

# U.S. Engagement in the Western Hemisphere



**Rex Tillerson**

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## Secretary of State Rex Tillerson delivered the following remarks at the University of Texas at Austin, on February 1, 2018, ahead of his first trip as secretary of state to South America.

This trip comes at an important time for the Western Hemisphere. This diverse region — which includes Canada, Mexico, South America, and the Caribbean — is a priority for the United States for reasons other than simply our geographic proximity. We share an interwoven history and chronology. Our nations still reflect the New World optimism of limitless discovery. And importantly, we share democratic values — values that are at the core of what we believe, regardless of the color of our passport.

And for generations, U.S. leaders have understood that building relationships with Latin American and Caribbean partners is integral to the success and prosperity of our region. In 1889, at the urging of then-Secretary of State James Blaine, the United States hosted the First International Conference of American States — the precursor to today's OAS, or Organization of American States.

At the beginning of the 20th century, President Teddy Roosevelt visited Panama — the first foreign visit of a U.S. sitting president in our history. And during the 1960s, President Kennedy established the Alliance for Progress — his ambitious plan to strengthen economic cooperation among the United States and the hemisphere, and to, in his words, “eliminate tyranny from a hemisphere in which it has no rightful place.”

Today, we share these same goals as the visionary leaders before us: to eliminate tyranny and to further the cause of economic and political freedom throughout our hemisphere. As 2018 begins, we have an historic opportunity to do just that.

A few weeks ago, the United States cohosted a ministerial with our counterparts in Canada in Vancouver. Twenty countries joined us to discuss the global threat posed by North Korea. In April, Peru will host the Summit of the Americas to highlight our region's commitment to fighting corruption. Two months later, Canada will host the 44th G7 Summit. And at the end of this year, the G20 states will convene in Buenos Aires, the first South American city ever to host. So in many ways, 2018 marks the year of the Americas. Many of the world's leaders will be in this hemisphere, and as such, the eyes of the world will turn to the Americas.

So today I want to focus on three pillars of engagement to further the cause of freedom throughout our region in 2018 and beyond: economic growth, security, and democratic governance.

The hemisphere has significant potential for greater economic growth and prosperity. We will build upon the solid foundation of economic cooperation with our Latin American and Caribbean partners. Brazil, for instance, is the region's largest economy and the ninth largest in the world. The United States is Brazil's second-largest trading partner, with two-way trade at record highs in recent years totaling more than \$95 billion in 2015.

The United States has free trade agreements with 20 countries; 12 of those countries are in the Western Hemisphere. And every year, the United States trades almost \$2 trillion worth of goods and services with Latin America and Caribbean nations, supporting more than 2.5 million jobs here at home. Instead of a trade deficit, we actually have a \$14 billion trade surplus with the hemisphere.

But today we have an opportunity to further our economic partnership and the prosperity of the peoples in this hemisphere. An important step to strengthen North American economic prosperity and integration is to modernize the North American Free Trade Agreement, or NAFTA.

I'm a Texan, former energy executive, and I'm also a rancher. I understand how important NAFTA is for our economy and that of the continent. But it should come as no surprise that an agreement put into place 30 years ago, before the advent of the digital age and the digital economy, before China's rise as the world's second-largest economy — that NAFTA would need to be modernized.

Our aim is simple: to strengthen our economy and that of all of North America, to remain the most competitive, economically vibrant region in the world.

We appreciate the hard work of our Mexican and Canadian counterparts throughout these negotiations. Last week, we concluded round six, and we will continue to work toward a modernized agreement with another round scheduled next month. Building greater prosperity by integrating the wealth of energy resources within the

hemisphere is an opportunity that is unique in the world to the Americas.

Over the past decade, North America has been leading an energy renaissance. By 2040, North America is expected to add more oil production to the global markets than the entire rest of the world combined and more gas production than any other single region. The flow of crude oil, natural gas, refined products, and electricity already crosses our borders in both directions, leading to greater reliability, more efficiency, and lower costs to consumers.

Our continent has become the energy force for this century, thanks in large part to rapid expansion in natural gas and tight oil production, and, of course, thanks to some great engineers, many produced right here at UT.

The rest of the hemisphere can use the North American experience as a model. We see a future where energy connectivity from Canada to Chile can build out and seize upon energy integration throughout the Americas, delivering greater energy security to the hemisphere and stability to growing economies.

