

Chile and the United States: A Cooperative Friendship

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Introduction

The United States and Chile maintain excellent bilateral ties as well as one of the closest political, economic, and social relationships in the Western Hemisphere. We characterize the relationship between the two countries as a “cooperative friendship”—a dynamic originating in the 1990s that was consolidated during the first decade of this century. Unlike previous bilateral relations, which were marked by tensions, ideological disagreements, and periods of “elusive friendship”,¹ today the two countries share a common agenda that respects each other’s differences while promoting cooperative initiatives and actions. Relations between the countries began to warm following the end of the Cold War and the re-democratization of Chile, developments that opened the doors to building greater trust in various areas, as demonstrated by the signing of the U.S.-Chile Free Trade Agreement (FTA) in 2003 as well as the multiple avenues of institutional cooperation that emerged during that period.²

Despite changes in the political administrations in both countries, the relationship between the United States and Chile has grown stronger in recent times. Indeed, under both the center-right administration of President Sebastian Piñera (2010-2014) and the second term of center-left President Michelle Bachelet under the New Majority coalition,³ the relationship with the United States has deepened, resulting in greater trust between the two states. It is no coincidence that during President Bachelet’s first official visit to the White House in 2014, President Barack Obama jokingly welcomed her as his “second-favorite Michelle”, his first-favorite being the

First Lady. On this same occasion, President Obama emphasized the strength and sustainability of the friendship between both countries, saying:

I just want to say thank you for not only the friendship with President Bachelet, but more broadly, our friendship with the Chilean people. And President Bachelet's predecessor, he and I had an excellent relationship; she and I have had an excellent relationship. I think that indicates that it really goes beyond any particular party. I'm confident that my replacement after I'm gone will have an excellent relationship, because it's based on common values and a strong respect in both countries for the value of the U.S.-Chilean relationship.⁴

President Bachelet responded to President Obama by echoing his sentiment: "Chile and the U.S. have had a very strong and mature relation for so many years, and we want to make it deeper and to enhance it in different areas."⁵ The presidential statements situate the U.S.-Chile relationship in a place of considerable trust, partnership, and stability. Moreover, both statements focus on one of the most notable features of the relationship since the beginning of this century: the dynamic of cooperative friendship.

This chapter discusses three themes that explain the close relationship between the United States and Chile and shed light on its future path. First, the two countries have a shared vision concerning how to construct a democratic society within the context of cognate economic systems. This shared vision encompasses common values and goals, allowing the countries to find opportunities for convergence and cooperation in the area of bilateral relations and, increasingly, at the regional level. One result of this has been the advancement of a bilateral agenda in the commercial and political arenas, most notably in energy, education, and environmental and technological innovation. One of the most successful spheres of this agenda

has been the FTA, which has been in existence for over ten years. Another important area of cooperation is the United States' inclusion of Chile within its visa waiver program (VWP), which made Chile the first Latin American country to join the small group of countries whose citizens can enter the United States without a visa for a maximum of 90 days for tourism or business purposes.

Second, the United States and Chile's common interests have paved the way towards a strong institutional framework and common practices that have significantly strengthened the bilateral relationship. This institutional framework has served as a platform for dialogue and specific cooperative initiatives between the two countries. The countries' common practices, for their part, have provided the relationship with greater stability and facilitated the development of measures for building confidence and the settlement of disputes, when necessary. The United States and Chile have created multiple institutions for bilateral coordination on a variety of issues, and presidential summits have been a constant in the relationship since 1990. Since President Bachelet's second term, high-level visits from the U.S. Department of State and other government agencies to Chile have increased along with the creation of new institutional arrangements as exemplified by the Bilateral High-Level Dialogue Mechanism implemented for the first time in 2014. In addition to these official interactions, the U.S. and Chile have a strong social exchange. The United States is the second-largest recipient of Chilean immigrants after Argentina, and American citizens residing in Chile represent the seventh-largest foreign community in that nation. Additionally, Chileans have a positive opinion of the United States, with 62%—the highest percentage in Latin America—considering the U.S. a positive influence.⁶

A third explanation for the positive relations between the U.S. and Chile is that Chilean Foreign Policy has favored a model of multiple insertions in the international community,

allowing policymakers to enjoy substantial autonomy. This model is the result of Chile's commercial strategy and market diversification coupled with a low strategic dependence on the United States in security matters. This has enabled Chile to interact with the U.S. in a more independent manner, as demonstrated by its 2003 decision at the United Nations Security Council not to support the U.S. proposal to invade Iraq, despite the fact that the countries were negotiating the Free Trade Agreement at the time.⁷ Notwithstanding the United States' disappointment at not finding Chile an ally to its Middle East strategy, the FTA was signed a few months later. Chile has thus carved out a place as a U.S. ally that has retained a broad degree of autonomy in its foreign policy decisions.

This chapter is organized into three parts. The first describes the principles and objectives of Chile's foreign policy—especially following the Coalition of Parties for Democracy (CPD) after 2010—in order to provide the backdrop to its relationship with the United States. The analysis also incorporates some of the most distinctive elements of U.S. foreign policy with relation to Chile, especially under the Obama Administration. The second part describes the primary milestones of the U.S.-Chile relationship during the same period and analyzes the key factors that have contributed to the consolidation of ties between both states. The third section of the chapter assesses the bilateral agenda between the two countries, including matters of trade, defense, and security. Special attention is paid to new topics that have taken on increasing importance over the last decade, such as technological and educational exchanges, the environment, and energy. Finally, the chapter ends with a series of conclusions about the U.S.-Chile relationship.

