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Global Narcotics Affairs
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Mr. Chairman and Members of the Committee:

I want to begin by thanking you for this opportunity to testify before you today and for the level of interest and attention that you dedicate to the Western Hemisphere and U.S. policy in the region. I also want to congratulate you for your assignment as Chairman of the Western Hemisphere Subcommittee. I look forward to continuing to work with you and with the other members of this committee to advance U.S. interests in the hemisphere.

Mr. Chairman, I am pleased to tell you that this administration is deeply engaged in the Americas. Since the earliest days in office, the Obama Administration has worked tirelessly to safeguard democratic values, promote economic opportunity and social inclusion, strengthen regional security, and advance U.S. interests. We believe the United States has important national interests at stake in the Western Hemisphere, and the best way to advance these interests is through proactive engagement with all of the countries of the Americas. That is why Secretary Clinton has traveled to the region more frequently than any other Secretary of State in modern American history. And that is why President Obama chose to use his State of the Union address to announce that he will travel to Brazil, Chile, and El Salvador later this spring “to forge new alliances across the Americas.”

The Obama Administration is committed to leadership in the Western Hemisphere that is guided by a set of core principles. First, we believe that the best framework for engaging with the Americas is one based on mutual partnership and co-responsibility. As President Obama stated at the Summit of the Americas in 2009, “There is no senior partner and junior partner in our relations; there is simply engagement based on mutual respect and common interests and shared values.” Second, we believe that working through multilateral channels in concert with the nations of the Americas is critical to advancing our interests. While it is

important that we maintain strong and vibrant bilateral relationships, the solutions to the challenges we face will be more impactful, durable, and sustainable if we partner with nations that share our common values and goals. Third, we believe that the United States has a vital stake in the hemisphere's prosperity – and that contributing to its success is good policy, because it benefits all the people of the Americas. We also know that the success of Latin America and the Caribbean will continue to rely on the consolidation of vibrant democratic institutions that are responsive to their citizens and capable of expanding the boundaries of freedom, creating greater social prosperity, unlocking the economic potential of markets, deepening the rule of law, and fostering respect for human rights.

Today, we are optimistic about the hemisphere's course. Indeed, the Western Hemisphere is experiencing a period of economic progress that is a far cry from the troubles of the past. Not only did the region avoid the worst effects of the financial crisis, but current growth rates are projected to exceed 4 percent this year. And politically speaking, we welcome the reduction in tensions among the nations of the Andean region and note the smooth transfer of power that has occurred in many countries throughout the Americas. Indeed, the nations of Latin America and the Caribbean are undeniably promising partners in confronting crucial regional and global challenges. In much of the region, we are seeing the convergence of two powerful and positive trends: the consolidation of successful market democracies that are making big strides in meeting their peoples' needs; and growing global integration. The greatest regional challenges—including inequality, lack of transparency and accountability, insufficient respect for human rights, ineffective institutions, and lack of opportunity—are receding in most countries in the Americas. Nations of the hemisphere are realizing their stake in new global challenges, like food security, climate change, transnational crime, and economic competitiveness.

There are many examples of the Western Hemisphere's emerging diplomatic and economic influence. Brazil has positioned itself as a key actor in global economic forums like the G-20. It was Mexico's skillful diplomacy that brought the most recent United Nations Climate Change Conference in Cancun to a successful conclusion. On a per capita basis, Uruguay contributes more troops to United Nations peacekeeping missions than any other nation. Colombia is sharing its judicial reform and security expertise and working with partners such as Mexico and the Central American nations in a coordinated fashion. Canada has been a steadfast partner in addressing crucial issues that range from global climate change to securing the peace in Afghanistan to restoring the health of the world economy. Member nations of the Caribbean Community (CARICOM) are leading in

collective efforts to address citizen security challenges in the sub-region. These are just a few examples of democratic societies with whom we can join in new networks of partnership around the world in order to help meet the tests of our times.

Mr. Chairman, as you know, Secretary Clinton recently unveiled the groundbreaking QDDR process to enhance our capacity to lead through civilian power. As she has emphasized, advancing American interests and values will require leading other nations in solving shared problems in the 21st century. Therefore, we must increase our reliance on our diplomats and development experts as the first face of American power.

