

# ***United States–Latin American Relations: The Current State of Play***

Riordan Roett

*With its preoccupations in the war against terrorism and with the conflict in the Middle East, Washington has Latin America low on its list of priorities. This does not, however, mean that it has altogether lost interest. The immigration problem and the commercial negotiations have a profound impact on US domestic policy. Furthermore, there are three «negative» developments in Latin America that are of concern: the influence of Venezuela and its incipient but ambitious «global play»; the uncertainty over the transition in Cuba; and the growing presence of China in the region, considered by conservatives as an intrusion in its traditional sphere of influence.*

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Five years after the events of 9/11, it is clear that the focus of the George W. Bush administration is and will remain the war on terror. Republican Party strategists have decided that the terror strategy is the only way to enhance and preserve the President's legacy. It is a high-risk decision that seeks to downplay the failure to establish stable democratic regimes in Afghanistan and Iraq. It reflects growing discontent with the administration's handling of terror suspects and their rights under the Geneva Convention. It is an effort to deflect popular discontent with the disastrous mismanagement of reconstruction efforts along the southern coast of the

United States in the aftermath of Hurricane Katrina in 2005. And, perhaps most relevant, it appears to be the best strategy to retain control of the Congress in the mid-term elections in November 2006 and the White House in 2008 in the next presidential race.

In this high stakes political game, Latin America has little priority. To the degree that the White House looks south, it sees few opportunities for closer collaboration or policy opportunities. The war on terror is not popular in the region, nor is pursuing «regime change» in Iraq. Latin America is not, and will not be, part of the «alliance of the willing» in the Mideast. The critical issue of immigration reform has failed in Washington, DC, while trade liberalization efforts are at a standstill both in terms of the Free Trade Area of the Americas (FTAA) and the Doha Round at the World Trade Organization (WTO).

What little time is available for the Western Hemisphere in Washington policy circles focuses on «negative» developments. The growing presence of Venezuela in the area is viewed with increasing suspicion. The uncertainty of a political transition in Cuba—and the possibility of unrest on the island—is of concern. The sense on the conservative side of the political spectrum that the region is tipping «left» is often voiced in Congress and in the right-wing media. And the arrival of China in the region is viewed by some in the Republican Party as a violation of the 19th century Monroe Doctrine. But none of these issues, individually or collectively, has created a sense of urgency in the White House or in the Congress. The prospects for a change in the current «hands-off» position of the Bush White House are very slim. Whether a Democratic victory, either in the mid-term elections for Congress or in the presidential race in 2008, would lead to a substantive shift in policy is unpredictable given the need for the next administration to address the aftermath of the failures of the current White House in the areas of national security and foreign policy.

### ***The Failure to Achieve Immigration Reform***

The national debate on immigration has stalled.<sup>1</sup> This means that one of the most contentious issues between the United States and the countries of the Western Hemisphere will not be addressed in the foreseeable future. While most relevant

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<sup>1</sup> June Kronholz: «Immigration Stalemate: Congress's Failure to Resolve Issue Feeds Ire of Activists on Both Sides,» *Wall Street Journal*, September 6, 2006.

for Mexico, the Caribbean and Central America, the immigration issue has come to symbolize for the entire region the lack of interest in Washington, DC, for development issues key to the hemisphere. What is most striking about the failure to address this question is that it was originally a White House priority. In his «State of the Union» address on January 20, 2004, President Bush proposed a guest-worker program. This was primarily in response to homeland security concerns about illegal immigration and possible links to the war on terror, as well as pressures from both sides of the political spectrum. The Right expressed concern about uncontrolled flows of illegals into the country who, they argue: often take jobs away from American citizens; are allegedly the cause of community crime in some areas; and absorb scarce public resources in the fields of health and education. On the Left, the call has grown for protecting the civil rights of immigrants, both legal and illegal. It was also argued that immigrants were crucial to the American economy, that they did the jobs that poorer Americans would not do.

