

The United States and the Hemisphere:

OPPORTUNITY AND GROWTH



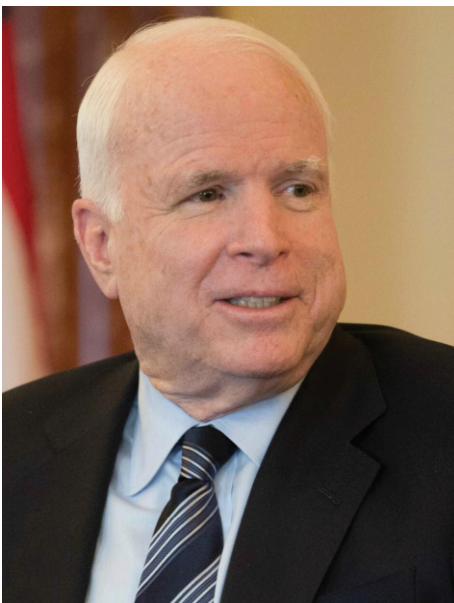
IN BRIEF

Council of the Americas held its 43rd annual Washington Conference on the Americas on May 8, 2013, at the U.S. Department of State, with a focus on U.S. policy and its impact on the hemisphere. Speakers came from all three branches of the U.S. government and both political parties, and topics ranged from foreign policy and trade relations to immigration reform and rule of law.

Vice President Joe Biden argued that the lens through which the United States views Latin America has changed in response to positive developments. “Now, it’s no longer what we can do for Latin America but what we can do with Latin America,” he said. Similarly, Senator John McCain acknowledged that challenges remain but that “with each passing year—as democracy, peace, and prosperity touch more and more of the people of our hemisphere—the main goal for all of us is how we increasingly lift our common sights and focus our common efforts beyond our hemisphere.”

The conference brought a focus to important hemispheric issues while encouraging actions to improve regional partnerships. It continues to be the top level meeting each year on hemispheric affairs in Washington.

(At left) Vice President of the United States Joe Biden



(L to R) Senator John McCain, Supreme Court Associate Justice Anthony Kennedy, Secretary of Homeland Security Janet Napolitano

**ASSISTANT SECRETARY OF STATE
ROBERTA JACOBSON**

“We are all rooting for each other’s success as it means our success, too.”



During the conference’s opening remarks, the assistant secretary shared her perspective after having joined President Barack Obama during his May 2–4, 2013 trip to Mexico and Costa Rica, noting that trade, energy, and education were top agenda topics during meetings.

“It’s no secret that the president’s trip to Mexico and Costa Rica focused heavily on our economic relationship,” she said. “What was novel, it seems to me, is that when we were talking trade, we were talking about what comes after our own trade agreements; whether it’s the Trans-Pacific Partnership or the Trans-Atlantic one just recently launched, everyone wanted to be part of these next-generation trade agreements.” On energy, she noted, discussions explored opportunities for diversification, new sources, scaling up of renewables, and the need for regional regulation.

“Let’s face it, these kinds of forward-looking, globally responsible and responsive conversations were not what we were talking about 10 years ago,” said Jacobson. “The desire to be responsive to all of our citizens dreams’ of a better life might have existed in the past, but the opportunity and ability to actually bring it about was what was new.” She went on to paraphrase the president during his remarks in Mexico City, saying: “We are all rooting for each other’s success as it means our success, too.” She explained that security concerns are shared, saying that, in Mexico, Obama noted Chicago saw a record number of homicides last year, many of which were linked to drug trafficking. Jacobson said that while efforts are being made in the United States to fight the plague of drug addiction and violence in the United States, the problem is one that must be tackled collectively as it “simply cannot be defeated by any one of us alone.”

The assistant secretary closed out the main themes of her remarks by focusing on education and the goal of preparing students for the twenty-first century, the global marketplace, and advancing innovation and entrepreneurship. “We’re talking about both quality of education and access to education,” she said, noting that the growing middle class in Latin America means evolving educational needs. Jacobson

highlighted the 100,000 Strong in the Americas exchange program initiated by the Obama administration two years as a way to expand educational potential across the Americas.

**SECRETARY OF HOMELAND SECURITY
JANET NAPOLITANO**

“We’re going to keep evolving because the environment in which we exist is not static.”



Department of Homeland Security Secretary Janet Napolitano discussed evolving methods to tackle security challenges, as well as immigration reform.

