

The Case for a Positive U.S. Agenda with Latin America

By P. Michael McKinley

Introduction

With the change of administration in Washington, the agenda that the United States is likely to prioritize in its relationship with Latin America has familiar elements: migration, rule of law, governance, counter-narcotics, and the crisis in Venezuela. Newer to the mix are concerns with populism, the [inroads made by China](#), and the social and economic [impact of the Covid-19 pandemic](#).

These are serious issues, but they reflect a largely reactive response to developments in the region. The opportunity also exists for a positive paradigm shift in hemispheric relations post-pandemic that places U.S.-Latin American ties on a more strategic footing to respond to twenty-first-century challenges.

The Biden administration is well-positioned to seize the moment and present a new vision for engagement at the tri-annual Summit of the Americas, which will be hosted by the United States in the coming year. That vision, which can still address the questions of most immediate concern to the United States, would ideally also include a forward-looking agenda developed with regional leaders focused on restoring economic growth, responding to climate change and other global concerns, and creating opportunities for the people of Latin America. In taking this step, it will be important to dispel the undue pessimism that permeates U.S. perspectives on the region.

Latin America Has Changed for the Better

We can start by recognizing that the image so many have of a region facing intractable problems has another side to it. [Some](#) of Latin America's democratic leaders view the current Covid-19-generated crisis as an opportunity to [transform](#) their countries, and they are driven by the knowledge that their populations [expect](#) nothing less. The political, economic, and social foundations for doing so exist.

Latin America's political transformation since the 1990s has been profound. It is now the region of the world with the [highest proportion](#) of democratically elected governments outside Europe and North America. Peaceful transfer of power between often radically different political points of view usually takes place

without serious incident. The emergence of populist governments in the region has not, so far, fundamentally [altered this reality](#).

Additionally, institutions and rule of law are stronger than they were 20 years ago, and independent judiciaries in countries [from Mexico to Brazil](#) and Argentina have investigated, indicted, or convicted presidents and senior political figures for human rights abuses and corruption. There is legitimate concern about [slippage in governance](#) in recent years, particularly in Central American nations, and the [collapse of the Venezuelan state](#) is undeniable but the democratic evolution of the region over time has been impressive.

In the economic sphere, the image of an insular Latin America dependent primarily on the United States and commodity exports has given way to an increasingly dynamic continent integrating on a global scale. There are dozens of trade and investment agreements in place with Europe, Canada, and East Asian countries. As the United States withdrew from the Trans-Pacific Partnership (TPP) in 2017, Chile, Peru, and Mexico signed on to the successor Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP agreement](#)). The [EU and Mercosur](#) negotiations on a trade deal are still problematic but closer to a successful conclusion. [Foreign direct investment](#) into Latin America from European Union countries has outstripped U.S. investment for a decade.

China, of course, is reaching its own agreements with Latin American countries through the [Belt and Road Initiative \(BRI\)](#) and the [Comprehensive Regional Economic Partnership \(RCEP\)](#), and it is investing in the telecommunications and infrastructure sectors. Most regional countries, however, appear to be dealing with China with “eyes-wide-open,” with a transactional perspective on the value of Chinese investments in their countries and largely avoiding new strategic relationships, which could affect their ties with the United States.

Latin America’s economy is also about more than an aging industrial base and commodity exports. The early months of the Covid-19 pandemic demonstrated the extent to which major corporations and economic sectors inside the United States depend on a sophisticated [supply chain with Mexico](#) that supports electronics, defense firms, pharmaceutical companies, and the automobile and aircraft industries. Latin American [multinational firms](#) like [America Movil](#), Argentina’s Mercado Libre, Brazil’s Nubank, and Colombia’s Rappi are increasingly competitive in the global digital economy. In 2019, [Brazil was third](#) worldwide in the number of its companies that reached unicorn status (valued at \$1 billion or more), after the United States and China. Latin America’s [banking sector](#) is solid and the fastest growing in the world. The region’s mining, energy, and agricultural companies like Chile’s copper giant [Codelco](#), Colombia’s [Ecopetrol](#), and Brazil’s meat and poultry producer [JBS](#) continue to modernize their operations and compete globally.

