

CRS Report for Congress

Received through the CRS Web

Special Summit of the Americas — Monterrey, Mexico, January 2004: Background, Objectives, and Results

Clare M. Ribando
Analyst in Latin American Affairs
Foreign Affairs, Defense, and Trade Division

Summary

The Special Summit of the Americas held on January 12 and 13, 2004 in Monterrey, Mexico was the first meeting of all democratic heads of state from Latin America, the United States and Canada that are members of the Organization of American States (OAS) since the Quebec Summit in April 2001. At the Monterrey Summit, leaders discussed broad issues affecting countries in the hemisphere at length, such as free trade and corruption. Their primary accomplishment, however, was to renew their commitments to implementing the Quebec City Summit Declaration and Plan of Action by issuing the Declaration of Nuevo León. Rather than adopting numerous new initiatives, the declaration focuses on achieving a few measurable objectives. Those objectives include halving the cost of sending remittances by 2008, endorsing the Inter-American Development Bank's goal of tripling credit for small and medium-sized businesses by 2007, and fighting corruption by denying safe haven to corrupt officials and their assets. The Fourth Summit of the Americas will be held in Argentina in November 2005. One of the major themes that will be discussed at the next Summit is employment in the hemisphere.

Introduction

Leaders from 34 democratic countries in the Western Hemisphere, including President George W. Bush, met on January 12-13, 2004 in Monterrey, Mexico for a Special Summit of the Americas focusing on good governance, economic growth with equity, and social development. The Monterrey Special Summit marked the first meeting of all heads of state in the region since the terrorist attacks of September 11, 2001. Leaders debated broad issues such as combating corruption and ensuring that free trade negotiations advance as scheduled, but also focused on developing applied solutions to more limited issues, such as reducing the cost of sending remittances.

Monterrey was the first summit experience for the 14 newly inaugurated presidents and prime ministers who were not present at the Quebec Summit in 2001, a group that

included the leaders of Argentina, Brazil, Canada, and Colombia. As in the past, Cuba's Fidel Castro was the only leader in the region not invited to attend. Some observers asserted that the summit afforded the Bush Administration an opportunity to re-engage in the region after two years of focusing its attention on other areas, especially Afghanistan and Iraq. The Administration has been criticized by some for concentrating its focus on security and counter-narcotics matters. In contrast, others have lauded the Administration for working to boost economic and social development in the region through foreign assistance and efforts to negotiate free trade agreements.

History of the Summit Process

By 1990, most countries in Latin America, with the exception of communist Cuba, had returned to democracy after years of military rule, and adopted market-oriented economic policies. At the same time, with the end of the Cold War, U.S. interests in the region were expanding from the security concerns of the 1980s to broader issues, such as democratic reform, free trade, and poverty eradication. Some argued that those issues were not being adequately addressed in the Organization of American States (OAS), which had been created in 1948 to preserve regional stability. In 1994, hoping to reinvigorate the OAS and establish goodwill and cooperation among leaders in the region, the Clinton administration hosted the first meeting of regional leaders in more than 27 years at the Miami Summit of the Americas.¹

At the 1994 Miami Summit, hemispheric leaders signed a broad and comprehensive plan of action with 23 separate initiatives under four themes: promoting democracy, encouraging economic integration and free trade, eradicating poverty and discrimination, and guaranteeing sustainable development. The Miami Summit symbolized a new hope for regional integration evidenced by the leaders' pledge to complete negotiations for a Free Trade Area of the Americas (FTAA) Agreement by 2005. The Summit also gave a new mission to the OAS, which, under the leadership of Cesar Gaviria, has developed some of the implementing instruments necessary to fulfill its mandates, such as the Unit for the Promotion of Democracy.² The Miami meeting was followed by a ministerial Summit for Sustainable Development (Santa Cruz de la Sierra, Bolivia, December 1996), and presidential-level meetings at Summit of the Americas II (Santiago, Chile, April 1998) and Summit of the Americas III (Québec, Canada, April 2001).³ They have also been, complemented by regular meetings of the region's ministers of defense, education, finance, justice, labor, and trade.