The Foreign Policy of Chile and the United States

Chile's International Strategy

The government of Sebastian Piñera, led by the center-right of the so-called “Alliance for Chile”, took over the country’s administration in March 2010 for a period of four years. Piñera was the first right-wing presidential candidate elected since 1958, ending twenty years of governance by the center-left CPD, which led Chile since the elections following the triumph of the plebiscite in 1989.⁸ In the area of foreign policy, the CPD had launched an international agenda conceived for the period of democratic transition and carefully developed by successive governments. This agenda focused on three core issues: strengthening trade (open regionalism); the promotion of peace, democracy, and human rights in the multilateral arena; and Chile’s integration into Latin America.⁹ The following details how and to what extent both Piñera and Bachelet (during her second administration) developed these three priority areas as part of Chile’s foreign relations.

Chilean foreign policy is largely cohesive, with each administration maintaining the central themes of a consistent national policy. The Piñera Administration fit this model, continuing many of the policies of its predecessor—especially with regards to economic and trade matters—despite changes in a number of other areas. The main foreign policy priority under Piñera was to continue consolidating the globalization of the Chilean economy within the framework of open regionalism driven by the CDP since early 1990. This emphasis on the international economy was highlighted by Piñera’s comments concerning his administration’s success in boosting Chile’s commerce, in which he stated, “Chilean exports, which in 2009 stood at US\$55 billion, amounted to US\$80 billion last year (2013).”¹⁰ By the end of the Piñera Administration in January 2014, the country had a total of 22 trade agreements encompassing 60 countries,

including new treaties with Malaysia and Turkey and an ongoing negotiation with Thailand. By 2015, Chile added two new trade agreements (24 in total) representing 63% of the global GDP.¹¹

Table 6.1

Chile's trade is highly diversified (see Table 6.1). The country has made a conscious attempt to expand its exports to Asia, which has played an increasingly important role as a trading partner. The Piñera Administration placed special emphasis on China, which had become Chile's main trading partner by 2008. The United States, once holding the number one position, became Chile's second largest trading partner in the mid-2000s, its exchange totaling US\$23.5 billion in 2014. Though no longer Chile's largest trading partner, the U.S. is a vital source of commerce and the main destination of Chile's exports that are not based on mining (more specifically copper). Referring to Chilean exports to the United States, Foreign Minister Heraldo Muñoz stated, "We can export that which is generally not exported to developed markets, which represents employment for Chile, which is definitely an aggregate value."¹²

Historically, participation in the multilateral system has been an important aspect of Chile's international strategy. Hence, Piñera's government remained active in these forums, continuing the promotion of key issues previously defined by the CPD, including free trade, peace and international security, the defense of human rights, and democracy. In early 2014, Chile was elected a non-permanent member of the United Nations Security Council for the third time since its return to democracy, the first two being in 1996-1997 and 2003-2004. One of Chile's most significant actions in the international arena was during the first year of the Bachelet Administration, when the President proposed and led a debate on inclusive development, security, and peace in the Security Council. In addition to the Security Council, Chile was

reelected a member of the UN Human Rights Council, a body in which it participated actively. During Piñera's administration, Chile also supported proposals to improve the Inter-American Democratic Charter, also increasing its financial contributions to the Inter-American Commission on Human Rights.

Chile's international agenda has included its participation in international security and peacekeeping.¹³ Since 1990, Chile has contributed to peacekeeping in Iraq, Cambodia, and El Salvador, among other countries. However, it was not until 2004 that Chile dramatically increased its participation in peacekeeping when it sent soldiers from its multinational force to Haiti and later to the UN Stabilization Mission that was established in this country (MINUSTAH). To this day, Chilean forces continue to work in Haiti, which currently hosts around 500 members of its armed forces and police. Chile also runs a series of cooperation programs for Haiti in the areas of education and development, which have been managed by the Chilean International Cooperation Agency (AGCI) since 2010.¹⁴

In 2011, Chile voted in favor of UN Security Council Resolution 1973 regarding the humanitarian crisis in Libya, thus supporting the concept of the Responsibility to Protect under international law. Chile had also supported the creation of the International Criminal Court (ICC) a decade earlier, and during both the government of Sebastian Piñera and Bachelet's second term, the country endorsed the ICC's prosecution of cases of massive human rights violations, especially through its participation in the UN Security Council.

The biggest differences between the Piñera Administration and the center-left governments during the coalition period and Bachelet's current term are in the area of Latin American integration. The Alliance for Chile's foreign policy gave a lower priority to the regional agenda and tended to favor transcontinental economic alliances—especially with the Asia-Pacific—

strongly promoting initiatives such as the Trans-Pacific Partnership (TPP). Piñera favored alliances with countries more similar ideologically and within the economic sphere. One of the President most emblematic initiatives at the Latin American level was the promotion of the Pacific Alliance, a trade bloc including Chile, Mexico, Colombia, and Peru.

