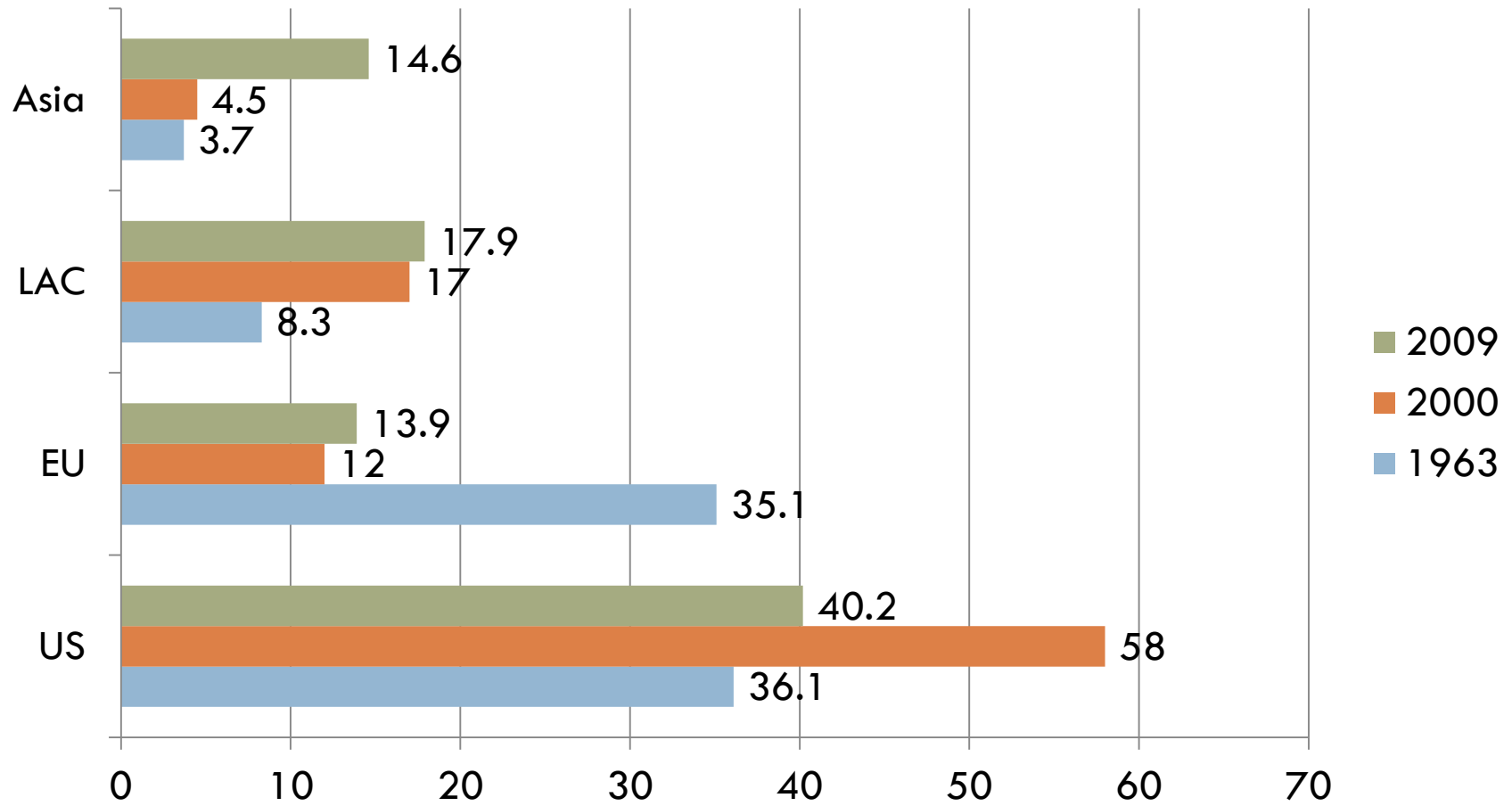
US Total Trade, 2009 = \$2.62 trillion



LAC Direction of Trade (2009 exports)

