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Issues in Development in Latin America

"Canada and Latin America"

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Canada's presence in the region goes back to the XVII century, with trade links in the Caribbean. Canadian business and Canadian missionaries in Latin America make their appearance in the XIX century. A Canadian company, now Brascan, was responsible for the initial electrification of Sao Paulo and Rio at the beginning of the XX century. Diplomatic relations with major Latin American countries (Mexico and Brazil) were established during WWII, and with many other countries in the region in the 1950's and 1960's. This year, for example, we celebrated the 50th anniversary of diplomatic links with Colombian and Venezuela. Today, Canada has diplomatic relations with all Latin American countries, all of them with a resident presence (Embassy, Consulate, or Office of the Embassy). The latest addition is the CIDA office in Paraguay, which began operations in Summer 2003.

Canada became an observer on a number of inter-American organizations (PAHO, OAS) in the 1970's. Increasing contacts with Latin America begin in the 1970's with the arrival of Chilean refugees from the Pinochet coup; continuing relations with Cuba throughout the Cold War period; greater Canadian activity in Central America during the 1980's; all this culminating in Canada joining the OAS as full member in the 1990's. Latin American populations in Canada increased significantly during the 1980's and 1990's, as a result of both refugee and regular immigration flows.

During the early 1990's, Canada negotiated NAFTA with the USA and Mexico and participated in the first Summit of the Americas in Miami. This was followed by the conclusion of the free trade agreement with Chile in 1997, participation in the Second Summit of the Americas in Santiago in 1998, chairing the FTAA negotiations in 1999, hosting the OAS General Assembly in Windsor in 2000 and the Third Summit of the Americas in Quebec City in 2001.

All these events, of course, raise a number of questions: for what purpose? What has Canada accomplished in Latin America during this period of more sustained engagement? The answers which I will give to these questions reflect very much my personal analysis, derived from a number of years of experience with the region, involved both on bilateral relationships and the OAS and the Summit of the Americas process.

I believe that the major contribution of Canada to Latin America in the past fifteen years has been the strengthening of multilateralism in the region. It is my contention that Canada has been primarily responsible for nurturing a cooperative, rules-based approach

to the major challenges facing Latin America, using as its major instrument a reinvigorated and growing hemispheric multilateral system.

We need to understand this contribution within the context of Canada's wider foreign policy, in particular (i) the priority we place on multilateralism; (ii) our desire to work towards open economies and societies as necessary, though not sufficient conditions for development; and (iii) our commitment to exploring avenues and opportunities to project Canadian identity and values, in particular the emphasis we place on human rights, good government, and democratic development.

Perhaps the best illustration of this approach is the issue of democracy. When Canada joined the OAS, Latin America as a whole had emerged from the era of military governments in most countries of the region. One of our concerns was the preservation of that democratic culture, since democratically based-governments generally respect human rights to a much greater degree than de-facto regimes and are less prone to use force as the means for solving conflicts with their neighbours.

This concern led Canada to seek as our first priority, immediately upon joining the OAS, the creation of the Unit for the Promotion of Democracy. The Unit, created in 1990, has as its main objective to provide effective and immediate response to OAS member states requesting advice or assistance in modernizing or strengthening their political institutions and democratic processes.

One year later, in 1991, at the OAS General Assembly in Santiago, Canada was highly instrumental in the passage of resolution 1080. This Resolution, for the first time, recognized that the interruption of the democratic process in a country of the hemisphere was a matter of international concern which could lead to further collective action. It laid down a procedure whereby an ad hoc meeting of Foreign Ministers or a special session of the General Assembly could be called to look at the events and take "appropriate decisions". On a ground-breaking precedent, the preservation of democracy became a subject for multilateral action, rather than a matter entirely within the sovereignty of a country. Resolution 1080 was followed a few years later by the Washington Protocol, which incorporated the provisions of the Resolution into the OAS Charter itself.

Resolution 1080 was arguably a key reason why the 1993 "self-coup" by then President Serrano of Guatemala failed and set the stage for further developments within the inter-American system.

The First Summit of the Americas in 1994, in which Canada was highly influential in ensuring that the OAS was included as one of the implementing entities of Summit Commitments, featured preserving and strengthening the community of democracies of the Americas as one of its major objectives. Strengthening the UPD was mentioned as one of the components of the Plan of Action.

At the Santiago Summit in 1998, Canada, in close cooperation with the host, Chile, succeeded in bringing the major Inter-American multilateral institutions, namely the

OAS, the Pan-American Health Organization, the Inter-American Development Bank and the Economic Commission for Latin America and the Caribbean, into the newly created Summit follow-up mechanism. This represented the first concrete step in joining the Summit process with the existing multilateral architecture.