Despite the Pacific Alliance, the overall relations with the region during the Piñera administration were secondary, which caused criticism both within and outside Chile. Bilateral relations with Argentina and Brazil were relatively weak and lacked concrete policy initiatives. Relations with Peru remained confined to the legal battle over the two countries' maritime boundary. The International Court of Justice's (ICJ's) ruling on this subject was unveiled at the end of Piñera's term, and the Bachelet Administration has been responsible for implementing it. Both countries have executed the judgment quickly. Following the judgment, high-level bilateral meetings have resumed, and political consultations at the Deputy Minister level will continue through the ruling's implementation.

Bolivia's decision to file a claim for sovereign access to the ocean with the ICJ resulted in the abandonment of the bilateral dialogue between Bolivia and Chile. Chile responded by objecting to the Court's jurisdiction based on the Treaty of Peace and Friendship of 1904, which set boundaries between the two countries. Consequently, Chile's position is that the Court should not accept or rule on the case, which in any event lacks legal merit.

President Bachelet took office for the second time in March 2014 through the newly-formed New Majority Coalition with a strong agenda for reducing political, social, and economic inequality in the country. This agenda included education, taxation, and electoral reforms in addition to a new Constitution; the existing one, although amended over the years, dates back to

the military government of Augusto Pinochet in 1980. At the international level, Bachelet's main objective was to revitalize relations with Latin America.

Within days of Bachelet's assumption of office, Foreign Minister Muñoz shared, through a column in the newspaper *El País*, the government's foreign policy agenda, which emphasized the need to build bridges in the region under the slogan "convergence in diversity".¹⁵ This slogan is based on the idea of strengthening the country's presence in existing frameworks for integration and promoting agreement across ideological and sub-regional differences. Highlighting contrasts from the previous administration, Muñoz stated that "Chile's foreign policy will not have an ideological bias, but will instead emphasize pragmatically advancing towards a more integrated region with its own identity."¹⁶

Bachelet's foreign policy has sought understandings with sub-regional blocks in Latin America as well as cooperative agreements outside the region. For example, Chile promoted a dialogue between Mercosur and the Pacific Alliance in an effort to establish a minimum agenda in which agreement could be reached on specific subjects such as trade facilitation and the movement of people, allowing the two blocs to move forward in unison. The Bachelet Administration plans to continue with this policy of building bridges both within and outside the region, especially towards advancing its interests in the Pacific and the Atlantic. In the words of Minister Muñoz, which are quite eloquent on this point:

Chile is interested in both the Atlantic and Pacific coasts. Our relations with the Pacific Alliance are very strong, but we also have a vested interest in Mercosur given our position as an associate member, and both investments and trade with Brazil, Peru, Argentina, Uruguay and Paraguay are so intense, that they deserve to have two dimensions: the Pacific on one side and the Atlantic on the other.¹⁷

During her second term, Bachelet has placed special emphasis on Chile's relationship with Brazil. In the commercial sector, the two countries have reactivated their bilateral trade commission, and in the political arena, the countries are exploring the possibility of opening joint embassies in other countries. One of the most significant moves in the Chile-Brazil relationship was the inclusion of a Brazilian diplomat in the Chilean Mission to the United Nations within the context of Chile's participation in the UN Security Council.

Differing foreign policy programs and focus areas between the Alliance for Chile and the New Majority governments have not affected Chilean decision-makers' perception of the country's relationship with the United States. Both coalitions continue to highlight the strength of this bilateral relationship and the need to continue seeking spaces for greater cooperation. We argue in the following sections that political and institutional linkages with the United States have in fact been consolidated further in the last ten years, particularly during the administration of Piñera and the second term of Bachelet.

The United States' Foreign Policy towards Chile

The governments of Presidents Piñera and Bachelet have coincided with the two terms of U.S. President Barack Obama. Obama's arrival at the White House in 2009 was met with enthusiasm in Chile and Latin America as a whole, both because it put an end to the radical unilateralism of President George W. Bush and because of the symbolism of the arrival of the first African-American President. However, this initial enthusiasm did not translate into a more dynamic relationship between the United States and Latin America. On the contrary, Washington's low attention to the region deepened due to the financial crisis suffered by the United States during

Obama's first term and subsequently, by multiple crises in the Middle East. In this context, Latin America has been a low priority on the global stage. Chile in particular lacks pressing issues like migration (due to its geographical distance) or drug trafficking. As a result, the relationship between the United States and Chile is based on relatively low-conflict issues like political and trade initiatives and technological innovation.

Chile is perceived within the United States as a politically and economically stable country that is reliable and accountable at the international level. Obama has repeatedly highlighted Chile's successful democratic transition as well as its strong political and economic institutions. Chile is considered a stable ally in a region that, though not at the top of the U.S.'s international agenda, still appears troubled in the eyes of the White House. Obama's visit to Chile, along with Brazil and El Salvador, during his first Latin American tour in 2011 served to acknowledge this positive relationship. During his speech at the La Moneda Palace in Santiago, President Obama highlighted some of the features that make Chile a close ally of the United States:

Throughout our history, this land has been called "el fin de la tierra"—the end of the world. But I've come here today because in the 21st century this nation is a vital part of our interconnected world.... At a time when people around the world are reaching for their freedoms, Chile shows that, yes, it is possible to evolve from dictatorship to democracy and to do so peacefully. Indeed, our marvelous surroundings today, just steps from where Chile lost its democracy decades ago, is a testament to Chile's progress and its undying democratic spirit.¹⁸

United States, Chile, and the Asia-Pacific

Chile holds important strategic value for the United States, both due the possibility of connecting the country with the rest of South America and due to its extensive business within the Asia-Pacific network. Chile has advanced significantly in trade matters with the Asia-Pacific, becoming the first Latin American country to join the Asia-Pacific Economic Cooperation (APEC) and signing a series of free trade and other commercial agreements with several countries in this region. Of particular note is the Transpacific Economic Partnership Agreement (P4), signed in 2005 between Brunei, New Zealand, Singapore, and Chile. The P4 was the impetus for the creation of the TPP, the finalization of which has been a priority during Obama's second term for both commercial and strategic reasons.