¹ For information on the Miami Summit, see CRS Report 94-911, *Summit of the Americas, December 9-11, 1994: Background, Plans, and Hemispheric Expectations*, by K. Larry Storrs

² Robin Rosenberg, "The OAS and the Summit of the Americas: Coexistence, or Integration of Forces for Multilateralism?", *Latin American Politics and Society*, 43:1, Spring 2001.

³ For information on the Summits of 1998 and 2001, see CRS Report 98-330, *Summit of the Americas II, April 18-19, 1998: Background, Objectives and Expectations*, by K. Larry Storrs; and, CRS Report RL30936, *Summit of the Americas III, April 20-22, 2001: Background, Objectives and Results*, by K. Larry Storrs and M. Angeles Villarreal.

Efforts to Implement Summit Goals

Although substantial gaps remain between summit declarations and measurable policy outcomes, ten years of summitry have resulted in some notable efforts to achieve the political, economic, and social goals of the various summits.⁴

Political. Several hemispheric agreements have been adopted as a result of the summit process. The Inter-American Convention Against Corruption, which was signed in 1996, has been reinforced by the creation of a follow-up mechanism to assess countries' compliance with its provisions. In 2002, in response to the tragic events of September 11, 2001, thirty-three countries signed the Inter-American Convention Against Terrorism. This Convention provides mechanisms for stopping terrorist financing, strengthening border controls, and tracking and capturing suspected terrorists. Since Quebec City, the Inter-American Drug Abuse Control Commission of the OAS has overseen the political side of the war against illicit drug trade by strengthening its Multilateral Evaluation Mechanism (MEM). The MEM helps countries identify areas of weakness, and ways to improve their national drug control programs. Finally, in the area of human rights, the OAS, in consultation with indigenous representatives from 15 countries, continued drafting an American Declaration on the Rights of Indigenous Peoples. At the same time, the Inter-American Commission of Human Rights held an increasing number of hearings and continued to monitor the status of minority groups throughout the Americas.

The summit process has also encouraged hemispheric leaders to engage in dialogue, and to adopt and enforce agreements aimed at improving the quality of democracy in the region. One such agreement, the Inter-American Democratic Charter, states that governments in the region have an obligation to protect democracy and human rights, and authorizes the OAS to take diplomatic action to restore democracy when it is threatened. The Inter-American Democratic Charter is currently the most comprehensive agreement on the collective defense of democracy in the world. The OAS first invoked the Charter in April 2002 when it denounced the attempted coup in Venezuela that temporarily forced President Hugo Chavez from power and then facilitated a dialogue between Chavez and his opponents. In 2001, the OAS again acted under the Charter to promote a resolution of the political impasse in Haiti by creating a Special Mission to Strengthen Democracy in Haiti in 2002 to encourage the convocation of free and fair legislative elections.

Economic. Leaders gathered at the Miami Summit in 1994 agreed upon the importance of market-opening measures and agreed to negotiate an FTAA by January 2005 that would codify a comprehensive set of "rules" for free trade within the region. As the 2005 deadline nears, serious disagreements between the United States and Brazil concerning issues such as agricultural subsidies and antidumping provisions, have resulted in the dilution of the original FTAA into what some critics have dubbed an "FTAA-lite" proposed at the November 2003 Miami ministerial.⁵ The Miami Ministerial

⁴ For further information, see Organization of American States, "Summit Report 2001-2003: Advancing in the Americas - Progress and Challenges," January 2004.

⁵ For information on the FTAA negotiations, see CRS Report RS20864, *A Free Trade Agreement of the Americas: Status of Negotiations and Major Policy Issues*, by J.F. Hornbeck.

Declaration calls for region-wide consensus on common rights and obligations and the gives countries the option to sign on to a higher level of free trade provisions. It also appears to endorse commitments among subgroups of countries in the region, such as the recent accord between the South American Common Market (Mercosur) and the Andean Community. Along these lines, as the United States seeks out bilateral agreements with various Andean nations and a regional agreement with Central America, some observers question whether the original FTAA concept will indeed successfully be realized. Others counter that bilateral and sub-regional trade agreements may serve the dual purpose of providing the United States deeper trade ties with specific countries in the short-term while providing incentives for reluctant countries to participate in more extensive free trade agreements (such as FTAA) in the long run.