In 2000, at the OAS General Assembly in Windsor, Canada led on a resolution which established an OAS Mission to Peru, led by the Secretary General of the OAS and then Canadian Foreign Minister Axworthy. The resolution was in response to the political crisis in Peru, following the tainted re-election of President Alberto Fujimori. As mentioned in Professor Randall's article in your readings, Canada was given a large amount of credit for helping defuse the crisis and placing Peru on the road to an orderly restoration of democracy.

In 2001, Canada hosted the Third Summit of the Americas. In my view, the major accomplishments of the Summit was the so-called Democratic Clause. The Clause advanced the proposition that the values and practices of democracy are fundamental to the advancement of all hemispheric objectives. It also reaffirmed the principle that any unconstitutional alteration or interruption of the democratic order in a state of the Hemisphere constitutes an insurmountable obstacle to the participation of that state's government in the Summit of the Americas process. It also instructed Foreign Ministers to prepare an Inter-American Democratic Charter. The Charter was subsequently negotiated and adopted on September 11, 2001.

However imperfect one may think the Charter is (and, being the fruit of negotiations, it is not perfect), it represents a unique instrument in terms of its substance. In the words of Canada's Ambassador to the OAS, "It does more than simply repackage and reiterate its precedents; it moves beyond and provides clearer definitions of the elements of democracy, introduces a carefully structured menu for responding to challenges to democracy, contemplates helpful steps to be taken before punitive measures become necessary, and couches democratic principles in their social context. Certainly other regional organizations have drafted strong declaration of principle relating to democracy. However, no other region has been as progressive in moving the democratic agenda so far in such a short period, nor has any organization been as aggressive in making democracy the sine qua non for participation".

The Charter was tested for the first time in April, 2002 in Venezuela. Arguably, its existence, during and after the coup against President Chavez, has prevented a political crisis from degenerating into armed conflict and has provided the tools for guiding Venezuela on the road to a constitutional solution to the existing political impasse. Nicaragua "evoked" the Charter in September 2002 in support of its own, internal campaign against corruption, highlighting the preventive and the promotional aspects of the Charter. It is no exaggeration to say that the Charter has quickly become a key feature of our hemispheric architecture.

Also arguably, the Charter has assisted Latin American countries in facing governability crises such as the recent one in Bolivia, by putting a restraint on those wishing to return

to the old model of de facto governments. Thus, the Democratic Charter is perhaps the most significant product coming out of the new multilateral reality of the hemisphere, a reality defined by the Summit of the Americas process as its catalytic force. Canada has played a central role in shaping that force.

Some argue, however, that there is growing scepticism about Summits and Summit processes. Let's look at the key reasons why some people may be sceptical and why Canada believes that the Summit should continue to be a fundamental plank in our relationship with Latin America.

Since the Quebec City Summit, the region has faced a number of serious political, economic, and social challenges. Bolivia is the most recent example, but before that it was Venezuela, and before that Peru, and Argentina and Ecuador. Concern is increasingly expressed with respect to the increasing vulnerability of democracies, economies, and societies across the Americas.

We know that many of these issues are not new, and that their root causes extend back decades and even hundreds of years in some cases. But what has changed fundamentally is the context of democratic transformation in our hemisphere over the past 15 years, and the growing expectations of citizens of the hemisphere concerning jobs, health, education, and the accountability of the political process.

It is now clear that formal democracy and elections are not enough, and that many of the promises of structural reform and sustainable economic growth in much of the Americas have not been sufficiently delivered upon. Growth alone - especially sporadic growth - is insufficient to guarantee social equity. Social and economic inequality in Latin America remains among the worst in the world. However, the severe hardships experienced in some member countries should not obscure the remarkable progress that the region is continuing to make. Summit countries have kept sight of their common endeavour to put forward a coherent and balanced agenda, and we must remain mindful of that.

As I mentioned above, through the Inter-American Democratic Charter, we have built a platform unique in the world to address the challenges to democracy that may arise. We have also negotiated new inter-American Conventions Against Corruption and Terrorism which demonstrate that countries of the Americas are capable together of defining collective responses to evolving governance and security challenges.

Another telling example is the recent hemispheric Special Conference on Security, which took place October 27-28 in Mexico City, another key Summit mandate which has resulted in a new, shared, wide-ranging concept of security which incorporates social and economic dimensions, including human security. We know that our prosperity has depended on the peace and security which Canadians have enjoyed both at home and abroad. We firmly believe that enhanced peace and security throughout the region will benefit us all.

As I mentioned above, the Summit process has also defined and strengthened crucial linkages with partner institutions, including the Organization of American States (OAS), the Pan-American Health Organization (PAHO), the Inter-American Institute for Cooperation on Agriculture (IICA), the Economic Commission for Latin America (ECLAC), the Inter-American Development Bank (IDB), the Central American Bank for Economic Integration (BCIE), the Caribbean Development Bank (CDB), and the Andean Development Corporation (CAF).