In 2011, the concepts underpinning the QDDR will also guide our approach of “dynamic engagement” that seeks to advance U.S. interests in partnership with the Americas as a whole, while recognizing the value of accommodating diverse needs and interests. The Obama Administration has focused our efforts on four over-arching priorities critical to people in every society: building effective institutions of democratic governance, promoting social and economic opportunity for everyone; securing a clean energy future; and ensuring the safety and security of all of our citizens. All this we seek to achieve while harnessing and strengthening multilateral and regional institutions, especially the Organization of American States.

We recognize that achieving our goals will require helping to build stronger institutions of democratic governance that respect fundamental freedoms and human rights. As we have recently witnessed during the presidential election process in Haiti, ensuring that democratic elections respect the will of the people is essential to maintaining political legitimacy and social stability. This goal united all of the hemisphere as well as non-hemispheric partners that have made a commitment to assisting Haiti in the wake of last year’s devastating earthquake. In 2011, several Latin American and Caribbean countries will hold presidential and legislative elections, including Guatemala, Nicaragua, Guyana, Peru, and Argentina. We join others in welcoming elections that are a credible expression of the popular will, and we encourage all countries to facilitate domestic and international observation and to establish mechanisms capable of mitigating disputes that may arise through the election process.

While many countries in the Americas have strong and healthy democracies, we all still have more work to do. As we engage with our partners to strengthen democratic institutions and civil society throughout the Americas, we are cognizant

of the continuing weaknesses in democratic procedures and practices and the threats to their consolidation. Collectively, we need to be clear-eyed and proactive in addressing risks to our common agenda. Those include attempts to expand majoritarian or populist rule at the expense of fundamental minority rights, effective democratic governance, or dialogue and consensus within the rule of law. And while we congratulate the popular leaders who have opted to leave office in accordance with the institutions of democratic governance, rather than promoting constitutional changes to benefit incumbents, we regret the opposite trend in several countries.

Recent developments in Venezuela raise serious concerns in this context. Particularly worrisome, among other measures, is the delegation of the legislative authority to the executive that extended beyond the terms of office of the outgoing National Assembly, undermining the authority of the new assembly and thereby circumscribing popular will. This violates the doctrine of the separation of powers and therefore contravenes the Inter-American Democratic Charter. That said, we are heartened by the presence of a coherent opposition in the National Assembly as Venezuela's institutions must reflect the range of views in society in order for democracy to prosper.

During 2010, Honduras made significant progress in strengthening governance, promoting national reconciliation, addressing some of the problems of human rights violations, and restoring diplomatic relations with many countries in the hemisphere. As President Lobo has said, he has sought to redirect the country on a path towards democratic normalization following the disruption of the institutional order that took place in June 2009. In our view, he has prepared the groundwork for the restoration of Honduras to the Organization of American States. The U.S. government is supporting Honduras through robust programs managed by several agencies, including the Departments of the Treasury, Defense, Homeland Security, State, and USAID, and we will seek new ways to support the country's efforts to achieve its economic development objectives.

Since taking office, President Obama has made clear his commitment to supporting the Cuban people's desire to freely determine their own future. During the first two years of the Obama Administration, we have taken measures to increase contact between separated families and to promote the free flow of information to, from, and within Cuba – including new measures that will enable more Americans to travel to the island for academic, religious, and people-to-people exchanges. And we have engaged the Cuban government directly on key bilateral matters like migration and direct mail service. However, we deplore the

Cuban government's recent announcement that Cuban prosecutors intend to seek a 20 year sentence against U.S. citizen Alan Gross. Mr. Gross is a dedicated international development worker who was in Cuba providing support to members of the Cuban Jewish community. We strongly urge his unconditional release.

Though our hemispheric agenda remains manifestly inclusive and seeks points of convergence even in difficult cases, we remain steadfast in our commitment to core principles and recognition of key values such as human and labor rights, media freedom, and the importance of robust democratic institutions. Building a new spirit of inter-American partnership is especially important at a time when we face a constrained budget environment. Now more than ever, our budget choices must be strategic, and we must align limited funding resources to the areas where our resources can make a critical difference.

