

U.S. Diplomacy in the Americas: A Conversation with the Diplomatic Corps

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U.S. Ambassadors to Western Hemisphere Countries

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MS. ADREAN ROTHKOPF: Good morning, everyone, and welcome to the U.S. Chamber Of Commerce. My name is Adrean Rothkopf and I am Vice President for Western Hemisphere Affairs. We're honored to welcome Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon and the U.S. Ambassadors to the region for what promises to be an exciting conversation about diplomacy in the Americas.

Please do excuse those Ambassadors who have to slip out early for a meeting at the White House.

I'd also like to extend a special welcome to all of our distinguished guests, Ambassadors representing countries from throughout the hemisphere, members of the Diplomatic Corps, the leaders of the Chambers of Commerce from around the country here for the Trade Roots Best Practices Summit, and members of the Young Professionals in Foreign Policy.

As you can see, we have an impressive array of speakers this morning. Tom Shannon and each of these U.S. Ambassadors to the region have had distinguished careers and made important contributions to the U.S. relationship with the hemisphere. While time unfortunately does not permit me to introduce each of them individually, their biographies have been distributed to each of you. You will also find a seating chart in your program.

This is truly meant to be a discussion so I'd like to encourage everyone to participate by asking questions. Please note that there are question cards placed around the room on your seats. If you have a question, please write it down on the card provided. One of our staff members will be collecting them shortly. We promise to do our very best to accommodate as many questions as possible. Please note that we'll be combining similar questions and will strive to achieve a balance among topics.

We've also asked each of our distinguished speakers to limit their responses to just a couple of minutes each. This will allow both a greater number of Ambassadors to speak and will permit us to ask as many of your questions as possible. In fact, we have installed dozens of trap doors on the stage, and I am operating the controls. [Laughter]

Seriously, with such a limited amount of time and so many terrific participants, brief remarks are a sign of respect for everyone else.

With that in mind I would like to turn the floor to Tom Shannon to get us started with some initial remarks.

ASSISTANT SECRETARY SHANNON: Thank you very much, Adrean. We're deeply grateful to you and to the Chamber for hosting this, and very grateful for all of you present today from the Diplomatic Corps and other visitors.

All of you share an interest and a passion in the Americas and we appreciate and respect that. We share that passion with you. It's a real pleasure to be here today with all of my colleagues and our Chiefs of Mission from all of our embassies throughout the Western Hemisphere.

Every year we hold a Chief of Missions Conference here in Washington where we bring together all of our Chiefs of Mission in order to talk about the region and to talk about our policies and our programs and to reconnect our Ambassadors to the policy community here in Washington. Typically these are in-house

events where we meet with different officials from the U.S. government and from our Congress, but this time around so close to our transition we thought that this was a moment to bring together people who have been working in the field in some instances for many years and have an opportunity to speak publicly about what has happened over those years, what we think we've accomplished, where we've been successful, where we haven't been successful, what policy and program tools have worked and what have not, and what kind of challenges we expect as we look forward. We thought this would be a great moment for a dialogue with all of you and an opportunity for this administration in its final weeks to talk about the context of our diplomacy.

This is not an advocacy session, although we're happy to do so. This has been an exciting and dramatic time in the Americas. The hemisphere that George Bush inherited in January of 2001 was a very different hemisphere than the one he will hand over in January of 2009. There are new voices in the hemisphere, there are new constituencies in the hemisphere, there are new economic relationships in the hemisphere, and there's a whole myriad of integration efforts and other organizational efforts that really underscore the richness and the dynamism of the Americas. This has been an exciting and I think a fruitful and positive area of the world to work in, and I think my colleagues would agree.

It's a real pleasure for us to be here. We really look forward to this discussion.

Adrean, I'll turn it back to you.

MS. ROTHKOPF: Thank you very much.

I do have my first set of questions here, and I do apologize because I want to make sure that everyone is actually here before I direct a question to them.

Ambassador Wilkins? I can't see down there. Excellent.

Ambassador Wilkins, the first question is for you.

How would you assess the strength of the U.S.-Canada partnership, especially as it relates to trade and security concerns? How do you see existing dialogues such as the Security and Prosperity Partnership of North America evolving under the new administration?

AMBASSADOR DAVID H. WILKINS (Canada): I think the U.S.-Canada relationship right now is as strong as it's ever been. When I arrived there about three and a half years ago I like to say we were sort of all irritated over our irritants. The U.S. border was closed to Canadian cattle; the softwood lumber dispute was at a fever pitch; there were hold-over irritants from missile defense being declined by the Canadians; the Iraq war; and other things. Right now those irritants are off the table. We're working with great success and full implementation of the Western Hemisphere Travel Initiative, the passport requirement for land border crossings goes into effect in June of 2009. The Canadians seem to be getting on board with that. Provinces are issuing enhanced driver's licenses as well as some of our states. That has been a major issue, that seems to be I think pretty much accepted and hopefully will be smoothly implemented.

So I would say right now the tone of the topics set by our President and the Prime Minister has been very positive and that's had a major effect, and right now the relationship is very good.

Canadians are very excited about President-elect Obama. They are enthusiastic about that. They watch our politics, they watch our economy. They're obviously concerned about our economy right now. Since together the U.S. and Canada make up the largest trade relationship the world has ever known, and 85 percent of their exports come to the United States, obviously what affects us has a profound impact on them.

But they're excited about the new administration. They're looking forward to opening dialogue.

I often say that most Canadians think they know everything about the United States, and most Americans think they know enough about Canada, and neither is exactly correct. We need to know more about each other and have the dialogue. They're interested in having a dialogue with President-elect Obama's team. They're very concerned about the environment and they're very concerned about energy. Since Canada is our number one supplier for energy, they supply more oil, more uranium, more natural gas than any other country to us, they are very concerned about any environmental legislation that will impact them and their energy production and particularly the oil sands in Canada.

MS. ROTHKOPF: Thank you very much.

Tom?

ASSISTANT SECRETARY SHANNON: Ambassador Wilkins endeared himself to Canadians upon his arrival when he said, "Bonjour y'all." [Laughter] That was the headline across Canada. He's done a wonderful job, a really remarkable job in the relationship that really has been transformed in significant ways. And as he noted, we have been able to deal with longstanding problems or irritants and really build into the relationship a more strategic component.

That leads me to a bigger comment which is on North America. What this administration has been able to do in taking a commercial relationship, a trade relationship, NAFTA, and build into it a political and security component through the Security and Prosperity Partnership, and then through the North American Leaders Summit process has been a very important step forward. It has for the first time created an environment in which the three leaders of the North American countries can meet and discuss common problems not only as they relate to North America but also as they relate more broadly to the world. But also it has helped to highlight, and this is something that I think the next administration will be able to build on in a very strong way, it has helped to highlight the commonality of our issues and our problems and our challenges, but also the degree to which we share a common space. We are separate countries. We have our own identities. We have our own cultures, our own political processes. But at the end of the day we share a larger market space and it is to our benefit not only to facilitate trade and the movement of people and services across frontiers, but also to protect that. Ultimately our goal has been in our relationship with Canada and with Mexico to create a North America that is resilient, to create a Canada, United States and Mexico that is resilient. And Ambassador Wilkins and Ambassador Garza in Mexico deserve a lot of credit for that work.

