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## The White House

Office of the Press Secretary

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**Press Gaggle by Press Secretary Jay Carney and Deputy National Security Advisor for International Economic Affairs Mike Froman Previewing the President's Trip to Latin America**

**James S. Brady Press Briefing Room**

10:06 A.M. EDT

MR. CARNEY: Thanks, everybody, for being here. This is, I think as advertised, an off-camera but on-the-record briefing we'd like to do for you, one of two previewing the President's upcoming trip to Latin America. Today I have Mike Froman, with whom I'm sure most of you are familiar, of the NEC and the NSC, a rare hybrid. And he's here to talk about the economic component of the President's trip.

And I just want to say that obviously you all have questions about a lot of other issues. I will be briefing later today, so if we could do our best to keep this one focused on the trip, that would be great, because I --

Q When is the other briefing, Jay?

MR. CARNEY: I think we're on for 1:30 p.m., is --

Q No, no, the other briefing on the trip.

MR. CARNEY: Oh, tomorrow, sorry. There will be -- and that's another good point, thanks for raising this. Tomorrow we'll have more details in a gaggle similar -- a mid-morning gaggle or off-camera briefing focused on other elements of the trip and a full schedule and things like that.

So with that, I give you Mr. Froman.

MR. FROMAN: Thanks, Jay. And I think you all have the fact sheets on both the region and Brazil, specifically with regard to the economic issues.

Let me just try and put it a bit in context. First, there's been tremendous progress in this region economically over the course of the last decade or so. You've got countries who have fundamentally sound finances, relatively low inflation, flexible exchange rates, reduced debt, strong banking regulation, deep capital markets, and is playing an ever important role -- or increasingly important role in our economic well-being as well. And so this trip fundamentally is about the U.S. recovery, U.S. exports, and the critical relationship that Latin America plays in our economic future and jobs here in the United States.

As you all know, in Central and South America, there are about 400 million people. It's been growing at about a 6 percent rate. We export about \$160 billion to them. And we have a trade surplus with the region. And that supports about 900,000 jobs here at home.

Brazil specifically, with the election of Dilma Rousseff, gives us an opportunity to engage with the new government there and get off to a good start on economic and other issues. Brazil is now the seventh-largest economy in the world. It grew at a 7.5 percent growth rate last year. And it's gone from a country that needed an IMF loan just a matter of years ago to now having \$300 billion in reserves and having come through the economic crisis in a very strong and stable manner. Fully half of its population is now considered middle class, and that creates a great opportunity for us to engage and sell our products there and have a deeper economic relationship.

As evidence of that, exports have doubled in the last five years to Brazil. In 2010, they were up about 35 percent, which is twice the global average and even faster than our exports were up to Asia. They support about a quarter million jobs here in the U.S., and we have about an \$80 billion trading relationship, both imports and exports, which is to say that we're on a very good trajectory in our economic relationship, but there's greater potential still to be had.

And let me just flag a couple areas where we think there's particular potential. One is in the area of energy, broadly defined. Brazil is going to become a major player in

the global energy markets with its recent discovery of offshore oil. It's already a partner and a leader in the renewables area, and we have a deep relationship with them on biofuels, on wind, on solar, on a number of other issues.

Just on the oil side of things, their recent discoveries of reserves are about twice the reserves of the United States, and we have a natural potential strategic partnership with them in that area as we work with them on issues like deepwater drilling safely, et cetera.

On biofuels, we've worked together both bilaterally and vis-à-vis other countries doing research on advanced biofuels and the application of biofuels to additional sectors, and we have a strong relationship with them on solar, wind, hydro and a number of areas.

The second area I'd focus on is infrastructure. As the host of the World Cup in 2014 and the Olympics in 2016, Brazil is expected to invest over \$200 billion in additional infrastructure really across the country, and particularly in Rio, but across the country. And we believe we can be a major partner of theirs in terms of providing infrastructure services and infrastructure-related exports as they go about that effort.

Let me just say a word about the visit to Brazil. On the first day in Brasilia, there will be a focus on the economic relationship, and that will be manifest in a couple of events. One is there is a U.S.-Brazil CEO Forum, which we'll be having a meeting there during the day in Brasilia, and the two presidents will join that meeting and hear a report out from the private sector on their discussions.

President Obama will also be addressing a business summit organized by the U.S.-Brazil Business Council and be giving a set of remarks on the U.S.-Brazil economic relationship.

