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# **Private Sector Participation in Inter-American Summitry: From Inputs to Outputs**

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## **About the Hemispheric Think Tank Working Group in Support of the 2009 Summit of the Americas**

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The Working Group brought together researchers and policy analysts from the Western Hemisphere's leading think tanks to engage in intensive debate and dialogue and develop a strong intellectual and policy foundation for preparing and conducting the Summit.

In meetings in Ottawa and Washington, D.C., attended by leading national and multilateral officials, the group explored the critical problems the Summit could address, identified key areas of agreement and disagreement among countries, deeply probed the disagreements, and, where possible, sought to develop pragmatic approaches. These discussions and research have resulted in a series of policy papers that hope to mobilize and raise awareness of the Summit amongst regional governments and civil society.

## **Why Private Sector Participation in Inter-Governmental Diplomacy?**

Inter-American summitry is, quite properly, driven by governments. The region's democratically-elected governments, as expressions of their sovereign peoples, are entrusted to define and advance their national interests. Governments, therefore, are the primary drafters of Summit documents, including the leaders' declarations and plans of action, and are primarily responsible for their implementation.

At the same time, inter-American summits have sought to involve non-governmental actors, including academics, non-governmental organizations (NGOs), and the private sector. From the Summit in Punta del Este, Uruguay in 1967 (the last Summit before the current series begun in Miami in 1994), we have accounts of consultations with a few well-known business and labor leaders and intellectuals. But it was the Miami Summit that first sought broad-based and sustained involvement of civil society, including the private sector, in inter-American summitry. In the preparations for Miami, the U.S. and other governments held extensive consultations with a wide range of civil society organizations and the private sector. The Miami Plan of Action included a formal invocation to the private sector: "We are also proposing that some of these initiatives be carried out in partnerships with the public and private sectors." The Plan of Action's appendix included a robust list of "initiatives in which public and private sector partnerships play an important role," that included, inter alia, hemispheric infrastructure, cooperation in science and technology, universal access to education, equitable access to basic health services, encouraging micro-enterprises and small businesses, and three partnerships for sustainable development including sustainable energy use.

In fact, there are a number of good reasons to include the private sector in the summit process:

- To make summitry more transparent and accountable to a wider citizenry and a key component of civil society
- To benefit from the ideas and expertise of the private sector
- To gain private sector buy-in and support for summitry, widening the constituencies interested in the inter-American system
- To engage private sector resources and expertise in the implementation of Summit initiatives
- To catalyze the private sector to undertake projects that complement Summit initiatives and the roles of governments
- To provide forums in which the private sector from around the hemisphere can exchange ideas and best practices among themselves, and strengthen their own regional associations
- To conform to what has become an increasingly common practice of formally involving the private sector in multilateral diplomacy, first pioneered by APEC

## **Modes of Participation**

The private sector can participate in summitry in three principle ways:

- 1) Input into the drafting of the Summit texts, through formal consultations, policy papers and informal exchanges with government officials;
- 2) Presence at the Summit, first at the pre-Summit Private Sector Forum, and then through informal and formal meetings with government officials, up to and including meetings with leaders;
- 3) Involvement in Summit follow-up and implementation of Summit initiatives, through attendance at post-Summit ministerial and working groups, feedback and advice on Summit procedures, and active participation in Summit initiatives and projects including via public-private partnerships.

## **Recent Private Sector Participation in Inter-American Summitry**

The Miami Summit proposed the negotiation of a Free Trade Area of the Americas (FTAA), a concept that the private sector (among others) had formally proposed during pre-Summit consultations.<sup>1</sup> The private sector had a strong self-interest in the FTAA process in gaining freer access to expanding markets for their goods and services. After Miami, the ministers of trade began to meet regularly, and on an annual basis convened a Private Sector Forum for business executives that preceded the ministerial. The early forums gathered a large and enthusiastic number of senior executives who would break out into working group sessions and present formal recommendations to the ministers. Of course, with the suspension of the FTAA negotiations, these trade-related forums no longer occur.

The strategy of linking trade negotiations to a strong private sector presence has also been manifest during some negotiations for free trade agreements. For example, during the CAFTA-DR negotiations, countries typically included significant numbers of business executives in their delegations. While ministers maintained leadership in the negotiations, many incorporated private sector suggestions into their bargaining positions. The CAFTA-DR negotiating sessions also provided opportunities for business executives to network among themselves, and to formulate common positions, notably for sector-specific items on the negotiating agenda.

