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Latin America and the Caribbean: Issues in the 115th Congress

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Summary

Geographic proximity has ensured strong linkages between the United States and Latin America and the Caribbean, based on diverse U.S. interests, including economic, political, and security concerns. The United States is a major trading partner and the largest source of foreign investment for many countries in the region, with free-trade agreements enhancing economic linkages with 11 countries. The region is a large source of U.S. immigration, both legal and illegal; proximity and economic and security conditions are major factors driving migration. Curbing the flow of illicit drugs has been a key component of U.S. relations with the region for more than three decades and currently involves close security cooperation with Mexico, Central America, and the Caribbean. U.S. support for democracy and human rights in the region has been long-standing, with particular current focus on Cuba, Nicaragua, and Venezuela.

Under the Trump Administration, the outlook for U.S. relations with the region has changed. The Administration proposed deep cuts in FY2018 and FY2019 assistance to the region compared with FY2017. On trade, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership trade agreement, which would have increased U.S. economic linkages with Mexico, Chile, and Peru. President Trump criticized the North American Free Trade Agreement (NAFTA) with Mexico and Canada as unfair, warned that the United States might withdraw, and initiated renegotiations; ultimately, the three countries agreed to a United States-Mexico-Canada Agreement in late September 2018. The proposed agreement, which requires congressional approval, largely leaves NAFTA intact but includes some updates and changes, especially to the dairy and auto industries. Administration actions on immigration have caused concern in the region, including efforts to end the deportation relief program known as Deferred Action for Childhood Arrivals (DACA) and Temporary Protected Status (TPS) designations for Nicaragua, Haiti, El Salvador, and Honduras. President Trump unveiled a new policy in 2017 toward Cuba partially rolling back U.S. efforts to normalize relations and imposing new sanctions.

Congressional Action in the 115th Congress

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. Congress rejected the Trump Administration's proposed FY2018 cuts in foreign assistance to the region when it enacted the Consolidated Appropriations Act, 2018 (P.L. 115-141). Although the 115th Congress did not complete action on FY2019 appropriations funding foreign aid, both House and Senate Appropriations Committees' bills, H.R. 6385 and S. 3108, would have funded key countries and initiatives approaching FY2017 amounts.

In other action, Congress enacted the Nicaragua Human Rights and Anticorruption Act of 2018 (P.L. 115-335, H.R. 1918) in December 2018. The measure requires the United States to vote against loans from the international financial institutions to Nicaragua, except to address basic human needs or promote democracy, and authorizes the President to impose sanctions on persons responsible for human rights violations or acts of corruption. In August 2018, Congress enacted the FY2019 defense authorization measure, P.L. 115-232 (H.R. 5515), with several Latin America provisions, including required reports on narcotics trafficking corruption and illicit campaign financing in El Salvador, Guatemala, and Honduras and on security cooperation between Russia and Cuba, Nicaragua, and Venezuela. The House also approved H.R. 2658 on Venezuela in December 2017, which, among its provisions, would have authorized humanitarian assistance for Venezuela; similar bills were introduced in the Senate but were not considered.

Both houses approved several resolutions indicating policy preferences on a range of issues and countries: S.Res. 35 and H.Res. 259 on Venezuela, S.Res. 83 and H.Res. 336 on Mexico, H.Res.

54 on Argentina, H.Res. 145 on Central America, S.Res. 224 on Cuba, and H.Res. 981 on Nicaragua.

Looking ahead to the 116th Congress, in addition to completing action on FY2019 foreign aid appropriations, many of the U.S. economic, political, and security concerns discussed in this report likely will sustain congressional interest in Latin America and the Caribbean (see "Outlook for the 116th Congress," below.)

