

THE WHITE HOUSE
WASHINGTON

September 8, 1994

PRESIDENTIAL DECISION DIRECTIVE/NSC-28

MEMORANDUM FOR THE VICE PRESIDENT
 THE SECRETARY OF STATE
 THE SECRETARY OF THE TREASURY
 THE SECRETARY OF DEFENSE
 THE ATTORNEY GENERAL
 THE SECRETARY OF COMMERCE
 THE SECRETARY OF LABOR
 DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
 UNITED STATES TRADE REPRESENTATIVE
 REPRESENTATIVE OF THE UNITED STATES TO THE
 UNITED NATIONS
 CHIEF OF STAFF TO THE PRESIDENT
 ASSISTANT TO THE PRESIDENT FOR NATIONAL
 SECURITY AFFAIRS
 ASSISTANT TO THE PRESIDENT FOR NATIONAL
 ECONOMIC POLICY
 DIRECTOR OF CENTRAL INTELLIGENCE
 CHAIR, COUNCIL OF ECONOMIC ADVISORS
 CHAIRMAN OF THE JOINT CHIEFS OF STAFF
 ADMINISTRATOR OF THE AGENCY FOR INTERNATIONAL
 DEVELOPMENT
 DIRECTOR OF THE ARMS CONTROL AND DISARMAMENT
 AGENCY
 ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION
 AGENCY
 DIRECTOR OF THE UNITED STATES INFORMATION
 AGENCY
 THE PRESIDENT AND CHAIRMAN, EXPORT-IMPORT BANK

SUBJECT: U.S. Policy Toward Latin America and the Caribbean (U)

This Presidential Decision Directive directs the implementation of the recommendations developed in response to the Presidential Review of "U.S. Policy Toward Latin America and the Caribbean" (PRD-21). The implementation of these recommendations is a priority objective of U.S. foreign policy. (C)

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I. STRATEGIC GOAL

The long-term strategic goal of the United States in Latin America and the Caribbean is to foster a hemisphere of democratic nations with capable, efficient governments and vibrant civil societies, and with open, dynamic economies providing rising living standards to their peoples and expanding export markets for U.S. products and services. (C)

The instruments available to the United States to advance its strategic goal include its bilateral relations with friendly governments in the region and elsewhere, active partnership with sub-regional groupings and close coordination with key multilateral institutions such as the United Nations, the Organization of American States, the Inter-American Development Bank and a growing web of bilateral and sub-regional commercial agreements. U.S. bilateral assistance to the region has declined but multilateral aid and private flows are sizeable and growing. (C)

In the past five years, U.S. trade and investment with Latin America have increased significantly and the opportunities for a further deepening of economic ties are clearly present. Today, U.S. values of democracy and market economics are shared to an unprecedented degree by nearly every country in the hemisphere. To preserve and deepen the commitment to these shared values in the 1990's and into the 21st century, the United States will seek to enlist the countries of the region in a Western Hemisphere Community of Democracies. The central elements of this Hemispheric Community include:

- (a) Strengthened mechanisms for collective defense of democracies to prevent and reverse coups or breaches of constitutional norms;
- (b) promotion of full and vibrant democratic societies that respect civil and political liberties;
- (c) increasing flows of goods and capital and stimulated by liberalizing trade and investment;
- (d) pursuit of social justice through the development of more efficient and honest government and investment in human capital;
- (e) protection of the environment and pursuit of sustainable development, and
- (f) cooperation in combating narcotics trafficking, illegal migration and arms proliferation through regional and sub-regional security arrangements.

(C)

The U.S. will host a Western Hemisphere Summit meeting in December, 1994 to build hemisphere-wide support for these elements of the Western Hemisphere Community of Democracies. (U)

II. DEMOCRATIC GOVERNANCE

U.S. diplomacy should continue to promote democracy as the form of government most responsive to the will and rights of the people; most able to maximize the creative talents of the population to build prosperity; and most likely to provide long-term security and stability. (U)

A. Stabilizing Democracy

Despite the predominance of civilian, elected governments in the region, democracy is susceptible to disruption. More citizens are demanding accountability and responsiveness from governments marked by corruption and inefficiency. Some countries face major drug trafficking, armed insurgencies or authoritarian-military extremists. In other countries a new brand of "authoritarian populism" -- exploiting popular discontent with democracy's imperfections -- has emerged as a threat to democracy. (C)

1. National Reconciliation/Human Rights

In countries just emerging from violent conflict, the United States will promote democracy through reconciliation, dialogue among political actors and respect for human rights. (C)

- We will take into account progress toward national reconciliation and respect for human rights in allocating and disbursing bilateral economic assistance. (C)
- We will seek the concurrence of the International Financial Institutions (IFIs) in this policy, in that lack of a stable security/political situation decreases the likelihood that IFI programs will succeed. (U)
- We will support multilateral efforts to mediate domestic conflicts. (U)

