From Regional Hegemony to Complex Bilateral Relations: The United States and Latin America in the Early 21st Century

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Although some things—like the enormous difference in power—have not changed, the relationship between the United States and Latin America is not the same as before. Washington no longer implements a single «Latin American policy»; it has different bilateral or sub-regional strategies. Mexico, Central America and the Caribbean are deeply integrated by way of trade and migrations; the Andean zone is the main preoccupation because of its instability and the narcotics trade; meanwhile the countries of the Southern Cone can count on a greater autonomy than in the past. In general, the US agenda for Latin America is based less on geopolitics, national security and ideology, and is more concerned with the economy, within the framework of problems of common concern like the drug trade, the environment and immigration.

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From World War II until the 1970s, the relationship between the United States and Latin America was shaped by the «hegemonic presumption» of the United States:
that is, the idea that the United States had the right to insist on political, ideological, diplomatic and economic solidarity—not to say subservience—throughout the Western Hemisphere.¹

During these years, the United States used the military might of the Marines and the 82d Airborne; clandestine intervention by the Central Intelligence Agency (CIA); advice and tutelage from its military attaches; development assistance and sometimes imposition from the Agency for International Development (A.I.D.); sugar quotas, tariff preferences and other forms of economic leverage; activist diplomacy by the State Department; funding and advice for political parties; public advocacy and information by the US Information Agency (USIA)—whatever it took—to assure that pro-US parties and leaders would rule throughout Latin America and the Caribbean.

U.S. policy during these years was based on three objectives: a security imperative to block extrahemispheric powers from establishing footholds of influence in the Americas; ideological goals to counter the international appeal of the Soviet Union and of communism, and instead to promote capitalist development; and, routinely, to advance the particular interests of US corporations, an aim that was trumped whenever security concerns were more pressing.

As the Cold War began to draw to an end, and as geopolitics and military technologies changed and the importance of the Panama Canal declined, the American preference for hegemony persisted. By the 1980s, it had become difficult to articulate why US leaders thought it important still to exercise tight control of Grenada, El Salvador and Nicaragua, yet Washington continued nevertheless with its highly interventionist policies. These were motivated not so much by «national security» considerations, as was then claimed, as by «national insecurity,» which is a psycho-political impulse: the fear of loss of control over what the United States had long controlled—the internal arrangements and external ties of the countries in the circum-Caribbean region. This impulse reflected the inertial carryover of attitudes and policies formed in an earlier era, but which were no longer appropriate, if they ever had been.

From the end of WWII until the mid-1970s, and in some respects until the end of the Cold War, the United States treated most Latin American countries as nearly

automatic supporters on a range of international issues, which were framed by the bipolar Cold War competition. Brazil’s supporting role in the U.S. occupation of the Dominican Republic in 1965 epitomized this pattern, as did Argentina’s backstopping of the Reagan Administration’s interventions in Central America in the early 1980s. The US approach to Latin America and the Caribbean was broad-brush and broadly regional, not highly differentiated; indeed, for many years, US policy projected onto South America concerns and attitudes that were mainly derived from the intense Caribbean Basin competition with Fidel Castro.

**Continuity and Change**

US-Latin American relations in the 21st century exhibit some continuity with the era of hegemonic presumption, but they are mainly quite different in content and tone.

- The central fact of inter-American relations continues to be the vast asymmetry of power between the United States and every other country of the Americas. The United States remains far more important to every Latin American country than any Latin American country is to the United States. Policies crucial for Latin America’s future are routinely set elsewhere, and their impact on Latin America is usually more residual than intentional. Latin Americans continue, for the most part, to be highly vulnerable to exogenous trends, events and decisions. Rarely do Latin American nations exert much influence beyond the region, though Brazil, Cuba, Chile and more recently Venezuela are important exceptions.

It is hard to exaggerate how many other issues and relationships compete with Latin America for the attention of senior US policy-makers. It is not only the special circumstances of the difficult war in Iraq, Israel’s quandary and the specters of a nuclear Iran or North Korea that overwhelm Latin America in U.S. policy circles; there are always other issues and relationships of higher priority. Latin America as a region is rarely high on the radar screen of US policy-makers. Appeals to senior US officials to «pay more attention» to Latin America are bound to fail; the best hope is to improve the quality of the attention they can devote.