We expect to have in Brazil Secretaries Geithner, Locke; Chu; Ambassador Kirk; Fred Hochberg, head of the Ex-Im Bank; and Lisa Jackson, head of the EPA. And this will give an opportunity, again, to focus both on our bilateral relationship and the potential there, but also what we're doing with Brazil around the world. Certainly our efforts to build the G20 as the premiere forum for international economic cooperation was founded on the premise that countries like Brazil and the other major emerging economies need to have a seat at the table and play an increasingly important role in

international economic matters.

We work very closely with Brazil on a whole range of G20 issues, from the rebalancing agenda and the importance of all the G20 countries working to have a balanced recovery to issues like commodities, financial regulation and other issues.

As you may recall, coming out of the G20 we reformed some of the governance of the international institutions, and Brazil took up a more important role and a more active role in the IMF and the World Bank; I think they're now the tenth-largest shareholder at the IMF, indicating its role globally on a number of these issues. So that's Brazil.

Let me just say briefly one word about Chile and El Salvador. With regard to Chile, again, it's an important partner of the United States; we have an FTA with them. In the context of that FTA, our exports grew two and a half times since 2004 when the FTA went into effect. And Chile is a good example of a country that's gone through meaningful economic reform and continues to grow at a 4 percent rate or so for the last decade.

El Salvador is a country, also part of CAFTA, where we have an economic and trade relationship with great potential. There are a number of issues to be addressed there, including development issues and security issues that Ben Rhodes and others will talk about tomorrow.

But we see this -- the three countries really as giving us an opportunity to talk about the importance of the region to the United States, to the U.S. economy, and the great economic potential that's there.

With that, Jay.

MR. CARNEY: We can start with questions. Yes.

Q Regarding Brazil, Lula had a fairly strong -- favorable relationship with Iran. The new president -- where do you guys view that relationship? And I had a question on Chile, too, if I could.

MR. FROMAN: I don't think I'm going to comment on Iran, only to say that the election of President Rousseff give us an opportunity to engage with the new

administration and to make sure that we're going off to a good start.

Q On Chile, there's a possibility of a nuclear agreement pact with Chile. I'm wondering, under the current circumstances, where does that stand given that Chile is also on a fault line? There's been some debate within -- in Chile itself over whether that's a favorable thing for them to explore.

MR. FROMAN: I think in the context of what's going on in Japan there will be opportunities for President Obama to engage all the leaders that he meets in the regions about issues like nuclear security and the security of nuclear -- civilian nuclear power and the safety there. As to the precise agreement with Chile, I think we're still under discussion with them.

MR. CARNEY: Matt.

Q Yes. China and India and others have become major investment and trade players in Latin America in recent years, and there's a sense in the region that the United States has been sort of asleep on the job. And is this trip an attempt to address sort of a U.S. need to reengage, in a way?

MR. FROMAN: I think the statistics that I read out in terms of the growth of our exports and the depth of our relationship sort of belies the notion we've been asleep at the job. But this does give us an opportunity to engage directly with the region and to build on the good progress that's been made, to take it to the next level.

Q But is there any concern about competition from the Chinese that has become quite fierce in the region?

MR. FROMAN: I think we focus on what our opportunities are in the region. Again, take a country like Brazil where we've had good discussions both about our bilateral relationship but also about relationships with other countries, including China, in the context of the G20 and the G20 rebalancing agenda.

Q Will Chinese investment be an issue up for discussion, say, in Brazil where China is the top trading partner there, and in Chile where it is also I think the number one --

MR. FROMAN: My guess is that the discussion will range across the whole range

of economic issues that the two countries face, but it's not specifically about China.

Q You mentioned that Lisa Jackson is going to be part of the business group going down there. What role is the environment going to play in your discussions for economic growth? It's been fantastic growth, but has it come at the expense of the environment? And are there any new environmental initiatives you're going to try and get going down there so that we protect the environment while we're working on growing economic growth?

MR. FROMAN: We work very closely with Brazil -- all the countries in the region, but I'll focus on Brazil, which is where Administrator Jackson will be present -- on clean energy cooperation, sustainable growth. And Brazil is a leader in the field in thinking about sustainable economic growth. They'll be hosting the Rio Plus 20 conference next year, which, as the name suggests, is 20 years since the original Rio conference, and the focus will be how to ensure sustainable economic growth that takes into account environmental considerations.

So we'll be talking with them about a variety of areas where we can cooperate, including clean energy development, biofuels, et cetera.

Q Mr. Froman, following up on this agreement with Chile, is it not a sure thing? You said it's still a work in progress.

MR. FROMAN: I think we're still working through the preparations for the trip, so what role discussion of nuclear energy -- civilian nuclear energy at this point remains to be seen.

Q I've seen two different things that it was going to be signed here before the President leaves or signed there.

MR. FROMAN: I don't have any more information on it, I'm afraid.