MS. ROTHKOPF: Thank you both very much.

This next question is for the Ambassador to the CARICOM countries. CARICOM recently signed a Free Trade Agreement with the European Union. How do you see this impacting U.S. influence in the region? How do you see the U.S.-CARICOM trade and economic relationship evolving? What are the prospects for seeing relations enhanced and placed on a more permanent and predictable foot and for devoting more attention to the services sector, capacity building assistance and the principle of special and differential treatment?

Whoever would like to address that first -- I will give an opportunity to each of you to speak, but whoever would like to speak first, if you could just turn your microphone on.

[No audible response].

Okay, maybe I'll just have to pick on people, perhaps in alphabetical order. Bahamas? Barbados, sorry. I thought Bahamas was here.

AMBASSADOR MARY M. OURISMAN (Barbados and the Eastern Caribbean): I'm Mary Ourisman and I am Ambassador to Barbados and the Eastern Caribbean states of the OECS, so I have seven countries under my domain.

As you know, the Economic Partnership Agreement was just recently signed after a number of years of negotiations and so forth so it has been a long time in coming. I think there's a lot of excitement about it.

The Caribbean Basin Initiative has been our primary outline for trade within the region. That is ongoing. Of course we're always asked for more accommodations to that.

So it's slow in coming. These countries are small and vulnerable, as you know, and are always looking for opportunities for more trade.

The primary industries, of course, in these small vulnerable countries are tourism, and tourism and hotel development and so forth has taken a hit because of our economy and I think will see more of a hit as that goes along.

But we are seeing more and more development in these small countries. They are a small and vulnerable force because of drug trade and drug trafficking and with that comes the problems of money laundering and guns and all of those problems as well.

So the United States government has certainly taken a huge interest in providing for the promotion of safety and the security of these countries, primarily in training law enforcement agencies, internal revenue, and setting up trade and investment authorities through USAID. We have several programs in that respect that are pilot programs. The first one started in Antigua and the second one was in Dominica. Those are coming along very very well.

This is a one stop shop for investors into the region where they can come in and know that their investments will be secure and safe not only in a legal way but also be secure in knowing that their investments are protected.

So we are working with these small vulnerable nations in many ways, particularly in this region of trade authority and promotion. We just set up two local American Chambers of Commerce -- one in Barbados which has been coming along nicely; and just most recently in St. Lucia. So we're looking forward to working with the local American Chambers of Commerce within the region. We don't have a lot of American investment in these particular countries.

As far as the EPA, I'd like for somebody else to comment on that if they would, from the region.

MS. ROTHKOPF: Do we have any takers?

AMBASSADOR LISA BOBBIE SCHREIBER HUGHES (Suriname): My name is Lisa Bobbie Schreiber Hughes and I am from the tiny country of Suriname, formerly Dutch Guyana.

I can say for some of these small countries, particularly my own, I don't think it will have much impact, the signing of the Free Trade Agreement with the European Union. For countries such as ours, it is still looked at that the United States has trade subsidies, particularly with respect to agriculture. True or not, and I always refute the term, the rice producers still maintain that we are hurting their rice exports, and of course I do refute that proposition.

Our trade relationship, we still are the largest trade partner with Suriname, but it is a mature relationship due to the presence of SURALCO, the wholly owned subsidiary of Alcoa. Suriname was the largest bauxite exporter to the United States during World War II -- very important for our war effort.

MS. ROTHKOPF: Great. Thank you.

I think I'll just move to the next question.

The next question is for Hector Morales. Could you please comment on U.S. expectations for the 2009 Summit of the Americas? Is the Summit process still worthwhile? And how are you working to ensure the upcoming Summit is more successful than the Mar de Plata Summit?

AMBASSADOR HECTOR E. MORALES, JR. (Permanent Representative, Organization of American States): Adrean, thank you very much for the question and thank you for the opportunity to be here, and thank you to the U.S. Chamber of Commerce.

In addition to my role as the U.S. Representative to the Organization of American States, I also have the honor and I believe it is an honor, to be the National Coordinator in preparation for the Summit of the Americas.

The next Summit which is going to take place in Trinidad and Tobago is going to take place on April 17th through the 19th. It's the fifth Summit. It's the first time the Summit is going to be held in the Caribbean. I think this is an extremely significant aspect about the Summit of the Americas, because when we think about Latin America sometimes, and I think it's unfortunate, we forget our friends from the Caribbean. So I think it's a wonderful opportunity to talk about the issues about the region, but also to talk about the important issues in the Caribbean.

The theme for the fifth Summit is going to be securing our citizens' future through three areas -- human prosperity, energy security, and environmental sustainability. I should note that since the inception of the Summit in 1994 we have had bipartisan support and both President Clinton and President Bush have attended the Summits and have been active in the Summits.

I mention this because April 17th is only 89 days after the inauguration of President-elect Obama. So I think it's a very opportune moment, I think it's a very unique moment for President-elect Obama and the new administration to signal their support, to build on the accomplishments that have been achieved, but also to announce initiatives or their agenda for the hemisphere and I think underscore our ongoing commitment for the important partnerships that we have with the countries in our hemisphere.

In terms of what we're doing to ensure a successful Summit, that really requires the participation of all countries. And what I can tell you is that in the many months that we have been active in negotiating, and I'm very pleased to see that many of my colleagues from the Organization of American States are here today, because I think that is a signal of the commitment that they have not only to the organization but to the Summit process, I can tell you that in the formal meetings and in many of the meetings that we have been having between the negotiating sessions there has been a very constructive spirit in moving forward to have a successful Summit.

We've gotten through one-third of the negotiations, and again, I think it's a wonderful opportunity for the next administration to signal how important the region is and how important obviously the Caribbean is for us, and obviously the success of the Summit I think benefits all the countries and certainly the United States. Thank you.

MS. ROTHKOPF: Thank you very much.

This next question is for Ambassador Sanderson. Can you comment on the UN peacekeeping mission in Haiti, including successes and failures as well as the role that various countries in the hemisphere are playing?

AMBASSADOR JANET A. SANDERSON (Haiti): Thank you very much. I'm actually very pleased to have an opportunity to talk about this peacekeeping operation which from our perspective is one of the successes of the hemisphere.

You have a very strong hemispheric presence in MINUSTAH, which is the UN peacekeeping and stabilization force currently on the ground in Haiti. It is led by a Brazilian, and 70 percent of the troops on

the ground come from Latin American countries. It is a strong hemispheric effort, and it has had a significant role in I think putting Haiti back on track after a long period of political turmoil.

Security on the ground is much better than it was in 2006, and as we saw during the recent spate of hurricanes and tropical storms that hit Haiti in August and September, MINUSTAH, working with the international community, can also play an important relief and humanitarian role as it did. The Argentinean troops in Gonaives, for instance, rescued over 150 people who were drowning as the flood waters came down the mountains. And the Nepalese who were out in the central plateau saw their entire log base wiped away in the floods. But MINUSTAH stepped up along with the international community and I think there is certainly a better sense in Haiti, and I hope in the hemisphere, about the important role that the UN peacekeeping force can play.