The Department of Homeland Security (DHS) is now 10 years old, Napolitano noted, and is undergoing “major changes and evolutions.” The secretary described the evolution as DHS 3.0, saying the department will be “more intelligence-driven and risk-based,” said Napolitano. While security challenges vary, “cyber [security] is going to be a rapidly growing area of concern and focus for the department at large,” Napolitano said. “It’s the fastest growing area of our shop.” While DHS secures government domains, it is also working with the private sector on cybersecurity. “We have a responsibility and presidential directives to work with the owners and operators of critical infrastructure,” she said, explaining that real-time information sharing and adopting standards form part of the process. “It will be an interesting test for the United States if we are really able to achieve the level of cybersecurity we need,” she said.

On Mexico, Napolitano noted that much of what DHS has done with the new administration of President Enrique Peña Nieto has grown out of policies from the previous administration. “We’re still jointly involved; we’re still focused on the reduction of violence in Mexico and the disruption of the cartels that have fingerprints in many communities in the United States,” she said. She explained that: “[W]e have record amounts of manpower and technology at the southwest border.” These resources need to be sustained, she continued. “We know we can do even more to secure it.”

However, she added: “[T]he relationship between Mexico and the United States is not just security.” Border efficiency, Napolitano said, is an area both countries are working on. She explained that both countries should work to expand

construction at the large ports of entry to create a “managed border zone” with the “best technologies available.” She called for a border that operates 24 hours a day, seven days a week, and the government aims to eliminate bottlenecks that slow down border traffic. “When I say we need a twenty-first century border, I mean in those physical terms,” she said.

In terms of immigration reform, Napolitano explained that she hopes the department “will be very busy implementing comprehensive immigration reform” in the near future. Implementing changes to visa procedures is also important. The reform includes border security measures. “For me, the key thing is not necessarily more border patrol agents,” said Napolitano. “We need to maintain [the] record numbers, but we need to fill out the technology plans for each of the nine border sectors.”

While immigration reform has yet to pass, DHS is already implementing changes to try to streamline processes that allow for greater and more efficient flows of trade and travelers. “One of our number one goals right now is to keep expanding Global Entry,” she said. This program allows trusted travelers to expedite their arrival process in the United States. DHS will continue the process of uniting the different ways the government collects data about travelers, since, on average, the same information is gathered 16 times. “Sometimes we need to look for a needle in a haystack; one of the ways is to reduce the haystack,” she said. Improving trade flows is another priority, and DHS has a program to give international companies preferred status to facilitate commerce. By giving expedited access to travelers and trade flows, “we can focus our resources on the things we don’t know enough about,” said Napolitano. “In a world where there’s so much information and data flying around, how do we focus our resources where they do the most good?” she said. “We’re going to keep evolving because the environment in which we exist is not static.”

MARYLAND GOVERNOR MARTIN O’MALLEY

“We believe that our future is very closely connected to opportunities and the rising standard of living in Central and South America.”



In a conversation with Kathleen Kennedy Townsend, Maryland Governor Martin O'Malley discussed his views on trade, immigration reform, and how immigrants impact U.S. competitiveness. Townsend noted that talking about policy with governors is important, since “what is happening in this country is at the state level.” “One of the most obvious connections in terms of economic ties between Maryland and our neighbors in Central and South America is the Port of Baltimore,” said O'Malley. Around 10 percent of exports at this port are destined for these two regions, and “we can do even more,” O'Malley noted. In 2009, the state government implemented a public-private partnership to expand the port’s size; the port is “our lifeblood,” he added.

Maryland companies are doing more to expand global trade, even small- and medium-sized enterprises. O'Malley also increased the number of international trade missions during his second term. “We believe that our future is very closely connected to opportunities and the rising standard of living in Central and South America,” he added. Trade with Latin America can help create jobs, said O'Malley, but the United States can also learn from the region, such as sustainable energy practices in Brazil.

On immigration reform, O'Malley explained his view that policy changes will bring economic benefits to the United States. “I believe that immigration and the arrival of new Americans is an energy that recharges our creative battery as a people,” he said. “We believe that policies of inclusion... help build innovation and the creative class.”



Governor O'Malley interviewed by Kathleen Kennedy Townsend





OPPORTUNITY AND GROWTH: WHERE DOES LATIN AMERICA FIT IN THE GLOBAL ECONOMY?