Once the White House proposes, it is the role of the U.S. Congress to dispose of any policy initiatives. Whether unaware or caught by surprise, the modest suggestion of a guest worker plan met immediate resistance on Capitol Hill. In December 2005, the House of Representatives voted 239 to 182 to build a wall along the Mexican-U.S. border. The legislation also called for illegal immigrants to be treated as criminals.

The President in his 2006 State of the Union address to Congress again called for a guest worker program. In the months following the speech, the nation mobilized for and against immigration reform. In May, hundreds of thousands of immigrants, both legal and illegal, demonstrated for a massive overhaul of existing immigration regulations. The debate polarized in May when the Census Bureau announced that the U.S. Hispanic population had grown by almost 1.4 million people in 2005, to 4.3 million. The Hispanic population had outgrown the domestic Afro-American population a few years before. Both sides of the argument immediately used the data. For the conservatives, this confirmed the urgency to slow, if not stop, illegal immigration and to deal harshly with those already in the United States. For the liberals, it confirmed their faith in the «melting pot» approach to American history and the need to treat the newcomers fairly and with respect.

The U.S. Senate, generally more open to compromise on this sort of critical policy issue, and better protected from the fire of public opinion with a term of six-years,

voted 62 to 36 in May 2006 to grant legal status to most illegal immigrants. The House of Representatives decided to hold immigration hearings across the nation between June and September. The meetings were often emotional and raucous. Few opinions were changed either among the members of Congress or in the people participating in the hearings. During the hearings process, the Department of Homeland Security estimated that there were 11 million illegal immigrants in the country. Again, this number was used for and against the legislation.

Returning to Washington after the summer recess, the Republican leadership all but abandoned a broad overhaul of immigration legislation and instead decided to concentrate on national security issues in preparation for the 2006 campaign and election. Immigration was deemed too contentious and a probable «loser» for many members of Congress. The decision to remove immigration from the Congressional agenda reflected a strongly held sentiment on the part of House Republicans not to move ahead with any legislation that could be construed as amnesty for anyone entering the country illegally.

The debate over immigration reform has deeply divided the country. Public opinion polls show a hardening attitude toward the immigrants, even legal ones. In three polls in mid-2006, nearly half of those asked said immigration hurts the United States by taking jobs, burdening public services or threatening «customs and values.»<sup>2</sup> This development indicates that immigration, once thought a foreign policy issue, is now driven by domestic political concerns. The argument that the billions of dollars sent home in the form of remittances helps maintain economic stability in many countries is overlooked. The obvious contribution to the national economy that immigrants, both legal and illegal, make is too often ignored. And the need to protect the basic rights of anyone residing and working in the country has been absorbed by the fear of open borders and the war on terror.

In sum, a critical issue to the Western Hemisphere has been stalemated by domestic political concerns in the United States, and legislators are increasingly fearful of taking any action lest they suffer the electoral consequences. Legislation will again be proposed in 2007, but the prospects are poor that the necessary Congressional leadership will emerge; and a lame duck President with two years left in his term of office will have limited suasion on Capitol Hill.

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<sup>2</sup> Ibid.

### ***The Contentious Topic of Trade Liberalization***

Another issue of critical importance to Latin America is access to the overly protected market of the United States, as well as that of the European Union. On this issue, as with immigration, the United States and Latin America are on opposite sides of the debate. The FTAA, first proposed in 1994 by President Bill Clinton at the Miami Summit, is «moribund.»<sup>3</sup> The Clinton White House lost the momentum with the FTAA when Congress refused to grant the President «fast track» authority. Fast track allows the White House to submit a trade bill for an «up or down» vote without amendments. President Bush took office in 2000 promising to reverse what it called a «stalled» trade agenda. The Congress granted the White House «trade promotion authority» (or TPA, the new term for fast track) and collaborated with the President in approving bilateral pacts with Jordan, Singapore, Morocco, and Australia. But the negotiations with Latin America slowed and then stopped. Often led by Brazil, the co-chair with the United States in the goal to finish an agreement by January 2005, South America in particular resisted Washington's efforts to complete a deal in what was seen as a clear «win» by the United States. The task was complicated further by the appearance of Hugo Chávez in 1998, who declared the FTAA to be part of a U.S. strategy to exercise undo control over trade policy in the Americas—it was part of an imperial scheme, he claimed. The FTAA also became embroiled in the controversy surrounding the Doha Round.