But it goes beyond that, let's be honest. In the years leading up to the election of 2006 the gang-related violence, the lack of a credible police force, MINUSTAH's role has been critical in stabilizing the country and giving it a little breathing space so it can start putting back into place the democratic institutions like a professional police force that is going to be so important to its future.

I have to tell you that we on the ground have been particularly impressed by the leadership of the Brazilians. Not only the troops, but also the force commander and the other members of the hemisphere that have done such a good job.

MINUSTAH's role goes beyond policing and troops on the ground. They also have a very active judicial and police reform program and other programs that we in the international community complement with our own assistance programs.

It is a success story. It is a peacekeeping force on the ground derived primarily from this hemisphere that has worked. And one of the key attributes of the success, we hope, will be that when the presidential transition takes place in 2011 that MINUSTAH can begin the process, as President Preval has said, of drawing down, withdrawing, and turning over a more stable and more secure country to the Haitian people.

Thank you.

MS. ROTHKOPF: Thank you very much.

This next question is for Ambassador Wayne. How is the current financial crisis likely to impact U.S. relations with the region? Are preparations adequate in the region to deal with the consequences likely to hit in 2009? What steps need to be taken? What role do people in the region expect the U.S. to play?

AMBASSADOR EARL ANTHONY WAYNE (Argentina): First I also want to thank the U.S. Chamber for having us here today. The U.S. Chamber in Argentina is a key partner of ours. We have over 500 U.S. companies active in Argentina. They employ 155,000 Argentines, so it's a very deep relationship.

I think one thing we've learned about this financial crisis is that we all keep learning. We are all having to keep preparing for that crisis. I think that's probably true in every region of the world. There's learning going on in Latin America just as there has been in Europe and North America and Asia.

One of the key things that is important is that we have a process ongoing, the G-20 process, that embraces many of the parts of the world in a very constructive way to try to work through the reform agenda as well as handling the specific steps that are needed in the crisis. And this G-20 process really reinforces the cooperation and contact that's going on between Finance Ministers on a daily basis in many channels and between Central Bank Governors. It's very important that in that process, Mexico, Brazil and Argentina are representing the region. They have been playing an important role in having that regional perspective reflected and think they will all continue to play that role as we move forward here.

Clearly within this context different countries are having to look at their own economic needs and we've seen in the region, as we've seen around the world, a series of financial packages, people now looking at ways to stimulate the economy as they're going forward. Just yesterday there was an announcement in Argentina of a number of measures aimed at doing that in the future. But it's something that we've seen all around the world.

I think one of the things that is key is that this communication and collaboration continue as we're working our way through this crisis in all the different economies because the economies are so interconnected.

There was some debate early on in Latin America among other places as to how connected they would be and would they be able to get through without a lot of serious impact. In that debate I think what's been shown is the people that said no, we are all connected together and there are important impacts for everybody, have been shown to be correct. And what that underscores is the need to keep these international connections working and talking and finding new ways that we can actually go ahead together. So we'll keep working at it. Thanks.

MS. ROTHKOPF: Thank you very much.

This next question I'd like to address to Tom Shannon and also the U.S. Ambassador to Peru.

Critics would charge that the United States has lost influence in the region during this administration. What are your thoughts on what the U.S. has done in the region, and what achievements have been made?

ASSISTANT SECRETARY SHANNON: Thank you very much, it's an excellent question.

As I mentioned in my beginning remarks, this is an enormously dynamic period of time. This is a region that's changing. As it changes, we have to understand that the nature of our influence changes. We are operating in a much more competitive environment than we have in the past. The impact of globalization, democratization of Latin America and its openness to trade and to connecting to trading partners and political partners beyond the Americas has really created, I think, a rich and important environment in which Latin America is really connecting to the rest of the world in a way that it has historically never connected.

This is something we need to promote, this is something we need to understand as good, but it also means we have to work harder. It means that we have to be present in the region, that we have to offer solutions to the kinds of problems that these countries face, and that we cannot think that we can impose solutions. We instead have to have what Secretary Rice has called a positive agenda based on dialogue, cooperation and collaboration. That really has been our touchstone as we have pursued our diplomacy.

We're going to ask Ambassador McKinley to address this issue because a lot of really important things have been happening in Peru throughout the Bush administration, but especially over the last several years as we have negotiated and ratified a Free Trade Agreement with Peru, and especially with Peru just hosting APEC which was President Bush's last trip to the region and possibly his last foreign trip. It was appropriate that this trip was in Latin America, that it was in Peru, that it brought together important American partners such as Canada, Mexico and Chile, but also that it connected to Asia because in many ways the future of the Americas is an Asian Pacific future.

Mike?

AMBASSADOR MICHAEL P. MCKINLEY (Peru): If I can piggyback on Tom's comments, there is a change in the environment in Latin America, and in terms of our relationship with the region it's a maturing of that relationship on both sides. It's not a loss of influence, it's a reflection of the globalization of Latin America's role in the world.

If you look at the dynamism of that relationship in terms of negotiations, for example, with Brazil on energy policies; if you take a look at our work with numerous Latin American governments in international fora and on peacekeeping in addressing questions on transnational concerns like organized crime and the environment, there is very serious and important cooperation and coordination going forward.

If you look at it in terms of our economic relations with the region, they are stronger than they have ever been. U.S. trade figures which you're familiar with for Latin America across this decade have seen remarkable growth.

And in the context of negotiating Free Trade Agreements across the region, we are also transforming the basis of Latin America's relationship with the outside world. Latin American countries have used the agreements they've negotiated with us as the doorway to deeper economic relationships with the rest of the world, and in a globalizing economy this is extremely good for Latin America, but it's also good for us in terms of promoting greater prosperity.

If you look at the approval ratings of the United States in the majority of Latin American countries in the context of an environment where people suggest we're losing influence, we continue to have the highest approval ratings as a country in the Latin American region of any region in the world.

In the context of Peru, I'll only say that relations are probably better than they've been in the past 40 years based on work on the free trade agenda, fighting counter-narcotics, dealing with regional issues, and consolidating democracy, and I think this experience has been repeated in many other parts of the region.

MS. ROTHKOPF: Thank you very much. I do apologize for all the fussing here. We're trying to go through and make sure that we can group together questions and ask as many of these -- as you can see, we've received many more than we can ever hope to address in our limited time, so my apologies.

This next question is for the U.S. Ambassador to Panama and the U.S. Ambassador to Colombia.

How important are the trade agreements with your respective countries? And how has the delay in obtaining U.S. congressional approval affected bilateral relations? What are your thoughts regarding the future of trade in the hemisphere? Is the era of big worldwide trade rounds and bilateral deals over? What might be next? Sectoral agreements? Thank you.