- In its dealings with Latin America, the United States was never as coherent, unitary and rational an actor as was often portrayed from the South, but the pluralism of the United States has become much more pronounced in recent years. US policies affecting Latin America and the Caribbean are shaped not only by international power relationships and external challenges but also (and often
mainly) by the interplay of domestic influences from different regions, sectors and groups: the Rust Belt and the Sun Belt; business (including pharmaceutical companies, computer manufacturers, entertainment conglomerates and many others) and labor; growers of sugar, citrus, peanuts, rice, soybeans, flowers, honey, tomatoes, grapes and other crops; agricultural workers and consumers; diaspora organizations and anti-immigrant lobbies; faith-based communities of varying persuasions; foundations, think tanks and the media; criminal organizations, including the drug cartels, and the police; as well as groups formed to promote human rights, champion women’s causes, protect the environment and preserve public health.

Multiple relevant actors enjoy access to policy-makers in the extraordinarily diffuse and permeable US policy process. This makes US policy on issues short of core security concerns relatively easy to influence but very hard to coordinate or control, even when concerted attempts are made to do so—which is not very often, and will not be, given the number of other issues and relationships the United States has to manage.

•• The relative importance for inter-American relations of private actors—corporations, trade unions, think tanks, the media and non-governmental entities of many types, including ethnic, community and faith-based organizations—has increased, while the influence of national governments has declined.

In Latin America today, Microsoft and Walmart are much more important in practice than the US Marines. American Airlines matters more than the US Air Force. CNN is far more influential than the Voice of America. The insurance company AIG may be more significant than AID. Human Rights Watch is in some circumstances more powerful than the Pentagon, though the Pentagon has certainly regained a great deal of relevance since September 11. Moody’s is often more influential than the CIA. And the World Economic Forum at Davos is in some ways more influential than the Organization of American States. The impact of the United States as a society on the countries of Latin America and the Caribbean is thus immense, but hard to control or direct through government policies or actions.

•• The relative influence of different parts of the US governmental apparatus for inter-American relations has changed greatly since the 1970s. The Department of State, the Pentagon and the CIA are no longer the only or even the main US
government agencies relevant to Latin America and the Caribbean, as they were from the 1950s to the 1980s.

For many specific countries in Latin America today, the Secretary of the Treasury, the Chairman of the Federal Reserve Bank and the President’s Trade Representative are more important than the Secretary of State. The governors of California, Texas and Florida are more significant for many issues and countries than many officials in Washington, as is evident in the current debate about immigration policy. The heads of Homeland Security and the Drug Enforcement Agency, officials of the Department of Agriculture, and members of the federal judiciary certainly have more impact on policy than the Assistant Secretary of State for Inter-American Affairs.

For most Latin American countries, on most issues, the US Congress is often more important than the executive branch, and more open to diverse societal impulses. For a Latin American country to secure favorable outcomes from the very open and complex US policy process is therefore a major and continuing challenge.

**Disaggregating Latin America**

Latin America, too, requires a great deal of disaggregation. All along, of course, Latin America and Caribbean countries have differed enormously from each other. Argentina is as distinct from Haiti, Peru as distinct from Panama, or the Dominican Republic from Chile, as Sweden is from Turkey, or Australia from Indonesia.

But even though almost all Latin American countries in the past thirty years converged in embracing democratic elections, market-oriented economies, and macroeconomic balance, some key differences among the countries of the region have actually been growing. These differences are particularly salient along five separate but related dimensions: A) the nature and degree of economic and demographic interdependence with the United States; B) the extent to which countries have committed their economies to international competition and the ways they relate, consequently, to the world economy; C) the relative strength of their institutions, both state and nongovernmental; D) the pervasiveness of democratic norms and practices; and E) the extent to which the various nations face challenges in integrating large indigenous populations. Increasing differentiation along these five key dimensions makes the broad concept «Latin America» of dubious utility, obscuring as much as it illuminates.
In truth, the United States today no longer adopts and implements «Latin American policy,» applicable to the whole region. The «Western Hemisphere Idea»—that the countries of Latin America and the United States stand together and apart from the rest of the world with shared interests, values, perceptions and policies—is no longer applicable, whether viewed from Washington, or from Buenos Aires, Santiago, São Paulo or Brasilia.

