



Bush Excluded by Latin Summit as China, Russia Loom (Update1)

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By Joshua Goodman

Dec. 15 (Bloomberg) -- Latin American and Caribbean leaders gathering in Brazil tomorrow will mark a historic occasion: a region-wide summit that excludes the United States.

Almost two centuries after President James Monroe declared Latin America **a U.S. sphere of influence**, the region is breaking away. From socialist-leaning Venezuela to market-friendly Brazil, governments are expanding military, economic and diplomatic ties with potential U.S. adversaries such as China, Russia and Iran.

"Monroe certainly would be rolling over in his grave," says **Julia Sweig**, director of the Latin America program at the Council of Foreign Relations in Washington and author of the 2006 book "**Friendly Fire: Losing Friends and Making Enemies in the Anti-American Century.**"

The U.S., she says, "is no longer the exclusive go-to power in the region, especially in South America, where U.S. economic ties are much less important."

Since November, Russian warships have engaged in joint naval exercises with Venezuela, the first in the Caribbean since the Cold War; Chinese President **Hu Jintao** signed a free-trade agreement with Peru; and Brazil invited Iranian President Mahmoud Ahmadinejad for a state visit.

"While the U.S. remains aloof from a region it no longer sees as relevant to its strategic interests, other countries are making unprecedented, serious moves to fill the void," says **Luiz Felipe Lampreia**, Brazil's foreign minister from 1995 until 2001. "Countries in the region are more aware than ever that they live in a globalized, post-American world."

A Castro Triumph

The two-day gathering, called by Brazil at a beach resort in Bahia state, is also a diplomatic triumph for Cuban President **Raul Castro**, making his first trip abroad since taking over from his brother Fidel two years ago. The communist island was suspended from the hemisphere-wide **Organization of American States** in 1962 over its ties with the former Soviet Union.

"A lot of this is designed to stick it in the eye of the U.S.," says Peter Romero, the U.S. assistant secretary of state for the Western Hemisphere from 1999 to 2001. "But underlying the bluster, there's a genuine effort to exploit the gap left by a distant and distracted U.S."

The effort is most evident in the bloc of countries allied with the anti-American president of Venezuela, **Hugo Chavez**.

Bolivian President **Evo Morales** last month expelled the Drug Enforcement Administration, alleging that DEA agents were conspiring to overthrow him; U.S. President **George W. Bush** dismissed the charges as absurd and suspended trade privileges for the Andean nation.

Drug-War Defeat

In Ecuador, meanwhile, President **Rafael Correa** has refused to renew the lease on the U.S.'s only

military outpost in South America, a critical platform for the U.S. war on drugs.

For Brazil, tomorrow's summit caps a decade-long diplomatic drive to use its growing economic and political stability to play a bigger role in the world.

While little concrete action is expected from the first-ever Latin American and Caribbean Summit on Integration and Development, the fact that the U.S. wasn't invited has symbolic importance, says Lampreia.

The summit reinforces such regional initiatives as the Union of South American Nations, which was formed in May by 12 countries to mediate conflicts such as political violence in Bolivia, bypassing the U.S.-dominated OAS.

Thomas Shannon, the top U.S. diplomat for Latin America, says the nature of American influence is only changing, not declining, as the region matures.

No Invitation Sought

The U.S. "didn't ask to be invited" to the summit, he says, although it had discussed with Brazil and Mexico ways the meeting's agenda could be used during the U.S.-backed Summit of the Americas, in April in Trinidad and Tobago.

"We don't subscribe to the hydraulic theory of diplomacy that when one country is up, the other is down -- that if China and Russia are in the area our influence has somehow waned," Shannon said in a telephone interview.

The fact that "there's no warfare, weapons proliferation, suicide bombers or jihadists" in Latin America may make its issues "less urgent," though no less important, Shannon said. The U.S. remains the region's dominant investor and trading partner: Foreign aid to Colombia to fight drug traffickers and Marxist rebels totals \$700 million a year, and remittances from Latin Americans living in the U.S. totaled \$66.5 billion last year.