AMBASSADOR BARBARA J. STEPHENSON (Panama): Thanks for the question. And first, thanks to the members of the U.S. Chamber of Commerce for the work that you have done. You've worked tirelessly for quite a long time now to get these Free Trade Agreements passed. I salute you because you know what I know as Ambassador which is this Free Trade Agreement with Panama is good for the U.S., it's good for Panama, and it's good for relations between our two countries.

We sell an awful lot more to Panama than what we buy, and what we buy from Panama already comes in duty free. So it's not only a matter of free trade, it's a matter of fair trade, so we need to get the Free Trade Agreement passed for trade reasons.

But it's more than about trade. It's about a strategic relationship. And Panama geographically, of course is a global crossroads. And politically it's served as a bridge-builder in the region. So despite it being a small country it's an important partner for the United States.

This Free Trade Agreement is actually at the heart of our relationship. It's an engine for the kind of change that we want to see in this strategic partner. It encourages openness. It encourages transparency and accountability. This helps Panama on its own quest to achieve First World status which is good for us because we'll have a strong partner at this crucial global crossroads.

The other thing it does, and I just want to develop this thought for a second, is it brings in American businesses into Panama. One of the things we're increasingly understanding in Panama where aid has

given away to trade, is how we actually, our relationship. We've pretty much graduated from an aid relationship into a trade relationship. But a lot of the development, the improvement in Panama's skills and its human resources in opportunity for all citizens to move up is coming from the presence of U.S. companies and the way that they train them and in the way that they run their businesses and pass on best business practices. That is also an important part of what this Free Trade Agreement will do.

AMBASSADOR WILLIAM R. BROWNFIELD (Colombia): All right, let me offer a little bit of the Colombia perspective as well.

I'll start my story, brief story, about ten years ago because it is important I think to understand where we were, how far we have come, and where we are right now in order to understand my position on the U.S.-Colombia FTA.

Ten years ago, ladies and gentlemen, lots of people seated within one mile of where we are sitting right now were having the following conversation. One, is it possible that Colombia may become the world's first narco state? A country whose government is dominated or controlled by narcotics traffickers. Two, is it possible that the FARC will win? Three, will the Colombian economy collapse? Will hundreds of thousands of Colombian citizens seek to come to the United States for economic reasons? These were the questions that we were asking ourselves in 1999, here in this city.

The response to those concerns was Plan Colombia, a strategy developed in 1999 and implementation begun in the year 2000 to address those and virtually all other issues affecting Colombia and the United States at that time.

Plan Colombia, in my humble opinion, has been a success by any criteria you wish to use and to measure.

It is now the year 2008, almost 2009. Many of the same people in this government seated within one mile of where we are sitting right now are asking themselves how and when will we bring to conclusion this particular chapter of Plan Colombia? Our strategic challenge, the Colombian government, the United States government, and all the governments of this region, is to do this in a way that reinforces the success and the progress made over the past ten years, ensures that in those areas where work still has to be done, the resources, the policy and the support is there to do it. And maximizes the prospect of the United States and Colombia maintaining their relationship as close strategic partners well into the 21st Century.

Part of that process, I would submit to you, is the U.S.-Colombia Free Trade Agreement. As we negotiate and work between the two governments to transfer responsibilities for certain programs and projects and policies and issues from one government to the next, we need to provide the economic, trade and commercial basis that will allow the government of Colombia to do many of the things that we have been doing for the past nine years.

The Free Trade Agreement does that. It provides a greater resource and revenue base for the government of Colombia, and in addition to that it is in our own national interest here in the United States of America. It gives our own business sector the same benefits that the Colombian export sector has had since 1992 under the Andean Trade Preferences Act. It allows us not to be paying an average of more than 11 percent customs tariff on our exports to Colombia when Colombian exports to the United States pay an average of nearly zero percent. It creates new jobs in the United States of America, it creates new markets for our exporters, it is in our national interest.

That is the reason why I, your humble servant, is convinced that we will eventually approve this FTA. Not because we are exceptionally generous or charitable, but because we, both sides of the aisle, all parts of this nation, will conclude eventually that the FTA is as much in our interest as it is in the interest of the Republic of Colombia.

[Applause]

MS. ROTHKOPF: Thank you very much. We're all inspired. Thank you. [Laughter]

This next question is for Tom Shannon, and I'll give an opportunity if any of the other Ambassadors want to jump in and comment as well.

What is the one aspect of Latin American policy you want the next administration to continue to emphasize? What's the one change?

ASSISTANT SECRETARY SHANNON: I'm reluctant to give advice to the next administration because they've got, I think, a really kind of strong team, especially working Latin American issues, and an experienced one.

But if I were to offer advice -- [Laughter]

First of all, I think it's vitally important to remain engaged and to remain engaged at a leadership level. At the level of the President, at the level of the Secretary of State, and at the level of other Cabinet Secretaries. This is a distinguishing feature of this administration because although it is often said that we have somehow ignored the region, the fact is that we have a very active diplomacy in the region and it's a diplomacy not just at the working level but at a department head level and at the level of the President.

The President has traveled throughout the Americas 13 times. Nine of those trips have been to Latin America, the most recent being APEC. He has held the first regional White House conference, the White House Conference on the Americas in 2007 following his trip to the region in which he had present and speaking and working in breakout groups the Secretary of State, the Secretary of Commerce, the Secretary of Education, the Secretary of Health and Human Services, our U.S. Trade Representative, and the First Lady was involved also.

I think this kind of engagement is essential right now because of the competitive environment that I highlighted, but also because when the President and the Secretary of State and other Cabinet Ministers express a deep interest in the region and underscore the importance of the region, the rest of the bureaucracy understands that, and the rest of the bureaucracy responds in a positive way.

So I think the one aspect of our policy would be stay engaged and keep pushing.

In this regard let me make one brief historical comment. The new administration is facing huge challenges. We really have not faced this kind of transition since 1933. But it's important to understand that when Franklin Roosevelt took over the presidency in 1933 facing an economic crisis of global proportions, with fascism and communism on the march in Europe, and Japanese militarism on the march in Asia, what was the response? The response was the Good Neighbor Policy, which was vigorous engagement in the Americas, and a commitment to the Doctrine of Non-intervention, the renunciation of treaties that allowed us to intervene in Latin American countries and to effectively reshape our political and diplomatic engagement in the region. But it was also what Cordell Hall called the new reciprocity which was an effort to break down trade barriers and open up cultural and social connections.

If you look at how the Roosevelt administration used the inter-American system, how it preserved the inter-American system, during this period of time, and how it attacked protectionism and attempted to open markets, I think it's a very good road map for what comes next.

In terms of what I would like to see us not do, that's a very loaded question. And I'm not sure I have a good answer for it. This is a huge region, it's a complex region, it's a dynamic region, and I think we've had a lot of success. We've also had some missteps. But I think we have found ways to fix them quickly. It's one of the important things about the American system, it's one of the important things about how we do business, especially how Secretary Rice and President Bush do business. And in this regard I think I can highlight some of the bigger challenges that we face.