South America is blessed with abundant energy resources. Colombia, Peru, Brazil, Guyana, and Argentina all have significant undeveloped oil and natural gas. The United States is eager to help our partners develop their own resources safely, responsibly, as energy demand continues to grow.

Our hemispheric energy trade is already beginning to meet these needs: 36 percent of U.S. liquefied natural gas exports since 2016 have landed in Latin America. That's more than any other region in the world. Between now and 2030, Latin America is expected to spend at least \$70 billion on new electric power generation plants to fuel economic growth. Many of those plants will be powered by natural gas. The United States should be a substantive and reliable supplier.

By building out a more flexible and robust energy system in our hemisphere, we can power our economies with affordable energy. We can lift more people out of poverty. And we can make our hemisphere the undisputed seat of global energy supply. To support and capture this opportunity requires the opening of more market economies. The opening of energy markets in Mexico, for example, has led to greater private investment, more competition, and more energy trade with the United States than ever before. Truly, a win-win.

Further south, we are partnering with Central America to strengthen its regional electricity market and modernize its grid. Creating stronger Central American economies by lowering energy cost is critical to building a more secure Central America. We have the chance to develop an energy partnership that spans the Western Hemisphere, to the benefit of all of our citizens. We cannot afford to squander this moment.

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A transition to more market-based economic reforms are not limited to the energy sector. Argentina, under President [Mauricio] Macri's leadership, has made monumental strides in delivering reforms to open the Argentine economy and pursue growth for all Argentinians. Its historically high inflation rate is finally decreasing. GDP is going up, spurred on by investment and soaring consumer confidence.

And one week after the U.S. Congress passed landmark tax reform policy, Argentina's legislature took action to overhaul their tax system as well. All of these efforts are making the second-largest economy in South America ripe for more investment and growth. We hope more countries take a similar path — to help the entire hemisphere grow in prosperity. But for prosperity to take root, we must create the conditions for regional stability.

Economic development and security reinforce each other. When individuals are living in poverty, a life of crime can look like the only opportunity available to make a living. Legal and illegal immigration increases as people look for more opportunity elsewhere. And innocent people are more likely to become victims of drug cartels, human traffickers, and corrupt law enforcement authorities.

The United States approach is holistic — we must address security and development issues side by side. You cannot expect to have one without the other.

The most immediate threat to our hemisphere are transnational criminal organizations, or TCOs. In their pursuit of money and power, TCOs leave death and destruction in their wake. As

humans, weapons, opioids, and other drugs are smuggled, law enforcement and civilians become the targets.

Here at home, Americans do not necessarily see the day-to-day violence that is so common in other parts of our hemisphere. But U.S. demand for drugs drives this violence and this lawlessness.

We acknowledge our role as the major market for illicit drug consumption and the need for shared approaches to address these challenges. The opioid epidemic we are facing in this country is a clear, tragic representation of how interconnected our hemisphere truly is. Violence and drugs do not stop at our southern border. That is why we continue to employ a coordinated, multilateral approach to diminish the influence of these groups. It is time we rid our hemisphere of the violence and devastation that they promote.

I co-chair a high-level dialogue with Foreign Secretary [Luis] Videgaray of Mexico to discuss new and strategic ways to disrupt TCOs. We must take new approaches to disrupt their business models — models of cartels which operate much like any other business organization that maximizes their value chain from feedstock to manufacturing to distribution to marketing and sales.

The second meeting of our dialogue was held in Washington this past December, which included Secretary [Kristjen] Nielsen of the Department of Homeland Security and Attorney General Jeff Sessions, as well as our Mexican counterparts. We also had with us law enforcement representatives from both countries.

Dismantling TCOs is not just a diplomatic

enable them.

Close collaboration among multiple agencies — within our own government, and with our international partners — is essential. The way we combat threats to our southern border security is to work collaboratively with Mexico to strengthen Mexico's southern border.

Through the Merida Initiative — a partnership between the United States and Mexico focused on improving security and the rule of law — the United States is providing assistance to build the capacity of Mexican law enforcement and judicial institutions. By providing inspection equipment, canine units, and training, we equip law enforcement officers with tools to eradicate opium poppy production, tighten border security, and disrupt trafficking activities — not just in drugs but in trafficking of humans. By improving cross-border communications, we make both sides of the border safer.