SPEAKERS:

- **Rebecca Blank**, Deputy Secretary of Commerce
- **Sri Mulyani Indrawati**, Managing Director, The World Bank
- **Richard Adkerson**, President & CEO, Freeport-McMoRan Copper & Gold
- **Richard McGregor**, *Financial Times* (moderator)

Financial Times' Richard McGregor opened the conversation with a question to Deputy Secretary of Commerce Rebecca Blank on trade, who noted that U.S. trade with the Western Hemisphere has increased 50 percent since 2009 and that 12 of Washington's 20 signed free-trade agreements are with countries in the region. She said that what fuels this rising trade is the expansion of Latin America's middle class, which a World Bank study found grew by 50 percent between 2003 and 2009. But, Blank warned, there are challenges. Among them: protectionist barriers preventing economic integration, as well as long wait times at ports and borders. Blank noted the importance of involving the private sector in bilateral discussions and praised the Department of Commerce-sponsored U.S.-Brazil CEO Forum for bringing on-the-ground experience to the conversation.

The World Bank's Sri Mulyani Indrawati also discussed the middle class and offered comparisons between Latin America and Asia. She lauded efforts in Brazil and Mexico that provided a growth market for the people living in the lower 40 percent of income brackets, saying Latin America's middle class expansion has moved 73 million out of poverty. She noted that this is important not only in terms of what happened over the past 10 years, but also what will happen in the years to come. However, she warned that Latin American economies are growing at roughly 3.5 percent when they should be growing at about 5 percent. She also identified Latin American educational levels as a major challenge, particularly when compared to Asia, adding that effective states and labor markets are important for growth. In addition to lower education levels, Indrawati suggested that

Latin American countries are less interconnected than Asian countries, which contributes to their slower growth. Indrawati offered another differentiation between Asia and Latin America that is not a problem for the former but is for the latter: public safety. Crime and violence is one area that "is always holding [Latin American countries] back," she said.

Freeport-McMoRan's Richard Adkerson provided his perspective on natural resources and their role in Latin America's place in the global economy, with a particular focus on copper, given Chile and Peru's large share of the global copper market. He pointed out that copper provides an interesting reflection on global economies, saying it rises when business rises and falls when business falls. But he also looked at changing trends in near history, pointing out that China accounted for 5 percent of worldwide copper demand in the 1990s but now accounts for 40 percent. India will soon contribute to demand as well. However, at the same time, supplies—and quality—are declining.

In Q&A, Blank emphasized the dangers of protectionist trade policies and their negative long-term impact on industry competitiveness. She also noted how arbitrary and frequent tariff adjustments make it difficult for companies doing trade with the region to predict the economic situation three to five years down the road, thus hampering investment. Indrawati touched on more comparisons between Asia and Latin America, including supply chain cooperation and savings rates. In order to increase integration and growth in Latin America, she encouraged countries to improve cooperative policy, build stronger institutions, and update infrastructure.

SUPREME COURT ASSOCIATE JUSTICE ANTHONY KENNEDY

"You simply cannot have a dynamic, fair, progressive, strong, solid economic base unless you can enforce contracts and meet expectations."



In a conversation with PBS' Ray Suarez, Supreme Court Associate Justice Anthony Kennedy discussed the importance of rule of law in both the United States and abroad. Kennedy outlined three conditions for rule of law to function. The law must be superior to the government; it must be just in order to guarantee citizens' dignity and freedom; and must be

accessible in order to honor expectations and for people to seek redress.

Next, Kennedy discussed the importance of the Constitution. “Americans consider their Constitution their priceless resource,” he said. “It is the Constitution that defines us as Americans.” This document provides “expansive phrases” and does not always go into specifics.

“The nature of injustice is something you can’t see in your own time,” he noted. In terms of improving rule of law, legal systems must be strengthened, Kennedy noted. “A functioning legal system is part of the capital infrastructure,” he said. “You simply cannot have a dynamic, fair, progressive, strong, solid economic base unless you can enforce contracts and meet expectations.” Suárez asked about Kennedy’s take on using a foreign statute in a Supreme Court opinion. Kennedy said it was an “unnecessary controversy” that arose during a case in which the Court debated whether a state could execute a person who was younger than 18 when the crime was committed. At the time, Kennedy cited the fact that only in China and Sudan can someone younger than 18 be executed. There was “outrage” over the fact that he cited foreign law. But Kennedy said an insight from another country could help define universal principles. “If a foreign country happens to see an injustice that we don’t, that perception...tells us more about who we are and what we aspire to be.”