When it became clear that there would not be a breakthrough in the FTAA talks, the White House opted for a «second best» strategy: that of sub-regional or bilateral agreements. Chile was the first country in the region to opt for a bilateral treaty with the United States—pessimistic about prospects for Mercosur, the common market of South America (of which it is an associate member) and increasingly distant from the fiery rhetoric of Venezuela and the obstructionist claims of Brazil and others, Santiago saw an opportunity and successfully concluded long and arduous negotiations.

The office of the U.S. Trade Representative (USTR) then decided to pursue an agreement with the countries of Central America and the Dominican Republic. But when the draft legislation was submitted to Congress, anti-free trade sentiment was on the rise. Individual members of the House felt that important business and

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<sup>3</sup> Guy de Jonquieres: «Do-it-yourself is free trade's best 'plan B,» *Financial Times*, August 23, 2006.

trade actors in their districts would be negatively impacted. The debate was heated and the White House achieved victory by two votes in the House in 2005 (the Senate had passed the bill by 54 to 45 votes earlier). But the victory required the President's personal lobbying of members of the House prior to the vote; Vice President Dick Cheney spent most of the day in the House soliciting votes. The administration was forced to «deal» with individual members of Congress to grant relief and concessions for special interests such as sugar and textiles.

Subsequently, the USTR has negotiated bilateral agreements with Colombia and Peru; talks are under way with Panama; and Uruguay has indicated some interest in pursuing a deal with the United States. But free trade sentiment is low on Capitol Hill. Many members of Congress argue that free trade agreements often ignore labor and environmental standards in the smaller countries, while job loss in the United States is a constant concern. The remaining bilateral agreements with Latin America will not be approved in 2006; their fate is uncertain until the new Congress convenes in 2007, and the FTAA will not move forward in the near future, if ever.

A parallel issue is that of the Doha trade round of the WTO. That too appears to have lost momentum. The most contentious issue is agricultural subsidies in the developed world: the United States and the European Union. Efforts over the last few years have failed to find a compromise, and all sides blame others for the failure. Frustrated, the business community has called on the political leaders to find a compromise. Recently, the Transatlantic Business Dialogue stated that it was «unacceptable» that transatlantic differences over agriculture, representing less than 3 percent of transatlantic gross domestic product, were dictating progress on increased market access for goods and services that comprise the majority of world trade.<sup>4</sup> In essence, the Dialogue was far more sympathetic to the developing world than to the industrial countries.

One important development in the Doha process was the creation of the G-20. It was established in August 2003 during the final stages of the preparations for the Fifth Ministerial Conference of the WTO held in Cancun, Mexico. The focus was—and continues to be—fair agricultural policies on the part of the industrial countries. Although the Cancun meeting ended in failure, without compromise,

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<sup>4</sup> Stephanie Kirchgaessnerin: «Business chiefs call on Bush to spur Doha talks,» *Financial Times*, August 21, 2006.

the G-20 has continued as an important political force, lobbying for fairer trade rules. The Group has held frequent ministerial meetings and has held a series of technical level encounters. The latest meeting was held in Rio de Janeiro in September 2006 with the participation of the key trade officials of the United States and the EU. The Rio meeting called for a return to the negotiating table but the prospects for a breakthrough remain slim.

The Bush administration hinted in late 2006 that it would propose serious reforms to current U.S. agricultural policies in a new farm bill to be submitted to Congress in early 2007. That bill will serve as a framework for agricultural policy for the next five years. The White House is concerned that without a substantive reduction in subsidies—especially for five key crops: cotton, corn, wheat, rice and soybeans—the agricultural exporting countries, especially in the Americas, will «pick apart U.S. farm policies piece by piece» in the WTO dispute panel in Geneva.<sup>5</sup> Brazil has successfully done so in the case of cotton, winning a landmark decision against the United States.