Summits continue to mount a Private Sector Forum that convenes just prior to the leaders' meeting. The OAS has launched the Private Sector of the Americas initiative, for among other reasons to assist in mounting the pre-Summit Private Sector Forum. The Forum consists primarily of a series of speakers and panelists

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<sup>1</sup> Julius Katz and Robert Fisher, "Agenda for the Americas," reprinted in Robin Rosenberg and Steve Stein (eds.), *Advancing the Miami Process: Civil Society and the Summit of the Americas* (Miami: North-South Center Press, 1995). Paper commissioned by the Association of American Chambers of Commerce in Latin America, the Chamber of Commerce of the U.S.A., and the Council of the Americas.

from the private sector that focus on Summit-related issues. Representatives from the Forum subsequently meet briefly with foreign ministers or their representatives. A Private Sector Forum will be held in Trinidad and Tobago just prior to the leaders' meeting.

### **Preparations for the Fifth Summit of the Americas (SOA V)**

Once again, in the run-up to the Trinidad Summit, governments have called for an active private sector participation in the summitry process. The draft Summit declaration (July 21, 2008) contains this language:

“We also commit to continue exploring ways in which our governments can build, strengthen and maintain alliances with the business sector and to harness the expertise and resources which exist within this sector, in order to develop and implement effective, practical and sustainable interventions to achieve our national and hemispheric development goals.”

The private sector is responding affirmatively. A joint statement by several subregional and regional business associations, including the Latin American Business Council (CEAL), was presented to the Summit Implementation Review Group (SIRG) meeting in Sonsonate, El Salvador, on December 11-12, 2008:

“Para concluir, permitánnos enfatizar el importante rol de las alianzas público-privadas en lograr los objetivos de la Cumbre cómo una forma de llenar los vacíos entre los mandatos que emanen de la Cumbre y su implementación...”

“Nos comprometemos a iniciar antes de la Cumbre la identificación y mayor coordinación de las alianzas público-privadas que puedan apoyar la implementación de metas específicas que contribuyan a la prosperidad humana, seguridad energética y sostenibilidad ambiental. Para dar seguimiento a esta propuesta, trabajaremos con las organizaciones “Sector Privado de las Américas”, “Foro Empresa” y “CEAL”. Vislumbramos la necesaria creación de un mecanismo de monitoreo y evaluación, que nos permita hacer realidad estos compromisos en el tiempo, en forma que trascienda los liderazgos coyunturales en los distintos sectores, con miras a asegurar la continuidad en la implementación de las iniciativas propuestas y acordadas.”

This positive response by the private sector was well received by SIRG officials.

As we approach the Trinidad Summit, a key task of the organized private sector will be precisely to identify firms interested in and capable of entering into public-private partnerships that are supportive of Summit initiatives. Such partnerships can take many forms, from service contracts to implement public sector infrastructure projects to voluntary private sector participation in local schools or health clinics in the spirit of corporate social responsibility (CSR). In the decade since the Miami Summit, the CSR movement has gained ground throughout the Americas, such that there are now some 19 national CSR

associations gathering over 3000 firms, many of whom have gained experience in the formation of public-private partnerships, including in many areas that are addressed in the draft declaration of Port of Spain.

Governments and the SIRG may be able to assist in the formation of such partnerships on behalf of Summit initiatives, for example by naming points of contact at inter-American institutions or in governments that interested private firms can get in touch with. The Summit process may also wish to create opportunities in Trinidad for interaction among business executives and government officials responsible for implementation of relevant Summit initiatives. Most importantly, the Summit must mount a strong implementation process that includes mechanisms for successful private sector participation.

### **The APEC Experience**

The Asia Pacific Cooperation Forum (APEC) has been a pioneer among regional multilateral organizations in institutionalizing a private sector role.<sup>2</sup> APEC itself is, in part, an outgrowth of the Pacific Economic Cooperation Council (PECC), a tripartite mechanism formed in 1980 among academics, business executives and government representatives acting in an unofficial capacity. As economic integration in East Asia has been largely a market-driven process, it was logical for APEC – whose main purpose has been to accelerate regional economic integration – to look to the private sector for active involvement. Furthermore, by the time of APEC’s incorporation in 1989, and the creation of Leaders Meetings and the associated APEC CEO Summit in 1993, globalization was advancing rapidly and the private sector was clearly the main driver in that transnational process.

In 1995 APEC officials created the APEC Business Advisory Council (ABAC) to provide APEC officials with a business perspective and to respond when the various APEC ministerials and working groups requested information about business-related issues.<sup>3</sup> ABAC comprises of up to three members of the private sector from each economy (hence up to sixty-three members). ABAC members are appointed by their respective governments, and represent a range of business sectors, including small and medium enterprises. Each government determines the term of membership of each appointee as well as its own administrative arrangements and staff support, and ABAC members tend to serve for three years. Hence, there is a constant rotation of business representation. The modest ABAC International Secretariat based in Manila, the Philippines, serves all members. Funding for the ABAC secretariat’s annual budget of about \$500,000 is provided through a system of annual dues, usually paid by governments

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<sup>2</sup> APEC’s 21 members include, from the Western Hemisphere, Canada, the United States, Mexico, Peru and Chile.

