

REMARKS BY ASSISTANT SECRETARY FOR WESTERN HEMISPHERE
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ASSISTANT SECRETARY SHANNON: Susan, thank you very much, and Bill and Eric, thank you for the opportunity to be here today. And it's a real pleasure to welcome all of you to the State Department for the 39th Washington Conference of the Council of the Americas.

As Bill and Susan noted, I am big supporter of the Council. This is a great organization. It's an organization that has shown, I think over time, a lot of vision, a lot of determination, and a lot of purpose as it has sought for new ways to engage in the Americas, and to remind Americans of just how widely important this hemisphere is for all of us, for the international security of the United States, but more broadly for the wellbeing of our people, and especially how we engage throughout the hemisphere.

So again, it's a huge pleasure for me to open this conference. You have a great agenda in front of you with some really first-rate speakers. I think it's going to be a very positive one. Bill mentioned that the Secretary of State will be here. She is up in New York this morning, but she's flying down later this afternoon and she'll be closing today's events and speaking after Jose Miguel Insulza. This is not on your schedule right now, but this, I think is a recognition by the Secretary and the Department of how important the Council is, so please sit tight. Sometime around 4:30, Secretary Clinton will be here.

What I'd like to do this morning, very briefly, is just talk a little bit about what has happened in U.S. policy towards the region since the inauguration of President Obama, and especially to focus on the Summit of the Americas and what we think this means for the United States and for the hemisphere, and more broadly, for the world. Obviously, the Summit is something that all of you watched with great interest, and I agree that this was a very successful Summit.

When we began preparing for the Summit, from our point of view, we really thought that the future of summitry was in the balance. The summits, as they had evolved, especially as it played out in Mar del Plata, really raised some serious questions about whether or not the hemisphere was capable, given the differences that had emerged, given the developments that had taken place both in terms of regional integration and globalization, whether we were capable of constructing a broad, hemispheric agenda in identifying

areas of common purpose. And I would like to assert that the Summit that took place in Trinidad and Tobago clearly shows that we are capable of doing this.

And I'd like to express a special thanks and appreciation to the host, Trinidad and Tobago, but especially to the countries of the Caribbean community, CARICOM, that played such an important role in supporting Trinidad. I think one of the important outcomes of this Summit was the emergence of the Caribbean as an important player in the broad Summit process. Previously, the Summit really had been dominated by North America and South America by the previous hosts. But the willingness of the Caribbean to take on this challenge and the ability to make it a successful event was an important accomplishment for the Caribbean and for Trinidad, but I think more broadly, an important accomplishment for this hemisphere.

And it's important to remember that this accomplishment is not just a logistical accomplishment, it's not just a question of ensuring that 34 presidents can all land their airplanes in one airport and get to their hotels, and then get to meeting places more or less on time and then manage not only their plenary sessions, but their bilateral sessions. And of course, it's not just presidents; it's their security details and their – all the logistical trail they bring with them.

But the Trinidadians also did a great job in managing the pre-Summit negotiations of communication, or Summit declaration. This is a tough process. It's always a frustrating process, because ultimately, each country has to have a piece of that declaration. There has to be buy-in across the board in some fashion. And these documents become large, they become unwieldy, and they're oftentimes kind of easy to lampoon or criticize. But at the end of the day, I think the declaration we came away with really reflected, in a broad sense, the kinds of issues that this hemisphere deems important and the challenges that each of the countries face, either individually or in their regional groupings.

And the ability of the Summit participants to get to Trinidad and Tobago with a closed document was very important, because that did not happen in Mar del Plata. And one of the reasons that Mar del Plata became a contentious summit is that heads of state were negotiating text, and that's always a bad thing. You want heads of state to negotiate broad political issues, and you want them to build relationships and levels of alliance and support that allow the hemisphere to accomplish those goals.

And so even though there was disagreement about some aspects of the communiqué, and some of the leaders expressed some disagreement with some of the language, at the end of the day, it was a consensus document. It was signed in the names of all the participants, by the prime minister of Trinidad and Tobago and we considered it to be an accurate reflection of the sentiments that took place at the Summit. And so again, I want to congratulate Trinidad and Tobago and especially their Caribbean neighbors for this important accomplishment.

It's important to remember, as Bill noted, we're in a historic moment of great important challenge. And the Summit took place within this larger economic crisis, but it's good to

recall that the economic crisis is not the first crisis that this hemisphere has faced over the past several years. Especially, the countries of Central America and the Caribbean were struggling with both a food crisis and an energy crisis ahead of this economic crisis.