Social. The social agenda of the Americas has generally focused on improving the quality of life of all citizens, particularly women and other under-served groups, by providing them with equal access to education, healthcare and other social services. In the 2001 Summit, hemispheric leaders recommitted themselves to achieving universal access to and completion of primary school, and 75% access to secondary school for all youths by 2010. According to the World Bank, the primary school completion rate in Latin America rose from 69% to 83% between 1990 and 2000. In the health sphere, the focus of summit initiatives has expanded from maternal and child health programs to include encouraging the availability of affordable antiretroviral medications to treat patients with HIV/AIDS. Early evidence of the support of these efforts occurred as the Central American governments convinced major drug companies to lower the cost of antiretrovirals for their citizens by an average of 55%.⁶ Finally, leaders at the Quebec Summit, responding to data from the United Nations and the Inter-American Commission of Women (CIM) of the OAS, called for greater women's participation in political life and involvement in decision-making at all levels of government.

Criticisms of the Summits of the Americas

The last three summits have resulted in an impressive number of new initiatives- 164 in Miami, 141 in Chile, and 245 in Québec. However, due to limited funding to support those initiatives or implementing agencies to carry them out, some observers contend that most summit initiatives have gone unfulfilled.⁷ A recent study argues that summit initiatives have become “unfunded mandates” forced upon the Organization of American States (OAS) and the Inter-American Development Bank (IDB).⁸ The study suggests specific remedies to address this implementation problem, such as increasing funding for the cash-strapped OAS and inviting finance ministers and IDB Board members to participate in the summit process. A related criticism has been the lack of accountability within the summit process. Amorphous goals have been put forth that are rarely

⁶ Organization of American States, “Summit of the Americas: Highlights,” June 2003.

⁷ Andres Oppenheimer, “Summits Don’t Amount to Much — Without the Money,” *The Miami Herald*, September 4, 2003.

⁸ Richard Feinberg, “Unfunded Mandates in the Western Hemisphere: The Organization of American States (OAS), the Inter-American Development Bank (IDB) and Summitry of the Americas,” April 3, 2003. (Unpublished document cited here with permission of author)

monitored or evaluated. Finally, critics argue that, unlike in other regions, summits in the Western Hemisphere are held too infrequently to foster regional cooperation.

The Monterrey Summit: Expectations and Results

As hemispheric leaders gathered in Monterrey to discuss ways to promote economic growth with equity, invest in people, and promote good governance, they did so in an environment of political and economic instability. Several Latin American countries, including Argentina, Bolivia, Colombia, Ecuador, Haiti, and Venezuela, have recently undergone, or continue to undergo, significant political, military or economic crises. In the past five years, four democratically elected presidents in Latin America have failed to complete their terms. Although the region's economies are expected to grow by 3.5% in 2004, per capita growth has fallen for four of the last five years. As a result of this economic stagnation, unemployment has risen sharply, and 20 million more Latin Americans live in poverty in 2003 than in 1997.⁹ While slightly more than half of Latin Americans polled remain committed to democracy in principle, one poll indicates that they are becoming increasingly frustrated with corrupt institutions, and that only 16% are satisfied with free market economies.¹⁰

Summit Expectations. In order to address some of these problems at the Monterrey Special Summit, Cesar Gaviria, the Secretary General of the OAS, predicted that leaders would “work basically on issues of social policy and equity, and look for a new agenda for Latin America and the Caribbean that transcends the Washington consensus.”¹¹ Some, hoped that the Monterrey Summit would produce a ‘social charter’ akin to the Inter-American Democratic Charter. Bush Administration officials had recently acknowledged Latin Americans’ disenchantment with “free market reforms” and governmental corruption and inefficiency. In response, Roger Noriega, U.S. Assistant Secretary of State for Western Hemisphere affairs, asserted that while Monterrey would reinvigorate leaders’ long-term commitments to the Quebec Plan of Action, it would also “set some practical short-term goals that will improve the daily lives of people the Americas.”¹² U.S. officials set forth a number of specific objectives for the Monterrey Summit that were designed to complement their broader hemispheric goals of promoting democracy, free trade and the rule of law. While most of those objectives eventually

⁹ United Nations Economic Commission for Latin America and the Caribbean, “Preliminary Overview of the Economies of Latin America and the Caribbean 2003,” December 17, 2003.