<sup>3</sup> Michael Mullen, “Business Involvement in APEC,” in Richard E. Feinberg (eds.), APEC as an Institution: Multilateral Governance in the Asia-Pacific (Singapore: Institute of Southeast Asian Studies, 2003), pp. 199-214.

although in some cases by ABAC members, which are structured to reflect the size of each economy, following the APEC formula.

ABAC meets quarterly, and prepares a detailed annual report to APEC officials with recommendations on a range of issues of interest to business. ABAC representatives attend and often address the quarterly Senior Official Meetings (SOM) that review APEC work and draft the APEC leaders' declarations. Initially, ABAC delivered its remarks at the tail end of SOM meetings, but now are asked to speak in the earlier hours – an apparently minor but in fact significant procedural victory, for early remarks can help to frame the subsequent discussions.

In the past, ABAC and the APEC Secretariat in Singapore worked to produce a written response, in the form of a matrix, to the ABAC annual report and its major recommendations. This practice proved more of a formality and so was discontinued. Now, ABAC seeks responsiveness to its recommendations by sending representatives (members or their staffs) to many APEC ministerial and working groups, by addressing letters summarizing major proposals to relevant ministers, and by seeking formal endorsement of proposals in ministerial and leaders' declarations.

In addition to ABAC, business participates in APEC through several industry dialogues that bring together officials and private executives. Such groups include the Automotive and Chemical Dialogues and the Life Sciences Innovation Forum. The private sector also actively participates in the “Secure Trade in the APEC Region (STAR)” conferences. The annual STAR conferences help to identify issues and generate new ideas, for example for information sharing, interoperability, the harmonization of public policies across countries and the improvement of public-private interactions and partnerships.

Probably the most significant advance of ABAC has been the restructuring of its dialogue with the heads of state and government. In earlier years, all the ABAC members would sit around a large horseshoe table facing an elevated podium that seated all of the leaders, yielding a stiff, hierarchical formality. Today, the top-level meeting breaks into five separate tables, each with several leaders (each leader is allowed one aide plus interpreters), for an informal dialogue of 45-60 minutes. In that the dialogue is preceded by a brief cocktail and then by opening remarks by the host APEC and ABAC chairs, the entire ABAC-Leaders dialogue is allowed 90 minutes. ABAC seeks to structure the discussions around 3-4 pre-determined questions. Reportedly, both leaders and ABAC members have become increasingly enthused (“pumped up” in the words of one veteran observer) with the genuineness of these decentralized exchanges. Afterwards, ABAC members huddle and pass notes on their experiences. This rare opportunity to dialogue with national leaders has become a major attraction of ABAC membership.

The annual APEC CEO Summit, that precedes the Leaders' Meeting, consists of panels and keynote speakers that include top CEOs from the Asia Pacific as well as national leaders from the major APEC economies who welcome the opportunity to address the large and distinguished gathering. Roughly 1000 senior business executives attend, depending on the attractiveness of the venue. The CEO Summit is primarily the responsibility of the host government, not of ABAC. The business gathering does not produce recommendations, and as it is organized by the rotating host governments, does not maintain continuity from year to year.

Despite these various innovations and advances, some in the business community are frustrated with APEC's performance.<sup>4</sup> Much of this unease has to do with policy decisions and market trends that are well beyond the scope of APEC as an institution; the original APEC "Bogor goals" of free and open trade and investment throughout the Asia Pacific no longer appears within reach. Moreover, executives sometimes find that government ministries and private firms are separated by contrasting cultures, unsynchronized timetables, and often diverse interests; investments in time and patience are required to bridge these divides. ABAC members have often been disappointed by the degree of official responsiveness to their recommendations – even as some of the blame must lie in the reports themselves, which typically advocate a lengthy list of ambitious policy innovations sometimes without adequately specifying the concrete steps and instruments required to reach the ultimate goals (although ABAC has striven to overcome this drawback). Certainly, the ABAC reports demand much of governments but propose few new responsibilities for the private sector itself. The CEO Summit allows for some interactions with leaders and their senior advisors but has evolved primarily into a social networking opportunity.