For Americans, the law is a “promise,” he explained. It allows people to plan their own destiny and to provide a guarantee, whether it’s for a property, an investment, or an injury. Property is key, he noted. “I know of no system that has granted freedom to people without some right to own property. Property gives you capacity to claim your own destiny in a world where the government is all too ready to plan it for you.”

Suárez noted that laws don’t always work the way they should. Kennedy explained that laws creating bureaucracy can lead people to turn to informal means of doing things like getting a license for a business. But, he cautioned, disrespecting the law can lead to a loss of freedom.

SENATOR JOHN MCCAIN

“I would submit to you today that with each passing year...the main goal for all of us is how we increasingly lift our common sights and focus our common efforts beyond our hemisphere.”

Council of the Americas honored luncheon keynote speaker Senator John McCain with COA’s Chairman’s Leadership Award. Chairman John Negroponte bestowed the honor and lauded the senator’s



commitment to the promotion of comprehensive immigration reform and regional economic cooperation.

McCain, a member of the Gang of Eight bipartisan group of senators behind immigration reform efforts. He said that recent polls show that 70 percent of Americans support an immigration reform bill that involves a legal path to citizenship.

The senator said that the reform would help with gains in security and getting control of the border by requiring employers to go through a verification process for employees. “If we are to compete and succeed in today’s global economy, we need to provide secure and lawful new avenues for the peoples of the Americas to follow their dreams,” he said.

Expanding on the topic of security, the senator also noted the urgent need to combat drug abuse and for the United States to acknowledge its role in fueling violence through drug demand. “The scourge of illegal drugs, fueled most of all by the persistent demand for them right here in the United States, has spurred the growth of transnational drug trafficking and criminal syndicates that are literally corrupting entire governments and undermining their control of their countries,” said McCain. “We need to meet these threats head on—smartly, with the rights tools and capabilities, yes, but also together, without fear or suspicion of one another.”

The senator also spoke about regional cooperation in the fields of trade, energy, and economic integration. “The task of building a fully secure, free, and prosperous hemisphere is not finished. All of us know this. But I would submit to you today that with each passing year—as democracy, peace, and prosperity touch more and more of the people of our hemisphere—the main goal for all of us is how we increasingly lift our common sights and focus our common efforts beyond our hemisphere.”

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VICE PRESIDENT OF THE UNITED STATES JOE BIDEN

"The Western Hemisphere has always mattered to the United States, but I think it matters more today because it has more potential than any time in American history."

During his remarks at the 2013 Washington Conference on the Americas, U.S. Vice President Joe Biden gave an overview of U.S. goals for the Western Hemisphere during the second term of U.S. President Barack Obama. "It's time, the president and I believe, to seek a much deeper engagement within the Western Hemisphere," he said. "The Western Hemisphere has always mattered to the United States, but I think it matters more today because it has more potential than any time in American history," he added.

Biden began by discussing Obama's recent trip to Mexico and Costa Rica, saying it provided the American people with a "window into the unfolding progress in the Western Hemisphere." Mexico now has a middle-class majority, while democratic elections in Central America are no longer exceptions, he said. As a whole, Latin America represents political and economic opportunities for the United States, which is why Obama made the visit, explained Biden. Biden himself announced travel to Brazil and Colombia, and visits by heads of state from Chile and Peru in June.

Reflecting on how Latin America has changed in the last two decades, Biden pointed out that 225 million people in the region now form part of the middle class. "Whether it's Mexico hosting the G20 or Colombia preparing to join the OECD, this is not your father's Latin America," Biden noted. Another thing that has changed is how the United States views policy initiatives in Latin America, he said. Now, it's no longer what can we do "for" Latin America but what we can do "with" Latin America, said Biden. "The changes underway give all of us an opportunity to look at the hemisphere in a very different way," he said. Biden discussed how Latin America represents economic, security, and democratic challenges and opportunities. "I think we should be talking about the hemisphere as middle class, secure, and democratic," Biden said.

On the economic side, Biden explained that Latin America helps create jobs in the United States. In 2011, he noted, the United States exported \$650 billion within the Western Hemisphere. Obama focused on economic cooperation during his visit to Mexico, launching a high-level economic dialogue for countries to trade faster and cheaper, said Biden. The Panama Canal expansion has inspired American port cities; "it's a game-changer," he said. The Trans-Pacific Partnership can also provide opportunities, he said. "Democracy does not flourish where the economy does not grow." Brazil represents an economic partner for the United States, Biden explained. "We're working to build an economic relationship where the reality matches the promise on everything from energy to education to trade to transparency."

