

HOW CAN THE US IMPROVE ITS POLICY TOWARDS LATIN AMERICA?

Posted on 19/06/2012 by Naider



Despite its many challenges, the Latin America and Caribbean (LAC) region has advanced and come a long way in recent years. Several of its countries are now middle-high income countries, aspiring to become major international economies. Therefore, the role of the United States in the LAC region has the potential to become that of a mentor and a partner.

In this context, the current U.S. policy towards Latin America and the Caribbean (LAC) includes: 1) promoting social and economic opportunity; 2) promoting clean energy and mitigating the effects of climate change; 3) increasing safety of the hemisphere's citizens; and 4) strengthening effective institutions of democratic governance. Although these four pillars are undoubtedly necessary, they may not be sufficient.

In order for the US to improve its policy towards Latin America, it will need to reinforce a couple of its current strategies (like promoting social and economic opportunities as well as increasing safety) and consider including additional ones (like increasing development aid, collaborations with academic/research institutions, and improving its image in the LAC region). In order for its policy to be efficient, it is important for its approach to be holistic and consistent.

In this moment, the LAC region is growing rapidly and vigorously. In that sense, the US needs to diversify its investments in the region trying to bring about better social and economic opportunities for those least privileged, hence helping close the inequality gap. It is important for the US to recover the commercial leadership in the region, which is now inclined to China. [A recent study](#) developed by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) indicates that since 2008, China has become one of the world's largest sources of direct investment in the LAC region. These flows first reached significant levels in Latin America in 2010, when it is estimated they surpassed US\$ 15 billion.

During President Obama's last visit to South America for the Summit of the Americas 2012, [he pointed as a priority](#) the contention of the Chinese penetration, the need of open markets for the American products, and the revitalization of the deteriorated image of the US in the region. He also [noted](#) the "promissory moment" that the region is passing, but recognized that "it is estimated that trade throughout the hemisphere is only half of what could be. We must do better. With nearly a billion people, one billion consumers, including us, there is much we can do". In the same meeting, the Colombian President Juan Manuel Santos replied that "if the U.S. realizes that its long-term strategic interests are not in Afghanistan or Pakistan, but in Latin America, we will have great results". Although it is unlikely that the US will change the focus it has on the Middle East, it is imperative it remembers its long-term interests with its regional neighbors.

Andres Oppenheimer, Argentinian economist and columnist, [indicates that](#) that in trade, the share of Latin America's overall imports that are made in the U.S.A. fell from 55 percent to 32 percent over the past decade. Similarly, the share of Latin America's overall exports that are going to the United States fell from 61 percent to 42 percent over the past decade. Therefore, the US could rethink its "strategic vision" toward the region, possibly through strengthening the Alliance for Progress or the Free Trade Area of the Americas, which unfortunately, are no longer a priority. In that sense, the coordinated financial system between Colombia, Peru, Chile and Mexico could be an excellent opportunity for US investors, now that the free trade agreement with Colombia and Panama is set in place. This is an excellent opportunity, not only for increasing commerce; but also for creating a trade model in the region, a long improved version of the now "pre-historic exercise" with Mexico.

Another component of the current US policy that needs to be carefully rethought is its approach to safety in the region, which includes the violence in the borders with Mexico and within Central

America, and its relation to the war on drugs. It is a complex situation that seems to be getting worse with time.

Besides strengthening the economic and safety components of its current policy, the US could also seek to include new approaches in order to strengthen its relationship with the LAC region. For example, academic and research collaboration within the region, led by the US, could help develop strong partnership between countries, helping those least advanced. Including a focus in the US policy that supports universities, think tanks and research centers in the region could help strengthen democratic institutions, advance the educational level of the region, and strengthen the relationship between the US and Latin America. With the internet and technological advances now at hand, the US could support the most brilliant individuals and innovative institutions in the region, through joint projects, specifically in science and technology, fields that will eventually create stable and challenging job opportunities. In this sense, the US can be an excellent adviser and sponsor projects related with new technologies, medicine research, green energies, democracy and governance, creating more hi-tech employments.

Another necessary component of foreign policy that needs to be strengthening in the LAC region is foreign aid. During the past few years, the US has reduced its development aid to LAC, due in part to weak diplomatic relations (as is the case with Bolivia and Ecuador) or to the prioritization of the Middle East in its agenda and budget. Considering the high levels of poverty in many countries of the region, it is imperative that the US policy in Latin America continues to include aid, which depending on the country, could be through grants for basic infrastructure or more innovative aid that promotes private sector investment and public private partnerships, which could also help strengthen economic collaboration within the region.

If the US policy in Latin America includes strengthening its economic ties (with an attempt to reduce poverty), supporting academic and research centers and universities to further develop human capital in the region, while continuing to provide aid for development, then its long-term relationship with the LAC region will be strengthened and genuine partnerships will be developed.

Photo: Obama and Santos in Colombia. 2012. Source: El País.

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