And our security partnerships extend beyond just our southern border or Mexico's southern border.

Colombia has been one of our strongest partners in the region. Following decades of long internal battle with Revolutionary Forces of the FARC, Colombia has charted a pathway to peace. We continue to support this sustainable peace, but challenges do remain. Colombia is the world's largest producer of cocaine — the source of 92 percent of the cocaine seized in the United States.

Last year, and with U.S. support, Colombian police and military forces eradicated 130,000 acres of coca fields — the highest number since 2010. The same year, Colombian forces seized nearly 500 metric tons of cocaine.

There is more work ahead. Regrettably, coca cultivation has skyrocketed in recent years. In 2016, more than 460,000 acres in Colombia were used for coca cultivation — a record. We keep a very open and frank dialogue with the Government of Colombia to address the eradication of this very large feedstock for cocaine and to identify alternative cash crops to support rural Colombian farmers.

In Central America, through the Alliance for Prosperity, we support countries as they address security and economic development in tandem. Last June in Miami, the State Department and the Department of Homeland Security, along with our Mexican counterparts, cohosted the Conference on Prosperity and Security in Central America. Through many productive conversations with public and private sector leaders across the region, opportunities were identified to help Central American countries grow their economies,

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issue. Obviously, it requires integrating the skills and expertise of law enforcement to interdict shipments of illegal drugs, attack the revenue streams and the weapons feeding TCOs, and to track down and prosecute the middlemen who



strengthen their institutions, and better protect their people. More opportunities for Central Americans will weaken the hold of transnational criminal organizations, address the underlying causes of legal and illegal immigration, and result in less violence. That makes their nations stronger, and it makes ours safer.

And through the Caribbean Basin Security Initiative, partners along our third border, the Gulf of Mexico, are increasing their ability to perform maritime interdictions, rein in illegal firearms, counter corruption, and prosecute criminals. Over the summer, we submitted our Caribbean 2020 Plans. This comprehensive strategy fosters closer security cooperation and reaffirms our commitment to encourage private sector growth and diversification of energy resources, creating energy security in the Caribbean. We also maintain our partnerships in education and health initiatives, including PEPFAR, the President's Emergency Plan for AIDS Relief.

The United States knows that our country — and the rest of the region — benefits from greater regional stability and the prospect of a growing economy throughout the hemisphere. The United States' partnership with nations in the hemisphere is founded on shared values and democratic governance, but we cannot take it for granted. Many still live under the oppression of tyranny.

The corrupt and hostile regime of Nicolas Maduro in Venezuela clings to a false dream and antiquated vision for the region that has already failed its citizens. It does not represent the vision of millions of Venezuelans — or in any way comport with the norms of our Latin American, Canadian, or Caribbean partners.

Our position has not changed. We urge Venezuela to return to its constitution — to return to free, open, and democratic elections — and to allow the people of Venezuela a voice in their government. We will continue to pressure the regime to return to the democratic process that made Venezuela a great country in the past.

Venezuela stands in stark contrast to the future of stability pursued by so many others in the hemisphere. The great tragedy is that, although Venezuela could be one of the most prosperous countries in the region, it is one of the poorest in the world. Venezuela GDP growth in 2004 was as high as 18 percent. Ten years later, it is nearly a negative 4 percent — all the result of man-made collapse.

Venezuela boasts the world's largest proven oil reserves, but riches are reserved only for

the ruling elites. As a consequence, the people suffer. Venezuelans are starving, looting is common, and the sick do not receive the medical attention they desperately need. Venezuelans are

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dying of malnutrition and disease.

There has been no natural disaster — nothing like that earthquake that took me to Peru. The Venezuelan people suffer because of a corrupt regime that steals from its own people. The Maduro regime is squarely to blame and must be held to account. The United States has imposed sanctions on more than 40 current or former Venezuelan government officials — individuals who support Maduro and his efforts to undermine democracy.

Over the past year, we have worked with many of our Latin American partners — through the Lima Group and the Organization of American States in particular — to build support for coordinated action to counter the country's slide into dictatorship. We appreciate the Lima Group of major regional leaders who have met regularly to support the Venezuelan people's quest to regain their country.