2. Civil-Military Relations

The U.S. will condition its relations with military institutions in the region on their respect for democratic government, human rights and civilian control of the military. (C)

To this end, we will:

- Promote greater respect for democracy and human rights among militaries. (U)
- Assist governments to develop greater civilian participation in defense policy, including executive and legislative branch oversight of defense institutions and budgets; foster civil-military contacts within and among countries; and demonstrate to militaries the benefits of respect for civilian government. (C)
- Encourage governments to field military forces appropriate to their legitimate defense requirements, promote civil-military dialogue to redefine their missions, reduce the role of the military in political affairs and encourage transparency in formulation and administration of defense budgets. (C)
- Promote regional participation in international peacekeeping and peace-enforcement operations. (C)

3. Deterring and Reversing Coups

The U.S. will respond quickly and decisively to deter threats to democracy and to assist in the restoration of democracy where constitutional processes have been interrupted. (C)

We will:

- Emphasize in public and private that we will condition our political, military and economic relations with governments on their respect for democratic practices and human rights. (C)
- Mobilize the OAS and the UN to deter interruptions in constitutional procedures, restore democracy and apply diplomatic and economic sanctions as appropriate. (C)
- Promote continued international recognition and support for legitimate constitutional governments. (C)
- Develop country-specific contingency plans to deter and reverse interruptions in the constitutional order. (C)

B. Deepening Democracy and Broadening Economic Opportunity

Efficiency and honesty in government, greater participation by all groups of society in political and economic decision-making and increased economic opportunities for the poor and middle class are crucial to building stable democratic societies. (U)

1. Market-Oriented Economic Restructuring

Although most Latin American and Caribbean governments are opening their economies, many are facing adjustment fatigue and need reinforcement of their commitment to reform. Some countries need to accelerate economic reform and improve the standards of living of all of the people so that the reform process sustains broad-based political support. (U)

The United States will:

- Work closely with the IFIs and other donors to ensure coordinated support for economic stabilization and appropriate market-based reform programs. Our continued support for relevant IFI programs will assist this goal. (U)
- Increase the priority assigned in our own programs and those of other donors to efforts to reduce poverty, improve the environment and identify viable economic alternatives to drug production and trade. (U)
- Encourage and support efforts by the private sector in the U.S. and in Latin America, whether by business, universities or research institutions, to lend technical assistance and public education in support of market-based reforms. (U)

2. Leveraging Official Debt Relief to Support Environmental and Social Programs

Considerable progress has been made in addressing commercial bank debt problems in Latin America. Nevertheless, many countries in the region, most notably the smaller economies, continue to face significant debt service burdens. (U)

- We will continue to offer to reduce selected bilateral debts of eligible Latin American and Caribbean countries through debt buybacks and/or annual cash flow relief, provided that such reduction incur no additional U.S. budget cost. (U)

3. Public Institution Building

Improving the performance of democratic institutions is critical to deepening democratic values in Latin America and the Caribbean. Working closely together with national governments and the IFIs, State, AID, Treasury and Justice will continue to encourage deregulation, liberalization and greater transparency to reduce opportunities for corruption. (U)

- The Executive Branch. We will promote the privatization of state-run enterprises, tax reform and civil service reform. (U)
- The Judiciary. We will provide technical assistance to help strengthen the autonomy and efficiency of judiciaries. (U)
- The Legislative Branch. We will urge organizations such as the National Endowment for Democracy (NED) to train professional staffs to improve the efficiency of legislatures. (U)
- Local Government. We will encourage more decentralized systems of governance financed by independent sources of revenue such as local taxes. (U)

4. Promoting Greater Social Equity

Integration of populations into the political, economic and social life of the nation will deepen democracy's roots. (U)

- We will urge governments to reexamine policy distortions working against the middle class and the poor. (U)
- We will promote deregulation and liberalization to improve economic and social mobility for small businesses and new entrepreneurs. (U)
- Through our aid programs and coordination with IFIs and other donors, we will encourage more efficient and better targeted social programs and investments in human capital (education and health) and special programs for children and the elderly. (U)

5. Good Governance/Anti-corruption

Ineffective public administration and abuse of public office for private gain threaten democratic governance, economic reform and human rights by undermining public trust in political leaders and distorting economic incentives. (U)

The United States will:

- Make good governance a central theme of our hemispheric policies. The Administration's domestic emphasis on "Reinventing Government" should be joined to regional efforts to promote efficient, accountable and honest government at national, state and local levels. (U)