The President's 2012 foreign assistance request for the Western Hemisphere includes funding for critical citizen safety programs that will support the hemisphere's ability to combat drug trafficking and transnational crime. These threats to the rule of law in Latin America and the Caribbean also threaten U.S. national security, and strengthening the region's capacity to combat them is in our national interest. We support full fiscal year 2012 funding from Congress for the Merida Initiative with Mexico, the Central America Regional Security Initiative, and the Caribbean Basin Security Initiative as vital for the achievement of these goals. In Colombia, continued funding is key to firmly secure the country's transformational gains on security, democracy, human rights, and the illicit drug industry, while U.S. cooperation with Mexico is critical to the success of Mexico's effort to fight drug trafficking and strengthen its institutions.

The 2010 poll by the public opinion research firm *Latinobarometro* also confirmed one of the core precepts of the Obama Administration's policy towards the hemisphere: that the greatest concern of citizens throughout the hemisphere is achieving safety and security and combating the rise of international crime. Against this backdrop, the United States and Mexico have built an especially close partnership over the past two years, in large part through our cooperative law enforcement efforts to dismantle transnational organized criminal groups. The Congress has appropriated \$1.5 billion to support the Merida Initiative assistance programs. By the end of 2010 the U.S. Government had delivered eleven helicopters, millions of dollars worth of other equipment, and trained over 6,000 Federal Police investigators and corrections staff as well as over 3,000 prosecutors and judicial authorities. We have shifted Merida's focus away from supplying critical equipment to providing more training and technical assistance. Along

these lines, we are partnering with Mexico to help institutionalize justice sector reforms to sustain the rule of law and respect for human rights – and build a stronger institutional basis, including at the community level, for combating crime and the drug trade and enhancing citizen safety. In addition, the United States is increasing its own domestic law enforcement efforts to dismantle Mexican narcotics supply networks in our country, and combat the smuggling of illegal financial proceeds and weapons into Mexico. Although the road ahead remains challenging, we are certain that this is the right approach that will lay the groundwork for long-term sustainable results.

We have learned that a successful approach to security challenges must be a comprehensive regional one. That is why the United States is also working to enhance citizen safety through the Central America Regional Security Initiative (previously part of the Merida Initiative), which has received \$260 million to date, and the Caribbean Basin Security Initiative, which began last year with an initial investment of \$45 million. These programs are central to our strategy to break the power, violence, and impunity of the region’s drug, gang, and criminal organizations and strengthen law enforcement and justice sector institutions. Recognizing that the United States is one of many players in the security sector, we are encouraging partners and donors in the field and in capitals to better coordinate their efforts to avoid program redundancy and to improve overall impact. Donors can better leverage resources where they have comparable advantage, such as coordinating with host nations on law enforcement and rule of law programs. This week we met with the European Union, Spain, Canada, the UN, and other partners, and the multilateral development banks to better coordinate international responses.

Our engagement with Central America is especially pivotal. Through our Central America Security Strategy, we are reassessing how we can more rapidly, and effectively, reverse the worrisome decline of citizen safety in Central America. At the President’s and Secretary’s direction, we are examining ways in which to enhance cooperation on citizen security, especially focused on Central America, in a way that ensures we are mindful of and addressing gaps that transnational criminal organizations may be seeking to exploit. We are working with partners to ensure that Central America is both a development and foreign policy priority, and that pooled donor resources have a greater chance of positively affecting the trajectory there.

Our support for Central America and the Caribbean is by no means limited to security. In El Salvador, Honduras, and Nicaragua, the U.S. Government's Millennium Challenge Corporation has spent almost \$800 million in recent years modernizing farms and building or improving hundreds of miles of highway. In the Caribbean, through the President's Emergency Plan for AIDS Relief (PEPFAR), the United States works with 15 Caribbean countries to treat and prevent exposure to HIV, provide care and treatment and eliminate the stigma and discrimination associated with the disease.

In addition, the United States continues to prioritize economic growth programs that leverage the emerging leadership potential and resources of many Latin American and Caribbean countries. Innovative, partnership-based initiatives like the Energy and Climate Partnership of the Americas and Pathways to Prosperity initiative will support Latin America and the Caribbean's ability to lead its own development by encouraging others to assume leadership roles and commit their own resources in order to promote key policy innovations. Latin America and the Caribbean will also benefit from the Administration's Feed the Future and Global Health Initiatives, which will help foster healthy, prosperous societies.