¹⁰ “The Stubborn Survival of Frustrated Democrats - The Latinobarometro Poll,” *The Economist*, November 1, 2003.

¹¹ ‘Washington consensus’ refers to a group of market-friendly policies suggested to Latin American governments during the 1990s by the U.S. government and multilateral development institutions. Those policies included dismantling trade barriers, privatizing state-owned enterprises, and maintaining balanced budgets. For more statements from Gaviria, see Summit of the Americas Information Network web-site, [<http://www.summit-americas.org/>].

¹² United States Department of State, Bureau of International Information Programs, “Noriega Explains U.S. Goals for Special Summit of the Americas,” December 17, 2003.

translated into summit initiatives, two U.S. proposals, dealing with free trade negotiations and corruption, proved to be somewhat controversial.¹³

Free Trade. At the Monterrey Summit, there was considerable debate concerning how free trade should be referenced in a final declaration focused on social issues. While all leaders agreed with the proposed economic reforms concerning the promotion of small businesses, securing property rights and reducing the cost of sending remittances, there was reportedly some opposition to President Bush's assertion that the proper way to end poverty is by promoting trade between nations. Many leaders seemed to agree with a recent World Bank report on the North American Free Trade Agreement, which argued that "free trade alone is not enough (to bring growth with equity) without significant policy and institutional reforms."¹⁴ Leaders disagreed over whether, as the United States suggested, the summit declaration should reaffirm the January 2005 deadline for completing the negotiations of an FTAA. While the Brazilians initially opposed any reference to such deadlines, all leaders, with the exception of Venezuela, eventually agreed to a declaration stating a somewhat vague pledge to accept the "framework and calendar" for concluding FTAA negotiations reached at the Miami Ministerial in November 2003.

Corruption. The Declaration of Nuevo León contains strong language reinforcing leaders' commitments to implementing the Inter-American Democratic Charter Against Corruption. Leaders agreed to deny safe haven to corrupt officials and their assets, to better coordinate extraditions, and to assist in the recovery of stolen assets. They did not agree, however, with a U.S. initiative to deny corrupt governments participation in future summit meetings since it would be difficult to obtain enough information to determine the extent of corruption in a given country thoroughly and impartially.

Other Initiatives.¹⁵ The Declaration of Nuevo León stresses the importance of leaders continuing commitment to implement previous summit initiatives, specifically those related to the areas of economic growth with equity, social development and good governance. It then puts forth a few key new initiatives in which leaders agree to: (1) Reduce significantly the time and cost of starting a business by the next Summit in 2005; (2) Support the Inter-American Development Bank's recent pledge to triple credit for micro, small, and medium-sized business by 2007; (3) Halve the cost of remitting money from the United States to Latin America by 2008;¹⁶ (4) Strengthen property rights by 2005; (5) Reform the international financial system in order to avert financial crises, to enhance financing for development, and to reduce the burden of debt servicing; (6) Provide antiretroviral drugs to at least 600,000 people suffering from HIV-AIDS by 2005; and, (7) Publish country-wide school system reports by the 2005 Summit.

¹³ Sidney Weintraub, "The Monterrey Hemispheric Summit," *Center for Strategic and International Studies*, January 2004.

¹⁴ Tim Weiner, "Bush Meets Skepticism on Free Trade at Americas Conference," *New York Times*, January 14, 2004.

¹⁵ For a more detailed description of these initiatives, see White House, "U.S. Accomplishments at the Special Summit of the Americas," January 13, 2004.

¹⁶ For more information on remittances, see CRS Report RL31659, *Foreign Remittances to Latin America*, by Walter W. Eubanks and Pauline H. Smale.