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- Take strong positions, in cooperation with other governments and multilateral organizations, against corruption, stressing its corrosive effect on governmental efficiency, popular confidence in governments, social cohesion and human rights. (U)
- Promote economic liberalization, such as privatization and reduction of barriers to trade, and judicial reform in order to reduce the opportunities for corruption. (U)
- Encourage a free press to increase the accountability of public sector officials. (U)
- Promote budget transparency through cooperative programs with State, AID and the IFIs. (U)

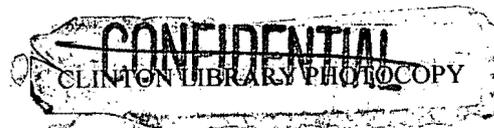
6. Non-governmental Organizations

Political parties; human rights, women's rights, environmental and other non-governmental groups; labor; independent research and educational institutions; and business and professional organizations are the bedrock of a democratic society. (U)

U.S. policies will:

- Support more open democratic party systems, including more open systems for the selection of party leaders. (U)
- Encourage the National Endowment for Democracy (NED) and its affiliates to provide technical assistance to democratic governments seeking to decentralize and make more accountable political party structures and to develop more effective electoral systems. (U)
- Encourage the development of indigenous NGOs, including those which monitor human rights and critically assess government policies. (U)
- Engage U.S. and international NGOs concerned with Latin America and the Caribbean in an on-going dialogue to amplify the impact of U.S. policies and to encourage greater collaboration with indigenous NGOs. (U)
- Involve business, labor and professional groups in the design and implementation of policies to increase private sector support for democratic practices. (U)

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III. FREE TRADE AND REGIONAL INTEGRATION

Continuation of market-based economic reforms in Latin America is key to U.S. interests, including increased opportunities for U.S. business and workers. Latin America and the Caribbean include some of our most dynamic markets. ~~(C)~~

With the passage of NAFTA, the President announced his intention to pursue free trade agreements (FTAs) with eligible countries in the hemisphere. We should seize on the opportunity of locking in hemispheric reform by announcing a program of continuous trade expansion. (U)

Therefore, the U.S. will:

- Seek to expand trade progressively in the region by concluding sectoral agreements ("building blocks"), including on investment, intellectual property rights, standards and customs procedures based on reciprocity. (U)
- Seek to negotiate benefits for CBI countries in return for reciprocal market access and commitments to meet NAFTA standards on investment and intellectual property rights (IPR). ~~(C)~~
- When in the U.S. interest and through appropriate modalities, negotiate FTAs with eligible and interested Latin American and Caribbean countries and groups of countries, including Chile. ~~(C)~~
- Continue to support GATT-consistent, trade-creating sub-regional economic integration pacts that are building blocs for an eventual hemispheric free trade community. Encourage the IFIs and the OAS to stimulate more open trade policies in such arrangements. ~~(C)~~

IV. HEMISPHERIC INSTITUTION BUILDING

The U.S. will encourage closer coordination between the OAS, the UN, the IDB and the Economic Commission on Latin America and the Caribbean (ECLAC) to create an integrated system of Inter-American institutions which advances the goals of the Western Hemisphere Community of Democracies. ~~(C)~~

To build this Inter-American system of institutions, the United States will:

- Work to strengthen the OAS as a key multilateral instrument for the collective defense of democracy and the promotion of human rights and seek to help the OAS's Unit for Democracy better define and implement its mission. ~~(C)~~

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- Seek expeditious ratification by all OAS member states of the Washington and Managua protocols that would incorporate OAS Charter Amendments on the protection of democracy. (U)
- Seek expeditious review of the possibility of ratifying the 1985 Cartagena Protocol and the American Convention on Human Rights. ~~(C)~~
- Encourage a collaborative relationship and division of labor between the UN and the OAS, and among the OAS, IDB and ECLAC. ~~(C)~~
- Build horizontal linkages between U.S. agencies and their counterparts in Latin America and the Caribbean. (U)

V. APPLICATION OF GLOBAL POLICIES IN THE REGION

A. Narcotics

The U.S. has a vital interest in encouraging and supporting nations in the Western Hemisphere to control the drug trade. We will continue to treat foreign narcotics criminal syndicates as a threat to U.S. national security. Presidential Decision Directive/NSC-14 of November 3, 1993 -- U.S. policy on International Counternarcotics in the Western Hemisphere -- shifts the emphasis from interdiction of drugs in the transit zone to a more balanced effort aimed at:

- building host nation institutions to defeat the drug threat;
- destroying the trafficking organizations;
- interdicting drug shipments from the source countries;
- increasing the effectiveness of counternarcotics activities initiated in multilateral organizations; and
- ensuring that counternarcotics programs receive increased emphasis in international financial institutions. ~~(C)~~