U.S. economic engagement with the Western Hemisphere extends far beyond foreign assistance for Latin America and the Caribbean. The Western Hemisphere remains a critical economic partner to the United States and many of our neighbors are also among our top trading partners. In 2009, total U.S. merchandise trade between the U.S. and Latin America and the Caribbean reached \$524 billion and 40 percent of Latin America and the Caribbean's exports flowed to the United States, making us the region's single largest export destination. The Western Hemisphere, including Canada, absorbs 42 percent of U.S. exports and total trade with the hemisphere reached \$1.5 trillion in 2009. Earlier this month, President Obama and Prime Minister Harper released a declaration intended to keep the United States safe while increasing American jobs through minimizing bottlenecks and non-tariff barriers. Around 84 percent of our overall trade with the region takes place with our 10 FTA partners in the hemisphere. NAFTA alone represents the largest free trade area in the world, accounting for \$735 billion in trade in 2009. The Administration continues to work with our NAFTA and CAFTA-DR partners on improving the flow of trade through regulatory cooperation and trade capacity building programs. In addition, the U.S. continues to be the largest investor in the region, supplying approximately 37 percent of the foreign direct investment (FDI), which totaled \$34 billion in 2008.

Remittances have also become a critical dimension of the economic relationship between the United States and our neighbors. While the flow of U.S. remittances to Latin America and the Caribbean declined about 11 percent following the 2008 financial crisis, the overall figure of \$62 billion in 2009 remains impressive and underscores the strong family ties with the region. We are currently initiating programs, such as the BRIDGE initiative that was launched in El Salvador and Honduras last year, that seek to harness the investment potential of these remittances to help these countries fund vital infrastructure improvements.

The Western Hemisphere will be a key target of the President's National Export Initiative, known as NEI. As part of his strategy for restoring strong economic growth in the United States, President Obama has called for doubling U.S. exports in five years – an ambitious goal. Last month's deal with South Korea paves the way for congressional approval of a long-stalled FTA with a crucial Asian ally, and creates a valuable example of how best to move forward on our other two pending FTAs with Colombia and Panama. President Obama has instructed U.S. Trade Representative Ron Kirk to intensify engagement with the Colombians and Panamanians to resolve outstanding concerns relating to these trade agreements as soon as possible this year. If we are successful, we will move those forward for Congressional consideration immediately thereafter.

Our efforts to advance economic opportunity are complemented by initiatives to expand social inclusion and provide support to marginalized groups. We also seek to advance gender equity through education, outreach, and government-to-government dialogue. A new area of emphasis is our effort to combat discrimination based on sexual orientation, and we are prepared to speak out forcefully to denounce violence against lesbians, gays, bisexuals, and transgendered persons in the Americas. We have made significant strides in supporting racial and ethnic inclusion throughout the region, including with indigenous communities. We look forward to increasing these efforts during 2011, which the United Nations has named the International Year for People of African Descent.

Secretary Clinton attended the inauguration of Brazilian President Dilma Rousseff to underscore our commitment to elevate our bilateral relationship with this rising power to a new level. The United States and Brazil share many common interests and values and are natural partners on a wide range of regional and global issues. We have made important progress in that front over the last year. Brazil was the first country to take the lead in an initiative under the Energy and Climate Partnership of the Americas. The United States commends Brazil's

leadership in Haiti, along with that of many other Latin American and Caribbean countries, and we are pursuing opportunities to work together on development projects in Central America and Africa. Brazil stands out in the global marketplace for the tremendous potential opportunities it offers U.S. companies. We will work with American exporters and investors to take advantage of that potential and would like to devote more resources to efforts that strengthen our bilateral mechanisms with Brazil, such as the Economic Partnership Dialogue. President Obama's visit will be incredibly important to our efforts to establishing a strong working relationship with President Rousseff and her government.