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Regional Political and Economic Environment

With 33 countries—ranging from the Caribbean nation of St. Kitts and Nevis, one of the world's smallest states, to the South American giant of Brazil, the world's fifth-largest country—the Latin American and Caribbean region has made significant advances over the past three decades in terms of both political and economic development. (See **Figure 1** for a map of the region and **Table 1** for basic facts on the region's countries.) In the early 1980s, 16 Latin American and Caribbean countries were governed by authoritarian regimes, both on the left and the right. Today, most governments are elected democracies, at least formally. The threat to elected governments from their own militaries has dissipated in most countries. Free and fair elections have become the norm in most countries in the region, although elections in several countries have been controversial and contested. In 2017, the Bahamas, Ecuador, and Chile held successful elections for heads of government. Elections in Honduras in November 2017, however, were characterized by significant irregularities, with the Secretary General of the Organization of American States (OAS) calling for new elections to be held. Despite a series of mass civil protests, incumbent President Juan Orlando Hernández was certified as the winner in December 2017.

In 2018, nine countries in the region—Antigua and Barbuda, Barbados, Brazil, Costa Rica, Colombia, Grenada, Mexico, Paraguay, and Venezuela—held elections for head of government. With the exception of Venezuela, all of these elections were free and fair. The Venezuelan election, boycotted by most opposition parties, was significantly flawed. In addition, Cuba underwent a political transition in April, when Raúl Castro stepped down from power and Cuba's legislature selected a new president. (See **Table 1** for a listing of leaders and elections.)

Challenges to Democracy

Despite significant improvements in political rights and civil liberties, many countries in the region still face considerable challenges. In a number of countries, weaknesses remain in the state's ability to deliver public services, ensure accountability and transparency, advance the rule of law, and ensure citizen safety and security. There also are numerous examples of elected presidents over the past three decades who left office early amid severe social turmoil and economic crises, the presidents' own autocratic actions contributing to their ouster, or high-profile corruption. Corruption scandals led to the 2015 resignation of Guatemala's president and contributed to the impeachment and removal from office of Brazil's president in 2016.

In recent years, the quality of democracy has eroded in several countries in the region. One factor contributing to this democratic erosion is increased organized crime. Organized crime has particularly affected Mexico and several Central American countries because of the increased use of the region as a drug transit zone and the associated rise in corruption, crime, and violence. A second factor negatively affecting democracy in several countries has been the executive's abuse of power. Elected leaders have sought to consolidate power at the expense of minority rights, leading to a setback in liberal democratic practices. Venezuela stands out in this regard, with the government of President Nicolás Maduro repressing the opposition with force and manipulating state institutions to retain power. Media freedom deteriorated in several countries in recent years, precipitated by the increase in organized crime-related violence and by politically driven attempts to curb critical or independent media.

Figure 1. Map of Latin America and the Caribbean

Source: CRS Graphics.

Notes: Caribbean countries are in purple, Central American countries are in gold, and South American countries are in green. Although Belize is located in Central America and Guyana and Suriname are located in South America, all three are members of the Caribbean Community (CARICOM).