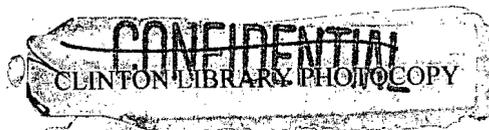
U.S. aid to Latin American governments will continue to take into account their responsiveness to the threat posed by drug trafficking to democratic institutions. ~~(C)~~

B. Environment

The U.S. will seek to advance its global environmental agenda with the nations of the hemisphere, recognizing the needs and capacities of individual countries. (U)

- We will develop a strategy to convince the countries of the importance of joining and implementing the Biodiversity, Ozone Protection and Global Climate Conventions. ~~(C)~~

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- We will stress environmental considerations, consistent with other U.S. interests, in the provision of U.S. aid. The U.S. will use its influence with IFIs to urge that loans take into account their environmental impact. ~~(C)~~
- Trade and investment agreements should be predicated on the principle of sustainable development and our policies should be widely communicated. ~~(C)~~
- We will work with governments in the region to increase their institutional capacity to manage environmental problems and promote sustainable development policies. ~~(C)~~
- The U.S. will continue to support sustainable development programs and actively encourage the IFIs to engage in the design and implementation of such programs. ~~(C)~~

C. Nonproliferation

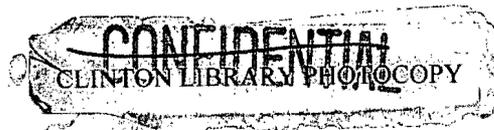
1. Weapons of Mass Destruction and Missile Systems

Progress toward full adherence to the Treaty of Tlatelolco and/or the NPT, the CWC and BWC, the MTCR and other nonproliferation agreements or regimes has created the prospect of a hemisphere free of the dangers associated with the proliferation of weapons of mass destruction. If we can achieve this task, we not only take a significant step in terms of regional and global security, but we also create an environment conducive to greater commerce and economic growth, since achievement of our nonproliferation goals would allow for greater trade in dual-use equipment and technology. ~~(C)~~

U.S. policy will:

- Encourage all countries in the hemisphere to adopt and fully implement existing nonproliferation agreements and regimes, including the NPT or Tlatelolco Treaty, CWC, BWC, MTCR and Australia Group. ~~(C)~~
- Develop a deeper bilateral dialogue on export control and technology transfer issues with Brazil and other Latin American countries capable of exporting sensitive technology. ~~(C)~~
- Hold bilateral consultations on arms control issues with Argentina, Brazil, Chile and other interested countries which play a role in multilateral fora. ~~(C)~~

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2. Conventional Weapons

The U.S. should promote an atmosphere of transparency and mutual trust on security matters between countries in the hemisphere to avert conventional arms races and to promote a reduction in existing inventories of conventional arms, consistent with our ongoing review of conventional arms transfer policy. ~~(C)~~

U.S. policy is to:

- Urge actively implementation and follow-up to recent OAS resolutions calling for regional arms control and the OAS meetings on Confidence and Security Building Measures (CSBMs). ~~(C)~~
- Encourage Latin American countries to pursue confidence-and security-building measures and a Southern Cone Security System to limit the acquisition of destabilizing capabilities and levels of conventional arms. ~~(C)~~
- Support the Central American Security Commission process and develop plans for reducing conventional arms inventories, adopting confidence-building measures and controlling the influx of arms into the region. ~~(C)~~

D. Migration and Refugees

Illegal migration has been of greater concern to the U.S. and Canada than to other countries in the region, but this trend may change. Non-Latin immigrants seeking to enter the U.S. and Canada are using Latin America and the Caribbean as "jumping off" points. The countries of the hemisphere should seek common solutions to these shared problems. ~~(C)~~

U.S. policy will:

- Seek to develop a regional approach to migration flows, focusing first on the Caribbean Basin region, including Mexico. ~~(C)~~
- Assert as a general principle for all the countries of the region that governments have a right to protect their national borders and enforce national laws regulating immigration. ~~(C)~~
- Assist governments in the region, working through multilateral institutions, in coping with the burden of refugees and promote voluntary repatriation as an appropriate and lasting solution to refugee problems. ~~(C)~~

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E. Population

The U.S. is committed to assisting countries achieve levels of population growth consistent with sustainable development. (U)

- The U.S. will cooperate with governments and NGOs in the region to make high quality, safe and affordable family planning and related reproductive health services more widely available. (U)

VI. IMPLEMENTATION

The implementation of these policy decisions should be reviewed periodically in Interagency Working Group meetings in coordination with the NSC and as appropriate with the NEC. Some of the proposed programs require budget resources and should be considered in the context of existing resource constraints. OMB should be consulted with regard to proposals that require budgetary resources. (U)

William J. Clinton

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