Q All right. And then on sort of a general overall issue, if you read a lot of the commentary that's coming out of that part of the world, a lot of the commentators -- a number of them are saying he's been in office for over two years; why has it taken so long? What is the answer to that? And what is the overall -- is there a general message that the President wants to bring to the entire region?

MR. FROMAN: Well, I think, first of all, within the first few months of coming into office the President attended the Summit of Americas in Trinidad and Tobago and has been to Mexico, of course, has been engaged with leaders from across the region, both bilaterally and in the context of other events -- other summits and other opportunities. So I think he has been deeply engaged in the region and this gives him an opportunity to go there again in person to further engage.

Q And the overall message that he wants to bring to Brazil -- is there a common message to all three countries or the entire region?

MR. FROMAN: Look, I think the overall message is that we view our relationship with the rest of the hemisphere as a critical one, critical to our economic well-being here, to job creation here. Our export relationship with Latin America is one in which more of the goods are produced here in the U.S. for export than, for example, produced abroad for export in, for example, in Asia. So there's a strong tie between production and jobs in the United States and our relationship with the rest of the region. And there are a number of other areas where we can cooperate with countries in the region, including Brazil, on regional and global issues.

So there's an economic, a political, a security agenda to pursue in the region, and we see this as a natural partnership for the U.S. with the major countries in the region.

Q Do you expect the President to put the spotlight on free trade during this trip and talk about the value and his hopes for other deals to be struck or finalized?

MR. FROMAN: I think he'll be talking about the economic relationship and the export relationship we have, the trading relationship we have. In your fact sheet, I think you'll see there are seven states, including Pennsylvania and Ohio and Texas, that export more than a billion dollars to Brazil alone. So it's spread across the United States with a lot of interest across the states in the -- and the economic relationship there. And obviously we're pursuing a number of initiatives, both bilaterally and, for example, in the context of Chile, TPP, the Trans-Pacific Partnership, in which Chile is a founding member as well.

Q Can you talk more about the goals, specific goals in Chile and El Salvador? And also about general takeaways, things you -- agreements you have to reach and bring back from this trip?

MR. FROMAN: I think tomorrow you'll get a briefing on sort of the non-economic parts of the trip, including Chile and El Salvador. I'd simply say with Chile there will be an opportunity to talk about, again, our relationship with them, the benefits that we -- that have accrued to us through the FTA. It's a country that's gone through economic transition and reform quite well, and it's a partner on TPP.

In El Salvador, it's an opportunity to also talk about our development policy and our development strategy, the one that the President laid out last September, and our work with El Salvador on development issues.

MR. CARNEY: Laura.

Q Do you expect in Brazil the issue of our tariffs on their sugar and sugar-based ethanol to come up? And is that an area that the administration is taking a look at?

MR. FROMAN: We have a broad-based dialogue with Brazil on biofuels and areas of cooperation with -- in the area of biofuels, both in terms of what we can do together in terms of research, what we can do vis-à-vis third countries in terms of helping third-country production, and also looking at new areas where we might be able to use biofuels. All those will be on the agenda.

I imagine the Brazilians may raise the tariff issue, which is an issue of high importance to them, and that will be part of the overall dialogue.

Q But is that something that the U.S. is interested in looking at or, I mean --

MR. FROMAN: I think we're looking -- we're interested in looking at the whole broad biofuel relationship.

Q So not that one in particular, though?

MR. FROMAN: It's part of the overall dialogue.

MR. CARNEY: Julianna.

Q Just to follow up on Laura, can we expect progress in that area or in discussions on ethanol?



MR. FROMAN: I don't think we expect an announcement on ethanol tariffs during this trip. I think this is just part of our overall dialogue about how to cooperate on biofuels.

Q And also just on free trade, the region is obviously looking for signals on Panama, on Colombia free trade agreements, and Mitch McConnell said yesterday that he'd be holding up nominees for Commerce or other trade posts until the President submitted South Korea, Panama and Colombia. How does -- does that weaken the President's political standing as he goes now to South America and meets with leaders there?

MR. FROMAN: No, I think as the President has said, he, too, would like to get all three agreements passed once we've addressed the outstanding issues associated with them. Korea, we addressed those outstanding issues at the end of last year, achieved greater market access and a greater balance in the agreement and are now ready to submit that to Congress.

We've been in dialogue over the course of the last month directly with Panama and Colombia about what we think the issues are that they will need to address. And we hope to resolve those issues as quickly as possible so that we can submit them to Congress.

Q And also on this CEO summit, will there be CEOs traveling with the President to Brazil? Or will they already be there for the meeting?

