

C Latin America and the Caribbean

(a) Overview

The Latin American and Caribbean region has been attracting renewed attention as a market with growing potential, in view of its push toward economic liberalization and regional economic integration and its wealth of natural resources. On the political front, democratic systems have taken root throughout most of the region, its major powers have been actively involved in global affairs, and diverse moves toward regional integration have gotten underway, enabling it to enhance its presence in various spheres of the international arena. Against this backdrop, Japan has been forging close diplomatic ties with the region centering on frequent summit meetings.

In September 2004 Prime Minister Koizumi Junichiro made an official visit to Latin America and the Caribbean, the first visit to the region by a Japanese prime minister in eight years. In Brazil he delivered an address in which he unveiled a mid- to long-term basic policy called “Vision for a New Japan–Latin America and Caribbean Partnership,” which aims to create a future-oriented relationship built on the longstanding friendly ties between the two sides and sets out a comprehensive policy plan for Japan’s relations with the region.

The plan calls for the strengthening of diplomatic relations in accordance with two guiding principles: cooperation and exchange. “Cooperation” is built on two pillars, “reactivating economic relations” and “addressing challenges of the international community.” Particular stress is given to the goal of revitalizing economic ties, since the relationship between the two sides is viewed as not having reached a level that reflects their combined advantages, namely, Japan’s abundant human resources, capital, and technology and Latin American and Caribbean countries’ mineral and energy resources and substantial food production capacity. It was announced that Japan would promote the expansion of trade and investment relations and cooperation for projects to develop resources and energy and improve infrastructure in the region.

With regard to “addressing challenges of the international community,” the second pillar of cooperation, the plan emphasizes cooperation between Japan and

Latin America and the Caribbean for the peace and security of the international community. Specifically, it stresses the importance of reforming the United Nations (UN) Security Council. It also emphasizes the importance of coordination and cooperation toward the realization of the prosperity of the international community, in fields including the maintenance and strengthening of the multilateral free trade system centering on the World Trade Organization (WTO), and the balancing of economic development with environmental preservation.

On the topic of exchange, the second guiding principle, it was announced that 4,000 people from the Latin American and Caribbean region—the young people that will shape the next generation—would be invited to Japan over a five-year period as part of Japan’s youth exchange efforts for the purpose of fostering mutual understanding and personnel exchange. The plan also makes clear Japan’s intention to play a major role in the Forum for East Asia–Latin America Cooperation (FEALAC),¹ which seeks to promote interregional exchange, and to host a FEALAC Foreign Ministers’ Meeting at an appropriate time in the future.

Translating the “Vision for a New Japan–Latin America and Caribbean Partnership” into action constitutes an important task for Japanese diplomacy in this region in the coming years.

(b) Diplomacy with Major Countries: Prime Ministerial Visits

In September 2004 Prime Minister Koizumi visited Brazil and Mexico, both of which have considerable economic and political influence in the Latin American and Caribbean region. In November, after attending the Asia-Pacific Economic Cooperation (APEC) Economic Leaders’ Meeting, Prime Minister Koizumi made an official visit to Chile, which has earned acclaim as the Latin American country that has been most successful in achieving political democratization and economic modernization.

In Brazil, Prime Minister Koizumi held his first summit talks with President Luiz Inacio Lula da Silva. The two leaders announced their common view that the UN Security Council should be reformed, with the num-

1. FEALAC was established in 2001 to foster mutual understanding, political dialogue, and friendly relations between East Asia and Latin America and the Caribbean. It was formed upon the adoption of a framework document during the first foreign ministers’ meeting in Chile. Member countries comprise 15 East Asian and 17 Latin American countries.



Prime Minister Koizumi attends a welcome ceremony in Brazil in September 2004. (Photo: Office of the Cabinet Public Relations, Cabinet Secretariat)

ber of permanent and nonpermanent members increased, and expressed support for each other's candidacy for a permanent seat. They also agreed to promote cooperation between the public and private sectors in resource development and infrastructure projects aimed at revitalizing economic relations between their two countries as well as between Japan and the Southern Common Market (MERCOSUR). Furthermore, they decided to work together on international issues relevant to both sides, such as the WTO and disarmament and nonproliferation, and to celebrate the centennial of Japanese immigration to Brazil by holding Japan-Brazil Exchange Year in 2008. The results of their discussions were announced in the form of a Joint Communiqué.