Even with a U.S. initiative, progress would require reciprocal concessions by the EU to reduce its farm tariffs further and by the G-20 states to make deeper industrial tariff reductions. Given the internal dynamics in the EU, this appears unlikely. The outlook, from the perspective of the Latin American countries and the G-20, is pessimistic. Rigidities in the industrial countries are driven by domestic constituent concerns of the lawmakers. There is also deep-rooted resistance in Latin America to meeting the demands of the industrial countries for concessions on key issues such as intellectual property rights. While all of the participants in both the FTAA and the Doha talks trumpet the benefits of free trade, the mood for concessions and compromise is missing.

### ***Is Latin America Turning to the Left?***

For those policy analysts preoccupied with development in the region, the issue of whether or not the political Left is on the rise is of growing concern.<sup>6</sup> There is no consensus on what a «turn to the left» means in terms of U.S.–Latin American relations. For the conservative camp, the move is anti-American and will ultimately threaten U.S. interests in the hemisphere. However, there is little consensus on what the U.S. interests are in the region today. For these commentators, the election of a string of left-of-center presidents—Lula in Brazil,

<sup>5</sup> Philippe de Pontet: «Eurasia Group Note – TRADE: G20 summit in Rio to call for resumption of Doha negotiations this year,» September 8, 2006, e-mail document.

<sup>6</sup> Jorge Castañeda: «Latin America's Left Turn,» *Foreign Affairs*, Vol. 85, No. 3, May/June 2006.

Kirchner in Argentina, Vázquez in Uruguay, Morales in Bolivia, perhaps Bachelet in Chile, and last but not least, Hugo Chávez in Venezuela—confirms a growing sense of alienation between the region and Washington. The near victory of Humala in Peru and of López Obrador in Mexico merely heightens the perceived level of threat.

For more centrist commentators, the picture is more nuanced. Lula, Bachelet, and Vázquez have pursued fiscally responsible policies with an emphasis on social reform.<sup>7</sup> Kirchner remains an enigma. Morales is clearly viewed as «anti-establishment» but yet to be defined as an ideological actor. There is general agreement, in the center, that Chávez has emerged as a «vexing and potentially dangerous adversary.»<sup>8</sup> It is Chávez's close ties to Fidel Castro that enrages the conservative group and is of some concern to more centrist observers. The alleged intervention of the Venezuelan regime in neighboring countries—Ecuador, Colombia, Bolivia, and Nicaragua are often cited—is used to build the argument against Caracas. The oil wealth of Venezuela has allowed Chávez to become a benefactor to many of the countries in the region, playing an increasingly important role in the Caribbean as well.

Until a year or two ago, the concern was hemisphere-specific. But most recently, as noted in the *Financial Times*, Chávez is giving Washington a «headache» on a global scale.<sup>9</sup> Chávez has increasingly identified his «Bolivarian Revolution» with reducing or eliminating the presence and influence of the United States in the rest of the Western Hemisphere, and he has begun to build, from the perspective of American policymakers, an anti-American coalition that includes Havana, Damascus, Luanda and other less than friendly actors. Indeed, of even greater concern is the perception of closer ties with Russia and China.

In visits to Moscow and Beijing in 2006, Chávez appears to have broadened the «axis of evil» so feared in Washington. Neither country has explicitly identified

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<sup>7</sup> For a thorough analysis of the need for increased attention to social reform in the Americas, see Mayra Buvinic and Jacqueline Mazza, with Ruthanne Deutsch: *Social Inclusion and Economic Development in Latin America* (Washington, DC: Inter-American Development Bank, 2006); and Robert R. Kaufman and Joan M. Nelson, editors: *Crucial Needs, Weak Incentives: Social Sector Reform, Democratization, and Globalization in Latin America* (Washington, DC: The Johns Hopkins Press, 2004).