Canada too has sanctioned dozens of Venezuelan leaders, including Maduro himself. And recently, the European Union joined the growing global chorus to sanction leaders in the regime for human rights abuses. The world is waking to the plight of the Venezuelan people.

We encourage all nations to support the Venezuelan people. The time has come to stand with freedom-loving nations, those that support the Venezuelan people, or choose to stand with the Maduro dictatorship, if that is your choice.

Elsewhere we will continue to encourage others in the region, like Cuba, who disregard their people and ignore this democratic moment in Latin America, to give their people the freedom that they deserve.

Cuba has an opportunity in their own transfer of power from decades of the Castro regime to

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take a new direction. In June, President Trump laid out a new vision for our approach to Cuba — one that supports the Cuban people by steering economic activity away from the military, intelligence, and security service which disregard their freedom.

The administration's policy — as written in the National Security Presidential Memorandum — also seeks to, quote, “ensure that the engagement between the United States and Cuba advances the interests of the United States and that of the Cuban people.” It includes advancing human rights and encouraging the nascent private sector in Cuba. The future of our relationship is up to Cuba — the United States will continue to support the Cuban people in their struggle for freedom.

Venezuela and Cuba remind us that, for our hemisphere to grow and thrive, we must prioritize and promote democratic values. We must root out corruption in all of its forms. Ineffective, corrupt governance damages countries. The economy suffers. People lose faith in institutions. And crime increases. Recent steps taken against corruption in Guatemala, Peru, the Dominican Republic, and Brazil underscore the importance of directly addressing it.

In Guatemala, we continue to support the CICIG — a U.N. body created in 2006 — to uphold the rule of law, strengthen accountability, and independently investigate illegal, corrupt activity affecting government institutions.

2018 should be the year countries in the Western Hemisphere restore their trust with their people, the people they represent, and take serious anti-corruption action.

As I mentioned, the Summit of the Americas will be hosted by Peru in April. We wholeheartedly support this year's theme: “Democratic Governance Against Corruption.” And we encourage every nation in the region to fully embrace it.

Encouraging transparency, increasing accountability, rooting out corruption — all of these are essential to creating a sound economy for the region, promoting security, and protecting our values. Strong institutions and governments that are accountable to their people also secure their sovereignty against potential predatory actors that are now showing up in our hemisphere.

China — as it does in emerging markets throughout the world — offers the appearance of an attractive path to development. But in reality, this often involves trading short-term gains for long-term dependency. Just think about the difference between the China model of economic

development and the United States version.

China's offer always come at a price — usually in the form of state-led investments, carried out by imported Chinese labor, onerous loans, and unsustainable debt. The China model extracts precious resources to feed its own economy, often with disregard for the laws of the land or human rights.

Today, China is gaining a foothold in Latin America. It is using economic statecraft to pull the region into its orbit. The question is: at what price?

China is now the largest trading partner of Chile, Argentina, Brazil, and Peru. While this trade has brought benefits, the unfair trading practices used by many Chinese have also harmed these countries' manufacturing sectors, generating unemployment and lowering wages for workers.

Latin America does not need new imperial powers that seek only to benefit their own people. China's state-led model of development is reminiscent of the past. It doesn't have to be this hemisphere's future. Russia's growing presence in the region is alarming as well, as it continues to sell arms and military equipment to unfriendly regimes who do not share or respect democratic values. Our region must be diligent to guard against faraway powers who do not reflect the fundamental values shared in this region.

The United States stands in vivid contrast. We do not seek short-term deals with lopsided returns. We seek partners with shared values and visions to create a safe, secure, and prosperous hemisphere. The U.S. approach is based on mutually beneficial goals to help both sides grow, develop and become more prosperous, and do so by respecting international law, prioritizing the interests of our partners, and protecting our values.

With the United States, you have a multidimensional partner — one that benefits both sides with engagement to support economic growth, education, innovation, and security. This year the United States is eager to create even deeper relationships with Latin America and Caribbean partners, with the aim of expanding freedom to more people.

We have a tremendous opportunity to build upon our shared history, culture, and values to generate more opportunity, more stability, more prosperity, and more resilient governance in South America, Central America, North America, and the Caribbean.

In this year of the Americas, the United States will continue to be the Western Hemisphere's steadiest, strongest, and most enduring partner. 🇺🇸

*Rex Tillerson is the secretary of state.*