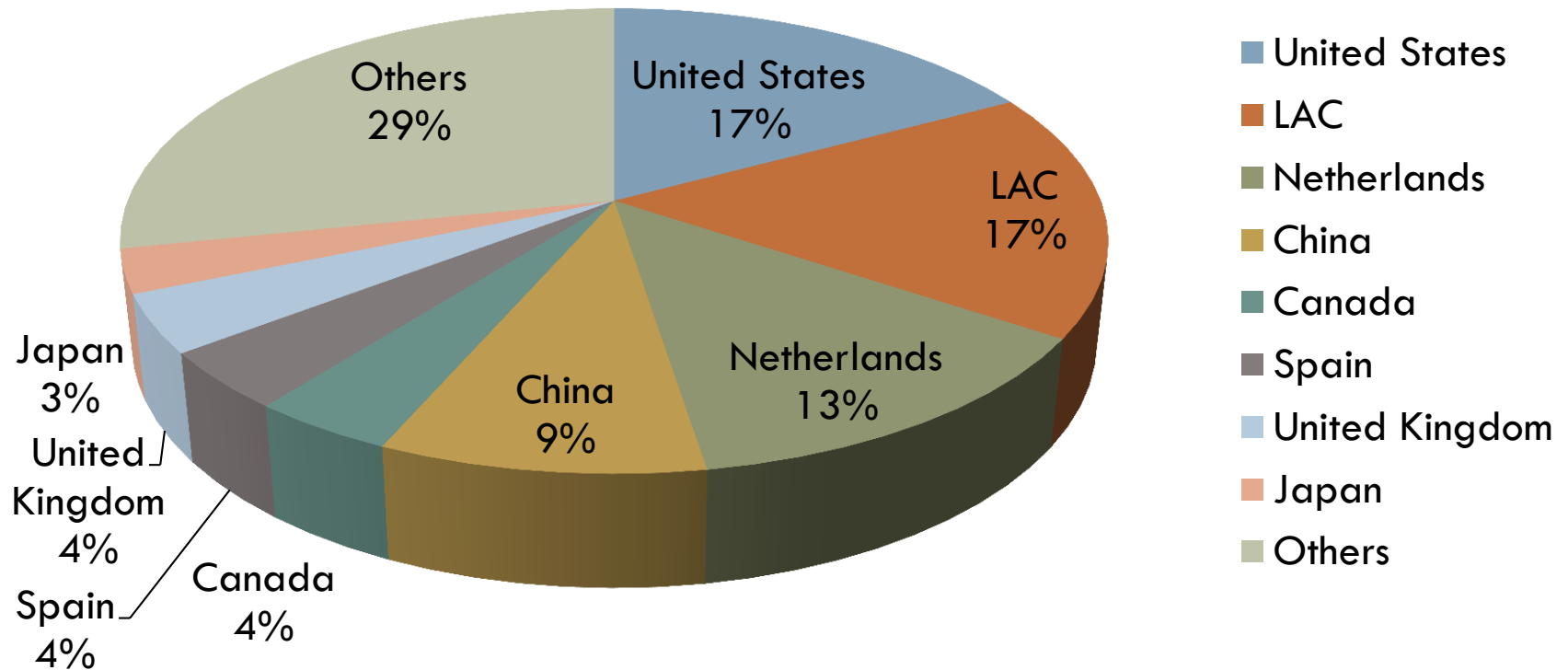


Latin America and Caribbean: Exports by Main Market (as % of total)