To understand inter-American relations today, one must, at the very least, distinguish clearly among five separate regions: Mexico, Central America, and the Caribbean islands; Brazil; Chile; Argentina and the other Mercosur countries; and the Andean nations, and these last also surely require further disaggregation.

Mexico, Central America and the Caribbean—and for many purposes these, indeed, really constitute three separate regions—together account for only a third of the total population of Latin America and the Caribbean (LAC), but for nearly half of US investment in the entire LAC region, more than 70% of inter-American trade, and some 85% of Latin American immigration to the United States. All three regions are ever more integrated with the United States in functional terms, as is discussed further below.

The MERCOSUR nations, Brazil by far the largest, together account for 45% of LAC’s population, nearly 60% of LAC’s GDP, more than 40% (and a growing share) of US investment, and considerably less than 10% of LAC migration to the United States.

For all its immense problems and challenges, Brazil is an increasingly successful and influential country. It has opened most of its economy to international competition; revolutionized its agricultural sector; developed a number of industries with continental and even world-wide markets; slowly but steadily strengthened its state and non-governmental institutions; and forged an increasingly firm centrist consensus on the broad outlines of macroeconomic and social policies, including the urgent need to reduce inequities and alleviate poverty, and to improve education at all levels. Brazil plays an important role in international trade, and environmental, public health and intellectual property negotiations. It is an active and influential leader of the global South, working closely with India and South Africa on some issues; and it is likely, over time, to play a growing role in the United Nations and other multilateral fora. Brazil’s
enhanced profile, both in this hemisphere and the rest of the world, command increasing respect from the United States.

Chile is the Latin American country most engaged in the world economy, with the strongest institutions and the most entrenched democratic norms and practice. It has a limited indigenous integration challenge at this stage of its history, sends out few migrants to the United States and elsewhere, and is now about as tied to the economies of Asia, Europe and Latin America as to that of the United States. Chile has built broad consensus on many key public policies, undergirding a high degree of predictability that facilitates investment, national and foreign, and fosters strategic planning, both by government and by the private sector. Chile’s international influence and its priority for the United States are considerably greater than its size, military power or economic strength alone would suggest; its «soft power» attracts attention and investment, projects leadership and achieves influence.

Argentina, by contrast, has had great difficulty building consensus, fortifying institutions, opening up its full economy, and achieving the predictability (previsibilidad) that is so important to overcome short-termedness («cortoplacismo») and facilitate sustainable development. Although Argentina has been active in international affairs—and is a staunch and helpful ally of the United States on counter-terrorism, counter-narcotics and non-proliferation—it is much less important from the US standpoint than its lofty designation as a «major non-NATO ally» would imply. Argentina probably cannot count on much meaningful empathy or concrete support from the United States, no matter who governs in Washington. The failure of the Bush administration to rescue Argentina during its deep economic crisis of 2001-2002 was likely not an aberration, not an arbitrary personal decision by the U.S. President or his Treasury Secretary, but a predictable consequence of Argentina’s marginal significance to Washington.

The troubled nations of the Andean region account for nearly 22% of the population of Latin America, just 13% of its GDP, about 10% of US investment, less than 15% of legal US-Latin American trade, but nearly all the cocaine and heroin imported to the United States (often through Mexico or the Caribbean islands, to be sure). All the Andean countries, to differing but high degrees, are plagued by severe challenges of governance, extremely weak political institutions, and the unresolved integration of large and increasingly vocal indigenous populations, and of the many, not only indigenous, who live in poverty or extreme poverty. In such circumstances, the Washington mantra that free markets and democratic
politics strengthen and support each other in a powerful virtuous circle simply does not work. Massive exclusion, extensive poverty and gross inequity, rising consciousness, democratic politics and market economies are an extremely volatile combination, unlikely—indeed unable—to coexist in the medium term.