Obviously Mexico and Central America are really big in terms of how we help these countries address their fight against organized crime and in this regard I think one thing that we need to stop doing is this bifurcation between domestic law enforcement efforts and our foreign policy authorities. These are legal in nature because our foreign affairs budget is different from our domestic budget, and the authorities that our law enforcement and DHS authorities have is different from the authorities that the U.S. State Department and others have in managing our foreign affairs budgets. But what is going to become apparent on our southern border is that as we work with Mexico through the Merida Initiative, as we work with Central America through the Merida Initiative, and eventually as we work with the Caribbean, building a new security cooperation dialogue, we are going to need to find ways to make sure that we can stop the gun running out of the United States, the illicit weapons trafficking, that we can stop the money laundering and the movement of bulk currency out of the United States into Mexico and into Central America, and this requires a much more agile and better coordination between domestic law enforcement agencies and our foreign policy agencies.

Thank you very much.

This next question is for you, Mr. Urs, and also for John Caulfield.

The past several years have seen growing tension in the region between a block of countries distrustful of the U.S. Do you expect this to continue into the new administration? Will we see more resource nationalism? Will collaboration with countries like Russia cause even greater tensions?

MR. KRISHNA R. URS (Charge d'Affaires, Bolivia): Thank you very much for the question. I wanted to also thank the U.S. Chamber of Commerce for hosting this event. I think it's really an excellent opportunity.

I think a lot has been made in Bolivia of the role of Venezuela. A lot has been said, well, President Chavez has worked to increase his influence in Bolivia and to damage the relationship between the United States and Bolivia. I think that it's certainly true that Venezuela has influence in Bolivia and has increased its role in Bolivia. But I think that to focus too much on Venezuela's role in Bolivia is to miss some of the key factors that have resulted in Bolivia's development over the last several years, and also how that's affected the U.S.-Bolivia relationship.

I think one thing to focus on is that President Morales has come into office with an agenda, a change agenda, that has a lot of support in Bolivia and that is supported really, especially, in the highland areas of Bolivia very very strongly, and that change agenda has also provoked opposition in other parts of Bolivia and among other groups in Bolivia. The difficult relationship the United States has had with Bolivia in the last several years is partly a result of some leaking out of that domestic situation into the bilateral relationship.

So Bolivia is working through some key issues in terms of their domestic political situation and that has the impact of affecting our relationship with Bolivia.

We have tried very hard to preserve our positive relationship with Bolivia that we had for many many years. We have worked very hard in a bilateral way, in the bilateral agenda as much as possible to keep things going and that's why we've taken a series of steps that we have taken. We've worked to, for example, when it became necessary to decertify Bolivia for lack of counter-narcotics cooperation we were very careful to waive the sanctions so that we could maintain as broad a relationship as we could.

I think it's also important to point out that we have attempted to maintain a very very strong people to people relationship with Bolivia during this period as well. We have lots of programs that are aimed at reaching out to the Bolivian people through indigenous language radio programs, through, we have indigenous scholarships at the embassy through which we try to maintain the people to people contacts. We have a very very large English teaching program through our binational centers. So we have been working very hard to try to maintain a relationship and hope that as Bolivia works through these issues it will be possible to come back to a more normal relationship with Bolivia in the future.

MR. JOHN CAULFIELD (Charge d'Affaires, Venezuela): Venezuela and the United States look at the world in very different ways. Despite those differences, our economies and our cultures have very very strong links which endure and will continue.

The nature of the relationship in the future, despite these differences, depends on a conversation between Venezuela and the United States that, in the aftermath of the expulsion of the Ambassadors, has yet to begin.

MS. ROTHKOPF: Thank you.

This next question, I'd like to direct it first to Ambassador Simons, but then I'd like to open it up to the Ambassadors from Guatemala, Honduras, Nicaragua and the Dominican Republic.

What benefits have you seen in your respective countries with the existing trade agreements with the United States, and how has the enhanced trading relationship impacted other areas of the bilateral relationship?

AMBASSADOR PAUL E. SIMONS (Chile): Thank you very much for that question. I'd also like to thank the U.S. Chamber for organizing this event. And also recognize here in the audience Jaime Bezan who is the Executive Secretary of our AMCHAM Chile. The Chile AMCHAM played a major role in the development and passage of the U.S.-Chile FTA. They were really instrumental. They're really tremendous partners with us in a whole wide range of areas, from intellectual property to corporate social responsibility to implementing other aspects of the FTA, so we're delighted to have them with us.

The U.S.-Chile FTA has been in place now for almost five years. During that period we've seen a near tripling of bilateral trade flows. Last year combined imports and exports were up to about \$17 billion per year. During that period also U.S. exports more than tripled. So we've had a tremendous impact, a tremendous positive impact from the bilateral FTA.

I think it's also important to note, though, that the U.S.-Chile FTA is just one of more than 50 Free Trade Agreements that Chile has signed with its major trading partners and Chile was committed to an open trade environment well prior to the negotiation of their FTA. They basically looked to free trade as a way to grow the economy and more importantly to reduce poverty. I think it's important to note that since 1990 the poverty rate in Chile has gone down from about 40 percent to about 13 percent and that coincides with the period of the negotiation and implementation of these FTAs around the world.

So I think the fact that Chile's been able to reduce poverty in connection with these Free Trade Agreements is very important.

The other important point I wanted to make is that the U.S.-Chile FTA has led to a lot of growth in exports from small and medium sized U.S. companies. We now have 12,000 U.S. companies selling more than 5,000 products to Chile, and this has been a big explosion. Jaime was explaining to me on the plane on the way up here that we just had a delegation from the State of Mississippi, and if I'm not mistaken, Jaime, Mississippi exports to Chile have increased five-fold just in the last couple of years. So I see there are a number of representatives here from different states including not necessarily the largest states in the union, but we've had great visits from Governors of the smaller states of the U.S. I think there's tremendous opportunity to piggyback on this FTA for some of the small and medium sized businesses at the state level. So I would definitely encourage you all to take a close look at the Chilean market, to come down. We'll be happy to host you. I'll have a reception at the residence, and we'll get you well introduced and Jaime and the AMCHAM will facilitate your meetings.

Just to conclude, the U.S.-Chile FTA has been a fantastic platform, it's been very successful, it's helped both countries, it's created jobs, it's helped reduce poverty, and it's opened up opportunities for activity at the state level in the U.S. Thanks.

AMBASSADOR HUGO LLORENS (Honduras): I want to thank the U.S. Chamber for hosting us here. This is a great opportunity.

We have a great relationship with the American Chamber in Honduras, a Chamber that was created about 30 years ago and has done great work in bringing U.S. and Honduran business together.

Certainly CAFTA has been very successful for the U.S.-Honduran trade relationship. If you look at the numbers, trade has not grown significantly. I think Honduran exports have averaged since CAFTA came in place about six percent. But I think the most important thing is that it locks a benefit for both countries. It really provides a platform for tremendous growth.

I think one of the things that you see is that last year investment in Honduras grew to, I think it was about \$850 million, which is quite sizeable for a \$10 billion economy. And part of that investment is certainly related to CAFTA.

So one of the keys for Honduras to be able to generate sustained growth is to be able to get that FDI. So that's been positive.