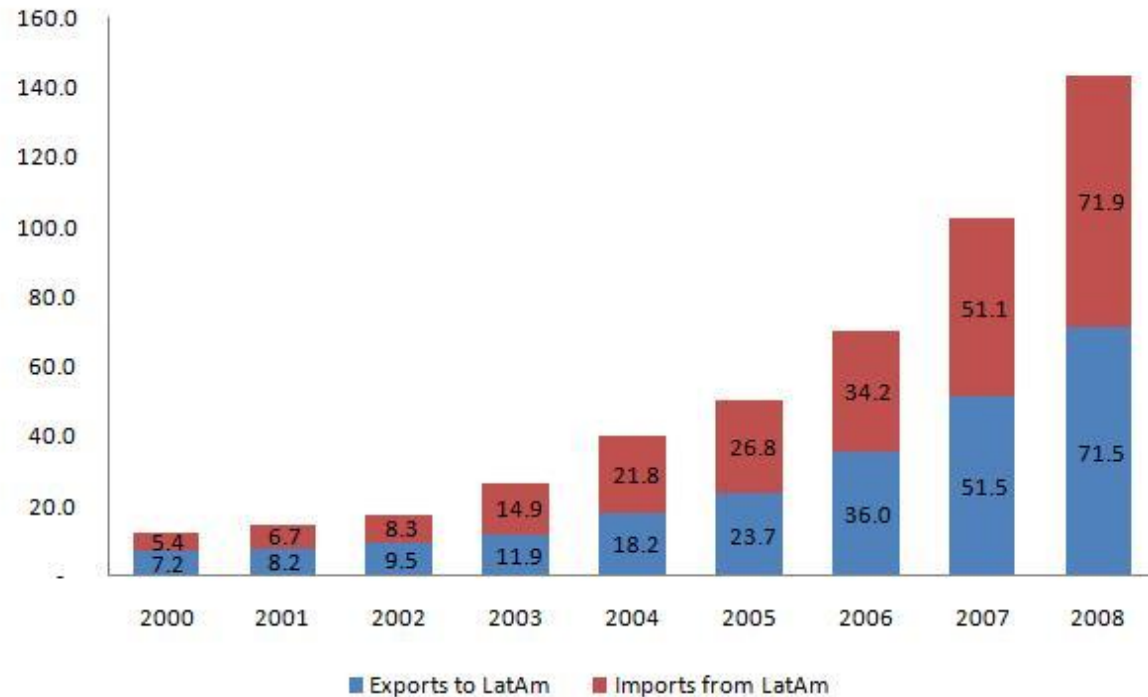
Foreign Direct Investment in LAC

Origin of FDI - 2010



Evolution of China's Trade With Latin America

China's Bilateral Trade With Latin America (US\$Bn)