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Social indices are also dramatically improved from where they stood 20 years ago, although there is still a long ways to go. [Tens of millions](#) of people have been lifted out of poverty, tens of millions more are

middle-class, and social service systems are more efficient than in the past. Chile's impressive ability to roll out its **Covid-19 vaccine program**, and Brazil's success in **providing economic assistance** to most of the country's population during the pandemic are cases in point. Latin America is the developing world's region with the **highest percentage of students** in tertiary education. The **social protests of 2019**, while the product of the long-standing income, gender, and employment inequalities that the region must still address, also reflected in part the rising expectations. Societies, in many ways, have outgrown the political leadership of their countries.

This progress does not necessarily have to be wiped away by the Covid-19 crisis, despite the suggestions that the pandemic has set the region **back 10 years**. Governments largely **responded promptly with effective macroeconomic policies** to the economic downturn in 2020. They are pursuing short-term strategies that will attempt to sustain income support for households and social spending while gradually reducing deficits in 2021. These policies are in line with those of the United States and Europe, and with **recommended strategies** by the International Monetary Fund.

Moreover, some of the projections by the World Bank and the International Monetary Fund (IMF) for the region in the depth of the pandemic were wrong. Brazil was **projected** to decline 9 percent; it ended 2020 at **minus 4.1 percent**, below the **4.3 percent** contraction worldwide, and its **extreme poverty indices fell**. Mexico, which was **projected** in January by the World Bank to grow just 3.7 percent in 2021 is now looking at **5.3 percent**. Ecuador, projected by the IMF to shrink 9-11 percent, in 2020 has a revised figure of **7.8 percent**. **Peru's economy** may grow close to 10 percent in 2021, erasing most of last year's sharp contraction. Thanks to expansionary policies to cushion the blow of the pandemic, there is at least the possibility that most Latin American countries can resume a growth trajectory that reduces high unemployment levels more quickly than anticipated. The region is now on course to rebound more strongly than the Middle East, emerging Eastern European markets, and sub-Saharan Africa, **according to the IMF**.

As Brian Winter, editor of the *Americas Quarterly*, has **pointed out**, the talk of a "lost decade" was also prevalent at the turn of the century, just before the dramatic takeoff in the 2000s that transformed so many regional economies and societies. It is therefore not a given that tens of millions of Latin Americans will again return to long-term poverty post-pandemic. Much will depend on what policies regional governments pursue going forward.

The Biden Administration's Post-Covid-19 Opportunity

As the Biden administration begins its engagement with the region, it's important to take this wider perspective into account. Notwithstanding the social and economic fault lines exposed by the Covid-19 pandemic, the deepening governance issues of the Northern Triangle countries, the continuing crisis in Venezuela, and the rise of populism, Latin America is better equipped to respond to these challenges than in past crises.

Moreover, regional governments are moving forward: they speak about learning from the mistakes of 2020, modernizing social services, improving educational and employment opportunities for the next generation, and restoring growth in the post-pandemic world. They are not, for the most part, looking to the United States to lead them out of the Covid-19 pandemic but would welcome a partner in meeting the twenty-first challenges they face. A new **Atlantic Council strategy paper** on the post-Covid recovery of Latin America and the Caribbean presents a detailed menu of policies that could provide the basis for that partnership.

Regional priorities and the stated objectives of the new U.S. administration do overlap. Secretary of State Antony Blinken's [March 3 speech](#) on "A Foreign Policy for the American People" included a vision for engagement with the Western Hemisphere "based on principles of mutual respect and equality and a commitment to economic prosperity, security, human rights, and dignity." His words echo President Biden's [long-standing commitment](#) to "a shared vision of a hemisphere that is secure, middle class, and democratic." The question is how to achieve it.

