
C. LATIN AMERICA AND THE CARIBBEAN

(a) Overview

Although democracy in Latin American and Caribbean countries has been challenged by real and diverse problems in recent years, it has been firmly established as an institution. Furthermore, on the economic front various approaches toward regional economic integration have been developing. In 2001, the growth of Latin American and Caribbean economies decelerated due to the economic slump in the U.S. and the economic conditions in Argentina. Taking that regional situation into consideration, Japan continued during 2001 to implement numerous efforts to support the realization of middle- and long-term stability throughout the Latin American and Caribbean region, to secure a stable supply of energy and other natural resources, and to strengthen the relations between the Asian and the Latin American and Caribbean countries.

(b) Progress of Democratization

Democratization has advanced in Latin American and the Caribbean countries since the 1980s. Almost all the countries in the region have now adopted democratic political systems. During 2001, presidential or general elections were peacefully conducted under democratic procedures in Guyana (March), Saint Vincent and the Grenadines (March), Peru (April, with a runoff election in June), Nicaragua (November), Honduras (November), Saint Lucia (December) and Trinidad and Tobago (December). There were changes of government in Bolivia in August, when President Hugo Banzer Suarez resigned due to ill health, and in December in Argentina, when President Fernando de la Rúa resigned in the midst of economic chaos before completing his term. In both cases, new presidents were elected in accordance with constitutional stipulations. While some countries such as Haiti must resolve many issues before democracy can take root in their political systems, on the whole democracy has been firmly established as an institution throughout the Latin American and Caribbean region.

To solidify this trend toward democracy, the leaders of the Americas met at the Third Summit of the Americas in April in Quebec City, Canada. They adopted the Declaration of Quebec City, which includes several provisions aimed at supporting democratic systems and at strengthening representative democracy. The leaders also met at the special session of the Organization of American States (OAS) General Assembly held in Lima, Peru, in September, and adopted the Inter-American Democratic Charter.

These movements showed that the OAS members shared recognition on the importance of strengthening democracy throughout the Americas. Nevertheless, in the OAS member countries, poverty and economic disparities have been exacerbated with the progress of economic liberalization and of market opening. While political systems have been successfully reformed, actual problems concerning democracy, human rights, and economic disparities remain unresolved.

Japan recognizes the firm establishment of democracy in Latin America and the Caribbean as essential for middle- and long-term regional stability. Based on this stance, Japan dispatched election observers to the presidential elections in Peru and Nicaragua. Japan has continued to provide these countries with economic cooperation with a view to eradicating poverty and to supporting local efforts for addressing economic and social problems. Japan has also been engaged in a political dialogue with Cuba regarding democratization and human rights issues.

(c) Economic Conditions

Throughout the 1990s, Latin American and Caribbean countries implemented economic reform policies based on liberalization and market opening. As a result of these efforts and also of foreign direct investments, they achieved relatively stable economic growth. In 2001, however, economic growth in the region decelerated due to the economic stagnation in the U.S. and to the serious economic conditions in Argentina.

In particular, the economic situation in Argentina, which suffered financial instability since the autumn of 2000 mostly due to budget deficit problems, worsened in late October 2001. The government implemented various measures, including restrictions on bank deposit withdrawals and major cuts in government expenditures. These measures only led to social unrest, economic and social chaos, and culminated in the resignation of President De la Rúa and the announcement of a moratorium on national debt payments.

Given the uncertain outlook for the global economy and the financial conditions in Argentina, there is no way to predict the future economic environment in Latin America and the Caribbean. Nevertheless, the region still has the potential to supply vast quantities of foodstuffs, mineral resources, and energy, and a stable supply of those resources is important for the Japanese economy. During 2001, the Latin American Petroleum Seminar and the Latin American Mineral Resources Seminar were held in Tokyo in March and December respectively. These seminars show an effort to reformulate Japan's approach to Latin America and the Caribbean by viewing the region as a supplier of natural resources and by strengthening the economic relations with the region via the businesses concerned.

The Caribbean Community (CARICOM) comprises vulnerable countries with small economies that frequently suffer from natural disasters. The relations between Japan and CARICOM were strengthened by the first Japan-CARICOM Ministerial-Level Conference, which took place

in the autumn of 2000. Based on the framework for cooperation that was adopted at that conference, Japan provided assistance during 2001 to CARICOM members in such fields as Information and Communications Technology (IT) promotion, disaster prevention, personnel exchange, trade and investment, industry diversification, finance, environmental preservation, and governance; in addition, Japan launched the Japan–CARICOM Friendship and Cooperation Fund.

(d) Regional Economic Integration

In addition to economic liberalization and market opening, there has been a major trend in the Americas toward regional economic integration. The existing regional economic frameworks include the North American Free Trade Agreement (NAFTA), CARICOM, the Central American Common Market (CACM), the Andean Community, and the Southern Common Market (MERCOSUR). In addition, at the First Summit of the Americas in 1994, an agreement was reached to form the Free Trade Area of the Americas (FTAA), whose 34 members comprise all of the regional states except Cuba. At the Third Summit of the Americas in April 2001, an agreement was reached to enable the FTAA agreement to enter into force by December 2005. When the agreement becomes effective, the FTAA will be the world's largest free trade area, with a total population of approximately 800 million people and a total regional GDP of more than US\$11 trillion.

Furthermore, Latin American and Caribbean countries are trying to conclude free trade agreements (FTAs) with countries outside the region. Mexico and Chile have both expressed an interest in concluding FTAs with Japan. With regard to Mexico, the Japan–Mexico Joint Study Group has been established to examine means of strengthening bilateral economic relations, including the possible conclusion of an FTA. This study group, which comprises eminent persons from industry, government, and academia, has already begun its deliberations.

(e) Relations with Asian Countries

In the past, the Latin American and Caribbean countries' relations with the Asian countries were relatively distant. Recently, however, efforts toward establishing closer ties with each other have intensified. In particular, China has been working to strengthen its relations with Latin American and Caribbean countries not only in the economic sphere, but also in the political sphere. For example, President Jiang Zemin visited the region in April and Standing Committee of the National People's Congress Chairman Li Peng visited it in November. In March, the First Foreign Ministers' Meeting of the Forum for East Asia–Latin America Cooperation (FEALAC) was held in Chile, with the participation of the foreign ministers from 30 Asian, Latin American, and Caribbean countries. At the Foreign Ministers' Meeting, a decision was made to set up three working groups. The three working

groups will address issues concerning politics and culture; economy and society; and education, science, and technology respectively. The meeting also adopted a framework document and a Co-chairs' Statement, thereby clarifying FEALAC's goals and future approach. FEALAC has decided to hold its next Foreign Ministers' Meeting in the Philippines in 2003 and has solidified its status as an ongoing forum.

Japan, serving as the co-chair of the working group on economy and society, attaches importance to FEALAC as a forum for strengthening the relations between the Asia-Pacific and the Latin American and Caribbean regions. From this viewpoint, Japan held the Symposium for Intellectuals from East Asia and Latin America in Tokyo and intends to continue making positive contributions to FEALAC's activities.