And this kind of cascade of crises had a profound psychological impact on countries as it began to engage around the Summit of the Americas, and I think highlighted some of the broader challenges that we were facing. The fact that the Summit took place immediately after the G-20 leaders meeting in London also gave it a special historical resonance, because obviously, the Summit was going to be the first regional meeting that was to take place after the G-20 leaders meeting, and the first meeting of democratic leaders to take place after the G-20 leaders meeting. And so in many ways, what the world was looking towards in Port of Spain was to determine whether or not the broad agreement and outlines of a coordinated approach to the economic crisis agreed to in London could actually be made real in some fashion in Port of Spain. And my assessment is that it was.

Also, this Summit took place, as I mentioned earlier, during an increasing period of sub-regional integration, not only in the Caribbean and Central America, but also in South America with the creation of UNASUR and then a variety of other organizations linked to UNASUR designed to enhance integration in South America. And then finally, this Summit also took place amid growing calls for an inter-American system to find some way to include Cuba or reincorporate Cuba into the inter-American system. And this was a very special challenge that was presented to leaders in Trinidad and Tobago.

But I think that the challenging environment that we faced was handled very successfully, and I think there's a couple reasons for that. I think the first one is, quite simply, the presence of our President, of President Obama. What President Obama symbolizes about the promise of American democracy and what he offered as a promise of engagement in the hemisphere was well-received in Trinidad, and obviously played a very, very important, I would say, a key and crucial role in shaping the positive outcome.

A second factor that's really important is the commitment of Canada, Mexico, Brazil, and Argentina to ensure that the results of the G-20 process in London really took hold in Port of Spain and resonated in a positive way. And then also, a broad commitment from other key leaders in the hemisphere to ensure that there was a focus on the future, and I think that was accomplished. And then finally, I think there was a broad recognition by all the participants in Trinidad and Tobago that ultimately, they had very little to gain from confrontation and a lot to gain from reconciliation in one fashion or another.

In terms of what the Summit means for the hemisphere, I think there's a couple of quick points to make. The first is that, as I mentioned earlier, I think the Summit process is alive and well. It has changed, it has matured, it has evolved, it has developed, but I think it's alive and well, and I think it is an important vehicle for dialogue and for common action. As I noted, the Caribbean has emerged as a leader in this process, which I also think is very good. In fact, anybody who had an opportunity to watch the opening ceremonies would have been struck by the substance and the tone of the speeches given by Prime Minister Dean Barrow of Belize and Prime Minister Patrick Manning. They

were very forward-looking, they were very clear-eyed, they were very unafraid, and I think they helped set a tone that President Obama reinforced in terms of what the work agenda was going to be like around the plenary sessions.

I also think, in terms of what the Summit means for the hemisphere, that it's now well established that the success of sub-regional groupings actually enrich and enhance the Summit process and reflect a diversity that exists within our larger hemispheric community. I think this is an important point to make, because for many people there were concerns that the increasing pace of integration in and throughout the hemisphere could actually detract from the Summit process, but I think it's quite the opposite. I think it actually improves the Summit process.

And also I think the hemisphere showed an ability, for the most part, to put away their specific and individual differences to focus on the broad themes of the Summit, which were human prosperity, energy security and environmental sustainability, and to engage in substantive dialogue which, again, is a significant accomplishment in the environment.

And then finally, I think the hemisphere was able to recommit itself to a social agenda and expressed its intent, especially through its calls for increased capital to the Inter-American Development Bank to ensure that the poorest and most vulnerable countries in the hemisphere are protected during this time of crisis.

In terms of what the Summit means for the United States, I'd make couple of observations. First, without a doubt, we're part of a larger hemispheric agenda. And coming out of the Summit, the major initiatives we've either announced or associated ourselves with highlight this. The first of those being the Microfinance Growth Fund, which, as you know, is a partnership between the Inter-American Development Bank, the Overseas Private Investment Corporation and the Inter-American Investment Corporation to create a \$250 million fund to finance micro and small enterprise. And again, this is an effort to ensure that in this time of crisis, there is credit available to those who are operating at the small end of the business scale.