### **US-Brazil CEO Forum**

Inevitably, much of inter-American diplomacy occurs at the bilateral level, where issues are often most concrete and sometimes more amenable to solutions. After the disappointing outcome of the 2005 Mar del Plata Summit, Brazil and the United States formed a US-Brazil CEO Forum, consisting of 10 leading CEOs from each country, to formulate recommendations and to dialogue with government officials on ways to improve their business climates, promote efficient investments and technological innovation and to increase trade and investment flows and the competitiveness of both nations. Meetings alternate between the two countries and are co-chaired by ministers of commerce and senior advisers to the respective heads of state. Both governments have provided detailed report cards responding to the CEOs' policy recommendations.

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<sup>4</sup> Richard Feinberg, "Voluntary Multilateralism and Institutional Modification: The First Two Decades of Asia Pacific Economic Cooperation (APEC)," Review of International Organizations, Vol. 3, No. 3, September, 2008.

The CEOs have emphasized the value of a bilateral tax treaty and, more generally, of benchmarking and monitoring progress on the Forum's proposals. Among the many other proposals, the twenty CEOs have called for an expansion of support for Brazilian study centers in US universities and the creation of US studies in Brazilian universities and to increase the availability of grants and sponsorship of student exchanges; and for government incentives for private sector investments in education, in that "education is a social responsibility of both governments and the private sector," and the private sector should further promote the various U.S. and Brazilian companies social responsibility initiatives in education.<sup>5</sup>

While it is too early to judge the efficacy of this bilateral experiment, the concreteness of the proposals, the apparent responsiveness of senior government officials, and the emphasis on monitoring progress, are all good indicators of "best practices" in public-private dialogues.

### **Implications for Inter-American Summitry**

From the outset of contemporary inter-American summitry in 1994, while not relinquishing their primary responsibilities for defining the inter-American agenda, governments have agreed on the legitimacy and value of private sector participation. There are, as we have noted, numerous reasons for hemispheric governments to engage their large and growing private sectors. Again in 2008-09, in the preparations for Trinidad, the SIRG has explicitly invited private sector participation, through intensive rounds of consultations with regional business associations, and through the invitation to engage in Summit implementation.

What additional steps can be taken to more fully engage business in the three stages of summitry: 1) Preparation, 2) The Summit itself, and, 3) Summit implementation?

Might it be possible, prior to and during the Summit, to forge public-private partnerships around Summit initiatives that could be further advanced, and publicly announced, at the Summit in Trinidad? There are many Summit initiatives in areas of interest to business and where business could profitably engage with inter-American institutions and governments in the pursuit of common objectives, including some that fall within the rubric of corporate social responsibility. If this is so, what mechanisms are necessary to catalyze the formation of such partnerships? Business organizations such as the Private Sector of the Americas, CEAL and Forum Empresa have offered to help forge such partnerships, and each sustains corporate membership capable of participating in such endeavors.

At the Summit, what are the best forms of interface between business representatives and government officials? Might there be a number of such meetings, at various levels of hierarchy? Clearly, a meeting with heads of state

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<sup>5</sup> "Recommendations of the US-Brazil CEO Forum," Brasilia, October 10, 2007.

and government could be a major inducement to stronger and more senior private sector participation. And if so, how should such top-level encounters best be choreographed, to allow for a more fluid and meaningful exchange that goes beyond prepared scripts? Might the ABAC practice of break-out tables, knitted together by a few pre-determined key themes, be a worthy precedent?

Should a formal business representation, a la ABAC, become a feature of inter-American summitry? ABAC has had its pluses and minuses but it is unclear whether that exact model is most applicable to the Western Hemisphere, where national and regional business associations are rather well advanced and capable of articulating their members' interests. There are also promising bilateral and sub-regional public-private dialogues, such as the US-Brazil CEO Forum. If a formal business advisory council is to be created, perhaps it could draw on a combination of government-appointed members together with leadership from existing national and regional business associations, and thereby have the advantage of being more independent of governments and truly representative of the private sector.

If businesses are to engage in Summit implementation, through public-private partnerships and other forms of active participation, how can these partnerships best be structured, monitored and evaluated? What bonds can be created between private firms and inter-American institutions and government agencies? How formal, how structured, should be these relationships? Whatever the answers, there should be flexibility and room for the many forms of public-private partnerships. But the formation of productive partnerships would alter the nature of business participation in summitry, stretching beyond providing advice and verbal inputs to contributing results and tangible outputs.

Perhaps one key to more successfully engaging the private sector is to alter the terms of engagement: to not merely ask the private sector what it wants government to do, but rather to ask the private sector what it can contribute to inter-American objectives as defined by Summit leaders; that is, to encourage the private sector to think not merely of its own interests but also of its social responsibilities.



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