Latin America matures as a region

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At "Opportunities in a Changing Americas," sponsored by the Council of the Americas, high-ranking officials from throughout the hemisphere applauded how much has been accomplished from Canada to Tierra del Fuego—but also identified plenty of areas where continued work is needed. Brazil's growing "economic and political clout" (in the words of Ambassador John Negroponte, chairman of the Council) got considerable attention, but the general tone is clear in the celebratory but honest speech given by U.S. Secretary of State Hillary Rodham Clinton (see excerpts), who also urged "Let's quit doing what doesn't work and let's start doing more of what does."

In speaking to "Regional Diplomacy: The U.S. View," U.S. Assistant Secretary of State for Western Hemisphere Affairs Arthur Valenzuela spoke of efforts to reframe relationships: "The old narrative [which accentuated Cold War priorities] still has powerful sway," but there has been unprecedented social, economic, and political success "resting on community and democratic development" that has been built on sound policy and protection of rights. He sees robust and pragmatic partnerships, global as well as hemispheric. He also commented that across the hemisphere "ordinary citizens and visionary leaders … have united to bring the region to maturity."

Brazil's deep sea oil

U.S. Secretary of the Interior Ken Salazar spoke of his "authentic and sincere belief" that Latin American countries working together can bring prosperity and general growth. He also gave considerable attention to the problems Brazil faces in extracting deep sea oil. Some of the problems may be political; the U.S. and Mexico, for instance, are working on a protocol for single standards for oil exploration and development in the Gulf. But many are technological. Secretary Salazar noted that there were important lessons to be drawn from the Deepwater Horizons blow-out in the Gulf. But he noted that the ocean floor in the Gulf is a mile below the surface; Brazil's deep sea oil reserves are four miles down. He and his staff were recently in Brazil and met with the Interior Ministry and Petrobras; both countries are working to share the best of technologies.

In his remarks El Salvador President Mauricio Funes emphasized multilateralism and globalization, and how since 2009

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Hillary Clinton, U.S. Secretary of State

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Felipe Calderón, President of Mexico

his country has worked to strengthen democratic institutions while dealing, unlike Brazil, with a severe economic contraction of 3.8%. In a dramatic reversal, 2010 growth is estimated at 2.5%. Funes pointed to such positive indicators as growth in remittances and recovery in the manufacturing and agricultural sectors. Also, the fiscal deficit has decreased from 5.6% to 4.2% of GDP.

Canadian Finance Minister James M. Flaherty made it clear that (like Brazil) "we need trade to prosper." (Unlike Brazil, of course, Canada has a Pacific as well as an Atlantic coastline.) In the absence of agreement in the Doha round, to stimulate trade Canada is working on a number of free trade agreements (FTAs), primarily in the Americas but also with India.

Ethanol subsidies

In a discussion between Council Chairman Negroponte and U.S. Senator John McCain, Negroponte said that although Brazil has signed agreements with U.S., the details must still be ironed out, adding that "the problem is the ethanol tariff" on imports from Brazil. McCain responded, "There has been no greater hoax than ethanol subsidies [to U.S. producers]; they're a testament to the power of special interests." The next biggest hoax, he added, is U.S. subsidies to sugar producers. McCain went on to say that he understands Brazil's frustration; for decades he had been hearing that Brazil was a sleeping giant, and "now the sleeping giant has awakened."

Colombian Minister of Finance Juan Carlos Echeverry spoke on "Colombia's Path to Growth," sounding themes that many commentators on Brazil will find familiar. Colombia is very much in favor of free markets. It is also moving to better income distribution; here Echeverry pointed out similarities between Colombia and Brazil. Both, he said, have "a ring of poverty around a core of wealth." Colombia is making more social investments, in education, research and development, and health care, and is also investing heavily in infrastructure, from ports and roads to broadband. The country is taking a strong stand against corruption and is determined to improve the business climate, in part because as the middle class grows, so does demand. Colombia is even considering constitutional reform to "give

Excerpts from Hillary Rodham Clinton's Speech

Despite whatever is going on elsewhere in the world, there is nothing more important [to the United States] than continuing our work [in the hemisphere] to consolidate democracy, embrace smart economic policy, continue lifting tens of millions of people out of poverty, taking on a more active role in the world, and generally making it clear that we are in this together. For our own economic interests … we have no more important partners than those in this hemisphere.

There is power in our proximity—our geographic proximity to be sure, but also the proximity of our economic interests, our values, our culture, and the challenges we share.

We've had a flurry of activity lately, highlighted by President Obama's trip in March. In Brazil, he completed agreements for high-level dialogues on economics and energy, which we believe will promote cooperation, streamline regulations, and help us take concrete steps that provide tangible benefits to all of our people.

Early this year we intend to send Congress legislation that would implement three pending free trade agreements (FTAs). In addition, we will be sending our broader trade agenda, including renewal of Andean trade preferences …. In the United States alone, the Colombia [and] Panama [FTAs] and Andean trade preference renewal could add more than $10 billion to our economic output, and that would translate into some 70,000 new jobs for American workers. And in the weeks since President Obama's visit to Brazil, the array of agreements he announced—on infrastructure for the World Cup and the Olympics, on aviation and maritime transport, on biofuels, R&D, and so much more—is spurring a serious acceleration in our economic relationship.

All of these opportunities are going to require leadership. We still face a huge inequality gap in Latin America. In fact, from the United States south we do, because … unfortunately, our country has one of the largest gaps in inequality. So we've got to continue to focus on how we help equip people with the skills and tools they need to make the most of their God-given potential.

But let's be honest: there are still weak education systems, there are still weak democratic institutions, there are still inadequate fiscal policies, there are still too few people of means paying their fair share of taxes to their government to support services for those who will otherwise be mired in generational poverty, and there is too much violence. If we don't face up to these challenges, we could waste this historic opportunity.

the fiscal rules teeth" and ensure fiscal stability and sustainability; the Minister pointed out that today only Germany has such provisions.

Finally, Mexican President Felipe Calderón brought the conference up to date on what is happening in his country: Last year, Mexico had 5.5% GDP growth, added 150,000 jobs, invested 5% of GDP in infrastructure, and graduated 90,000 engineers and technicians—more than Canada and Brazil, he pointed out. Since Calderon took office, tariffs have been reduced to 5% and Mexico has risen in the World Bank Doing Business indicators from 73rd to 35th. Also, it now has, he said, the lowest cost for manufacturing in the world—even lower than China. He also identified three areas of bilateral partnership with the United States: immigration, security, and climate change.