Also, our commitment to the Inter-American Social Protection Network and especially our willingness to host a conference this year on social protection is an indication that there's a lot going on in this hemisphere when it comes to fighting poverty and inequality – whether it's in Brazil, in Mexico, Germany, Peru, Colombia – and that we all have a lot to learn from each other's successes. And so we need to find some way to pull everyone together, exchange best practices and determine how we can use our common experiences to address the still very profound social challenges that we face in the hemisphere.

The President also announced a series of new scholarships, 1,500 scholarships for English language training, and over a thousand scholarships for study in the United States. This links to additional scholarship programs we already have, but again highlights what we think the very important role that education has, not only in our broader diplomacy, but also in terms of social and economic development in the region.

In terms of energy and climate change, the President announced the Energy and Climate Change Partnership of the Americas, which is an innovative approach to hemispheric cooperation that will really allow countries to pick from menu of options in terms of how they want to engage with us and others on energy issues, whether it be in clean fuel technologies or in renewable energy technologies or regulatory issues. And it opens up a space for cooperation that all countries can take advantage of, and I think this is an important and major step forward in how we conduct our hemispheric diplomacy.

And then finally, there was a broad discussion on global climate change that I think will help set a good hemispheric tone as we head towards Copenhagen and look to establish some larger climate change agreement. And then in regards to citizen safety, the commitment by the President to ratify the Inter-American convention on illicit trafficking in weapons is a big step forward for us.

This is a convention that we signed in the 1990s and has been sitting in our Senate since about 1998, but has not received a significant push from several U.S. administrations for ratification. But President Obama committed this Administration to the ratification process and it's a strong signal of our commitment to fight illicit trafficking of weapons in the hemisphere. And also our commitment to begin a Caribbean security cooperation dialogue and link that to what we're doing with Mexico and in Central America is also a clear indication of our willingness to engage on issues of citizen safety and security in the Americas.

A couple other very quick points on what this means for the United States. The Summit highlights, I think, a new approach to multilateralism in the hemisphere by the United States. First, as I mentioned earlier, a recognition and an engagement with sub-regional groupings, and especially those groupings as defined by the hemisphere itself. This was the first time a U.S. president had met with UNASUR as a group, as identified as UNASUR. And that was an important symbolic step in recognition of UNASUR. But the President, of course, also met with CARICOM and with the Central American Integration System. These are all regional groupings identified and created by the regions themselves. And so the willingness of the President to recognize that and to meet with them, I think, highlighted the importance of these regional groupings.

I also think that the Summit created an opportunity to address some outstanding bilateral issues. Some of them are well-known by now: in terms of Venezuela, a commitment by both countries to return ambassadors to capitals; in regards to Bolivia, an agreement to a five-point agenda that will allow bilateral working groups to meet in the near future in La Paz to see whether or not we can restructure our relationship in a way that benefits both countries. And in regard to Ecuador, a very good meeting between President Correa and Secretary Clinton that really, I think, created a new tone and a new possibility for dialogue between our two countries, which I think would be very important.

And also, the President rolled out a new approach on Cuba that's focused on increasing links to the Cuban people and enhancing their ability to have a meaningful voice in their

country's destiny, while at the same time trying to build some degree of dialogue with the Cuban Government in a way that's beneficial to both countries.

In terms of what the Summit means for the world, I would just make three broad points. And the first is that this is – I think the hemisphere showed clearly to the rest of the world – that this is a region that can coordinate its responses to economic crisis, and it can do it in a way that protects the broad social and economic agenda in the hemisphere.

Secondly, that democracies, especially democracies in different stages of development, can address the causes and consequences of the crisis in a pretty clear-eyed way, and have a discussion about it that's not rancorous. And I think this was a very important step forward and, I hope, a clear indication to other countries in other regions around the world about how best to address the economic crisis.

And finally, I think this hemisphere showed the world that the Americas have not sacrificed their integration agenda or their commitment to building a meaningful role for this hemisphere in the globalized world. In fact, quite the contrary; they are trying to use this crisis to better position the hemisphere to take advantage of globalization and play a more meaningful role, especially in refashioning the international architecture, both financial and political.

Of course, this very positive account of the Summit is not meant to hide or deny the real challenge that we have in front of us, and the differences that exist in the hemisphere. But I think we have set an important tone, and I think we have in front of us an important substantive agenda that allows us to work in a very meaningful way with our partners in the region.

And just as it's a moment of great challenge, it's also a moment of great opportunity. In 1933, in Montevideo, the Pan-American Conference met immediately after a conference in London that was meant to address the causes of the Great Depression. And Cordell Hull went to Montevideo. He was – aside from Elihu Root, I think he was the only Secretary of State who had actually attended a Pan-American conference in South America. And when Root went – when Hull – excuse me, when Cordell Hull went to Montevideo, he went to announce the Good Neighbor Policy and to make it real.

