

Obama trip aimed at salvaging US interests in Latin America

Bill Van Auken
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President Barack Obama's embarking on a tour of Latin America as the US and its allies prepare for war against Libya has drawn fire from some of his critics in Washington. In reality, however, the tour and the war involve common issues: oil and US imperialist interests.

Obama's five-day trip will take him to three countries—Brazil, Chile and El Salvador. It marks his first trip to Latin America since his 2008 election and his first public focus on the region since his April 2009 attendance at the Summit of the Americas in Trinidad, where the new president was sent to provide a fresh face for achieving the same strategic interests in the region pursued by his predecessor, George W. Bush.

This largely consists of the imposition of free trade agreements and "free market" policies of scrapping barriers to foreign capital, deregulating financial markets and privatizing what remains of state enterprises for the benefit of US-based banks and corporations. At the same time, it involves the promotion of the twin wars on drugs and terrorism as a means of asserting US military and political hegemony in the hemisphere.

While Obama proclaimed his commitment to multilateralism and his belief that all countries of the region should be treated as equals, two years later, it is abundantly clear that his administration represents continuity rather than a change. The intervening period has seen the US backing for the bloody coup in Honduras, the continuation of the Cold War-era blockade against Cuba and the escalation of attacks upon and deportations of undocumented Latin American immigrants.

Brazil's former president Luiz Inacio Lula da Silva, the ex-trade union leader who became the unrivaled champion of the interests of Brazilian and foreign capital, had initially hailed Obama's ascendancy. By the end of his presidency, however, Lula declared that "nothing has changed," and accused Obama of behaving as if he were the head of an "empire." His sentiments expressed not the hatred of the working class for imperialism and the exploitation of the transnational corporations, but the frustration of the Brazilian bourgeoisie with US policies impinging upon their own profit interests.

Now Obama is going to Brazil for his first meeting with Lula's successor, Dilma Rouseff, who since taking office last

January has signaled that her administration is willing to seek a closer accommodation with Washington, while toeing even more slavishly the line laid down by Wall Street and the Brazilian ruling elite.

Dilma, as the new president is universally known in Brazil, has indicated that she is prepared to shift Brasilia's stand on Iran, which became a source of friction with Washington. She has also replaced the country's foreign minister, Celso Amorim, who was associated with the refusal to support stepped-up sanctions against Iran's nuclear program. Antonio Patriota, the former ambassador to Washington who is married to a US-born United Nations official, has been installed in his place.

On the economic front, she rejected demands of Brazil's unions for a significant increase in the minimum wage, instead imposing a raise that will leave the poorest sections of the working class behind the rate of inflation. And, in her first days in office, she announced \$30 billion in budget cuts.

Obama has pitched his trip to Brazil, which now boasts the world's seventh-largest economy, as a quest for new deals that will supposedly produce export-driven jobs for American workers. As his deputy national security advisor on international economic affairs Michael Froman put it, "This trip is fundamentally about the US recovery, US exports and the critical relationship that Latin America plays in our economic future and jobs here in the United States."

On his first day in Brasilia, Obama and Rouseff will co-chair a meeting of nearly 300 US and Brazilian corporate executives. Among those accompanying the US president is the CEO of Boeing, who is hopeful that under Rouseff the company can grab a postponed contract for \$6 billion worth of new Brazilian fighter jets that the Lula administration had seemingly been steering toward Boeing's French competitor, Rafale.

Also at the top of Obama's agenda is oil. The US oil conglomerates are determined to make themselves the chief beneficiaries of the discovery of major underwater oil reserves off the southern Atlantic coast of Brazil. Petrobras, Brazil's state-controlled energy corporation, currently sends up to 60 percent of its exports to the US market.

Washington's aim is not only to assure that the newly discovered reserves will be dedicated to US strategic energy

needs, but also that American Big Oil can participate directly in the most profitable phase of their exploitation.

During earlier meetings with Treasury Secretary Timothy Geithner and a US Senate delegation, Rousseff had indicated that she was prepared to discuss such deals. Under conditions in which social and political upheavals are sweeping the Middle East, securing preferential access to Brazil's reserves, which are expected to become the world's tenth largest, has become all the more critical.

While Washington is pushing for concessions, Brazil's agribusiness interests have their own ax to grind. US trade tariffs, which include a 54-cent-a-gallon surcharge on ethanol, have effectively barred many Brazilian products from the American markets. No major trade agreement is being prepared for signing on the trip, and the Obama administration is not likely to buck the powerful agribusiness lobby within the US by tearing down the tariff walls.

Among the other issues that will undoubtedly be discussed in closed-door sessions in Brasilia is the Workers Party government's continuation of the country's role as a Pentagon subcontractor in the imperialist occupation of Haiti. The Brazilian army took charge of the United Nations "stabilization mission" in Haiti in 2004, only months after the US had orchestrated a coup against the country's elected president, Jean-Bertrand Aristide, and sent in the Marines. Since then, Brazilian troops have been used to repress strikes and anti-government demonstrations by the impoverished Haitian working class.

On the eve of Obama's departure, the State Department's top official on Latin America, Arturo Valenzuela, found himself compelled during a press conference to deny the obvious: that a major objective of the Obama tour is to counter the rising influence of China in the region. "We all benefit from international trade," he said. "We live in a globalized world."

But when Obama writes in an opinion piece published in *USA Today* Friday about his supposed quest for jobs in a "fiercely competitive world," the competition that he has in mind in Latin America comes from China.

In Brazil, China surpassed the US as the country's number-one trading partner in 2008. In 2010, total trade between Brazil and China reached \$56 billion, compared to \$47 billion worth of trade between Brazil and the US. It is also the biggest source of foreign direct investment in Brazil, plowing some \$15 billion last year into various projects. Brazilian imports from China, meanwhile, have increased by 500 percent since 2005.

China has also become the principal trading partner of Chile, the second stop on Obama's tour.

While Washington is seeking access to Brazilian oil, so is China. As *Businessweek* reports, "China Petroleum & Chemical last month said it may bid on exploration rights and has already taken a 40 percent stake in the Brazilian unit of Repsol YPF, a Spanish energy company."

In addition to becoming the top consumer of Latin American

raw materials ranging from soy to copper and iron ore, China has invested heavily in infrastructure projects designed to obtain better access to the region's wealth. These include a new railway linking the Atlantic and Pacific coasts of Colombia, potentially rivaling the Panama Canal. China has also become a major source of financing for Latin American governments, providing a less onerous alternative than the US-dominated International Monetary Fund and the World Bank, which previously held nearly undisputed sway in the region.

Obama and US officials are attempting to counter this massive challenge in what Yankee imperialism long regarded as its own "backyard" in part by appealing to resentments within the Brazilian ruling elite over the undervaluing of the Chinese yuan, which have made Chinese goods more competitive on the Latin American markets. While such resentments exist, however, they are counterbalanced by the anger among Brazil's capitalists over the US Federal Reserve Board's loose monetary policy, which is blamed for the overvaluing of the Brazilian real.

On the eve of Obama's departure, the US Embassy in Brazil announced without any explanation that plans for the US president to hold an open-air speech Sunday before a mass audience in *Cinelandia*, a central plaza in Rio de Janeiro, had changed. Instead, it is being moved inside to the Municipal Theater.

The announcement came in advance of anticipated demonstrations by Brazilian unions and left-wing organizations, which have declared Obama "persona non grata". Meanwhile, a massive security operation has begun in Rio, with 45 streets in the center of the city closed off to traffic and helicopters with thermal and night-vision equipment hovering overhead, relaying images to a central police-military command.



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