In Mexico, Prime Minister Koizumi and President Vicente Fox Quesada signed the Japan-Mexico Economic Partnership Agreement (Japan-Mexico EPA) and issued a Joint Statement calling on the people of both countries to strengthen trade and investment relations by making use of the Japan-Mexico EPA. They agreed to work together to provide assistance to Central America and the Caribbean, a region whose potential has been enhanced by moves toward economic integration, and they shared the view that the UN must be reformed. They also recognized the importance of cultural exchange as a foundation for bilateral friendship and engaged in wide-ranging discussions on the holding of events that foster mutual understanding between the peoples of the two countries, including support for the Japan-Mexico Cultural Summit, Japan's participation in the Cervantino International Art Festival,² and Mexico's participation in the 2005 World Exposition, Aichi, Japan. Prime Minister Koizumi's visit paved the way for

the further strengthening of the "Strategic Partnership"³ between the two countries. The Japan-Mexico EPA, which is scheduled to take effect on April 1, 2005, is the second such agreement for Japan. Mexico has an economy as big as that of the Association of Southeast Asian Nations (ASEAN), and it has concluded Free Trade Agreements (FTA) with a large number of countries. The entry into force of this agreement will eliminate the disadvantages under which Japanese companies have had to operate by comparison with United States (US) and European firms and will enable them to create a foothold in the Americas through Mexico's FTA network.

In Chile, Prime Minister Koizumi held a summit meeting with President Ricardo Lagos Escobar, and the two leaders agreed to inaugurate a joint study group comprising the governments and the academic and business sectors of both countries to explore the possibility of a Japan-Chile EPA or FTA to strengthen bilateral economic ties. They also discussed the revitalization of the Japan-Chile 21st Century Committee (a committee of experts) and decided to establish a new Permanent Forum for Japan-Chile Relations made up of experts from both countries for debating the future shape of bilateral ties from a mid- to long-term perspective.

The two leaders agreed on the need to reform the UN Security Council by increasing the number of permanent and nonpermanent members, and President Lagos reaffirmed his support for Japan's bid to become a permanent member. Discussions were also held on bilateral cooperation, including Japanese technical cooperation in the math education and information and communications technology (ICT) fields and the promotion of cooperation in the environmental field.



Prime Minister Koizumi and Mexican President Fox shake hands after signing the Japan-Mexico EPA in September. (Photo: Office of the Cabinet Public Relations, Cabinet Secretariat)

2. One of Latin America's foremost international arts festivals, which is held annually in the central Mexican city of Guanajuato.

3. During President Fox's state visit to Japan in October 2003, he and Prime Minister Koizumi issued a joint statement following their summit talks in which they announced their decision to create a "Strategic Partnership Across the Pacific between Japan and Mexico in a New Millennium."

(c) Progress in Regional Economic Integration and Strengthening Ties with Countries Outside the Region