<sup>8</sup> Peter Hakim: «Is Washington Losing Latin America?» *Foreign Affairs*, Vol. 85, No. 1, January/February 2006, p. 43.

<sup>9</sup> Phil Gunson: «Chavez gives Washington headache on a world scale.» *Financial Times*, September 5, 2006.

with the anti-U.S. policies of the sort espoused by Venezuela, Iran, or Syria, as stated by an analyst, «while Beijing and Moscow stand outside the axis of U.S. antagonists, they are not afraid to engage with them, largely because they know they are too big and too significant to be cast out by the U.S.»<sup>10</sup> Chávez's visit to Russia was part of a world tour that included Belarus, Iran, Vietnam, and Mali. The trip was motivated by Venezuela's desire for a seat on the Security Council of the United Nations and President Chávez is in the process of rounding up the needed votes. But the larger picture is clear: he is gathering together like-minded states that reject U.S. unilateralism and the policies that have accompanied that global posture, while petroleum and arms drive the links among these countries. In Moscow, for example, Chávez signed an arms deal for weapons that the United States views with suspicion. It is also clear that Chávez has identified with those who are openly opposed by the United States or with whom Washington has strained relations; for instance, regarding Iran, he has stated that Venezuela is «with Iran», that it supports the Iranian people, and that Iran's fight is Venezuela's own fight.<sup>11</sup>

Of perhaps greater concern is Chávez's ties to Beijing. The Venezuelan President completed a successful visit to China in August 2006. During the six day trip, he signed a series of agreements to strengthen their energy ties, including having the Chinese jointly explore for oil in Venezuela; other deals covered telecommunications, agriculture and mining. Chávez stated that he wanted to more than triple Venezuelan crude-oil exports to China by 2009, to 500,000 barrels a day from about 150,000 barrels a day today.<sup>12</sup> There is common cause in the relationship. China wants to reduce its reliance on Middle East oil; Chávez seeks to reduce his country's dependence on the sale of oil to the United States, which is its biggest customer. It was announced after the visit that China would invest \$5 billion dollars in energy projects in Venezuela in new and mature oilfields through 2012. China also agreed to build 13 oil-drilling rigs and 18 oil tankers for Venezuela. As part of the deal, China agreed to help Venezuela build a \$9 billion railroad line, as many as 20,000 housing units and a fiber optic network.

The concern in Washington about Venezuelan-Chinese ties drives a growing skepticism in some quarters about China's expanding presence in Latin America. While the major countries have had diplomatic relations with Beijing, China has

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<sup>10</sup> Daniel Dombey: «'Axis of evil' widens into circle of antagonists to the US,» *Financial Times*, July 28, 2006.

<sup>11</sup> *Ibid.*

<sup>12</sup> Shai Oster: «Chavez Wraps Up Trip to China After Cementing Closer Relations,» *Wall Street Journal*, August 26, 2006.

recently established growing commercial and investment links with the region. Beginning with the visit of President Hu Jintao to Latin America in late 2004, there have been a series of high-level political visits throughout the hemisphere by senior ranking party and government officials. The current trade surpluses of many countries in the area are driven by China's purchases of commodities and minerals. More recently, Beijing has signed energy deals in at least seven countries in the hemisphere, from the tar sands of Canada to natural gas fields in Argentina. China will invest in a new \$8 billion dollar railway in Argentina, while acquiring a stake in that country's Pluspetrol oil and gas firm. With Brazil, Beijing has signed \$10 billion dollars in energy and transportation deals, including a commitment to help finance a \$1 billion gas pipeline, several hydropower projects and a trans-Amazon road linking Sao Paulo to Lima. In Bolivia, China announced a \$1.5 billion investment in oil and gas exploration in the state oil company, YPF Boliviano while promising to fund power plants and pipeline infrastructure to deliver gas to homes. In Ecuador, China's \$1.4 billion purchase of assets from EnCana Corp., a Canadian oil company, included an interest in one of Ecuador's two main oil pipelines.