I referred earlier the hemispheric Security Conference in Mexico. The danger of outright conflict between states in the Americas has virtually disappeared, but it has been replaced in some cases by crime, violence, new diseases, environmental deterioration, and growing social needs within states. Canada's people-centred human security agenda is succeeding in changing the discourse in our hemisphere, and will have an impact in how we collectively analyse and resolve these issues.

We do not always agree, and there are tensions at times over issues like trade policy or international security. But we face these challenges through the collection of mechanisms and institutions I have mentioned, which themselves highlight the areas of convergence in our hemisphere. Because of this, we are making progress in this region as in no other.

Most Canadians agree that free and open trade complements free and open societies. Forty-two per cent of Canada's economy now depends directly on trade. In fact, Canada now exports more products to Latin America and the Caribbean than we do to India, Indonesia, Russia, France, Germany, and Eastern Europe combined. Canada is also the source of growing direct investment in the region, totalling almost \$60 billion in 2002.

Canada is strongly committed to the FTAA process and to negotiating, multilaterally, by January 2005, a comprehensive, high-quality agreement, compatible with the WTO. No one ever claimed the it would be an easy negotiation, and each country has its own sensitivities. But, if the FTAA supports regional economic integration, and governments commit to managing national prosperity equitably, it will enable the kind of health, environment and social programs that can so profoundly improve the quality of life of the residents of Latin American countries.

At the last Ministerial meeting in Miami, trade ministers reaffirmed their commitment to conclude a comprehensive and balanced agreement by the 2005 deadline. Although we did not achieve all that we had sought, we have succeeded in narrowing differences on the way to the final phase of negotiations. We still believe that the final agreement must be balanced and negotiations must be conducted and concluded simultaneously.

We are also making significant progress in our free trade negotiations with the "Central American Four" (El Salvador, Honduras, Guatemala and Nicaragua), are exploring negotiations with the Dominican Republic, the CARICOM countries, and the Andean Community. Canada enjoys very successful Free Trade Agreements with Chile and Costa Rica, which have expanded trade and investment between our countries. In no other region of the world is Canada pursuing such an energetic trade liberalization agenda.

However, the positive results of hemispheric cooperation should encompass more than trade, and the larger question is whether we will continue to realize the full range of objectives that we have set out together. We believe that in the face of the current difficulties facing our region, restoring confidence in our agenda of hemispheric cooperation, as embodied in the Summit of the Americas process, is both necessary and possible.

At Quebec City, Leaders laid out a vision for the community of the Americas - a vision based on an agenda designed to strengthen democracy, renew our commitment to the protection of human rights, create greater prosperity, and to foster social justice and the full realization of human potential. That agenda, enshrined in the Quebec City Declaration and Plan of Action, remains the blueprint for a better future for the people of the Americas.

I spoke earlier of serious problems affecting our region since the Quebec City Summit, and the need to restore confidence. That is why our Prime Minister proposed to his hemispheric colleagues the holding of a Special Summit of the Americas. Canada believes we need a Special Summit to further advance our common agenda and address collectively key hemispheric challenges at the highest level.

We are very pleased that Mexico has agreed to host this important event January 12-13 in Monterrey. The agenda will focus on three main themes - Economic Growth with Equity, Social Development, and Democratic Governance.

We are not expecting to produce a new Plan of Action, but to develop concrete initiatives - such as ways to promote transparency and good governance; improved health and education; and ways to support job creation through the SME sector - to keep our agenda moving forward as we head to the IV Summit of the Americas to take place in Argentina in 2005. We will also be looking at the best ways to implement existing initiatives such as the Monterrey Consensus and the Millennium Development Goals in the hemisphere. By renewing political commitment at the highest level, we will ensure that we remain firmly on our path of implementing the balanced agenda agreed to at Quebec City.

In closing, I think Canada has already made a very solid and most importantly, enduring contribution to Latin America. It will be presumptuous to believe that Canada alone has the power or the resources to change Latin America. But we have made a difference in the way we know best; namely, through our contributions towards strengthening the multilateral architecture of the hemisphere. Through it, we have been instrumental in fostering greater unity of purpose in the region on issues such as democratic governance, the new multidimensional nature of security, sustainable development and greater respect for human rights. We should always keep in mind that Latin America today enjoys relative peace and democratic stability, and significant advances in social indices, when compared with many other regions of the world.

The challenges ahead are obviously formidable, and the progress made until now is quite fragile. The critical issue for the region, in my view, is addressing the expectations that

democracy has engendered, expectations for a higher standard of living and all that this represents in terms of personal security, more equal distribution of wealth, universal and better provision of public goods, such as health and education, among others. We hope the Special Summit will send a strong signal in this connection.

Many thanks.