A Way Forward at the Summit of the Americas

It is inevitable that the United States will continue to focus on regional issues that have a strong domestic political component. The door is open, however, to a broader policy focus which can begin with the preparation for the Summit of the Americas. The Biden administration could emphasize responding to the changing global economic landscape, meeting the environmental challenges of the twenty-first century, improving social inclusion and people-to-people connectivity, and developing a new dialogue on governance that embraces the diversity of the region. Doing so would still allow for our bilateral concerns to be addressed, but, critically, Latin America's priorities would feature as well.

With this perspective in mind, the following are suggested themes for the Summit of the Americas:

Economic Growth

Economic growth is the single most pressing issue for Latin American countries because it has the highest likelihood of providing resources to improve social conditions and inclusion for their populations. The regional slowdown began with the end of the commodity boom in 2013 but was compounded by the impact of the Covid-19 pandemic. The region has managed the macroeconomic challenges of the downturn, but the pandemic has underscored the persistence of long-term structural weaknesses that must be addressed to prevent increasing or politically destabilizing social tensions and inequalities.

The Summit of the Americas could be used as the platform to launch a twenty-first-century vision of hemispheric prosperity. The latter could be symbolized with a political commitment by the United States to work with other shareholders to increase the capitalization of the Inter-American Development Bank (IDB) from \$12 billion a year to \$20 billion or more a year as the [IDB has requested](#).

The IDB has two virtues: Its objective is to help integrate the large informal sector that provides uncertain employment to [more than 50 percent](#) of the workforce in Latin America. Second, the IDB can act as a catalyst to help mobilize the tens of billions in annual investments to modernize infrastructure, upgrade to 5G and new digital technologies, and trigger a "green" transformation of Latin America's economies.

It helps that the United States is focused on large-scale transformation of its own economy, and that it is looking for synergies in the hemisphere that can propel growth. The Biden administration could also direct the U.S. International Development Finance Corporation (DFC) to be less political in its approach to the region (as it was with the [recent loan to Ecuador](#) to repay Chinese debt) and focus instead on increasing its strategic commitments to investments in the modern Latin American economy in concert with the IDB.

Regional Economic Integration

There is another reason to focus on economic growth. The pandemic exposed the [vulnerabilities](#) for the United States of world [supply chains](#) in Asia that are distant and conversely highlighted the [value](#) of the geographical proximity of Canada and Mexico. [Near-shoring](#) production in Latin America and re-shoring

factories to the United States are now the buzzwords of the day. As objectives, they may be more difficult to achieve than aspire to, but they nonetheless provide a framework for a strategic collaboration that leads to closer Western Hemispheric integration, benefits Latin American economies, and helps address a key national economic security concern of the United States.

There is also the issue of how to respond to China's increasing investment and trade with the region. While Latin America's reliance on China is less than sometimes suggested ([sovereign lending is in decline](#), for example), the fact is the debate in the region on the dangers of over-dependence on China could be sharpened. The region, however, like other parts of the world, is not looking to choose between China and the United States but may be open to dialogue. President Biden's challenge to European allies at the virtual [Munich Security Conference](#) this past February to agree on a common approach to China could also be made at the Summit of the Americas.

Finally, the concept of reviving hemispheric trade talks as [proposed](#) by Eric Farnsworth, vice president of the Council of the Americas, and now also by the [Atlantic Council report](#) should also be on the table. While a formal free-trade area for the Americas may be beyond reach, the multiplicity of bilateral and regional trade agreements with the outside world makes clear that there is widespread awareness in Latin America of the virtues of more open economic ties in the hemisphere.

The Hemispheric Green and Digital Revolutions

Addressing climate change and energy efficiencies are key objectives of the Biden administration. They are also objectives of many Latin American countries. Even the most cautious regional governments largely stuck to their commitment to the Paris Climate Agreement. Regionally, the [Escazú initiative](#), which has the support of more than a dozen governments in the Caribbean and South America, seeks to establish a regional set of principles for protecting the environment. President Duque of Colombia wants to accelerate his country's shift to [renewable energies](#). Countries such as Colombia, Peru, Ecuador, Bolivia, and Brazil have a strong stake in reversing the [ravages of the Amazon](#). The countries of the Caribbean and Central America have [suffered the effects](#) of extreme climate more than most. [Brazil and Colombia](#) already generate much of their energy from hydroelectricity, with Brazil, the [second-largest producer](#) in the world.