An important parallel interest of China in Latin America, as important as securing steady supplies of foodstuffs and energy, is the question of Taiwan. Beijing has made it clear that of highest priority is to convince the remaining countries of the region, principally in the Caribbean and Central America, to drop recognition of Taiwan and to recognize one China: the one led by Beijing. Critical to the decision of China to support Venezuela's candidacy for a seat on the Security Council of the United Nations is the fact that the candidate of the United States, Guatemala, continues to recognize Taiwan.

Chinese trade with Latin America is growing. From 1994 to 2004, trade quintupled to \$40 billion a year. Commentators who argue there is no «threat» to the United States from China's commercial and trade relations with the region point out that U.S.-China trade is more than \$400 billion and the United States remains a principal market for Latin America, far surpassing China.

The expanding presence of China in the Western Hemisphere raises a number of interesting policy questions for the United States. When—and if—the United States sees China as challenging U.S. access to local markets and exports, will it impact negatively on a series of global issues for which Washington seeks the support of

Beijing? Two are topical. The United States has called on China to become more deeply involved in the effort to revitalize the Doha Round of trade talks.<sup>13</sup> Susan Schwab, the U.S. Trade Representative, has commented that, «China has as much of an interest in an open trading system as any country in the world.»<sup>14</sup> The United States believes that Beijing is taking a back seat to other more vocal members of the WTO, including India and Brazil, and that Beijing needs to help break the current deadlock in global trade talks. But the indications are that China will not do so. Moreover, as a member of the G-20, China is sympathetic to calls from the developing countries that the industrial bloc agree to cut farm subsidies. The Chinese government is not a member of the so-called Group of 6, which includes the United States, the EU, Japan, Australia, Brazil and India. The G-6 has taken the lead in attempting to jump-start the talks, but the talks were suspended in July 2006 when the group could not reach an agreement on the subsidy issue.

From the Latin American perspective, China's G-20 membership and its supportive position on reducing industrial country agricultural subsidies are an important weapon in the ongoing dispute in the Doha Round of talks. China also wins sympathy for general support of the developing countries' position in the negotiations, and it prepares the way for greater access to Latin America's minerals and foodstuffs.

A second issue of increasing relevance to Washington is the greater involvement of China at the International Monetary Fund (IMF). The United States has recently led an effort to increase the voting rights, and therefore the role in decision-making, of China as well as South Korea, Mexico and Turkey. Washington's position is that the Fund needs to be restructured to reflect the strength of fast-growing countries in Asia, Latin America and parts of Europe so these countries have more of a stake in the international financial system that oversees potential problems from the huge global flows of currency and capital. With China's extraordinary rate of economic growth, and the burgeoning investments in that country, the United States sees greater Chinese involvement as essential to future systemic stability, which is why the Bush Administration has called for Beijing to become a «stakeholder» in the international financial system.

On both issues—the Doha Round and the restructuring and updating of the IMF—the United States needs China far more than China needs the United States. These global challenges offer an opportunity for China to work with the industrial

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<sup>13</sup> David Lague: «US Official Urges China to Work to Revive Trade Talks,» *New York Times*, August 30, 2006.

<sup>14</sup> *Ibid.*

countries and maintain diplomatic and trade links within the G-20. From China's perspective, probably, its expansion in the Western Hemisphere is not something that the United States will want to see as a challenge if Washington wants critical cooperation from Beijing on trade talks and financial institutional modernization. Washington is very aware—as is Beijing—which of China's vast foreign exchange reserves are earned from trade surpluses with the United States. It is in the long-term interest of the United States that China act responsibly in the use of those reserves and in understanding the potential impact on the U.S. economy of a financial crisis in China or an effort by the government of China to rebalance its financial relationship with the United States.

