

U.S. Senator Larry E. Craig
Testimony to Foreign Relations Committee
“Energy in Latin America”
June 22, 2006

Mr. Chairman, thank you for this opportunity to address both energy and Latin America issues. I want to commend you for your insight in addressing these very timely and important topics, and for introducing S. 2435, the Energy Diplomacy and Security Act. Your bill will help move the Latin American region toward the center of this country’s strategic planning by reevaluating attitudes among some U.S. officials that currently limit our ability to diversify our energy supplies and also to compete fairly with countries like China for resources in this hemisphere.

Mr. Chairman, let’s call a spade a spade, recent developments in Latin America are not in keeping with the United States’ energy, economic, or national security interests. For example, the nationalization of industries in Latin America is troubling. Further, while this kind of backward-looking activity is contrary to our country’s belief in the power of property rights and free enterprise to transform developing economies, it is nonetheless very welcome to countries around the world with leftist-leaning governments and state-controlled industries. In particular, it is my firm opinion that the likes of China are exploiting these regressive developments right on our doorstep.

Whether or not it is the fact that China is preparing to plant oil rigs 50 miles off our southern coastline, or that Venezuela has recently purchased eighteen oil rigs from that country, or the simple fact that Hugo Chavez has stated numerous times that he seeks to divert his oil exports away from the United States and to China – the fact remains constant that our policies (if they even warrant that term) toward Latin America don’t seem to be working and it is arguably the case that China is inclined to exploit the precipitous decline in U.S. influence in Latin America produced by that failure. The result may be that some governments in Latin America are doomed to repeat past economic mistakes and thereby re-live their failed turbulent histories, rather than join the expanding community of modern and progressive democracies.

As it relates to China’s engagement in Latin America let me quickly point out two statements. In yesterday’s New York Times, Thomas Friedman points out that China, too, thinks of Latin America as their backyard. In particular, Friedman states, “China is almost exclusively focused on extracting natural resources – timber, iron, soybeans, minerals, gas, and fish to feed its voracious appetite and keep jobs and factories humming in China.” Additionally, the Administration’s own National Security Strategy paper points to China’s energy resource hunger by stating that China is “expanding trade, but

acting as if they can somehow lock-up energy supplies around the world or seek to direct markets rather than opening them up.”

Mr. Chairman, I firmly believe your bill, S. 2435 (of which I am an original sponsor) will seek to change a policy toward Latin America of non-engagement on substantive issues that ought to be of mutual concern between the U.S. and its neighbors. The position is actually worse than one of merely negligent non-engagement. At the same time that we fail to engage on drug interdiction; the development of energy resources; extradition and similar criminal justice issues, we are actually antagonizing the populations of countries we have a strategic interest in maintaining productive relations with.

Mr. Chairman, to be blunt, we have some resistance to overcome in this city to a new approach toward Latin America. While Republican and Democrat administrations have come and gone, many bureaucrats remain that harbor a strong institutional bias toward Latin America. That said, it is my opinion that many high-level bureaucratic officials in the State Department and the CIA have been misguided in their responsibilities in the region. No doubt Hugo Chavez is a worrying phenomenon. However, the questionable antics of our State Department during the coup d’etat in Venezuela in 2002 have, in my opinion, had dire consequences on our ability to appropriately influence not only Venezuela, but other countries in the region as well. There is no quicker formula for solidarity among Latin American governments than the appearance of interference and victimization by the U.S.

Further, we have small groups in this country who seem to genuinely fear the likes of Chavez, Castro, and Morales and want nothing to do with them even if it involves the pursuit of U.S. national interests. This fear leads to comprehensive non-engagement, leaving the door open for further and unwanted influence in the region from other countries that do not have our well-being at heart. Those who fear these leftist leaders of Latin America must have no faith in the great concepts of America, capitalism, diplomacy, the power of engagement, and a human’s will to be free. Additionally, those driven by fear in this country fail severely to see that isolation policies have never been successful. Unfortunately, these small, fear-mongering groups do not appear to be isolated in particular regions of our country, they also appear to be locked-in at influential bureaucratic posts at the State Department and the CIA.

It is only through aggressive oversight and pushing bills like S. 2435 that we can change course and correct our policies in Latin America. Failure to constructively engage this region and to promote partnership on energy and other issues between the United States and Latin American countries will condemn the United States to consistently poor outcomes on matters of importance to our citizens – whether it is affordable energy, or the jobs that arise from soundly executed foreign trade policies.

I have no doubt that the region you are addressing today is just as important, if not more important, than the Middle-East where we are heavily involved today. In my opinion, if we do not correct our course in Latin America, the long-term consequences to the U.S.

will prove seriously adverse. I hope we do not wake up one day and realize that our focus had been too narrowly directed toward the Middle East while equally important events including the petropolitics of Latin America were in the process of delivering a profound and negative impact on this country.