Table 1. Latin American and Caribbean Countries: Basic Facts

Country	Area (square miles)	Population (2017, thousands)	GDP (2017, U.S. $ billions, current)	GDP Per Capita (2017, U.S. $, current)	Leader (elected/next election)
Caribbean					
Antigua & Barbuda	171	91	1.5	16,702	Gaston Browne (March 2018/ by March 2023)
Bahamas	5,359	372	11.6	31,255	Hubert Minnis (May 2017/by May 2022)
Barbados	166	281	5.0	17,859	Mia Mottley (May 2018/ by 2023)
Belize[a]	8,867	386	1.9	4,806	Dean Barrow (Nov. 2015/by Nov. 2020)
Cuba	42,803	11,221	—[b]	—[b]	Miguel Díaz-Canel (April 2018/ 2023)[b]
Dominica	290	71	0.6	7,921	Roosevelt Skerrit (Dec. 2014/by Dec. 2019)
Dominican Republic	18,792	10,172	75.0	7,375	Danilo Medina (May 2016/May 2020)
Grenada	133	108	1.1	10,360	Keith Mitchell (March 2018/by March 2023)
Guyana[a]	83,000	770	3.6	4,710	David Granger (May 2015/early 2019)[c]
Haiti	10,714	10,983	8.8	784	Jovenel Moïse (Nov. 2016/Oct. 2021)
Jamaica	4,244	2,844	14.4	5,048	Andrew Holness (Feb. 2016/by Feb. 2021)
St. Kitts & Nevis	101	57	0.9	16,296	Timothy Harris (Feb. 2015/by Feb. 2020)
St. Lucia	238	176	1.7	9,607	Allen Chastanet (June 2016/by June 2021)
St. Vincent & the Grenadines	150	110	0.8	7,271	Ralph Gonsalves (Dec. 2015/by Dec. 2020)
Suriname[a]	63,251	582	3.3	5,746	Desiré Bouterse (May 2015/May 2020)
Trinidad & Tobago	1,980	1,371	21.6	15,769	Keith Rowley (Sept. 2015/by Sept. 2020)
Mexico and Central America					
Mexico	758,449	123,518	1,149.2	9,304	Andrés Manuel López Obrador (July 2018/July 2024)
Costa Rica	19,730	4,968	58.1	11,685	Carlos Alvarado (Feb. & April 2018/Feb. 2022)
El Salvador	8,124	6,369	28.0	4,400	Salvador Sánchez Cerén (Feb. & March 2014/Feb. 3, 2019)

Country	Area (square miles)	Population (2017, thousands)	GDP (2017, U.S. $ billions, current)	GDP Per Capita (2017, U.S. $, current)	Leader (elected/next election)
Guatemala	42,042	16,919	75.7	4,472	Jimmy Morales (Sept. & Oct. 2015/June 2019)
Honduras	43,278	8,307	23.0	2,766	Juan Orlando Hernández (Nov. 2017/Nov. 2021)
Nicaragua	50,336	6,221	13.7	2,207	Daniel Ortega (Nov. 2015/Nov. 2021)
Panama	29,120	4,098	61.8	15,089	Juan Carlos Varela (May 2014/May 5, 2019)
South America					
Argentina	1,073,518	44,082	637.7	14,467	Mauricio Macri (Oct. & Nov. 2015/Oct. 27, 2019)
Bolivia	424,164	11,071	37.1	3,353	Evo Morales (Oct. 2014/Oct. 27, 2019)
Brazil	3,287,957	207,679	2.055	9,895	Jair Bolsonaro (Oct. 2018/Oct. 2022)
Chile	291,932	18,383	277.0	15,070	Sebastián Piñera (Nov. 2017/Nov. 2021)
Colombia	439,736	49,292	309.2	6,273	Iván Duque Márquez (May & June 2018/May 2022)
Ecuador	109,484	16,777	102.3	6,098	Lenín Moreno (Feb. & April 2017/Feb. 2021)
Paraguay	157,048	6,954	29.4	4,260	Mario Abdo (April 2018/April 2023)
Peru	496,225	31,828	215.2	6,762	Martín Vizcarra (April & June 2016/April 2021)[d]
Uruguay	68,037	3,493	58.4	16,722	Tabaré Vázquez (Oct. & Nov. 2014/Oct. 27, 2019)
Venezuela	352,144	31,431	210.1	6,683	Nicolás Maduro (May 2018/May 2024)

Sources: Area statistics are from the Central Intelligence Agency's *World Factbook*, with square kilometers converted into square miles. Population and economic statistics are from the International Monetary Fund (IMF), "World Economic Outlook," April 2018. Cuba's population statistics are from Oficinia Nacional de Estadísticas e Información, República de Cuba (ONEI), "Anuario Estadístico de Cuba 2017, Población," Edición 2018.

a. Geographically, Belize is located in Central America and Guyana and Suriname are located on the northern coast of South America, but all three are members of the Caribbean Community (CARICOM) and are therefore listed under the Caribbean region.