The TPP is a wider process of economic integration in the Asia-Pacific region. Currently, the initiative comprises the following countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The United States has been an important driver of this agreement and has stated that its adoption is “essential for the alliance between the United States and Chile.”¹⁹ U.S. Ambassador to Chile Michael Hammer has emphasized the importance of Chile as a founding partner of the TPP, saying, “We are doing more and more with Chile in engaging the Asia-Pacific on a number of different initiatives. Trade is only one component of it, but we are also looking at disaster relief and other issues of importance for both countries.”²⁰

During the Piñera Administration, Chile participated actively in negotiations on the TPP. The Bachelet government subsequently reviewed these negotiations and concluded that they were

conducted with great secrecy and lacked the transparency and accountability necessary for their success. While the Bachelet Administration feels that the TPP has the potential to generate positive impacts for the country's economy, it also believes that it is necessary to specify the details of the agreement and better establish the potential benefits, especially considering the trade openness Chile already has with a number of countries that are to make up this commercial alliance. The President emphasized this point during her first visit to Washington at the beginning of her second term, stating, "We need to make sure that the results are better than the free trade agreements that we already have with these 11 countries.... We really want a free trade agreement with the highest standards, but we need to make sure that those standards are also respecting the national interests."²¹

One of the issues that has most concerned the new Chilean Ambassador to the United States, Juan Gabriel Valdés, has been explaining Chile's position in the TPP negotiations. In a March 2015 speech, Valdés expressed the view that participating in the negotiations provides Chile the opportunity to join one of this century's most ambitious trade agreements and allows the country to influence the design, the standards, and a significant part of global trade rules.²² Valdés highlighted that the TPP represents an opportunity to increase Chile's access to products and services not covered by other agreements, to improve aspects of regulatory and commercial standards, and to address new issues such as anti-corruption measures and the participation of small- and medium-sized enterprises. The TPP also lends itself to Chile's strategy of establishing itself as a regional trading platform in order to attract greater foreign investment to Chile and the rest of Latin America.

Notwithstanding these multiple benefits, Ambassador Valdés also pointed out several sensitive issues surrounding the negotiations. Among these is the need to ensure that the

provisions concerning intellectual property offer an effective balance between incentives for innovation and access to medicines and ideas. In this respect, the Chilean delegation has been emphatic in indicating that it will “sign the agreement only if the substantive provisions and standards of the TPP fulfill our policy objectives.”²³ Another important consideration for Chile in the negotiations is the need to coordinate positions on sensitive issues with Mexico and Peru, the two fellow Latin American countries also participating in TPP negotiations.

The TPP negotiations will undoubtedly be one of the defining issues on the U.S.-Chile bilateral agenda, opening up one of the few topics in which both countries have expressed important differences. While Chile is committed to the TPP, its goal in the negotiations will be to arrive at a balanced agreement that addresses its concerns as well as those of the Latin American countries that are also part of the negotiations.

U.S.-Chile: Characteristics of a Cooperative Relationship

The relationship between Chile and the United States at the beginning of the 21st century is seen by decision-makers in both countries as strong, mature, and rooted in common interests and values. President Bachelet was quite expressive on this point during her first visit to Washington in her second term:

Our relations with the United States are characterized by solidarity, trust, and maturity, reflecting important shared principles, values, and interests. We believe in the strength and relevance of democracy and the rule of law, and we defend the rights of individuals and their fundamental freedoms. In addition, we share a common vision of the importance of free trade in ensuring development and stimulating investment, and we are

working together to create a multilateral trade system based on clear, predictable, and transparent rules. Chile and the United States must move forward in our relationship.²⁴

The strength of the relationship between the two countries is currently characterized by two main trends: institutionalization and cooperation. Institutionalization refers to the creation of mechanisms and institutions led by high-level decision-makers in both countries with the goal of promoting a common agenda. The aim in this area has been the creation of permanent mechanisms for dialogue, cooperation, and conflict resolution. Cooperation, for its part, refers to the implementation of a bilateral cooperative agenda with the potential to expand to the regional level. The rich bilateral agenda existing between the U.S. and Chile has led, since 2010, to the development of joint projects in the area of cooperation for development.

The institutionalization of the relationship between the United States and Chile has been essential in strengthening the relationship between the two states by creating a solid framework of common practices that facilitate mutual trust and the implementation of agreements. According to the U.S. Ambassador to Chile Paul Simons²⁵, the establishment of permanent institutions at the bilateral level has distinguished the U.S.'s relationship with Chile from its relationship with other Latin American countries. "Confidence in the Chilean institutions and the establishment of common mechanisms"²⁶ has helped build a solid relationship, according to Simons. This institutionalization has allowed for a stable relationship that has transcended the differences of individual administrations. Table 6.2 shows the institutional mechanism that corresponds with each topic on the U.S.-Chile bilateral agenda.