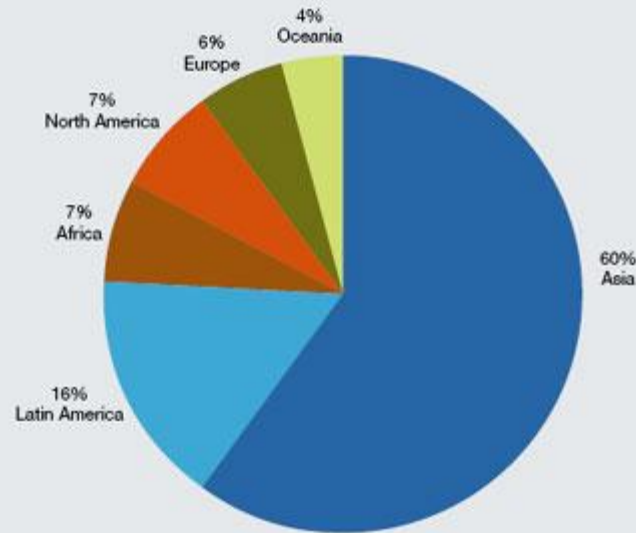


Source: WIND

China's Foreign Direct Investment

Figure 1: China's Foreign Direct Investment

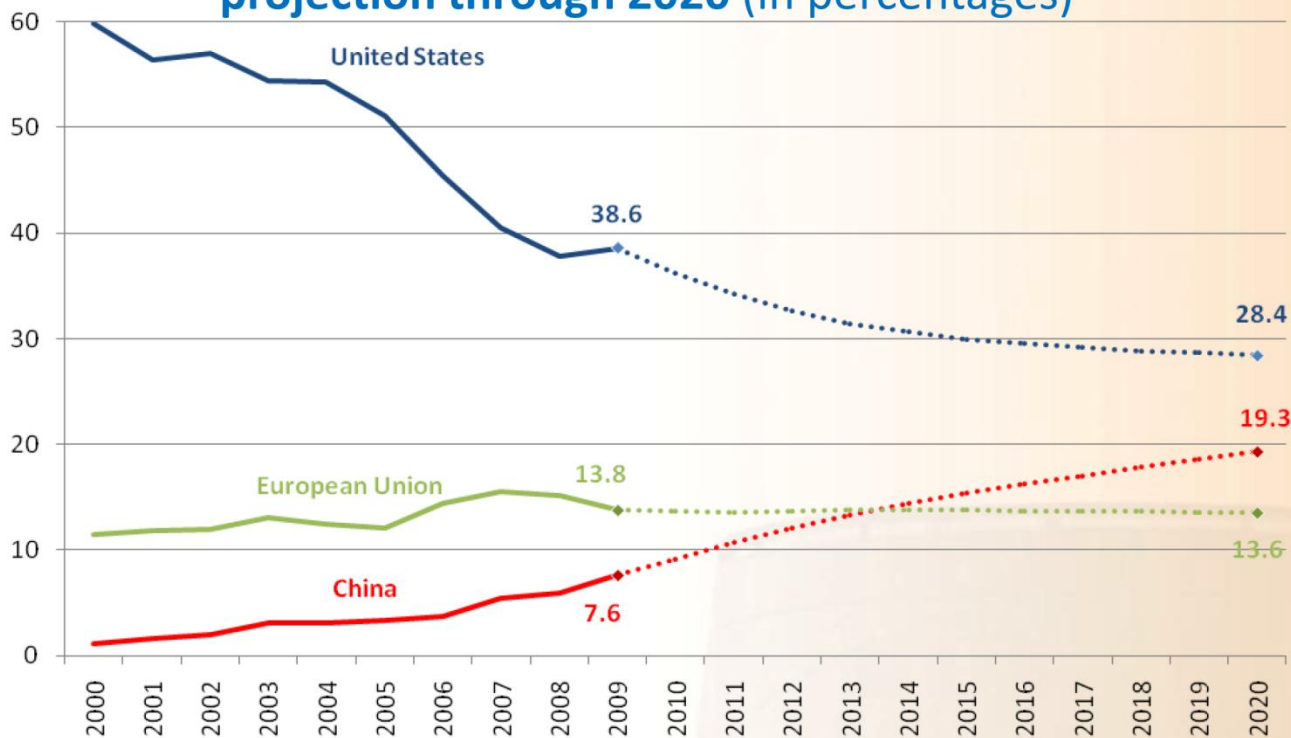
Investment in Latin America in 2005 was second only to Asia



Source: Deutsche Bank

By 2014, China alone could displace the EU as a market for Latin American exports...

Share of main export markets in Latin American total exports, 2000-2009 and projection through 2020 (in percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), based on data from the COMTRADE database and national sources.

Notes: the 16 countries are: Argentina, Bolivia (Plurinational State), Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Uruguay, Venezuela (Bolivarian Republic of). Estimates and projections based on GDP growth rates for the years 2000-2009 of the United States, European Union, China, Latin America and the Caribbean, Asia Pacific, and Rest of World. It is assumed that the growth rate of trade will converge to the economies' long-term growth rate.

In a decade, China has become a key trade partner for the region, and especially for South America

China: Ranking as a trade partner for selected Latin American countries 2000 and 2008

	EXPORTS (DESTINATION)		IMPORTS (ORIGIN)	
	2000	2008	2000	2008
Argentina	6	2	4	3
Brazil	12	1	11	2
Chile	5	1	4	2
Colombia	35	4	15	2
Peru	4	2	13	2
Venezuela	37	3	18	3
Costa Rica	26	2	16	3
Mexico	25	5	6	3
Cuba	5	2	5	2

- Among top 5 for 10 LA countries
- Among top 2 for 6 LA countries

Source: ECLAC, based on official information.