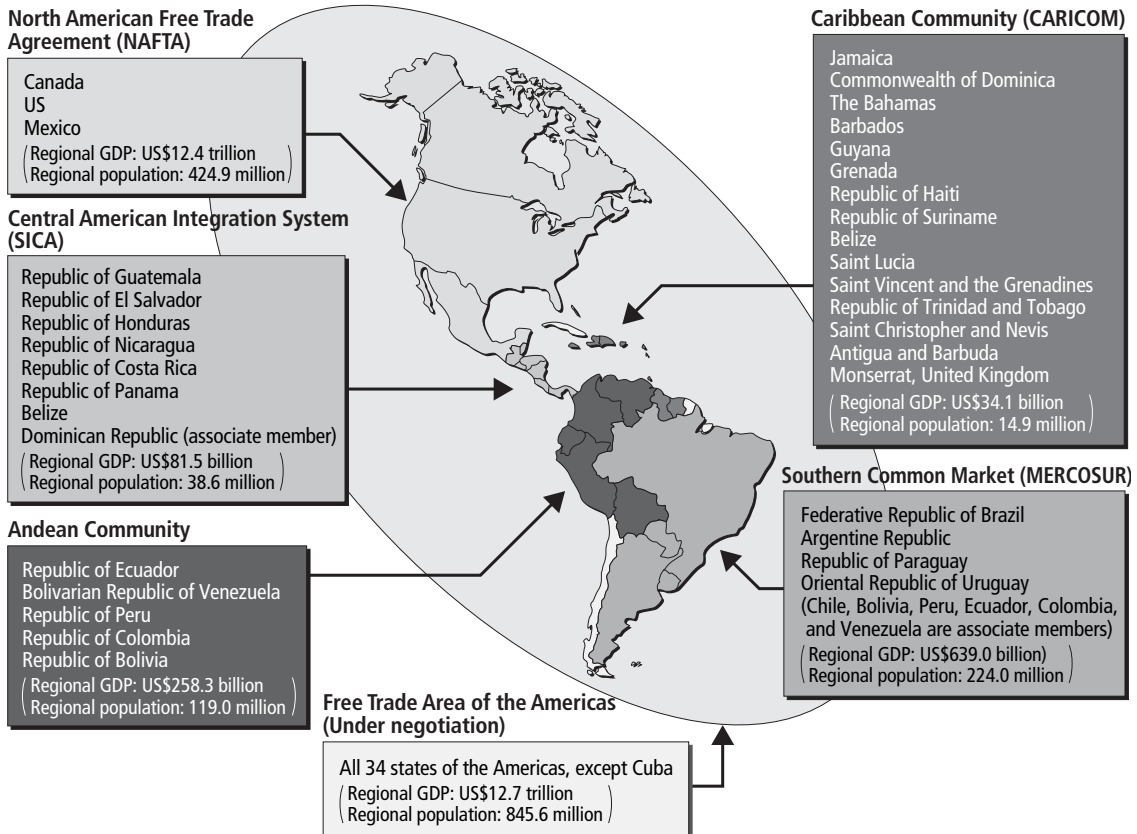
Since the beginning of the 1990s, a large number of bilateral and interregional FTAs and multilateral regional economic pacts, such as the North American Free Trade Agreement (NAFTA), MERCOSUR, and the Andean Community, have been concluded in the Americas. A strategy of promoting economic growth and structural reform by strengthening FTAs and other forms of economic cooperation has been adopted, and this trend continues today.

The negotiations on the Free Trade Area of the Americas (FTAA), which encompasses North America, Latin America, and the Caribbean (except for Cuba), were expected to be concluded by January 2005 in line with a goal set in November 2003. The talks failed to proceed as hoped for in 2004, however, because of differences of opinion among the countries concerned. Meanwhile, negotiations on FTAs between the US and individual Latin American and Caribbean countries and regions gained

momentum. The Central American Free Trade Agreement (CAFTA), which is an FTA between Central American countries and the US, was signed, and talks moved forward on an FTA between the US and the three Andean countries of Colombia, Ecuador, and Peru. Within the Latin American and Caribbean region, an FTA between MERCOSUR and the Andean Community came into effect, and continued progress was made toward concluding various other bilateral and interregional FTAs.

In recent years, countries outside the Latin American and Caribbean region have sought to strengthen their ties with the region, noting its abundant natural and food resources and dynamic moves toward economic integration. The European Union (EU) has already concluded FTAs with Mexico and Chile and is now moving forward with talks on FTAs with MERCOSUR and the Caribbean Community (CARICOM). Asian countries, particularly the People's Republic of China and the Republic of Korea (ROK), have attracted attention for the rapid pace at which they have expanded their trade relations with the region in recent years. During 2004 Brazilian President Lula da Silva and Argentine

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President Nestor Carlos Kirchner visited China in May and June, respectively. Meanwhile, Chinese President Hu Jintao and ROK President Roh Moo Hyun both made visits to Latin America and the Caribbean, trips scheduled to coincide with the APEC Economic Leaders' Meeting in Chile. At that time, China agreed to launch negotiations with Chile on an FTA. The ROK, whose FTA with Chile came into effect in April 2004, indicated strong interest in stepping up its ties with the region, particularly in the economic field, by initiating a joint feasibility study for a trade agreement with MERCOSUR.