Table 6.2

During the 1990s, the practice of the United States and Chile was to hold presidential summits; this later gave way to more permanent institutions within the political, economic, and social arenas. Examples of these permanent institutions include the Free Trade Commission and its committees, created after 2004; a series of commissions on education, science, and technology, starting in 2006; and the implementation of regular meetings of committees on security and defense, beginning in 2006. In 2013, a new High-Level Bilateral Dialogue Mechanism, instituted under the U.S. Undersecretary of State for Political Affairs, replaced the political consultation mechanism that had been utilized since 1998. New institutions prompted an increased exchange of high-level officials between both countries. Bachelet's first year in office saw a number of high-level visits of U.S. officials to Chile, including the Vice President of the United States, Joe Biden; the Secretary of Defense, Chuck Hagel; the Deputy Assistant Secretary of Defense for Western Hemisphere Affairs, Rebecca B. Chavez; and the Undersecretary of State for Political Affairs, Wendy Sherman.

The institutionalization of the relationship between the United States and Chile has been accompanied by an increased social exchange between the two countries. According to the 2010 United States Census, the number of Chilean residents in the country stood at 126,810, which was concentrated in New York, Miami, and Los Angeles. For Chileans, the United States is the second most popular destination for living abroad after Argentina. Concerning tourism, the United States is the third most visited destination by Chileans and the first outside of Latin America.²⁷ These numbers will surely increase, given that as of February 2014, Chile is one of

the 36 countries worldwide—and the only country in Latin America—participating in the United States' Visa Waiver Program.

One of the most interesting features of the United States-Chile relationship is the fact that their bilateral initiatives have grown to include other countries. Over the past five years, the two countries have led a series of triangular cooperation projects focused on Latin America and the Caribbean. Specifically, since 2011, Chile and the United States have implemented 15 triangular initiatives in Paraguay, El Salvador, Guatemala, Honduras, the Dominican Republic, and Panama in areas such as social development, agriculture and food security, capacity building and modernization, and economic cooperation for development. These initiatives were launched under the 2010 Memorandum of Understanding on Cooperation for Development and another memorandum signed a year later between the United States Agency for International Development (USAID) and the Chilean aid agency AGCI.

The United States and Chile are each other's main triangular cooperation partners in Latin America and the Caribbean. Since signing their first memorandum of understanding, the U.S. has contributed US\$1 million to its triangular cooperation initiatives with Chile.²⁸ Both countries have shown interest in furthering their partnership through the 2015-2018 Plan of the Alliance for Prosperity proposed by Guatemala, El Salvador, and Honduras. Chile and the United States also intend to increase triangular cooperation with Caribbean nations, including current and future initiatives in the Dominican Republic, Jamaica, and Haiti.

Beyond triangular cooperation, the U.S. and Chile have expressed an interest in working together towards the resolution of political issues relevant to the Inter-American agenda. In this regard, Chile is interested in contributing to the ongoing peace process in Colombia and has been an active participant in the so-called group of friends observing the negotiations between Cuba

and the United States that have resulted in the re-establishment of diplomatic relations between the two states. These examples show Chile's interest in being part of the key conflict resolution initiatives in the hemisphere.

Despite generally good relations between the United States and Chile, a few topics have resulted in tensions between the two countries in the regional arena. One of these is Chile's indecision and ultimately refusal to assist the U.S. in closing Guantanamo by receiving detainees from the prison—an important policy issue for the Obama Administration. In contrast, Uruguayan President José Mujica agreed to accept Guantanamo prisoners. This generated frustration in Washington and the opinion that Chile still lacks decision-making capacities on sensitive global issues.

Another topic that is relevant to the bilateral relationship is the United States' decision not to engage in Chile's border disputes, which have stressed political and diplomatic relations between Chile and its northern neighbors.²⁹ Given the United States' limited concerns in South America, the White House has preferred that Chile resolve its border conflicts independently, particularly considering U.S. inability to involve the use of force. The United States' reluctance to intervene is compounded by the fact that territorial claims by Bolivia and Peru with regards to Chile have already been elevated to the International Court of Justice.

Joint initiatives between the U.S. and Chile at the international and multilateral levels have been less significant than those at the regional level. However, it is worth highlighting that Chilean Foreign Minister Muñoz was personally invited by U.S. Secretary of State John Kerry to participate in the high-level conference organized by the U.S. Department of State entitled "Our Oceans". Chile will actually host this conference at the end of 2015 with the objective of discussing measures for the protection of the marine environment and sustainable fishing

practices, among other topics. In the future, the U.S. and Chile will begin to work on triangular cooperation projects with other parts of the world, as embodied in a new memorandum signed by both countries in 2014. It is expected that the Asia-Pacific region will be the focus of this next cooperation phase.³⁰

There have also been discrepancies between the United States and Chile in the international arena, especially in the United Nations. Unlike the United States, Chile in 2001 ratified the Ottawa Convention, which deals with humanitarian demining, this being a central theme of its international security policy within the context of its participation in the Human Security Network. Chile was also one of the drivers of the Treaty of Rome, which established the International Criminal Court. Despite disagreements with the White House on this matter, Chile proceeded to sign the Treaty in 1998 and ratify it in 2009; the United States remains a non-participant.