The summit of the Americas is, therefore, ripe for a major regional commitment to addressing climate change concerns and energy efficiencies. The United States could propose like-minded governments in the region to share experiences and work together on next-generation green technologies. The initiatives can include debt relief and climate change mitigation investments for the smaller and more exposed economies in the Caribbean and Central America [as proposed by the IDB](#).

There is also scope for addressing the digitalization of world economies and of government services. Rather than make the discussion about China's [cybersecurity threat](#) to 5G systems—though many Latin American governments [intend to allow Huawei](#) to be part of the bidding process—it should be about opportunities going forward. A first step would be to have as many hemispheric countries as possible commit to joining the discussion on global technology governance.

People-to-People Agendas for the Twenty-First Century

There are three areas where the summit could highlight issues that impact the daily lives and wellbeing of tens of millions of people in Latin America and the United States: migration, health, and education.

The Biden administration has already begun a [radical overhaul on migration](#), emphasizing the importance of a humane policy for migrants, asylum seekers, and refugees. As apprehensions along the United States-Mexico border again hit historic highs, Secretary Alejandro Mayorkas of the Department of Homeland Security has [indicated](#) he is prepared to work with regional countries as well as inside the United States.

The Biden administration has also [announced its intention](#) to launch a \$4 billion assistance program to help especially the countries of El Salvador, Honduras, and Guatemala address the root causes of migration. It is not only the United States, however, that faces the challenge of [migration flows](#). Nicaraguans cross into Costa Rica looking for better opportunities; migration to Brazil, Argentina, and Chile from neighboring countries is significant, and Venezuelans are present throughout South America.

A hemispheric discussion on lessons learned and a path forward on migration, borders, and transnational cooperation on humanitarian response may be a challenge but is overdue—especially one not solely premised on U.S.-centric concerns about the border with Mexico. The summit provides the forum for such discussions.

A second area of focus could be health. The Covid-19 pandemic has underscored, as rarely before, the inequities in hemispheric capacities to respond to health crises. The recent [appeal](#) by President López Obrador of Mexico to the United States to share vaccines is part of a broader global debate on whether richer countries have a responsibility to do more to assist internationally.

Latin American governments are caught somewhat in the middle of the global experience, with some countries contracting to [produce their own vaccines](#) (Brazil) or having in place service [delivery systems](#) that are working (Chile). The larger issue revealed by the outsize impact of the pandemic in Latin America is the structural weaknesses of health systems that had seemed to be improving in recent years. As the region moves into a post-pandemic response, it is vital that better systems are in place for the next health crisis.

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The Biden administration previously stated it wants a better level of international cooperation going forward. The summit is the place to spell out a multi-year commitment for the region, building on the already significant historical cooperation with Brazilian research institutions on the Zika virus and HIV/AIDS, with Peru on tropical diseases, and with the Pan American Health Organization on dengue and malaria. The United States could encourage joint ventures to increase production and the availability of vaccines in the region as proposed by Michael Shifter, president of the Inter-American Dialogue, and the [Atlantic Council study](#). Doing so would also provide a counterpoint to the vaccine diplomacy by China and Russia.

[Education](#) in the region has been ravaged by Covid-19, with millions of disadvantaged children denied physical and virtual classrooms. While much of the rebuilding will have to be done by Latin American governments themselves, the summit provides an opportunity for the United States to reaffirm its commit-

ment to regional education cooperation. In particular, the opportunities to expand cooperation in tertiary education are significant. While the enrollment of new international students from around the world in U.S. universities has been in **decline in recent years**, the absolute numbers of Latin American students is smaller than it should be given the potential. Only Brazil and Mexico break into the **top 10** nations with students studying in the United States with about 16,000 and 15,000 respectively, compared to 200,000 from India and 52,000 from South Korea.