Another thing I would mention is we all know that Honduras, dating back to the period of the Caribbean Basin Initiative, was able to develop a very strong maquila industry. But what we're seeing is a lot of growth in the non-maquila sector, particularly in the ag sector, non-traditional products like fruits and vegetables have tremendous potential.

For the United States it's really, our exports have grown significantly since CAFTA. We do run a trade surplus of total trade of \$8 billion. So it is a great opportunity for us.

I think one of the keys is how you, in terms of the agenda that the United States has in Honduras which is a very positive agenda. I just want to mention the fact that we have the Millennium Challenge Compact which is a \$250 million program, particularly focused on infrastructure road building, but also on helping small farmers. We have a very sizeable and robust USAID program where we disburse about \$50 million a year, and I'm very proud of the fact that we have the largest Peace Corps program in Latin America. So we have this very positive agenda. But I think one of the keys for CAFTA and for creating sustained growth and development in Honduras is how you can get CAFTA again, out, so you can achieve social justice is get the benefits of CAFTA and trade into the small farmer, into communities that have been marginalized in the past. Thank you.

AMBASSADOR STEPHEN G. MCFARLAND (Guatemala): Thank you for the opportunity to be here and to answer the question.

In terms of the impact on Guatemala and Guatemala-U.S. relations, CAFTA has certainly increased trade. But I would say in addition to sort of the impact on macro indicators, as Ambassador Llorens was saying, you can see it at the micro level as well. Going out to speak with small farmers, we're talking about farmers who have holdings of perhaps less than one or two acres, it's impressive. You get far away from the capital and these people are aware that now, thanks to CAFTA, they have opportunities to grow additional products and to export them through cooperatives and they're making a lot more money. It's putting money back into the community and I think that's very important.

CAFTA also, apart from the economic side, it reinforces a very important relationship that we have, U.S.-Guatemala.

There is a lot of opportunity to take even more advantage of CAFTA. I would say that with Guatemala the principal challenges are investing more in people and more in health, more in education. This is one of the things that will probably be addressed in the Pathways to Prosperity Ministerial in Panama later next week. It's also something that the government of Guatemala is addressing through its own social and education programs.

Finally I'd like to say that longer term the true success of CAFTA and really the ability to take advantage of its opportunities will depend on investing more in and improving the security situation. That is something that the United States and Guatemala are interested in doing. The Merida Initiative will be an important resource to address that.

Thank you.

AMBASSADOR ROBERT J. CALLAHAN (Nicaragua): Everything my colleagues from Honduras and Guatemala have said about CAFTA also apply to Nicaragua.

I'd just cite a couple of figures. Nicaraguan exports to the United States as a result of CAFTA have increased by almost 40 percent. Our exports to Nicaragua have increased by about 25 percent. There has been one very conspicuous investment. It's called Cone Denim. It was about a \$100 million investment. It employs over a thousand people. It of course creates a lot ancillary business around it as well.

The question about how it applies to people and development of the social structure of the country also applies in Nicaragua as well.

MS. ROTHKOPF: Great.

This next question is to the U.S. Ambassador to Paraguay.

President Lugo visited President Bush in October and was able to secure an additional \$10 million in assistance over the next year to implement health initiatives and promote economic growth. President Bush also applauded the President's efforts to combat corruption and affirmed continued U.S. support for the Paraguayan government's anti-corruption efforts. Are there any joint efforts in the area of combating transnational crimes, terrorism, also being funded or in discussion stages?

AMBASSADOR LILIANA AYALDE (Paraguay): Good morning. I also thank the U.S. Chamber for putting together this venue. Thank you for the question.

President Bush invited President Lugo towards the end of October. It was an important visit to further strengthen the message of our relationship with the new administration in Paraguay. The topics that you mentioned were discussed. This was an additional \$10 million in development assistance that was provided which basically doubled the development assistance program in Paraguay on both the social side and the economic growth portfolios which are precisely the priorities that President Lugo has put out there. That jointly with fighting corruption.

So it went straight into his national agenda which is a way of being more responsive to what is a historical moment for Paraguay. We are looking for more ways of being responsive and assisting in these efforts.

There is a lot of work being done, there's a political role now to fight corruption and all the different transnational kind of issues as money laundering, trafficking in persons, counter-narcotics and all these criminal actions that facilitate different illegal actors coming into the country.

We have found that the new individuals that have been assigned to specialized units such as the one fighting money laundering, are very committed. We are taking advantage of the tools we have at hand such as the Millennium Challenge, the MCC Threshold Program that is in its second stage to try to be responsive to some of these issues.

That proposal is currently being reviewed in Washington and we're hopeful that soon in the new year we'll be able to provide some of the resources to some of these key issues.

MS. ROTHKOPF: Thank you very much.

The next question here is for Ambassador Heather Hodges.

Can you comment on the U.S.-Ecuador bilateral dialogue and the possibility for improved relations? And also what do you see as the future for Ecuador and its economy with the “yes” vote on the referendum and new constitution?

AMBASSADOR HEATHER M. HODGES (Ecuador): I'm also going to thank everybody for this opportunity to be here this morning. I appreciate the question related to the bilateral dialogue.

As many of you know, there was a referendum held in Ecuador in September and the new constitution was passed. There are certainly many many changes in the constitution. We're still not too sure how all of this is going to be developed. There is a lot of implementing legislation to come forward. In fact the elections that will be held in Ecuador have been put off until April 26th. We had thought initially they would be in February, but so much needs to be done based on the new constitution, and we'll see the effects on the economy, et cetera.

The bilateral dialogue, though, was an excellent opportunity for us to sit down and review our programs with Ecuador and also the concerns of Ecuador vis-à-vis the United States and the ways in which we work together. The dialogue was held on like I think it was November 24th or 25th and it was held in Quito with Chris McMullen, our Deputy Assistant Secretary heading the delegation.

It was very interesting because we saw a broad range of Ecuadorian officials across the interagency sitting down and talking about the various issues that we had put on the agenda. I found that it was an excellent opportunity to review what we've been doing for many many years in a way. Our relationship with Ecuador goes way back and it's very deep. Our cooperation, our assistance programs are very strong in helping to create employment, in helping to reduce poverty, in working in the many areas in which we're working throughout Latin America, but it was very interesting to review these programs with the Ecuadorians who in many cases I think were not familiar with what we are doing in the country.

It was a beginning. We talked about human development, we talked about migration issues, technical assistance. As I say, much of that was just going back sort of looking at where we are, where we're starting out in this dialogue. We have considerable material for working groups which we'll be starting, and then we hope to be meeting again I think in May here in Washington. I think this is really the starting point and we'll see where we go, but it's a good basis for strengthening our relations with Ecuador.

MS. ROTHKOPF: Thank you very much.

This next question is for Ambassador Fannin and also for Ambassador Dunn.

Some U.S. security initiatives such as the 100 percent container screening if implemented would have a crippling effect on trade with countries with limited resources. For example, those in the Caribbean. Has consideration been given to who will incur the costs for operating and maintaining the scanning equipment? Have there been discussions about the potential requirements for reciprocal screening of U.S. exports?