And underscoring the Good Neighbor Policy was an appreciation by Hull that the well-being of the hemisphere could only be enhanced through what he called the growing advancement of social well-being. And it's striking at a moment of great economic crisis in the 1930s that our Secretary of State understood our diplomacy in social terms, because that's how we understand our diplomacy today. It's a social diplomacy. It's about fighting poverty, it's about fighting inequality, it's about fighting social exclusion, and showing that democracies can deliver the goods, and that free markets can deliver the goods, and that economic integration and globalization are not the enemies of our peoples.

So I think it's important at this point in time to reflect a bit on that Good Neighbor Policy and reflect a bit on what people like Cordell Hull were able to accomplish. And if you remember, a central dictum of his in diplomacy, which was that in diplomacy, there are no real victories or real triumphs; there are only agreements, accords and accommodations, and that ultimately, the success of diplomacy depends on the confidence that you build even in your worst enemies as you seek to engage them.

So I would like to close with that. But again, I would like to thank Bill and Susan for their very fine words, their kind words. As you know, the White House last night sent up to our Senate the nomination of Arturo Valenzuela to be the next Assistant Secretary for Western Hemisphere Affairs. This is a very good choice by the President, a very good choice by the Secretary. Arturo is a fine man. I worked for him at the National Security Council when he was senior director. I called him this morning to congratulate him. And I look forward to working with him.

It's been a real honor to be associated with all of you for so many years. This is a great organization. It's an important organization. It's an organization with a vision and a future that's going to be vital to the interests of the United States. And I would just like to underscore my friendship and thanks to all of you, but also to say that from my point of view, there's no greater honor than serving the American people. I've been able to do it for 25 years.

I'm very grateful to President Bush and to President Obama for the opportunity to do this, especially to President Obama and to Secretary Clinton to allow me to continue in this post and help work through a very important transition, not just an important transition for the United States, but an important transition for this hemisphere. We have in front of us, I think, a great future. I think you all have a very good team in the Bureau of Western Hemisphere to work with. And I look forward to continuing to serve the U.S. people as the President and the Secretary deem fit. Thank you very much. (Applause.)

MS. SEGAL: Tom has agreed graciously, after his wonderful analysis of inter-American relations, the Summit, to take a few questions. So if you could go to one of the mikes, or if you're seated at the mike, please identify yourself. Rick, I see you.

QUESTION: Could you comment on three or four most critical issues that this Administration deems most important for Latin America, and indicate in your judgment which are new or weighted more heavily in this Administration?

ASSISTANT SECRETARY SHANNON: Great question. I think I'd start with what Mexico and Central America are facing right now in terms of their fight against drug trafficking cartels and organized crime. The Bush Administration left to the Administration of President Obama a concept for and an agreement with Mexico in the Merida Initiative – and Central America – for addressing these concerns, and an initial amount of money for funding in the supplemental budget request, and also the 2009 budget. But it will be up to the Administration of President Obama to implement the Merida Initiative and to make it successful. And I think we're off to a really good start.

And I think Secretary Clinton's trip to Mexico, I think the President's trip to Mexico highlighted our commitment to Mexico and to Central America in terms of this fight, but also acknowledged in a very important way the shared responsibility we have for this problem, and a recognition that the kinds of challenges presented by organized crime and trafficking cartels are transnational challenges, and that they cannot only be addressed in the source countries; in other words, in the countries that are actually producing the drugs themselves or in the transit countries, but also have to be addressed in a very significant way, both here in the country that has the market for the drugs, but also is selling illicitly or trafficking illicitly the weapons across the border, or laundering illicitly the bulk currency that's moving across our border into Mexico and actually creating the liquidity that the trafficking cartels need.

And the way in which our Secretary has engaged, in which Secretary Napolitano has engaged and Attorney General Holder have engaged, I think are historic and important and I think send a very clear message to our friends in Mexico and Central America that we're committed to this.

And then I would add to that what we hope to be able to do with the Caribbeans. I was in Jamaica last week for a meeting with our Caribbean foreign ministers. We will be having our first technical discussions with Caribbean public security officials and national security officials in Suriname next week to begin to lay out a structure for a larger dialogue that will lead to a Caribbean security cooperation dialogue. The President in Port-au-Spain announced initial funding of \$30 million in new money and \$15 million in existing money for a total of \$45 million to begin funding projects as we develop our larger security cooperation agenda. So that's one basket of issues.