b. The IMF database does not include economic statistics on Cuba. As reported by Cuba, in 2017, the country's gross domestic product (GDP; current prices) was $96.9 billion and GDP per capita was $8,617. See ONEI, "Anuario Estadístico de Cuba 2017, Cuentas Nacionales," Edición 2018; these statistics are not presented above because they are not comparable to IMF statistics. Cuba does not have direct elections for its head of government. Instead, Cuba's legislature selects the members of the 31-member Council of State, with the president of that body serving as Cuba's head of government and head of state.

c. The Granger government lost a no-confidence vote in the country's legislature on December 21, 2018, and new elections are likely to be held by April 2019.

d. Martin Vizcarra took office in March 2018 upon the resignation of Pedro Pablo Kuczynski, who faced impeachment.

In 2018, several countries experienced significant political challenges. Peru's president resigned in March just ahead of a vote on impeachment on corruption charges. In Nicaragua, widespread protests against the government of President Daniel Ortega were suppressed violently, with over 300 people killed. In Brazil, far-right populist Jair Bolsonaro won the presidential race in October; given Bolosonaro's coarse campaign rhetoric, which included a vow to purge Brazil of leftist political opponents, many observers have concerns that his election could pose a threat to democracy and human rights. In Guatemala, efforts by President Jimmy Morales to undermine and expel the U.N.-backed International Commission against Impunity in Guatemala (CICIG) prompted widespread protests and expressions of international concern.

Since 1973, the human rights group Freedom House has compiled an annual evaluation of political rights and civil liberties in which it categorizes countries worldwide as *free*, *partly free*, and *not free*. In its 2018 report (covering 2017), the group ranked two countries in the Latin American and Caribbean region as not free: Cuba and Venezuela. It ranked 10 countries as partly free—Bolivia, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, and Paraguay—and the remaining 21 countries of the region as free. The report pointed to positive developments in Ecuador and Colombia. Freedom House lauded Ecuador's President Lenín Moreno for moving away from the "often repressive rule" of his predecessor, Rafael Correa; for easing pressure on the media; and for proposing the restoration of term limits. A referendum on term limits and other reform measures was approved by a substantial margin in early February 2018. The Freedom House report also praised reform measures in Colombia to limit pretrial detention and for the continued expansion of state control in areas formerly controlled by left-wing rebels pursuant to the government's 2016 peace accord with the Revolutionary Armed Forces of Colombia (FARC).[1]

On the negative side, Freedom House pointed to concerning developments in Venezuela, Bolivia, Honduras, Nicaragua, and Mexico in 2017. Freedom House described Venezuela as continuing its "descent into dictatorship and humanitarian crisis." In Bolivia, it expressed concern about actions by the country's constitutional court, which overturned presidential term limits that were supported by a 2016 referendum; the term limits would have prevented current President Evo Morales from seeking a fourth term. Freedom House criticized Honduras for flawed November 2017 presidential elections in which belatedly updated vote totals reversed an early vote count and handed victory to the incumbent, and it criticized Nicaragua for holding flawed municipal elections in 2017 favoring the party of President Daniel Ortega. (As discussed below, the situation in Nicaragua has deteriorated in 2018. Since April, there has been growing opposition to Ortega's rule; the government and its supporters have violently repressed this opposition.) In Mexico, Freedom House cited revelations of extensive state surveillance against journalists and civil society activists threatening to expose public corruption.[2]

Since 2006, the Economist Intelligence Unit (EIU) has produced an annual democracy index examining the state of democracy worldwide. The index classifies countries as *full democracies*, *flawed democracies*, *hybrid regimes*, and *authoritarian regimes* based on ratings for 60 indicators covering electoral process and pluralism, civil liberties, the functioning of government, political participation, and political culture. In its democracy index, the EIU examines 24 countries in Latin America and the Caribbean, not including 9 small English-speaking Caribbean countries. In its 2017 index, the EIU classified both Cuba and Venezuela as authoritarian regimes. Venezuela

[1] Freedom House, "Freedom in the World 2018, Democracy in Crisis," January 2018.