AMBASSADOR ROBERT P. FANNIN (Dominican Republic): First of all, I'd also like to add my thanks to the Chamber. This is a wonderful opportunity for all of us to be here.

I apologize, if I could at the beginning here, I wasn't listening carefully to the question asked about the Free Trade Agreements, CAFTA-DR in particular. And I would like to just mention here at the outset that CAFTA-DR has had some very good results, produced some very good results in the Dominican Republic. I think that foreign investment has increased. Exports from the United States have increased. There have been problems with textiles because not so much anything to do with the Free Trade Agreement, but just competition from Asia. There has been a tremendous, the country has just done marvelously well, having once been under a dictatorship not too long ago. With CAFTA-DR, it has continued to help with improvements in rule of law, institutionalization, and I can't say enough good things

in terms of the good things it has brought. I think the attitude of the government is such that they're cooperating very well with us to build on institutions. We've had a tremendous increase in terms of independence of the judiciary. The electoral system is fair. The last election was just this year for President, very fair and transparent. And many other things that have really been in part due to CAFTA and other efforts on the part of the government.

As far as the container security initiatives are concerned, I'm not an expert on this subject. There is a container security program in the Dominican Republic. There's a port call called Caucedo that is very active, in fact has not only the x-rays of the containers as they go through, but just two weeks ago I attended a ceremony in which there was a device to detect radiation that was put in pretty much at the expense of our government.

I don't think I'm qualified to talk about how this affects the other countries, but the Dominican Republic and the law enforcement people have been very cooperative and have a good attitude towards this.

MR. TIMOTHY J. DUNN (Chief of Mission, Netherlands Antilles and Aruba): Thank you.

Likewise, I'm no expert on this container security initiative, but I can say that Curaçao has an excellent and very busy port so it's an important issue for their government. They are well attuned to the security needs in today's difficult times. We, for example, have both a forward operating location, counter-drug detection and monitoring in Curaçao and on Aruba. We work very well, very closely on the security issues protecting both our people and the people of the region.

We also have a pre-clearance facility for homeland security, customs, border protection in Aruba. We've recently expanded that to include private aviation. It's a magnificent facility over in Aruba built just for flights to the U.S.

So the governments are well aware of the need for this sort of security initiative. As far as costs, I really don't have any information on that.

MS. ROTHKOPF: Thank you very much.

This next question is for Ambassador John Jones.

What has been the impact of PEPFAR and the Millennium Challenge in Guyana? Are there lessons we and other countries can learn from Guyana's success?

AMBASSADOR JOHN MELVIN JONES (Guyana): Yes. Good morning. Thanks again for hosting us, and I also want to recognize the presence of our Ambassador, Mr. Bayney Karran here this morning.

PEPFAR is a major program for us in Guyana. It has turned the corner on HIV/AIDS in a time where we are looking at an infection rate of somewhere close to three percent. I think the education that has been provided through the PEPFAR program has just been tremendous.

This past month we had the kickoff of the HIV/AIDS Awareness Program. This was hosted by the Minister of Health. In addition we had the visit of the USS Kearsarge at the same time in which over 2,000 U.S. sailors came ashore and administered programs of testing, education in terms of notifying the public, for example, of what the trends were, addressing the issues of education and discrimination. It's just been one of the programs that we're most proud of. It's an excellent, ongoing program that will be maintained on the ground by USAID.

Also our Center for Disease Control Office is a very active one. They have been working with the government of Guyana to carry out the other precepts of the program. This is a long term effort. It's an effort that the government of Guyana has put a lot of time and effort into.

We had the kickoff I believe the first of last month and the Prime Minister and I had the opportunity of getting our fingers pricked at the same time. My test came back early, and he sat around and waited for about five minutes. I kept teasing him. But he came through okay. [Laughter] But it's just an indication of how serious they're taking this whole issue.

I think this whole effort is going to pay results big time in Guyana. It, again, will be continued not just in terms of the efforts started by the Kearsarge, but also the efforts of USAID and our Center for Disease Control.

On the Millennium Challenge account, this is a very important effort. The President is here today to speak to people at the Millennium Challenge Corporation. We see this as an opportunity for Guyana to make a major step towards good governance, towards the development of its infrastructure, and towards the development of its judicial system. This is something that, again, we kicked off about a month ago through the auspices of our USAID program and I hope we'll be able to continue that.

As you know, Guyana is on the threshold. We're hoping that this month there will be a final determination as to whether or not they will go into compact status. If they do, this will be a major effort for us and I think a great success for the country.

Thank you.

MS. ROTHKOPF: Thank you very much.

This next question is for Ambassador Callahan. Could you please comment on the political situation in Nicaragua?

AMBASSADOR ROBERT J. CALLAHAN (Nicaragua): The issue that is of most concern to Nicaraguans and the international community at the moment is the elections. Nicaragua, as many of you probably know, just had municipal elections the 9th of November. There were serious and credible allegations of fraud and irregularities. The opposition has not accepted the results of the election. They have been out in the streets protesting. The business community, including the American Chamber of Commerce, the Catholic Church and most of the international community also are very concerned with the results of the elections and with the allegations of fraud. Some countries have moved to suspend or reduce aid. Nicaragua depends greatly on international aid, about a quarter of its budget is derived from direct budgetary support which they receive from international donors and from individual countries.

Until this issue is resolved I'm afraid the political situation will remain pretty tense down there. How it's going to be resolved remains to be seen. The opposition would prefer to have a recount of the vote or another election. Whether they will accept negotiations of some sort remains to be seen. But until this issue is resolved the issue of the future of Nicaragua, frankly, can be difficult to determine. It is a very serious problem.

Even before the election the opposition parties had serious issues with the Nicaraguan government, claiming that the courts were politicized, that the legislature was manipulated. But Nicaraguans have had a history of sitting down and negotiating their problems, and this may come to pass. However at the moment the urgent issue is, of course, resolving the problems surrounding the municipal elections.

MS. ROTHKOPF: Thank you very much.

Our next question is for Ambassador Simons and Ambassador McKinley.

Ten years ago, China's trade with the region was negligible. Today China is one of the region's leading and fastest growing trading partners. At the same time the region is one of the primary destinations for Chinese foreign investment. Does this amount to a sea change in the orientation of the region? The beginning of a new period of competition for influence in the region among great powers, a reorientation of the economies of the region from East to West across the Pacific?

AMBASSADOR PAUL E. SIMONS (Chile): Thank you.

I also received this question at my confirmation hearing from two of the Senators, so I know there's great interest in the issue of China expanding in Latin America.

From on the ground in Chile I think the expansion of Chinese trade with Chile has been very beneficial to both countries in terms of economic growth. China is now the primary destination for Chile's copper exports, and in turn China supplies a lot of low cost manufacturers that have become accessible to the growing middle class in Chile. So I think it's been kind of a win-win for economic development in Chile.

I think more broadly throughout the hemisphere, I think the growth of China-Latin America trade is not dissimilar from the growth of China-U.S. trade. It's comparative advantage at work and it's raising living standards in both countries. So I don't see it necessarily as a competitive issue vis-à-vis the U.S. And particularly if you take a look at the type of exports the U.S. is sending now to Chile, a lot of high tech products, high intellectual property products, high value-added products. The Chinese are typically sending more manufactured goods but not necessarily direct competition.