(d) The Political and Economic Situation

In 2004 presidential elections were held in El Salvador, the Dominican Republic, Panama, and Uruguay, and on the whole they were concluded in an atmosphere of peace and order, indicating the extent to which democracy has been consolidated in this region since the transfer of power to civilian governments.

The region's economy grew steadily throughout the 1990s as a result of such neoliberal economic reforms as trade liberalization and the privatization of state-owned enterprises but began to decline in 2001 in the wake of a global slowdown and the Argentine financial crisis. The region as a whole subsequently began to recover, driven by increased demand and improved prices for the region's major export goods as the global economic recovery took hold in 2003. Growth for the region as a whole achieved a high 5.5% in 2004, according to a forecast by the UN Economic Commission for Latin America and the Caribbean issued in January 2005.

Despite the improvement in macroeconomic indicators, however, social problems, such as the gap between the rich and the poor at both the regional and national levels and rising unemployment, have become more serious. The perception that existing traditional political parties, which had rapidly developed neoliberal economic policies since the 1990s, could not deal adequately with these social problems was behind the recent births of administrations that do not rely on traditional parties but are rooted in the poor and working class in countries like Venezuela, Brazil, and Argentina. In 2004 the Uruguayan presidential election led to the first-ever victory for a candidate from a left-wing opposition party. Such a trend may continue in the future. However, these new administrations, while focusing more on some issues including measures against domestic poverty, have generally taken a pragmatic and moderate course based on neoliberalistic open policies.

Progress, though slow, was also seen in the moves toward regional integration in the political field, and ef-

forts by countries in the region to work together to resolve global issues have enhanced the region's voice and influence in the international arena. Future-oriented initiatives include the decision taken at the third South American Summit held in December to establish a South American Community of Nations aimed at promoting integration in numerous fields, including politics, society, and infrastructure. CARICOM and the Central American Integration System (SICA) are examples of established organizations engaged in regional integration. Japan has sought to enhance its ties with these organizations by holding high-level exchanges of views, such as Japan-CARICOM ministerial-level meetings held on the occasion of UN General Assembly meetings, and engaging in cooperative efforts in the international arena. During his two trips to Latin America and the Caribbean, Prime Minister Koizumi held talks with the leaders of various countries. He also held summit talks with Honduran President Ricardo Maduro Joest, who visited Japan in May, and Nicaraguan President Enrique Bolaños Geyer, who also paid a visit to Japan in June. The leaders agreed to strengthen bilateral relations and to work together in the international arena regarding such issues as the reform of the UN. A proposal was also put forward for the holding of a Japan-Central America Summit Meeting in 2005 to mark the seventieth anniversary of diplomatic relations between Japan and the five Central American countries of El Salvador, Guatemala, Costa Rica, Nicaragua, and Honduras.

The holding of the APEC Economic Leaders' Meeting and ministerial meetings in Chile and the 10th session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP10) in Argentina in December are two examples of the growing role that major Latin American countries have been playing as venues for international conferences. Numerous senior Japanese government officials have visited the region to attend such gatherings. For example, Prime Minister Koizumi; Minister for Foreign Affairs Machimura Nobutaka; Minister of Finance Tanigaki Sadakazu; Minister of Education, Culture, Sports, Science and Technology Kawamura Takeo; and Minister of Economy, Trade, and Industry Nakagawa Shoichi traveled to Latin America and the Caribbean for the APEC Economic Leaders' Meeting and ministerial meetings. Meanwhile, Minister of the Environment Koike Yuriko and Parliamentary Secretary for Foreign Affairs Onodera Itsunori visited the region to attend COP10. Such high-level meetings served as opportunities to give concrete form to the "Vision for a New Japan-Latin America and Caribbean Partnership."