MR. FROMAN: They're not traveling with the President. They're there on their own. And just to give you a couple of examples, Cummins Engine, International Paper, Anadarko, CH2M HILL, those are companies that are represented on the U.S.-Brazil CEO Forum. In addition, the Brazil-U.S. Business Council is organizing its own business summit and will have I think several hundred business people in attendance at the summit.

Q And were these timed to the President's trip? Was the President's trip timed to these events?

MR. FROMAN: These were timed to the President's trip.

Q Do the U.S. and Brazil have a common interest in getting China to move its

exchange rate to a more sort of market-based level? And do you see any sort of difference in the way the BRIC alliance will develop with this new Brazilian president who has at least spoken more positively about relations with the U.S.?

MR. FROMAN: I do think that the U.S. and Brazil have common interests as expressed through the G20 in addressing imbalances, in ensuring that coming out of this recovery there's balanced demand from around the world, and that countries move towards flexible market-determined exchange rates. There have been public comments by President Rouseff, and Secretary Geithner has had dialogue with his counterparts there as well, and I think that's one of the many issues where we have common interests.

MR. CARNEY: Margaret.

Q Thanks. I have two questions. Number one, Brazil has a very important black population, and I'm wondering if -- to what extent race will be an element of the economic dialogue. And my second question is, at one point, it looked like if there was a government shutdown or a threat of that here this trip might not go off. Now there's this crisis in Japan. It's Tuesday and we're having a briefing, so presumably you're planning to go. But is there any chance still that this will be delayed, and what's the contingency planning for that?

MR. FROMAN: I think I'll leave -- on the first question, just in terms of the overall themes of the trip -- maybe leave it until tomorrow when Ben Rhodes and others will talk about the day in Rio and things of that sort.

I think in terms of the trip, Jay, I'll leave that one to you.

MR. CARNEY: Margaret, there is -- obviously the trip is on and the President will be going to Latin America. He's looking forward to having discussions with leaders in the region about the range of issues related to our bilateral relationships, related to our regional issues and global issues, including the Middle East and Asia and Japan. And he obviously is capable of maintaining contact with Washington and being constantly updated; National Security Advisor Tom Donilon will be traveling with him.

And you have to remember that economic growth in the United States is the President's top priority, and this trip is, as Mike has been discussing, is very focused on economic opportunities for the United States and trade relationships. So he fully

intends to press on with the trip.

Q Is it awkward, though, with the rest of the world kind of exploding everywhere but in Latin America, it seems, for him to be in South America when you've got the Middle East and Japan both in such crisis?

MR. CARNEY: Laura, he's the President of the United States, and there are major issues all the time that a President has to contend with, which is one of the reasons why he has such a substantial support framework around him when he travels, when the President travels, to enable him to stay in constant communication and to deal with all the issues that any President always has to contend with. And he'll be fully capable of dealing with that on this very important trip, which he considers vital to his overall strategy of rebalancing our approach to national and international economic security. And our relationship with the region is important for a variety of reasons, including economic.

Yes.

Q Are there any events that might prompt him to come home early, around the world? (Laughter.)

MR. CARNEY: If I could predict what might happen in the future, I'd be a rich man.

Q Is there anything you're watching in particular?

MR. CARNEY: We watch everything when we travel just as we watch everything when we're here in the White House.

Yes, sir.

Q Can you say how often the issues of the Panama and Colombia free trade agreements come up in discussions with these three countries that we're visiting? Do you think that the failure to move them has any effect on U.S. credibility? And is there -- what would you say the views are in these countries on those agreements? Are they seen as a boon to the region? Or are there competitive issues in those countries that they might not be a hundred percent supportive of those?

MR. FROMAN: I think in general the other countries very much want to see the

U.S. engaged in international economic affairs and show leadership in international economic issues. I think the President has done that. He's done that across the issues around the economic crisis, leadership in the G20 and on trade issues. And I think doing what he did with regard to the Korea free trade agreement at the end of last year was an important signal that he wanted to get the trade agreement done but wasn't willing to accept just any agreement, that it had to meet certain standards, and therefore, turning it down in Seoul and working on it for another few weeks back here allowed him to move forward with that.

And what he's done with Colombia and Panama in directing Ambassador Kirk and his team to engage -- enhance their engagement with Colombia and Panama to resolve the outstanding issues as quickly as possible this year and to submit it to Congress immediately thereafter, that is showing leadership. So we're actively engaged with that, and I think the rest of the region and the rest of the world is following that with great interest.

MR. CARNEY: Yes, sir.

