



**Minutes:
Japan, U.S., and Latin America Cooperation for the Free and Open International Order**

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Speakers

- **Maki Kobayashi**, Director General, Latin America and Caribbean Affairs Bureau, Ministry of Foreign Affairs of Japan
- **Naotaka Yamaguchi**, Chief Representative, Japan International Cooperation Agency
- **Alberto Bernal**, Chief Emerging Markets and Global Strategist, XP Investments
- **Jonathan C. Hamilton**, Partner, White & Case LLP
- **Antonio Ortiz-Mena**, Senior Vice President, Albright Stonebridge Group
- **Eric Farnsworth**, Vice President, Americas Society/Council of the Americas (moderator)

Discussion Topics

Ambassador Kobayashi gave Keynote remarks that focused on the following topics related to international cooperation between Japan and Latin America and Caribbean

- International law, democracy, rule of law and world order.
- Climate change
- Pandemic
- Digital technology
- Long term development and sustainability of trade agreements.

Ambassador Kobayashi expounded on the long relationship between Japan and Latin America. Beyond the social relationship, Japanese companies have been operating in the region for decades, working with local communities to foster growth and development. With almost 3,000 Japanese companies in the region, automotive corporations have made remarkable inroads in the region. Respecting International law, democracy, rule of law and world order is important to Japan. Ambassador Kobayashi spoke on the importance of the region using trade to facilitate democracy, peace, and security.

The Russian-Ukrainian war has tested the world and humanity of its obligation towards protecting democracy and sovereignty. Japan is committed to support Ukraine and has issued sanctions targeting Russia and banks as well as top Belarusian officials. Japan has forfeited its economic interest in Russia over peace and world order. Japan is responding on a global scale with the speed we have not seen and is making a difference. It has made the opposition to Russia a global one, not just European.

Furthermore, Ambassador Kobayashi elaborated on the importance of LAC countries strengthening trade as a way to foster democracy. She emphasized on the 'Juntos' Policy for Latin America and the Caribbean, launched by former Japanese Prime Minister Abe Shinzo in Brazil. Juntos, meaning "together," was the Japanese policy based on three concepts: progress together, lead together, and inspire together. Ambassador Kobayashi discussed the need to commit to the region to increase the resilience of trade cooperation and boost democracy. The ambassador focused on the importance of tapping into clean energy as LAC is a great source for green, gray, and blue energy. She noted that Japan is always ready to offer humanitarian aid to LAC in emergencies such as natural disasters and pandemic related issues. Japan has been a key player in capacity building for population vaccination in LAC.

Lastly, the ambassador spoke at length about the importance of building more free trade agreements that confront current issues relating to the region in correlation with the world order and promotion of democracy. She highlighted the need for reinforcement of the business environment as current procedures and bureaucracy in LAC are complicated.

Governance and Inequality

Jonathan C. Hamilton elaborated on some of those topics by giving an overview of where Japanese and LAC cooperation stands in fighting inequality and governance that hinders trade. Some LAC regimes have not been respecting nor honoring preexisting trade agreements once they get into power. He cited that politics and state management in LAC is a crucial player in the level of trade and cooperation carried out in the region.

He pointed out the issue of complacency, noting that the USA has over time lost its way in terms of playing a role in following up on the transpacific partnership (TPP). He noted that the United States has largely been left on the outside looking in. This means that not only has the country foregone the TPP's projected benefits, but the competitiveness of U.S. firms has been eroded owing to the lack of preferential market access enjoyed by their foreign counterparts.

Lastly, Hamilton emphasized on the importance of having laws that safeguard trade agreements, promotion of equality and cooperation with allied partners that will lead to economic growth.

Investments

Alberto Bernal spoke about the need for LAC to build credibility on paying back loans as they have a history of defaulting payments. Investors and lenders need to have faith in LAC regimes and institutions to comply with agreements and laws in order to invest. He noted that building democracy and a stable political environment will show certainty in the growth of markets and trade and attract investors.

Bernal encouraged LAC to take advantage of reshoring and near-shoring trends in the region to grow its FDI and foreign investments. While initial Japanese investment in LAC was driven by the search for natural resources, Japan's FDI has diversified and grown to include a wide range of manufacturing and, more recently, services sectors. In recent years, Japan has accounted for between 5 percent and 6 percent of LAC's annual FDI inflows and in some countries as much as 10 percent. This large stock of investment serves to diversify and deepen the economic relationship between Japan and the region, creating new patterns of trade and opportunities for cooperation between governments.

Lastly, he spoke on the importance of LAC creating a balance between mining and environmental laws so as not to miss out on the opportunity of tapping into the clean energy transition. Mining is important in energy transition and LAC has an abundance of minerals to facilitate this.

Trade Agenda

Antonio Ortiz-Mena spoke about how LAC can use the trade agenda to advance policy goals. He listed the following as ways to advance the goals:

- Free and open international order is important as insertion into global and regional value chains is an important goal for a number of countries in LAC, and could also provide opportunities for small businesses. The division of production processes and their distribution across multiple countries offers developing countries new opportunities for export diversification and technology transfer.
- The need to use what we already have in terms of trade agreements such as CPTPP and USMCA. Trade agreements can reduce trade costs by reducing both tariff and non-tariff barriers, the latter through regulatory harmonization.
- Need to incorporate LAC SMEs, minority owned governments and indigenous people. For many Latin American countries, better integration of small and medium enterprises (SMEs) into trade is an important goal.

Technology and E-commerce

Naotaka Yamaguchi touched on LAC need to build on technology and E-commerce to connect the region efficiently. The region as a whole has not yet been able to emulate the success East Asian countries have had in stimulating export-driven growth and increasing the technological sophistication of their exports over time. He noted that ICT infrastructure is crucial to allow firms to move information over long distances quickly, cheaply and reliably.

Lastly, he touched on funding civil society to promote human rights, democracy and free trade. A strong civil society is a fundamental building block in a vibrant, well-functioning democracy. Non-governmental organizations play a vital role in promoting democratic values and human rights, as well as fostering civic participation. They keep citizens engaged and often give voice to groups that would otherwise not have been heard in political decision-making processes. He stated that LAC needs an active citizen participation in decision making as it is a fundamental part of democratic societies. Engaging the public through awareness raising, advocacy and social innovation is essential for addressing a broad range of issues, such as the environment and climate change.