Main Topics on the United States-Chile Bilateral Agenda

Since the turn of the century, the United States-Chile agenda has opened up to new issues and areas of cooperation that include, in addition to dialogue with state actors, more permanent exchanges with entrepreneurs, students, academics and researchers, and civil society organizations. The topics on the agenda include the development of educational, scientific, and technological programs, as well as issues surrounding energy, a topic that has gained relevance in recent years.

One of the most recent innovations in bilateral cooperation has been the development of agreements between states of the U.S. and Chile, including the Chile-California Plan in 2008 and

the Chile-Massachusetts Plan in 2011. Both arrangements include a binational monitoring council as well as broad areas for exchange and the transfer of knowledge, culture, and technology. For example, the California Plan sets out exchanges in the areas of education and marine conservation, advanced human capital training, astronomy, art and culture, emergency management (i.e. earthquakes), innovation and entrepreneurship, and the use of telemedicine with a special emphasis on rural areas, among others. Topics for the future include renewable energy, native flora conservation, education, child nutrition, and other topics of shared concern between Chile and California.³¹ The two parties also have shared interests concerning desertification, water resources, wine production, maritime protection, early warning signs of earthquakes and disaster mitigation measures, and innovation and technological development. Chile additionally has a new agreement underway with Washington State. This agreement will focus on fishing, marine issues, environmental regulations, energy, and scientific and technological development.

Trade

2014 marked ten years since the U.S.-Chile Free Trade Agreement came into force. In assessing the agreement's results, Chilean Ambassador to the U.S. Juan Gabriel Valdés was emphatic: "The U.S. Free Trade Agreement has been extremely successful. Since the FTA's entry into force, bilateral trade has grown at an average of 10.6% per year; we have quadrupled our trade, tripled our export to the U.S., and increased imports from the U.S. to Chile six-fold."³² In 2014 alone, bilateral trade between the United States and Chile reached US\$ 23.5 billion. The United States is Chile's second largest trade partner after China and its first largest supplier of imports.

Chile has gone from being the United States' 35th largest export market in 2003 to the 19th in 2012.³³

The United States is Chile's main trading partner with regards to services, with a total trade in services of US\$ 4.6 billion in 2013.³⁴ Between 2003 and 2011, the export of business services from the U.S. to Chile increased by 193%, and the import of private Chilean commercial services by the United States increased by 98%.³⁵ This is of special importance for Chile because the service sector accounts for more than 60% of its GDP and represents one of the most dynamic sectors in terms of foreign direct investment. The United States is the largest foreign investor in Chile, responsible for 24.5% of the total investment flow into the country, while the United States is the fifth largest recipient of Chilean investments abroad.³⁶

Security and Defense

The positive relationship between Chile and the United States in matters of security is centered on the defense agenda. The Pentagon has described Chile as a priority partner in its regional defense strategy. In the words of former U.S. Defense Secretary Robert Gates, "Our bilateral defense relationship with Chile is strong because it is driven by our shared values of democracy, market economy, and a commitment to social justice and human rights.... These values strengthen our countries and result in better governments, growing economies, lowering poverty rates, and more effective defense against today's challenges and threats."³⁷

U.S. Vice President Joe Biden's presence during Michelle Bachelet's second inauguration in March 2014 reaffirmed the bond between the two countries as strategic partners. From Chile's perspective, the United States' status as the strongest military power in the world is only one

reason for close ties on defense. Another driver of Chile's proximity to the U.S. in this area is the United States' position as a guarantor of the Treaty of Ancon, which set Chile's border with Peru in 1929. Additionally, Chile's positive relationship with the United States allows it access to U.S. military equipment, such as the F16 fighter-bomber it purchased from the United States in 2002. Although Chile does not depend exclusively on American weapons since expanding its military purchasing to the European Union, Chile also benefits from U.S. military training as well as research and development.

The U.S.-Chile defense relationship received an important boost after the reactivation of annual meetings of the Advisory Defense Committee and the Advisory Committee on Political and Strategic Affairs, which resumed in 2006 after a three-year hiatus. Since then, the two countries have developed a promising defense program thanks to a series of official visits to and from both countries, including visits by the respective defense ministers. During U.S. Defense Secretary Chuck Hagel's visit to Chile in October 2014, he stated, "We are going to continue to be allies and work together with other Latin American countries on defense cooperation."³⁸ Secretary Hagel's visit included a meeting with President Bachelet, Defense Minister Jorge Burgos, and Foreign Minister Muñoz. In a press conference following the meeting, Hagel indicated that Chile was a "security exporter", an important reference given the countries' shared interests in maintaining peace, stability, and prosperity both in Latin America and in other regions, including the Asia-Pacific. The U.S. and Chile's interest in the security of the Asia-Pacific has been expressed through the significant participation of both countries in the Rim of the Pacific (RIMPAC) naval exercise, one of the largest such military exercises in the world.³⁹

There are at least three key topics on the U.S.-Chile joint agenda in matters of defense and security. The first is global policy initiatives. This refers to activities undertaken through

multilateral channels, such as the Global Nuclear Combat Initiative or the recent military exercises and cooperation programs focused on the Asia-Pacific. Another example is Chile's participation in peace operations in Haiti, which are considered by the United States to be an important contribution to peace in the hemisphere. A second topic on the joint defense agenda is interoperability. One of the objectives in this regard is to increase the level of military exercises between the United States and Chile, which have been carried out jointly since the 1990s, as well as to develop new practices and share knowledge with respect to military modernization. A third topic involves the increased exchange of knowledge in the fields of science, technology, and education. Over the last two years, the U.S. and Chile have signed a series of memorandums of understanding on knowledge transfer in the areas of research and development, exchanges between scientists and military engineers, and new technologies. These developments have coincided with an increase in exchanges between military academies and educational centers in both countries.