With educational opportunities now a front-burner issue for many Latin American countries, it should be possible to use the summit to expand exchange programs and to reinvigorate the Obama presidency's **100,000 Strong in the Americas** initiative on higher education partnerships and exchanges, and reach the enrollment goals first set in 2011.

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Democracy and Venezuela

Strengthening hemispheric democracy and institutions is a staple of summit declarations and a central U.S. objective. Now that the United States faces its own internal challenges on democracy, as Secretary Blinken **noted in his March 3 speech**, the question has become “how we will support democracy.” The Northern Triangle countries of Guatemala, El Salvador, and Honduras are facing major **governance challenges** with no easy solutions at hand. The **Wilson Center study** on the impact of U.S. assistance to those countries makes that clear. Moreover, the complex mosaic of democratically elected regional populist governments on the left and right is less susceptible to outside pressures, and political space is being narrowed in some countries.

Given the scale of political fragmentation and differentiation in the region at this moment, there are three areas where the United States could focus discussion at the summit. **Civil society actors** have become key drivers of reform and the voice of rule of law in countries where governmental institutions are being weakened and corruption is a serious problem. They urgently need more international support and resources to be effective, as the Biden plan for Central America recognizes. Second, the **regional multilateral mechanisms**, which historically have supported democracy, also need to be revitalized. These include the Inter-American Democratic Charter, the Organization of American States, and the Inter-American Court of Human Rights. The Biden administration's proposal for an early **global democracy summit** should include as many Latin American countries as possible. Third, a longer-term review of counter-narcotics strategies in concert with our regional partners, as suggested by the **Western Hemisphere Drug Policy Commission**, could help strengthen rule of law throughout the region.

The collapse of Venezuela also looms large for an eventual summit. This is not the place to debate the policy approach to be adopted, and the region is less unified than before on how to respond to what looks like a protracted crisis. The summit nonetheless offers a high-profile stage to the like-minded nations of the region to reinforce their commitment to a democratic transition in Venezuela.

There is one other practical step the United States could take: increase humanitarian assistance to the Venezuelan migrant population in the region. The U.S. government's **response** was just over \$500 million in

FY 2020 for more than five million persons who have left the country. In comparison, the U.S. government **committed** over \$1.5 billion to displaced populations in the Syrian conflict in the same period.

The disparity is difficult to explain. The destabilizing political and economic impact of the exodus from Venezuela on regional countries is substantial: Colombia **hosts** almost two million, or almost 4 percent of its population. The equivalent for the United States would be over **eight million** migrants. A social and political backlash is building in host nations as domestic social needs go unmet. The summit offers an opportunity to recognize the protracted nature of the Venezuelan conflict and for the United States to express solidarity with the migrants and the countries that host them by announcing a significant increase in its contributions to the UN agencies responding to the crisis.

Conclusion

The preceding may seem an overly ambitious agenda. A failure to reach, however, risks leaving U.S.-Latin America relations adrift at a historical moment when our influence can no longer be taken for granted; when there are significant economic, social, and political pressures on regional governments; and when China is offering a competitive vision on economic development and global cooperation. It does not seem too much to ask that U.S.-Latin America relations be placed on a more strategic footing as early as possible—just as the administration is doing with parts of the world much further removed from our shores.

More generally, there may be criticism that the suggested resource commitment to the region is too large. Too large compared to what? The United States spends tens of billions of dollars in conflicts with much less direct impact on the lives of ordinary Americans than the Northern Triangle nations. The total cost of funding Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) has nearly **tripled** since 2003 to more than \$25 billion. In short, the resources can be identified, and better spent, if the region is prioritized.

The **headlines** of the past few weeks on the migration crisis and Central America point the way to the default policy position. They play to fears in the United States of a fragile and threatening region on its border that must be managed and contained. They reinforce an approach that sees Latin America as a set of problems to be solved, rather than opportunities to be grasped.

There is the other way proposed in this paper: Washington can reset the agenda and work with Latin America to meet regional twenty-first-century challenges, without abandoning the legitimate national security concerns of the United States. It is our choice whether to make that reset reality. ■

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