Monroe's Doctrine

The Monroe Doctrine, which dates back to 1823, declared Latin America off-limits to European powers. Whether welcomed by the region or not, it has been invoked whenever real or imagined security threats to U.S. interests arise, says Gaddis Smith, a retired Yale University historian of American foreign policy.

"Its essence is unilateralism; no Latin American country had any say in it," says Smith, whose more than a dozen books on American foreign policy include "The Last Years of the Monroe Doctrine."

The real battle is for a larger share of the region's abundant resources and expanding economies, and China has led the way.

Two-way trade with the region shot up 12-fold since 1995 to \$110 billion last year, according to the **Inter-American Development Bank**. China's share of the region's imports also jumped, to 24 percent from 9.8 percent in 1990, while the U.S. share shrunk to 34 percent from 43 percent. Two years after reaching a bilateral free-trade agreement, China's demand for copper made it Chile's biggest export market in 2007, replacing the U.S.

Hu's Trips

Since making his first of three trips to Latin America in 2004, China's President Hu Jintao has spent more time in the region than Bush -- 22 days to **20 for the U.S. president**. In October, as the global credit crunch dried up lending in the region, China **joined the Inter-American Development Bank** with a \$350 million loan to finance small businesses. This month it pledged \$10 billion in loans to state-controlled Petroleo Brasileiro SA so Brazil can develop the Western Hemisphere's largest oil discovery since 1976.

"The Chinese play up the development side of diplomacy so much better than the Americans," says **William Ratliff**, a research fellow at Stanford University's Hoover Institution who has a Ph.D. in Chinese and Latin American history. "Deals come with none or very few strings attached."

Even Colombia, which is spending **\$115,000 a month** lobbying the U.S. Congress to approve a stalled free-trade pact, signed an investment treaty last month with China. During this year's U.S. campaign, President-elect **Barack Obama** said he opposed the accord over concerns that Colombia isn't doing enough to stamp out violence against labor organizers.

Colombian President Alvaro Uribe today canceled his plans for the summit to monitor rescue efforts involving 200,000 people affected by flooding over the weekend.

Arms Deals

Changing relationships are also evident in arms deals. Chavez turned to Russia for at least \$4.4 billion in weapons after the U.S. blocked sales of aircraft parts. Brazil, the region's largest economy, is also shopping around: Defense Minister **Nelson Jobim said in Washington** this month that his government will only buy weapons from countries that agree to transfer technology for local production.

Plans to purchase 36 new fighter jets, in which Boeing's F- 18 is competing for a contract against Stockholm-based Saab AB and France's Dassault Systemes SA, "can only be justified politically if they contribute to national development," **Jobim said**.

Brazil may sign a deal with France for four nuclear submarines intended to help secure its oil basins in the Atlantic when French President **Nicolas Sarkozy** visits Brazilian President **Luiz Inacio Lula da Silva** this month.

Reactivating a Fleet

The U.S. plan to reassert its naval presence by reactivating the Fourth Fleet after 58 years to patrol the Caribbean has triggered negative reactions ranging from Chavez's threat **to sink the convoys** to the more-diplomatic Lula's **demand for explanations** from the Bush administration.

Latin American leaders are looking to Obama to restore relations after the Bush presidency's initial pledges of greater engagement gave way to a focus on the 9/11 terror attacks and wars in Iraq and Afghanistan. Yet the honeymoon with Obama may be short-lived, says **Michael Shifter**, vice president of the Inter- American Dialogue in Washington. He says that the issues that have dominated Latin American relations -- including Cuba, immigration and U.S. trade barriers on agricultural products -- may remain in dispute.

"Latin America wants the U.S. to be engaged, but in very different terms that it has in the past," says Shifter. "In any case, they're not waiting around for the U.S. to change its mindset."

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