[2] Ibid.

was downgraded to authoritarian for the first time because of the "continued slide toward dictatorship" and because of the government's violent suppression of opposition protests, jailing and disenfranchisement of opposition leaders, and sidelining of the opposition-dominated legislature.[3] In its 2018 democracy index, the EIU added Nicaragua to its list of authoritarian countries, noting the "aggressive repression strategy" adopted by progovernment forces that led to numerous human rights violations and the deaths of over 300 people.[4]

The 2018 EIU index classified five countries in the region—Bolivia, El Salvador, Guatemala, Haiti, and Honduras—as hybrid regimes, or countries characterized by weak rule of law, weak civil society, and, often, widespread corruption. The 2018 index also classified two countries in the region, Costa Rica and Uruguay, as full democracies and 14 countries as flawed democracies, or countries that have free and fair elections and respect basic civil liberties but exhibit weaknesses in other aspects of democracy. The report noted that governments in the region remain beset by corruption and the effects of transnational organized crime and that "persistent deficiencies in governance and the practice of democracy have given way to a declining confidence in government, in formal political institutions, and in democracy itself." It also noted the return of populism to both Mexico and Brazil as disillusioned voters in both countries turned to populist candidates to "stop the rot."[5]

Economic Outlook

Whereas the 1980s were commonly referred to as the lost decade of development because many countries were bogged down with unsustainable public debt, the 1990s brought about a shift from a strategy of import-substituting industrialization to one focused on export promotion, attraction of foreign capital, and privatization of state enterprises. Latin America experienced an economic downturn in 2002 (brought about in part because of an economic downturn in the United States), but it recovered with strong growth rates until 2009, when a global economic crisis again affected the region with an economic contraction of almost 2%, according to International Monetary Fund (IMF) statistics.[6] Some countries in the region experienced deeper recessions than others in 2009. Those more closely integrated with the U.S. economy, such as Mexico, were hit hardest; other countries with more diversified trade and investment partners experienced lesser downturns.

The region rebounded in 2010 and 2011, with economic growth rates of 6.1% and 4.6%, respectively, but growth began to decline annually after that, registering 1.3% in 2014 and 0.3% in 2015. The global decline in commodity prices significantly affected the region, as did China's economic slowdown and reduced appetite for imports. The region experienced an economic contraction of 0.6% in 2016, dragged down by recessions in Argentina and Brazil and by Venezuela's severe economic deterioration, in which the economy contracted 16.5%. In 2017, however, economic growth returned to the region, with 1.3% growth.

In January 2019, the IMF estimated that economic growth in Latin America and the Caribbean declined slightly to 1.1% in 2018 and was projected to increase to 2% in 2019 and 2.5% in 2020 (see **Table 2**). Early in 2018, the IMF had forecast 1.9% regional growth for the year. However,

[3] Economist Intelligence Unit (EIU), "Democracy Index 2017, Free Speech under Attack," January 2018.

[4] EIU, "Democracy Index 2018: Me Too? Political Participation, Protest, and Democracy," January 2019.

[5] Ibid.

[6] Economic statistics in this section are from International Monetary Fund (IMF), "World Economic Outlook Database," October 2018, and "World Economic Outlook Update," January 2019. Economic growth rates and contraction refer to percentage changes in gross domestic product (in constant price) as reported in the IMF database.

Venezuela's continued economic decline and persistent economic challenges in several countries lowered growth.[7]

Latin America made significant progress in combating poverty and inequality from 2002 through 2014. In 2002, almost 45% of the region's population lived in poverty, but by 2014 that figure had dropped to 27.8%, representing 164 million people. Extreme poverty (currently defined by the World Bank as living on less than $1.90 per day) also declined over this period, from 11.2% in 2002, representing 57 million people, to 7.8% in 2014, or 46 million people.[8] Two key factors accounting for this decline were increasing per capita income levels and targeted public expenditures, known as conditional cash transfer programs, for vulnerable sectors.