- Among top 5 for 23 LA countries
- Among top 2 for 5 LA countries



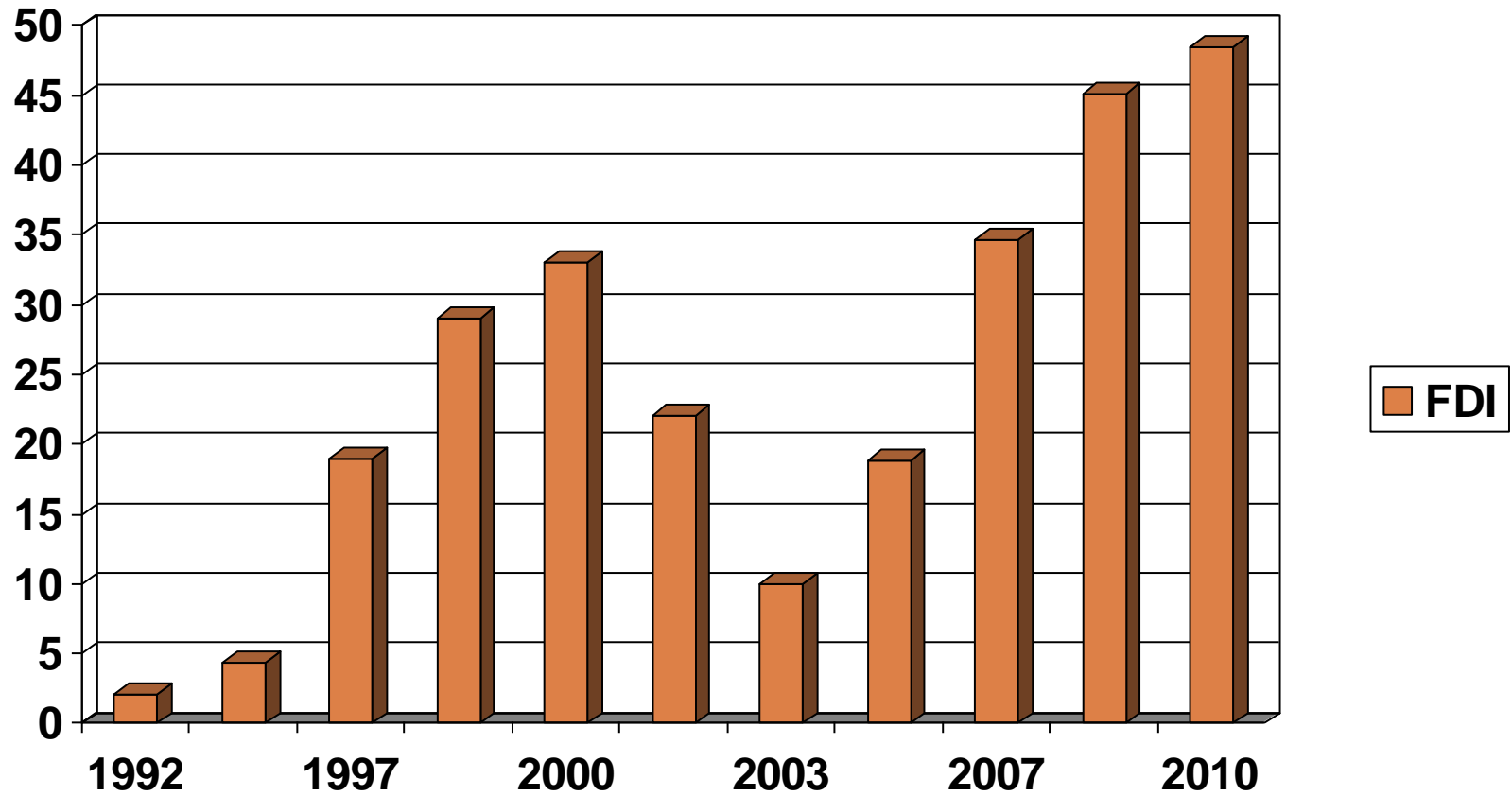
UNITED NATIONS

ECLAC

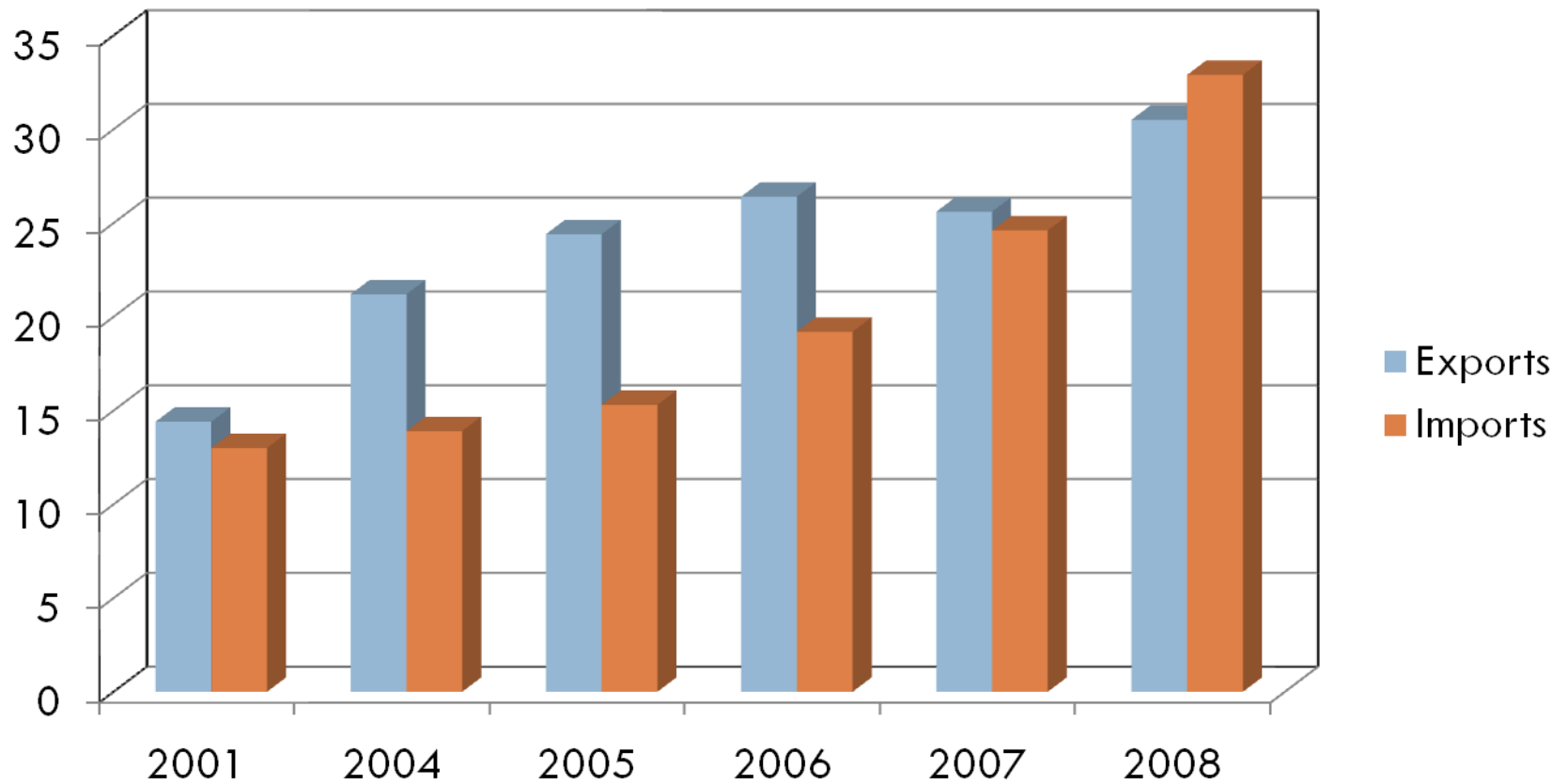
Brazil in the World

- Brazil has emerged as a major regional power w/ global aspirations
 - Regional trade initiatives
 - Mercosul (3rd largest trading bloc in world)
 - Brazil has been lukewarm to the FTAA initiative
 - Brazil and international organizations
 - United Nations
 - G-20
 - International trade negotiations, climate change
 - Lula's policy of "benign restraint"