In this context, the 2006 election of Alan Garcia obscures what may be the most important outcome of Peru’s election: that the anti-system voters, who eventually supported the winners of the previous three Peruvian elections, are now a mobilized opposition, which could make governance very difficult for the Garcia administration. Ecuador faces a similar challenge, with extremely weak parties and political institutions and increasingly mobilized indigenous movements. Bolivia has experienced the triumph of the previously excluded, mainly indigenous, population under the leadership of Evo Morales, who seems uncertain about exactly how to link his populist impulses to the realities of energy and other markets. Colombia continues to struggle with deeply-entrenched narcotics syndicates and long-time guerrilla movements with independent origins but tactical cooperation that limits the national government’s effective sovereignty. And Venezuela, under charismatic strongman Hugo Chavez, concentrates more on using its vast petrodollar windfall to expand its international influence than on resolving its own challenges of poverty, development and institutional weakness.

**Regional Differentiation and US Policy**

The differences among all the various separate sub-regions in their relationships with the United States are growing larger over time. Most of those Latin American and Caribbean countries, in the Caribbean Basin region and on the north coast of South America, which sent more than 40% of their exports to the United States back in 1980 export an even higher percentage to the United States today. Most of the Latin American countries that sent less than 30% of their exports to the United States in 1980 now send an even smaller percentage of their exports to the United States.

A major explanation, of course, is geography—that is, proximity. But geography is a constant, and proximity should be less significant as technology improves. Policies themselves—the Caribbean Basin Initiative, the North American Free Trade Agreement and more recently the Dominican Republic/Central American Free Trade Area—are reinforcing sharply diverse patterns of relations with the United States. The Caribbean Basin and the Southern Cone are moving in opposite
directions vis a vis the United States, and the Andean countries are on yet another path. Chile, Brazil, Argentina (and to some extent the other MERCOSUR countries) relate to the United States as just one of four major interlocutors—the others being Asia, Europe, and the rest of Latin America—and not as the unique or even the main focal point for policy. Washington is an important reference point, but not «el norte» of the political compass. Venezuela has positioned itself as Washington’s rival: proposing a Bolivarian Alternative for Latin America (ALBA) to the US-supported concept of a Free Trade Area for the Americas (FTAA), cultivating close ties to Bolivia and to Cuba in transition, and actively seeking links to new global power contenders, including China and Iran.

The United States and Its Closest Neighbors

The nature and dynamics of US relations with Mexico, Central America and the Caribbean countries are increasingly distinct from those with the rest of the region. The United States has become an even more overwhelming economic, cultural and political influence on its whole border region, primarily as a result of massive migration since 1965, of historically unprecedented dimensions. By the same token, the large and growing Mexican, Central American and Caribbean diasporas in an increasing number of regions of the United States are irreversibly changing the contours of relations between the United States and its closest neighbors.

Politicians, business strategists, advertisers, bankers, employers, unions, educators, law enforcement officials and medical personnel all know that the frontier between the United States and its closest neighbors is porous, sometimes even illusory. It is hard to define the functional border between Latin America and Anglo-America today, but it is surely well north of San Diego in the West, and of Miami in the East. Remittances from the diaspora are vital to the economies of Mexico and many Central American and Caribbean nations. In Mexico, remittances amounted to more than $20 billion in 2005, almost as much as direct foreign investment, and are expected to total $24 billion in 2006; in Central America and the Dominican Republic, remittances actually exceed foreign investment and foreign economic assistance combined as sources of capital. Campaign contributions and the votes of the diaspora are crucially important in home country politics, while the votes and participation of naturalized immigrants are ever-increasing factors in US domestic politics. Juvenile gangs and criminal leaders socialized in the United States are wreaking havoc in their countries of origin, in all too many cases after being deported back to those countries by the United States. Latino gangs are a key factor in the life of Los Angeles and several other US cities. Changing US immigration
laws and border enforcement procedures may marginally affect the rate of entry by unauthorized migrants, but will not change the causes and sources of migration flows nor the impact of long-established patterns.

During the next 25 years the Caribbean and Central American nations are likely to become even more fully absorbed into the US orbit; both because of underlying trends and because of policies such as the DR/CAFTA agreement. They will be using the dollar as their informal and in many cases their official currencies; sending almost all their exports to the United States; relying overwhelmingly on US tourists, investment, imports and technology; absorbing US popular culture and fashions but also influencing popular culture on the mainland; developing baseball players for the North American major leagues, and perhaps eventually fielding major league teams of their own. They will continue to send many migrants northward, and many will accept increasing numbers of retired North Americans as long-term residents. Transnational citizens and networks will grow in importance throughout the region. All of these trends will almost certainly include Cuba in time, perhaps soon.