A final observation concerning the United States and Chile's cooperation on security issues is that initiatives targeting high-priority topics, such as the battle against drug trafficking or the war on terrorism, are rather limited. Beyond a minimal exchange and training in matters of police and judicial reform, Chile does not receive any assistance from the United States concerning these issues. Unlike with other countries in the region, the United States has not encouraged Chile to accept its assistance due to the low incidence of such concerns in Chile. On the other hand, civil and military leaders in Chile have been emphatic about the need to separate the security and defense agendas into different spheres. The overlap between security and defense in many Latin American countries and the United States' support of these issues is a phenomenon that concerns Chilean political actors and members of the Chilean armed forces.⁴⁰ It

is expected that Chile, in cooperation with the United States, will contribute to the aforementioned triangular cooperation plans starting in 2016, specifically with regards to security sector reforms in Central America and initiatives to modernize the police and the judiciary.

The New Agenda

Education

Educational exchange is an issue in which substantial progress has been made at the bilateral level. One of the most celebrated programs between Chile and the United States in the educational field is the “Equality of Opportunities” scholarship program, which was established through an agreement signed in 2007. Under this agreement, 100 Chilean students per year are eligible to attend doctoral programs at universities in the United States through scholarships financed by the Chilean government. The United States, for its part, has linked this initiative to a group of more than 50 universities, among them the most prestigious in the country.⁴¹

Apart from the Equality of Opportunities program, there is considerable educational exchange between the U.S. and Chile. Between 2013 and 2014, there were a total of 2,432 Chilean students in the United States, mainly in universities located in New York, California, and Massachusetts. The number of Americans studying in Chile during that same period totaled 2,879, making Chile the 21st most popular destination for students from the United States.⁴²

The Chilean Ministry of Education has launched efforts and programs to increase and improve English-language teaching and learning at the primary and secondary levels, however,

results have not been promising.⁴³ According to one study, Chile ranks 44th out of 63 countries in the use of English, placing Chileans at a very low level of English in which they are only able to provide basic information about themselves.⁴⁴ In 2014, new agreements for English teacher exchange programs were signed with universities in the United States, and new Fulbright-sponsored programs in this field were created. However, improving English-language teaching to Chilean students remains one area in which further cooperation is needed.

Energy and Environment

Both Chile and the United States consider energy a key issue for national development. For Chile, energy security is a matter of constant concern due to the country's dependence on imported energy sources. As a result, Chile currently seeks to diversify its energy sources and to create incentives for energy generation through non-traditional sources.⁴⁵ Energy is also an important topic in the United States, particularly given its status as the world's top producer of oil and natural gas as of 2014.

The Obama Administration has placed great emphasis on strengthening cooperation and investments in energy with a number of Latin American countries, Chile included among these.⁴⁶ In 2014, Chile and the United States signed the Joint Declaration on Bilateral Cooperation in the Field of Energy, which covers issues of oil and gas, electrical development, renewable energy, and energy efficiency. With regards to oil and gas, the agreement proposes cooperation on the development of unconventional gas, regulatory support, pricing mechanisms, distribution networks to market gas, and infrastructure safety in regasification plants.⁴⁷ One area of particular emphasis was renewable energy; both governments pledged to transition towards energy sources

with less environmental impact, one step being the construction of a solar power plant in the desert of Atacama to provide renewable energy to Chile. The Atacama plant, which will be the largest solar energy plant in Latin America when completed, has been issued a credit of US\$230 million by the U.S. Overseas Private Investment Corporation.⁴⁸

Conclusion

The United States and Chile enjoy a positive relationship that is described by this chapter as a “cooperative friendship”. As noted in the introduction, this relationship is characterized by three themes: shared values, principles, and interests; a strong institutional framework that enables cooperation and facilitates mutual trust and the settlement of disputes; and Chile’s significant autonomy with regards to its foreign policy.

The U.S. and Chile share similar views and democratic values, which are at the center of their international policies. Since its return to democracy, Chile has reaffirmed the following set of foreign policy principles: respect for international law; the promotion and defense of human rights and democracy; the peaceful settlement of disputes; non-intervention and respect for sovereignty; support of multilateralism; and cooperation on development initiatives. These principles, together with Chile’s stable democracy, have made the country a trusted partner of the United States.

Shared values have reinforced the confidence between the United States and Chile and allowed the two countries to find commonalities and areas of cooperation at the bilateral, regional, and international levels. This chapter evaluates the bilateral relationship of Chile and the United States in a variety of areas, especially the political, economic, and strategic spheres. It

also highlights the progression of the bilateral agenda over the past 5 years towards triangular cooperation with other Latin American countries on issues of development, security and defense, and capacity building. It is expected that this triangular cooperation will extend to other regions in the future.