In South America, the United States has forged especially strong partnerships with Colombia, Peru, and Chile. Our relations with these countries have never been so comprehensive, with both regional and global dimensions. Last fall, President Obama met with his counterpart Colombian President Juan Manuel Santos at the United Nations in New York where they announced the creation of the High Level Partnership Dialogue, which Deputy Secretary Steinberg launched when he traveled to Colombia in October. The Dialogue marks a new chapter to broaden our maturing and wide-ranging relationship, making Colombia an ever-more vital strategic partner. We are working to finalize a new framework agreement with Bolivia that will reaffirm both governments' commitment to engagement based on mutual interest and respect, and in a manner consistent with our laws and policies regarding assistance and counternarcotics cooperation. We have engaged Ecuador on a range of important bilateral, regional, and global issues. And we have also struck a new tone in our dialogue and engagement with Uruguay and Paraguay. We strongly believe it serves U.S. interests when we engage both with our friends and allies as well as those countries with which we may not see eye to eye.

This approach goes beyond traditional relationships between governments. People-to-people contacts build mutual understanding and bring to light our shared values. Our diplomatic posts throughout the Western Hemisphere reach youth, civil society groups, opinion leaders, and others who take a constructive interest in the future of their society and how it relates to its neighbors. Educational and cultural programs, outreach through new and traditional media, and diverse voices from U.S. culture are all ways we project our values and translate our policy goals into ideas and actions that affect people's lives.

It is important to note that the Obama administration's strategy of engagement has contributed to a shift in Latin American public opinion. According to the 2010 poll by *Latinobarometro*, two-thirds of the population in

most countries had favorable attitudes towards the United States – an increase of 10 to 20 points from 2008 levels. The role of the United States in Latin America is also overwhelmingly viewed as positive. This suggests that the Obama administration’s strategy has reversed the dangerous depletion of good will toward the United States that had occurred during the prior decade.

We are also continuing to help the Haitian people rebuild after the terrible earthquake that struck the country a year ago. As President Obama emphasized shortly after the earthquake, U.S. commitment to Haiti will be sustained. We are proud of the role of the United States in the unprecedented bilateral and multilateral cooperation in support of Haiti. Since the earthquake, the U.S. government has spent \$1.1 billion in humanitarian relief assistance and an additional \$406 million in recovery assistance toward job creation, rubble removal, shelter solutions, health and other priorities. In addition, the U.S. government has pledged \$1.15 billion in new money toward reconstruction. To date, we have disbursed more than \$332 million to provide debt relief and contribute to the Haiti Reconstruction Fund. This has allowed the Haitian government to use its resources to support the construction and repair of houses, remove rubble in critical areas of Port-au-Prince, establish funds to finance private sector activity, and provide education assistance. The United States has also provided over \$43 million in assistance since the onset of the cholera crisis in October 2010, for medical supplies and services; and cholera treatment facilities and information campaigns to increase public awareness of prevention and treatment of the disease.

A democratic transfer of power is vital to Haiti’s long-term peace, stability and opportunity for economic growth. The United States and the international community support an election process in Haiti that reflects the will of the Haitian people. A free and fair process will allow the incoming government to enjoy full legitimacy, while representing the best way to promote stability and reconstruction. Since the November 28th election, our message has been consistent: the people of Haiti have the right to choose their leaders. The Haitian Provisional Electoral Council (CEP)’s February 3rd announcement of the final results of the November elections was an important milestone in this electoral process. The United States stands ready to assist Haitian electoral authorities in the next round of elections, currently scheduled for March 20, to promote a free and fair electoral process and reduce the level of fraud and irregularities that affected the first round. As Haiti moves forward with the second round of elections, it is essential that all political actors, including candidates and their supporters, continue to work peacefully and within the law. In short, there has been progress, and, while uneven, it has

deepened the resolve and commitment to Haiti of the international community, including the United States.

In conclusion, our hemispheric policy is based on the premise that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations in this hemisphere that can play a pivotal role in strengthening a rules-based international system capable of meeting today's global challenges. As President Obama and Secretary Clinton have said, policy must be conducted on the basis of mutual respect and shared responsibility through dialogue and engagement. The United States must be a more effective and determined partner in helping countries throughout the Americas achieve their own chosen paths as determined by their own people. Today, the Obama administration's Latin America and Caribbean policy is informed, engaged, dynamic, and collaborative – and optimistic about what the future will hold for the countries of the Americas. I thank you for your attention.