The Intermestic Agenda

The issues that flow directly from the unique and growing mutual interpenetration between the United States and its closest neighbors—immigration, narcotics, arms trafficking, auto theft, money-laundering, responding to hurricanes and other natural disasters, protecting the environment and public health, law enforcement and border management—pose particularly complex challenges for policy. These «intermestic» issues, combining international and domestic facets, are very difficult to handle. The democratic political process, both in the United States and in its neighboring countries, pushes policies on both sides in directions that are often diametrically opposed to what would be needed to secure the international cooperation required to manage difficult problems that transcend borders. A vivid current example is immigration policy, which has been a sharp focus of attention in the US Congress during 2006. The chauvinistic points scored in the Congressional debates undoubtedly have counter-productive impacts in Mexico and Central America.

This dilemma—that the policy approaches most attractive to domestic publics often tend to interfere with necessary international cooperation—is not easily addressed, and it is not limited to the United States. The impulses to place
responsibility for tough problems on the other side of the border, and to assert «sovereignty» even when that is palpably lacking in practical terms, are reciprocal and interactive. This troubling dynamic is likely to intensify in the years to come, precisely in the most intimate of inter-American relationships, those between the United States and its closest neighbors.

**The Limits of Hemispheric Summitry**

It is ironic, therefore, that the summitry device in inter-American relations has blossomed precisely in an era when region-wide policies actually make less sense every year. Because of the growing differences among the Latin American and Caribbean countries—especially because of the accelerating functional economic and demographic integration of Mexico, Central America and the Caribbean with the United States—summits for all of the countries of the Americas together are bound to be conducted at a virtually meaningless level of exhortation and to be largely confined to secondary and tertiary issues. These periodic conclaves do force the top levels of the US government to focus, however briefly, on inter-American relations; they may have some utility in efficiently building personal relationships and modes of communication at the leadership level that could be relevant in future circumstances; and they provide politically useful photo-opportunities for participants. But they are not likely to produce other immediate and significant results; they should not be confused with serious efforts to face important problems. The Mar de Plata summit late in 2005 was disappointing in part for immediate and circumstantial reasons, but the underlying problems were long term and structural.

**Latin America and the United States in the 21st Century: New Realities**

As compared with thirty years ago, or indeed with most of the past century, the focal points of US-Latin American relations today are much less related to geopolitics and national security, and also much less about ideology, at least in the overt political sense. The bipolar competition that engaged the United States in the 1960s and 70s provided a broad regional basis for policy, but today’s agendas are much more specific and local. Contemporary US concerns in Latin America are much more about practical issues of trade, finance, energy and other resources, and about managing shared problems that cannot be resolved by individual countries alone: fighting terrorism, countering narcotics and arms traffic, protecting public health and the environment, securing energy stability and
managing migration. These questions are usually posed and faced in specific bilateral contexts.

More than ever, US-Latin American relations today are simply the sum of many different bilateral relationships. This is not because recent US administrations have lacked vision or imagination; in fact, the substantive bases for meaningful overall US policies toward Latin America and the Caribbean are lacking.

The pattern of inter-American relations today is thus very different from that of the 1960s, 70s, 80s, or even the early 90s. This is somewhat obscured when US authorities seem to substitute «terrorism» for «communism,» as a distorting prism through which to deal with other issues, such as narcotics or immigration; when a high level American official attempts to intimidate political leaders in a country like Nicaragua; or when members of the US Congress or the US media talk darkly of a «Castro-Chavez-Lula» axis, or a «Castro-Chavez-Morales axis,» of a «leftward swing» in Latin America, or even of a supposed «Chinese threat» to the Americas. But these are superficial similarities; we live in a new and different period.

No longer is the United States mainly concerned with keeping the Latin American left from power and willing to intervene actively, even militarily, to prevent their taking or maintaining office. In the 1960s, it would have been hard to imagine Washington accommodating to Latin American political leaders such as Lula in Brazil, Ricardo Lagos and Michelle Bachelet in Chile, Tabaré Vazquez in Uruguay, or Leonel Fernandez in the Dominican Republic—all of them lineal descendents, after all, of the parties, movements and leaders against which the United States was aligned in the 1960s. And if the United States does not clearly accommodate to Hugo Chavez in Venezuela, what is perhaps even more striking is the apparent limits on US intervention against him. No one today expects the Marines to land in Caracas or the CIA to arrange to assassinate Chavez.