There are also opportunities for energy cooperation in the Americas, Biden explained. The hemisphere needs more efficient and cleaner energy, and must tackle climate change issues. At the same time, countries in the Americas are working toward "shifting the world's energy center of gravity to the hemisphere." By one estimate, the Western Hemisphere will account for two-thirds of the growth in the world's supply of oil over the next two decades, he noted. Biden highlighted the connection between security and economic growth, since reducing crime helps inspire business leaders' confidence. Brazil, for example, is leading security efforts in Haiti while Colombia has trained over 14,000 Latin American police personnel since 2009. The United States is prepared to respond to requests to support security needs, but not impose support. "This is a partnership," he said. The United States plans to continue numerous security partnerships in the hemisphere. The U.S.-Mexico security partnership will continue, he noted, "because it's too important to do otherwise." Biden also discussed Colombia's progress on reducing violence, as well as efforts to pursue a peace agreement with the FARC. "We'll fully support their efforts to end the conflict at the negotiating table," he said.

Democracy is another important issue for the hemisphere, Biden said. "We have to put ourselves on the side of democratic processes and principles rather than parties and individuals, and sometimes that's hard." The Organization of American States responded to tests of democracy in Honduras and Paraguay, and countries came together to stop the "watering-down" of the Inter-American Commission on Human Rights, he said. Through the Open Government Partnership, "we're trying to build transparent institutions and new space for constructive engagement." Cuba has shown "small, encouraging" signs but the United States supports "peaceful, democratic change" there, said Biden. In Venezuela, a better path exists, he said. "The inter-American community wants dialogue and sees it as the only way out of this current crisis." "We've crossed a threshold where our success depends on one another," said Biden, noting Latin America's growth and security is "overwhelmingly" in the interest of the United States. "We've moved out of zero sum game mentality." Countries need to do their part, though; he explained that in some countries, that may mean tackling corruption, while in the United States, passing immigration reform.

OPENING RECEPTION AT THE MEXICAN CULTURAL INSTITUTE



The opening reception included conference attendees, sponsors, senior U.S. government officials and the Washington diplomatic corps. Attendees included the Secretary General of the OAS, Jose Miguel Insulza; the Ambassador of Brazil to the U.S., Mauro Vieira; the Ambassador of Canada to the OAS, Allan Culham; the Ambassador of Nicaragua to the U.S., Francisco Campbell-Hooker; and the Ambassador of Trinidad and Tobago to the U.S., Neil Parsan, among many others. The event was hosted by the Ambassador of Mexico to the U.S., Eduardo Medina-Mora.



Associate Justice Kennedy interviewed by Ray Suarez of the PBS NewsHour



Senator McCain receives the Chairman's Award for Leadership in the Americas from Council of the Americas Chairman John Negroponte

CONFERENCE EVENTS

TUESDAY, MAY 7, 2013

Mexican Cultural Institute

Opening Reception

Featuring Americas Society Musical Performance

WEDNESDAY, MAY 8, 2013

U.S. Department of State

WELCOME AND INTRODUCTION

Assistant Secretary of State Roberta Jacobson

SECURITY, COMPETITIVENESS, AND IMMIGRATION REFORM

Secretary of Homeland Security Janet Napolitano

Governor of Maryland Martin O'Malley

Interviewed by Special State Department Advisor

Kathleen Kennedy Townsend

OPPORTUNITY AND GROWTH: WHERE DOES LATIN AMERICA FIT IN THE GLOBAL ECONOMY?

Deputy Secretary of Commerce Rebecca Blank

Managing Director of the World Bank Sri Mulyani Indrawati

President and CEO of Freeport-McMoRan Copper & Gold

Richard Adkerson

Moderated by the *Financial Times*' Richard McGregor

RULE OF LAW IN THE AMERICAS

Associate Justice of the Supreme Court Anthony Kennedy

Interviewed by PBS *NewsHour*'s Ray Suarez

THE UNITED STATES AND THE HEMISPHERE: PRIORITIES FOR THE SECOND TERM

Vice President of the United States Joe Biden

KEYNOTE LUNCHEON AND PRESENTATION OF CHAIRMAN'S AWARD FOR LEADERSHIP IN THE AMERICAS

U.S. Senator John McCain



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