Q Can the trip be framed as two trips in one, where you go to Brazil first -- Brazil is a direct competitor, seventh-largest economy in the world -- and then Chile and El Salvador where the message to Latin America will be sent? Is that a way of interpreting it? And how do you think the mood is going to be where the U.S. is coming out of a recession, Latin America wasn't affected by it, it kept growing, and there is a different attitude towards the U.S.? President Obama is still very popular there, but the countries' leaders have a different attitude. They don't see the U.S. as someone they have to heed to all the time.

MR. FROMAN: I think on your first question, it may be a better question to ask Ben Rhodes tomorrow in terms of the overall framing of the trip. I'd simply say that we view -- the region is a diverse region. It is not homogenous. We recognize that and respect that, and we look forward to engaging with different parts of the region as appropriate.

I think in terms of the role of the U.S. in the region, you are absolutely right that the region came through the crisis quite well and quite strong. There's been good leadership down there. There have been good policies that have been put in place, and that's positioned the region to play an even greater role in the global economy than before. And we welcome that, and we think that is a source of strength for us and

for the global economy.

As countries like Brazil see great masses of their population enter the middle class, that's a market for us. It's a stable economy. Those are important attributes of having a stable, capable partner both in terms of bilateral economic relationships, but also a partner on global issues. So we welcome the strength that Latin America has shown and look forward to working with them both to deepen the bilateral relationship and to cooperate on other issues.

MR. CARNEY: Yes, ma'am. Sorry, yes.

Q Oh, okay. I have a question. You've said that the trip is seen as an economic opportunity and as a chance to increase exports to Brazil. There's a big concern in the Brazilian government about the deficit, the trade deficit, and it's actually something that they're going to address, that it's been increasing -- the trade deficit. How are you going to reconcile this?

MR. FROMAN: Well, look, I think deficits and surpluses go up and down over time. I think the important thing is that we have strong economic ties both government to government and private sector to private sector. And I'd, again, just draw your attention to a few examples in the fact sheet about companies that are doing deals in Brazil, having developing opportunities there. And Brazil is involved in the U.S. economy as well. It invests here. It supports jobs here. And we see this as an opportunity to develop on both those fronts.

So I don't think we view the trade deficit or surplus at any point in time as a particular problem or area of focus as much as what it shows as the potential for deepening our economic ties.

MR. CARNEY: Take two more -- yes, sir.

Q Yes, the fact that the U.S. government didn't comply with the trucking issue with Mexico has led some critics, as Senator McCain, to say that this is sending a negative signal to commercial partners to the U.S. And also, the fact that the free trade agreement with Colombia has not been approved also led McCain to say the same criticism. So I wonder if this trip is going to be an opportunity for President Obama to reassure his trade partners in South America that the U.S. will comply with (inaudible) under any treaty or agreement with both countries.

MR. FROMAN: Yes. I mean, as you know, the Mexico trucking issue was resolved just last month --

Q After 16 years.

MR. FROMAN: After -- yes, somewhere between 14 and 17 years, depending on how you count. (Laughter.) But it was resolved, after it had eluded previous administrations, both Democrat and Republican. And this President showed leadership by demonstrating that he wanted to bring the U.S. into compliance and work with stakeholders, members of Congress, and of course Mexican officials to have that happen.

So I think the President goes to Latin America in a very strong position that he followed through on his commitment to bring ourselves into compliance, as well as is now engaged with Colombia and Panama to resolve the outstanding issues there.

Q I have a question on security in terms of Central America. Since the countries of Central America have been more corrupted by the drug cartels from Mexico and South America, as (inaudible) has recognized, I wonder if President Obama will be announcing something different besides Merida to Central America.

MR. FROMAN: I think I'll leave that for tomorrow to the team that will be looking at the non-economic issues.

MR. CARNEY: I'll take one more in the back related to this.

Q Yes, I just had a follow-up on the question about the yuan as to how much a part of the basket of economic issues with exports it's going to be, where you would rate it in its importance between the trade deficit and the value of the yuan -- if that's a focus at all of this trip, if that's just in the basket of issues, kind of where it stands.

MR. FROMAN: Well, I think as President Rouseff herself has indicated, issues around other countries' currency policies and the appreciation of the real vis-à-vis other currencies is an issue of concern to them. And that underscores the importance of working together on the rebalancing agenda laid out by the G20. So I imagine that will be part of the discussion in the context of what we could do together through the G20.

MR. CARNEY: Thank you very much.

Q Jay, anything on Japan -- any Japan update?

MR. CARNEY: As I said at the beginning, I'll be briefing in a few hours and will take your questions on other issues then.

Q Anything on the stock market?

MR. CARNEY: Again, I'll be talking in a few hours.

END

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