The second basket of issues is obviously the economic crisis and how we can address this. And our big concern, obviously, at this point in time, is that as we work to fix our own economy and try hard to keep our markets open and work with others to keep the markets in the hemisphere open, that we rebuild an understanding of what trade is and how it can drive economic growth, but also how important it is to social and economic development.

And I think you're going to see a couple things as we look forward. First, a real commitment, as I mentioned earlier, to protect the poorest and most vulnerable economies in the region, and those are the Central American and the Caribbean economies. Those are economies that don't have large cash reserves, that they use trade as a driver of economic growth, and that can't get other people to buy their bonds. And that means that they need to have access to cash through the Inter-American Development Bank. It means that they have to have access to cash through their sub-regional development banks, whether it be the Central American or the Caribbean development banks, and that we're committed to working with them on that, and that's important.

But the other aspect of it is highlighted, I think, through the Pathways to Prosperity Initiative in the effort to highlight the social consequences of trade and make sure that our societies and our governments are well prepared to address them. And that means focusing on labor rights, it means focusing on the environment, it means focusing on how education and healthcare are linked to improved trade. And it requires a more comprehensive and integrated dialogue among governments, and also between governments and civil society on how you use trade for social and economic development issues.

MS. SEGAL: Additional question? Marty?

QUESTION: Tom, how do you see the development of U.S. relations with Venezuela, Ecuador, and Bolivia in view of the latest Venezuelan takeovers of oil contracts; Ecuador buying defaults and Bolivia sitting somewhere in the middle, following both?

ASSISTANT SECRETARY SHANNON: Well, it's – they're three different countries, and our relationship with the three are distinct. And so how they evolve over time, I think will also be different. And the kinds of historic engagements we've had with the three countries are distinct and the kinds of problems we face are distinct.

What struck me at the Summit, as I mentioned, was that we were able, I think, to make important process steps in each of these three relationships. Returning ambassadors to capitals both in Caracas and here in Washington, D.C., is, I think, a very important first step and a vital first step. At the end of the day, the inter-American system is based on dialogue. It's based on mutual respect. It's based on peaceful resolution of dispute. And from our point of view, you can only make those principles work if you have full diplomatic representation.

In fact, we would argue that it's a big mistake for countries to use specific differences to downgrade diplomatic representation. In fact, you have to enhance diplomatic representation when you find yourself in a moment of dispute or difficulty, because in the inter-American system, it's your only hope for resolution. Once you start breaking down your diplomatic engagement, your possibility of resolving issues also decreases dramatically. So we think that's an important first step.

Again, we don't want to lessen the challenges that are faced. The differences that exist between the United States and Venezuela on how we view the world and how we believe governments need to be structured and how they behave is quite clear. It's been expressed in a variety of different ways.

But at the same time, we need to find a space in which we can actually have a conversation, and we need to find ways to enhance our levels of confidence. And this is something that has really been lacking recently. And it's our hope that we're going to be able to take some steps that will enhance that.

Again, in regard to Bolivia, there's a lot of history we have to work out from under on both sides. And we hope in the very near future to be able to send a team down to La Paz to begin a discussion with the Bolivians about a way forward. The status quo just won't work for either of us. And so we're going to see the degree to which there is the political will and capability to actually step beyond the status quo and to be creative about how we think about our relationship and what our fundamental interests are.

In regard to Ecuador, the conversation between Secretary Clinton and President Correa was a very positive one. And I think there's a clear indication that at the end of the day, we have much more in common than we do in terms of differences. And Secretary Clinton did speak with President Correa after his recent electoral victory. And we're going to do what we can to deepen that dialogue and address some of the concerns that led to the expulsion of two of our officers.

But again, at the end of the day, especially in the Andes, these are countries that have changed in significant and historic ways. They have new kinds of leadership. They have new political constituencies. New sectors of their society have significant voices, and we have to take that into account as we engage with them, and make sure that our engagement respects these internal changes that have taken place.

MS. SEGAL: With that, I want to thank Tom for an outstanding presentation, and more importantly – and most importantly, I want to thank Tom for his friendship to the Council of the Americas, to the Americas society, to the hemisphere, and to all of us here. Thank you very much, Tom, for everything. (Applause.)

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