Foreign Direct Investment in Brazil (billions \$)

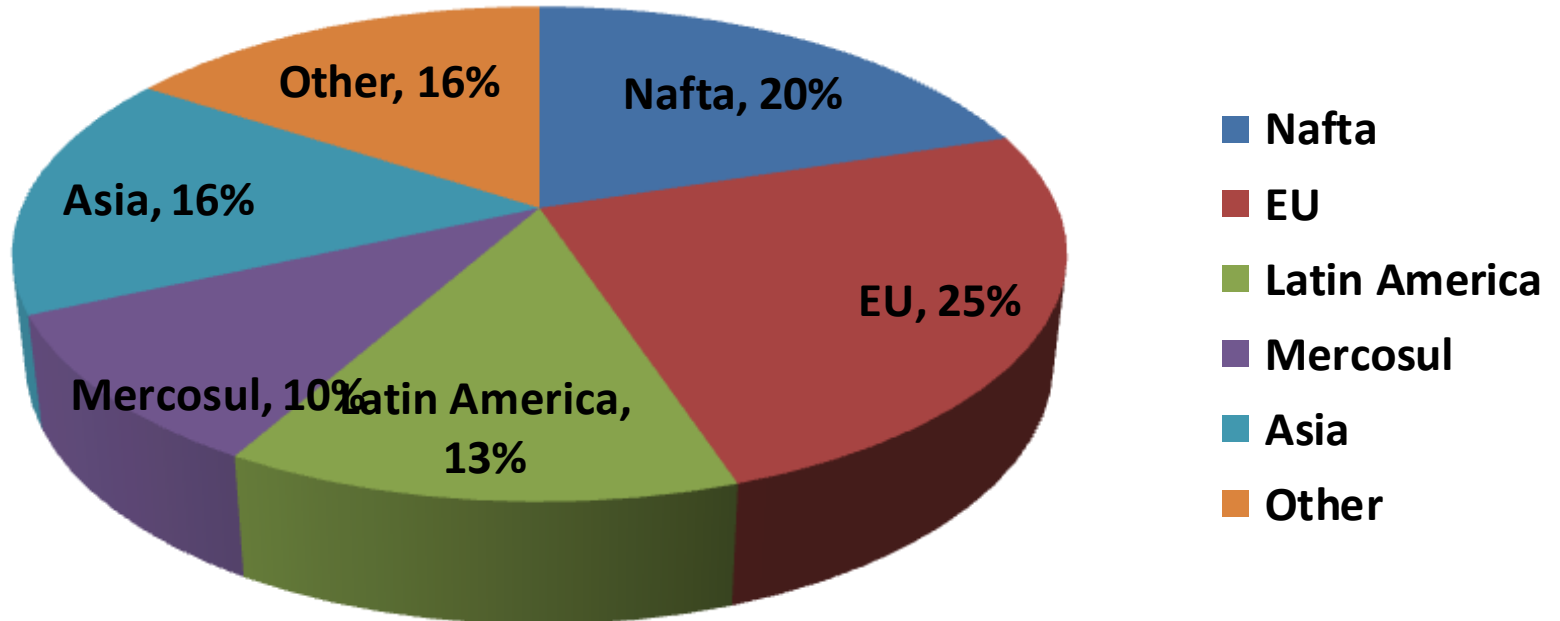


Brazil Trade with US (billions \$)



Destination of Brazil's Trade

Export Partners



Obama's Test Cases

- Honduras
 - June 2009 coup
 - Administration response
 - Outcome
- Cuba
 - Early moves
 - US response to prisoner release

Other Issues

- Disaster relief (Haiti)
- Drug violence
- Public health
- Immigration
- Free trade agreements (Colombia & Panama)

Conclusion

- A mixed record w/ few accomplishments
- Obstacles to more coordinated policy
 - ▣ Domestic interest groups
 - ▣ Congressional opposition
 - ▣ Inter-agency conflict
- Looking ahead
 - ▣ Progress tied to economic recovery
 - ▣ Impact of 2010 midterm elections