The institutional architecture designed and developed over the last quarter century is another key element in the U.S.-Chile bilateral relationship. This architecture has generated spaces for building agreements and addressing differences. The political dialogue facilitated by presidential summits and the Permanent Consultative Committee on Security, Defense, and Trade is an example of how institutions have reinforced the bilateral relationship. More recently, the launch of the High-Level Bilateral Dialogue has established guidelines for bilateral coordination mechanisms that sustain the two countries' cooperative friendship. There is also evidence of growing collaboration between the two countries' government agencies, which is reflected by the triangular cooperation between USAID and AGCI.

Another area in which common interests are increasingly evident is the Asia-Pacific, where numerous opportunities for cooperation have been identified. This interest has been expressed through the search for consensus within the Pacific Alliance, of which the United States has been an observer since 2013. Another high-priority initiative is the ongoing negotiations to establish a free trade zone through the Trans-Pacific Partnership. For its part, Chile has once again demonstrated its autonomy in the foreign policy arena by expressing that while interested in the agreement, it must seek a balanced accord that responds to its concerns as well as the concerns of the other Latin American countries that are party to the agreement.

Finally, it is important to highlight that the United States and Chile have a growing interdependence that goes beyond state-to-state diplomacy. Chile's agreements with three states

within the United States (California, Massachusetts, and Washington (underway), have boosted this exchange. Additionally, the relationship between the two countries' societies is deepening, with a strong social exchange enhanced by tourism, education, and business. Issues related to science and technology, along with the development of public-private partnerships in the energy and environmental sectors, are undoubtedly the main themes for the future.

Notes

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³ New political coalition formed in 2013 for the elections, which brings together the center and left parties. It consists of the old parties that constituted the Coalition of Parties for Democracy plus the Communist Party and other leftist parties.

⁴ White House, "Remarks by President Obama and President Bachelet of Chile before the Bilateral Meeting" Press Release, June 2014.

<https://www.whitehouse.gov/the-press-office/2014/06/30/remarks-president-obama-and-president-michelle-bachelet-chile-bilateral->

⁵ "White House "Remarks by President Obama and President Bachelet of Chile...".

⁶ Ministry of Foreign Affairs of Chile, "Pillars of Bilateral Cooperation and Understanding". Embassy of Chile in the United States, 2015.

⁷ On this topic, see: Joaquin Fermandois, “Chile and the Iraq War 2003,” *Bicentenario. Revista de Historia de Chile y América*, Vol.17, N01 (2008); Heraldo Muñoz, *Una Guerra Solitaria. La Historia Secreta de EE.UU. en Iraq, la polémica en la ONU y el papel de Chile*. (Santiago de Chile: Randolph House Mondadori, 2005).

⁸ During the Concertation period, four coalition Presidents were elected: Patricio Aylwin (1990-1994), Eduardo Frei Ruiz-Tagle (1994-2000), Ricardo Lagos (2000-2006) and Michelle Bachelet (2006-2010).

⁹ On Chile’s foreign policy during the CPD, see: Francisco Rojas Aravena, *La Reinserción Internacional de Chile*. FLACSO-Chile, Santiago 1990; Claudia Fuentes J. and Claudio Fuentes S., “Foreign Relations of Democratic Chile”, in Manuel Alcantara Saez and Leticia M. Ruiz Rodriguez (eds.), *Chile: Política y Modernización Democrática*, (Barcelona: Bellaterra, 2006); Alberto van Klaveren, “International Insertion of Chile”, in Cristian Toloza and Eugenio Lahera (Eds.), *Chile en los noventa* (Santiago: Office of the President, Dolmen, 1998); José Miguel Insulza, *Ensayos sobre Política Exterior de Chile* (Santiago de Chile: Editorial Los Andes, 1998); Mario Artaza and Cesar Ross, *La Política Exterior de Chile 1990-2009. Del Aislamiento a la integración global*. (Santiago de Chile, RIL Editores, 2012).

¹⁰ Government of Chile, “Foreign Policy Balance”, January 2014.

<http://www.prensapresidencia.cl/discurso.aspx?codigo=9047>

¹¹ DIRECON, General Directorate of International Economic Relations, Chilean Ministry of Foreign Affairs. September 2015. <http://www.direcon.gob.cl/en/>

¹² Heraldo Muñoz, “Conference of the Foreign Minister at Casa Americas on Chile’s foreign policy priorities”, MINREL, March 2015.

¹³ Alberto van Klaveren, “International Insertion of Chile”, in Cristian Toloza and Eugenio Lahera (Eds.), *Chile en los noventa* (Santiago: Office of the President, Dolmen, 1998).

¹⁴ For more information, visit the webpage of the Embassy of Chile in Haiti: <http://chileabroad.gov.cl/haiti/>

¹⁵ Heraldo Muñoz, “Convergence in Diversity: The New Latin American Policy of Chile”, *Diario El País* (March 2014). http://elpais.com/elpais/2014/03/12/opinion/1394642773_153377.html.

¹⁶ Heraldo Muñoz, “Convergence in Diversity”.

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- ²³ Juan Gabriel Valdés, “Chile-US: A thriving relationship 10 years after the FTA”.
- ²⁴ Michelle Bachelet, “Remarks at Brookings Institution”.
- ²⁵ U.S. Ambassador to Chile between 2007 and 2010.
- ²⁶ Interview with Paul Simmons, United States Ambassador to Chile.
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- ²⁸ Ministry of Foreign Affairs of Chile, “Triangular Partners”.
- ²⁹ The United States is the guarantor in the Boundary Treaty between Chile and Peru.
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