Since 2015, the poverty rate for Latin America increased to 30.2% of the region's population in 2017 or 184 million people. Likewise, extreme poverty in Latin America increased to 10.2% in 2017, representing 62 million people. The reversal in poverty reduction largely can be attributed to economic setbacks in Brazil and Venezuela, both of which experienced significant declines in per capita income levels, according to the U.N. Economic Commission for Latin America and the Caribbean. In contrast, poverty reduction has continued since 2015 in a number of countries in the region, including five countries that saw a percentage-point drop in poverty between 2016 and 2017: Argentina, Colombia, Costa Rica, El Salvador, and Paraguay.[9]

Table 2. Latin America and Caribbean: Real GDP Growth, 2016-2020

(annual percentage change)

	2016	2017	2018 estimate	2019 projection	2020 projection
Brazil	-3.5	1.1	1.3	2.5	2.2
Mexico	2.9	2.1	2.1	2.1	2.2
Latin America and the Caribbean	-0.6	1.3	1.1	2.0	2.5

Source: International Monetary Fund, *World Economic Outlook*, October 2018.

U.S. Policy Toward Latin America and the Caribbean

U.S. interests in Latin America and the Caribbean are diverse and include economic, political, security, and humanitarian concerns. Geographic proximity has ensured strong economic linkages between the United States and the region, with the United States being the major trading partner and largest source of foreign investment for many Latin American and Caribbean countries. Free-trade agreements (FTAs) have augmented U.S. economic relations with 11 countries in the region. Latin American nations, led by Venezuela, Mexico, and Colombia, supplied the United States with almost 28% of its imported crude oil in 2016. The Western Hemisphere is a large source of U.S. immigration, both legal and illegal; geographic proximity and economic and security conditions are major factors driving migration trends. Curbing the flow of illicit drugs from Latin America and the Caribbean has been a key component of U.S. relations with the region and a

[7] IMF, "World Economic Outlook Update," January 2019.

[8] U.N. Economic Commission for Latin America and the Caribbean, S*ocial Panorama of Latin America 2018*, January 2019.

[9] Ibid.

major interest of Congress for more than three decades. Over the past decade, the United States has engaged in close security cooperation with Mexico, Central America, and the Caribbean to combat drug trafficking and related violence. As described above, although most countries in the region have made enormous strides in terms of democratic political development since the 1980s, communist Cuba has remained under authoritarian rule since the 1959 Cuban revolution and undemocratic practices have risen in several countries, particularly in Venezuela, which many observers characterize as a dictatorship, and Nicaragua, which has grown increasingly authoritarian.

Obama Administration Policy

In its policy toward the region, the Obama Administration set forth a broad framework centered on four priorities: promoting economic and social opportunity, ensuring citizen security, strengthening effective democratic governance, and securing a clean energy future. In many respects, there was significant continuity in U.S. policy toward the region under President Obama; his Administration had many of the same policy approaches as the George W. Bush Administration. In addition, the Obama Administration emphasized partnership and shared responsibility, with policy conducted on the basis of mutual respect through engagement and dialogue.

Under the Obama Administration, the United States provided significant support to the region to combat drug trafficking and organized crime and to advance citizen security. Efforts included a continuation of Plan Colombia and its successor programs as well as the creation of the Mérida Initiative, begun in 2007 to support Mexico; the Central America Regional Security Initiative (CARSI), begun in 2008; and the Caribbean Basin Security Initiative (CBSI), begun in 2009. In 2015, spurred by a surge of unaccompanied children and other migrants from Central America seeking to enter the United States, the Obama Administration developed a broader approach known as the U.S. Strategy for Engagement in Central America aimed at improving security, strengthening governance, and promoting prosperity.