Second, in contrast to the 1960s, the United States can no longer count on Pan-American solidarity under US leadership in dealing with most international issues. The roles of Chile and Mexico in the UN debates before the US invasion of Iraq, the election of Jose Miguel Insulza as OAS Secretary General against the initial opposition of the United States, support in South America for Venezuela’s aim to occupy the regional seat in the UN Security Council and broader differences regarding how to deal with Venezuela and Cuba all illustrate this point, but these instances are by no means unique. On a number of important issues, such as
agricultural subsidies, intellectual property, and trade questions from cotton, cut flowers, honey and orange juice to commuter aircraft, specialty steels, textiles and shoes, the United States deals with major Latin American countries, especially Brazil, sometimes as rivals, sometimes as potential partners, but not as automatic allies or faithful clients.

Third, the United States can no longer approach the countries of the Caribbean Basin with its historic stance of intermittent engagement, ignoring them most of the time but intervening forcefully when it thinks its security interests are threatened. Today the United States necessarily engages with its Caribbean Basin neighbors year in and year out on a variety of issues that flow from the growing interdependence that mass migration has both caused and reinforced. There is an urgent need to invest much more creative thinking in analyzing what this growing functional integration of Mexico, Central America and the Caribbean with the United States will mean, and what changes will be required in attitudes, policies and institutions in order to deal with the resulting intermestic agenda.

And while the United States must concentrate new attention on building adequate concepts, policies and institutions to manage its unique interdependence with Mexico, Central America and the Caribbean, comparable efforts are required in South America to rethink and redesign regional approaches, international connections, and relations with the United States as well as with other major centers of power. The growing pattern of recent South American frictions—between Argentina and Uruguay, Argentina and Chile, Uruguay and Mercosur, Bolivia and Brazil, and Peru and Venezuela; the evident crises in Mercosur, the Andean Community and the South American Community of Nations; the uncertain and sometimes contradictory regional responses to Hugo Chavez and his Bolivarian vision: all suggest that South American nations today need to reconsider how they relate to each other and to the rest of the world, including the United States.

This rethinking must be done at a time when populist and nationalist appeals are growing in several Latin American nations; when some Latin American countries are clearly gaining from globalization while others are being hurt; when China and India are ever more relevant, in different ways, to both sets of countries; and when the United States is somewhat less relevant than it used to be, while still remaining the most powerful single nation in the world.
Proposals and projects for inter-American relations must come primarily from South America, for Washington today is very unlikely to project vision or to exercise hemispheric leadership in a world of multiple distant specters and ever more intertwined neighborly relations. Brazil, Chile and Argentina should try to work together as leaders in such an effort, building upon the real advances in functional integration among these countries that have been occurring at the levels of business, labor markets, professional networks and physical infrastructure, if not of formal institutions. These countries have already experimented with cooperating internationally in Haiti, with some success. The time has come for Argentina, Brazil and Chile to develop broader cooperative strategies, on issues ranging from Cuba’s regional reintegration to Venezuela’s Bolivarian project, from agricultural trade to hemispheric energy cooperation and from UN reform to international financial and commercial and arrangements and regimes for protecting intellectual property.

The United States will be an important interlocutor for the countries of Latin America and the Caribbean as long as it remains the world’s largest economy, its mightiest military power, the single most influential participant in multiple international institutions and the source of abundant «soft power.» The countries of Latin America and the Caribbean will continue to be of concern to the United States as long as they are significant markets, important arenas for investment, prime sources of materials and migrants, testing grounds for democratic governance and market economies, and active participants in the international community. But relations among the countries of the Western Hemisphere can no longer be captured by broad phrases or simple paradigms: Inter-American relations will continue to be shaped by general global challenges and opportunities, by domestic pressures and demands both in the United States and in Latin America, and by regional and subregional developments. Neither strong US-Latin American partnership nor profound US-Latin American hostility is likely to prevail. Relations between the United States and Latin America during the next few years are likely to remain complex, multi-faceted and contradictory.