### ***Cuba: The Perennial Irritant***

The sudden announcement in July 2006 that President Fidel Castro had transferred power temporarily to his brother Raúl galvanized political sentiment in the United States. Within the Cuban-American community, and among conservative opponents of the Castro regime, the moment of change was at hand—perhaps. There was a great deal of speculation that without the firm hand of Fidel, the system would destabilize. An opportunity to return to Cuba energized the bitter, exiled Cubans. But the surgical procedure apparently was successful and, while Fidel may not return to full control of Cuban society, the armed forces and the Communist Party appear to be in full control of the situation. As important, there was none of the predicted popular discontent over the possible absence of Fidel from power.

Cuba has been a permanent policy problem for the United States since the Revolution in 1959. The Soviet Union sustained the regime for decades. With the collapse of the regime in Moscow, there was a momentary hope that the Castro government would succumb to economic weakness and social discontent. Fidel survived the 1990s and began to prosper with the election of Hugo Chávez in Venezuela in 1998. Chávez quickly identified Fidel as his closest ally in the Western Hemisphere, and Venezuelan oil wealth has helped Cuba foil the American embargo. Caracas has provided the island with 100,000 barrels of oil a day at a cut rate. Venezuela provides credits, pays for more than 20,000 doctors who offer services to the poor in Venezuela and supports a number of medical programs in the Caribbean that are carried out in Cuban hospitals and clinics. It is estimated that Venezuela has provided the Cuban government more than \$2

billion dollars in financing, most of it in crude oil and refined petroleum products.<sup>15</sup> Venezuela has also become a major buyer of otherwise uncompetitive Cuban goods, such as aging parts from old sugar mills and battered medical equipment. Exports from the island to Venezuela rose from just \$25 million dollars in 2002 to \$300 million in 2004. The Chinese have also become quiet but reliable buyers of Cuban goods.

The Cuba-Venezuela-China «triangulation» infuriates the opponents of Fidel's regime. But the Chinese have acted cautiously in maintaining relations with Cuba. Venezuela's support, on the other hand, has been dramatic and very public. The early euphoria over the possibility of a sudden opening of the regime has faded in the United States as the party and government continue to function without incident. For responsible policymakers, an orderly transition, whenever it takes place, is critical. That group is very mindful of the Mariel exodus, when tens of thousands of Cubans abandoned the island and headed to the United States during the administration of Jimmy Carter. Politically and economically, a repeat of that incident must be avoided at all costs.

But there is continuous pressure from the Cuban exile community for the United States to do «something», and there is within that community a minority who are vocal in saying that they will take action when the appropriate time comes to do so. An appropriate policy would be for the United States to begin to engage Cuba. A reconsideration of the embargo would be a key issue in that process. Washington needs to do all that it can to discourage adventurism by exile groups. But the reality is that those groups provide crucial votes at election time for the Republican Party. The administration's position, at least through the 2008 presidential election, will be cautious and little given to any talk of negotiations or of loosening the embargo.

### **Conclusion**

While diplomatic relations between Washington and the countries of the hemisphere are normal, with the exception of Cuba and Venezuela, there is little prospect of new American policy initiatives. The countries of the Western Hemisphere will continue to accept the existing asymmetry with the United States, while working to develop new alternatives. The G-20 is one mechanism to do so.

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<sup>15</sup> Juan Forero: «Cuba Perks up as Venezuelan foils Embargo,» *Buenos Aires Herald*, August 5, 2006, reprinted from the *New York Times*.

Careful collaboration with Venezuela is another. For some of the governments in the region, China will offer an important commercial and trading option.

But the truth of the relationship is that the United States will remain the most powerful state in the region. While generally disinterested, history tells us that the White House, in the hands of either political party, will act if provoked; that was true in the 1950s in Guatemala and in Panama in the 1990s. Disinterest does not imply an abdication by Washington of its historical claim to leadership and preeminence in its «backyard.» The challenge in the 21st century for the United States is to understand that there are now new forces at play within the hemisphere as well as at the global level that no longer respect the idea that the backyard is «off limits.» And it is incumbent on those new players to understand that U.S. inaction does not necessarily tie America's hands when it believes it necessary to act to protect its historical interests. 

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