On trade matters, the Obama Administration resolved outstanding congressional concerns related to FTAs with Colombia and Panama that were negotiated under the Bush Administration; this resolution led to congressional enactment of implementing legislation for the two FTAs in 2011. The Administration also concluded negotiations in 2015 for the proposed Trans-Pacific Partnership (TPP) trade agreement, which included Mexico, Chile, and Peru, among other nations.

In the absence of congressional action on comprehensive immigration reform, President Obama turned to executive action in 2012 with a program known as Deferred Action for Childhood Arrivals (DACA), which provided relief from deportation for certain immigrants who arrived as children. The Obama Administration also granted Temporary Protected Status (TPS) to Haitians in the United States after the country's massive earthquake in 2010.

In other policy changes, the Obama Administration announced a major policy shift toward Cuba, moving away from the long-standing sanctions-based approach toward a policy of engagement. With regard to the deteriorating political and economic situation in Venezuela, the Obama Administration pressed for dialogue to resolve the conflict. Then, prompted by Congress through passage of the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278), the Administration imposed targeted sanctions in 2015 on Venezuelan officials involved in human rights abuses.

Trump Administration Policy

The Trump Administration has taken actions that have changed the dynamics and outlook for U.S. relations with Latin America and the Caribbean. As discussed below, the State Department set forth a framework for U.S. policy toward the region in February 2018 that reflects continuity with long-standing U.S. objectives in the region. The framework, however, appears to be at odds with some of the Administration's actions, sometimes accompanied by tough rhetoric, on immigration, trade, and foreign aid. Although President Trump's cancellation of his planned attendance at the April 2018 Summit of the Americas in Peru was a lost opportunity to engage with hemispheric leaders, Vice President Mike Pence represented the United States at the summit.

Latin America and the Caribbean: Views of U.S. Leadership

A 2017 Gallup public opinion poll of worldwide views on U.S. leadership showed that in Western Hemisphere countries, 58% disapproved of U.S. leadership and 24% approved. This result was a significant change from 2016, when the Gallup poll showed that 27% disapproved of U.S. leadership and 49% approved. The highest rates of disapproval in 2017 were in Chile (74%), Mexico (72%), and Uruguay (70%).

Similarly, a 2017 Pew Research Center survey of seven Latin American countries showed that a median of 47% had a favorable view of the United States, down from 66% in 2015.

A 2018 Pew Research Center worldwide survey included Argentina, Brazil, and Mexico—in all three countries, confidence in the U.S. President was among the lowest worldwide. In terms of favorable views of the United States, 32% in Argentina and Mexico had favorable views, and 55% in Brazil had a favorable view.

Sources: Gallup, "Rating World Leaders: 2018, The U.S. vs. Germany, China, and Russia," 2018; Pew Research Center, "Fewer People in Latin America See the U.S. Favorably Under Trump," April 12, 2018; and Pew Research Center, "Trump's International Ratings Remain Low, Especially Among Key Allies," October 1, 2018.

The Trump Administration proposed deep cuts in assistance to Latin America and the Caribbean, a significant departure from past Administrations. The approximately $1.1 billion requested for the region for each of FY2018 and FY2019 would have reflected a decrease of 36% and 35%, respectively, from the $1.7 billion in assistance provided to the region in FY2017. (As noted below, Congress rejected the Administration's FY2018 request and funded foreign aid to the region at levels approaching assistance in FY2017; for FY2019, the 115th Congress did not complete action on foreign aid appropriations, but bills in both houses would have continued to fund key U.S. initiatives in Colombia, Mexico, and Central America at levels approaching FY2017 levels. See "Congress and Policy Toward the Region" and "U.S. Foreign Aid," below.)