I think it's healthy. It's part of the globalization process. The Chinese have not been that much of a major factor in terms of investment in Chile. I know in some of the other countries they've been more active. In Chile it's basically been a trade relationship, but I think it's been expanding and I think it's been good for the hemisphere, good for China, good for Chile. So I think it's something that should be encouraged.

AMBASSADOR MICHAEL P. MCKINLEY (Peru): I'm afraid I'm going to mirror Paul's remarks to a remarkable degree, so I'll keep it short. I'll just focus on key words of the question.

Competition for influence. I think if you take a look at China's role in world trade in any region of the world it's not a question of competition for influence. They're looking to have the raw material they need to grow their domestic economy.

If you look at China's role in world trade and our role in world trade across this decade, world trade has grown exponentially. The last five, six years have been the fastest period of growth in world trade since World War II so the pie is growing for everyone.

Coming down to the specifics of the relationship with Peru, to take this year which is a year in which China has figured fairly prominently in Peru with a projected \$2 billion investment in an iron ore facility, U.S. exports to Peru have gone up 70 percent in the nine months to September, year on year. U.S. investment in Peru is up about \$2 billion. So again, we're not facing competition. The pie is growing. It's a part of globalization. The U.S. continues to be Peru's primary market for both exports and imports. China has grown, but again has not cut into our ability to expand in what is a growing market, not just in Peru, but in the Latin American region.

MS. ROTHKOPF: I think I'd like to turn over the last word to Assistant Secretary Tom Shannon to say a few words in response to this question, but I'd also like to ask you to comment a bit on the relationship with Brazil.

ASSISTANT SECRETARY SHANNON: Happily.

In regard to China, one thing this administration has done is begin consultations with China on Latin America and the Caribbean. We've done this three years running, twice in Beijing and once here in Washington, D.C. We fully expect these kind of consultations to continue. It's an important opportunity for us to explain to each other what our interests are in the region, how we see our activities in the region, and to ensure that we don't get cross-wise in any unnecessary way.

I think the talks have been successful. They've advanced to a point where the Chinese themselves want to move beyond just consultations to determine whether or not we can begin to coordinate our activities in

multilateral development banks and determine whether or not China's experience in poverty reduction and in disaster response could be of meaningful use to us as we work in the region on these issues with our partners.

But one of the striking things about how the Chinese understand what they are doing in Latin America and how it is related to us is that the Chinese view the U.S.-China relationship as not simply a bilateral relationship. They view it as a global relationship. They see their behavior around the world connected to a larger relationship with the United States. And this is a good thing for us because it gives us a degree of leverage and a degree of access that we might not typically have.

This does not mean there aren't problems, this doesn't mean there are not disagreements, because in many areas the Chinese presence is a fairly new one, or at least the presence it has taken now, especially in regards to its economic and trade pursuits and in many areas this newness means that it misses some nuances. But my own view is that these kinds of consultations are useful, they need to continue. There are things we can do in concert with the Chinese in the Americas, and we can help preserve a larger relationship with China by how we coordinate our activities throughout the region.

In regard to Brazil, regrettably our Ambassador to Brazil, Cliff Sobel, is at the Woodrow Wilson Center at a conference on Brazil. He was one of the keynote speakers this morning so he could not be with us. But as we look back over the accomplishments in the Americas over the past eight years, what has happened to the U.S.-Brazil relationship I think is one of the high points. I think President Bush and President Lula are to be commended not only by contemporaries, but they will be commended by historians for what they have done in taking a relationship which has always been understood to be important, always been understood to be full of potential, and actually made it real. They have done so through continual engagement, through a lot of discussion back and forth, both formally in meetings but also informally through telephone conversations, and then by directing their bureaucracies to make a leader's commitment to a positive relationship a reality.

Over time we have built a series of structures, both governmental, civil society based, and private sector based, that has really connected the United States and Brazil in an important way. And I think has done so in a way that recognizes that the two greatest, largest democracies of the Americas can work together in areas far beyond the political.

Our Memorandum of Understanding on Biofuels which has been expanded in terms of our third country engagement to include more countries in the Caribbean and Central America, but also African countries like Senegal and Guinea-Bissau, our cooperation in São Tomé and Príncipe to eradicate malaria and our cooperation in Guinea-Bissau on building of legislative institutions really is innovative. It really shows how these two large countries can work together, especially on issues that are related to economic and social development.

I believe that the scholarship programs that we have begun in Brazil, especially the English language programs that give Brazilians of lower middle class who do not speak English an opportunity to access U.S. universities are important.

I believe the Joint Action Plan to fight racism and to promote equality which Secretary Rice initiated in Brazil is also an important step forward, showing that the United States and Brazil can work on common social problems and exchange experiences. And it has created I think a level of confidence and trust in the relationship that also allows us to manage our differences, and there are differences, no doubt about it. That's just a reality in a world in which great countries are involved in global relationships.

This is an area where we're going to continue to focus, I think. Our relationship with Brazil is absolutely essential to the well being and success of South America, but it's also absolutely essential to our ability to present ourselves in South America as a helpful partner.

MS. ROTHKOPF: Thank you very much.

Unfortunately we are out of time. I'd like to ask all of you to join me in a round of applause for our speakers who generously shared their time and insights today.

[Applause].

Your thoughtful questions have been extraordinary, as well, and have added a great deal to the quality of our discussions.

On behalf of the Chamber I'd like to thank the U.S. Department of State and Tom Shannon for allowing us to host this important event.

Before everyone leaves I want to say this is probably one of the last opportunities that many of us will have to meet with Tom Shannon in his current capacity given the upcoming change in the U.S. administration. On behalf of the U.S. Chamber of Commerce, our members, and countless others throughout the region I'd like to express our deep gratitude to him for his leadership.

During his tenure as a senior official at State, the NSC and the OAS and indeed throughout his entire career he has proven himself to be one of the U.S. government's most knowledgeable and committed friends of the Western Hemisphere. He has had a meaningful and lasting impact, managing and promoting U.S. interests in the region through his tireless efforts to promote democracy, trade and sustainable economic development.

Please join me in a round of applause for Tom in appreciation for all he has done to strengthen U.S. relations with the hemisphere.

[Applause]

Thank you.

[Applause]

Finally, I'd like to thank the talented staff at the U.S. Department of State and also here at the Chamber who made this terrific event today possible. While it would be impossible to name everyone who made important contributions I'd like to recognize my good friend Scott Miller, Jenna Ben-Yehuda, Heide Bronke Fulton, John Dixon, Dawson Law, Maria Medrano, Vivi Leffingwell, Liz Reilly, Karen Gaither, Katie Ligibel, and Selina Smith.

[Applause]

And just one last announcement. I'd like to ask all of the Ambassadors to remain on stage for a photo. For those of you who are hoping to speak with them, if you could just give us a moment before you approach the stage, we would greatly appreciate it.

Thank you.