On trade issues, President Trump shifted the long-standing policy of past Administrations that focused on increasing economic linkages with Latin America through reciprocal free trade agreements. He described past free trade agreements as detrimental to U.S. workers and industries and vowed to renegotiate new "fair and reciprocal" agreements. President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership (TPP) trade agreement in January 2017; the accord would have increased U.S. economic linkages with Mexico, Chile, and Peru. Similarly, the President strongly criticized NAFTA and warned repeatedly that the United States might withdraw from the agreement with Mexico and Canada. By the end of September 2018, all three countries had reached agreement on a proposed new United States-Mexico-Canada Agreement (USMCA), which would leave NAFTA largely intact but includes some changes, such as provisions regarding the dairy and auto industries. The Administration's imposition of duties on steel and aluminum imports in 2018 added new challenges to U.S. trade relations with several countries in the region. (See "Trade Policy," below.)

Beyond trade, bilateral relations with Mexico have been tested because of inflammatory anti-immigrant rhetoric, President Trump's repeated calls for Mexico to pay for a border wall, and the

Administration's September 2017 decision to end DACA (potentially affecting several hundred thousand Mexicans and more than 100,000 migrants from elsewhere in the hemisphere). Despite tensions, overall U.S.-Mexican relations remain cooperative, including security cooperation related to drug interdiction and efforts to bolster economic ties, particularly energy cooperation. (See "Mexico," below.)

Other Trump Administration actions on immigration have caused concerns in the region. The Administration announced the termination of TPS for up to 5,300 Nicaraguans in January 2019; up to 58,000 Haitians in July 2019; up to 263,000 Salvadorans in September 2019; and up to 86,000 Hondurans in January 2020. The countries expressed concerns about whether they have the capacity to receive so many people and about the effects of potential deportations on their economies. The Administration's actions prompted court challenges; in October 2018, a federal court issued a preliminary injunction preventing the termination of TPS designations for Nicaragua, Haiti, and El Salvador, pending the outcome of the litigation.

Other immigration actions, such as the implementation of a "zero tolerance" policy toward illegal border crossings and an Attorney General decision in June 2018 that migrants' claims pertaining to gang violence or domestic abuse generally will not qualify them for asylum, could restrict the ability of many Central American migrants to receive asylum. (See "Migration Issues," below.)

With regard to Cuba, President Trump unveiled a new policy in June 2017 that partially rolled back some of the Obama Administration's efforts to normalize relations. The most significant changes included restrictions on financial transactions with companies controlled by the Cuban military and the elimination of individual people-to-people travel. In another action affecting bilateral relations, the State Department downsized the staff at embassies in both capitals in September 2017 in response to unexplained injuries of U.S. personnel at the U.S. Embassy in Havana. (See "Cuba" below.)

With regard to the Caribbean region, the State Department issued a multiyear strategy on U.S. policy toward the region as required by the United States-Caribbean Strategic Engagement Act of 2016 (P.L. 114-291). The strategy established a framework for enhanced relations in six priority areas—security, diplomacy, prosperity, energy, education, and health. In the aftermath of Hurricanes Irma and Maria, the United States provided some $23 million in humanitarian relief assistance to several Caribbean countries and foreign territories. (See "Caribbean Region" below.)

As the political and economic situation in Venezuela has continued to deteriorate, the Trump Administration has spoken out against the actions of the Maduro government and supported regional efforts to help resolve the situation. It also has imposed a variety of economic sanctions (both targeted and broader economic sanctions) and provided humanitarian assistance for Venezuelans who have fled to other countries. The Administration reportedly has considered additional sanctions aimed at limiting or prohibiting trade with Venezuela, although there are concerns that such sanctions could exacerbate the humanitarian situation without necessarily influencing the behavior of the Maduro government. (See "Venezuela," below.)

In Nicaragua, as political unrest against the increasingly authoritarian rule of President Daniel Ortega began to grow in 2018, the Trump Administration spoke out strongly about against the Ortega government's use of violence and supported an OAS resolution condemning the violence. The Administration also has employed targeted sanctions (visa restrictions and asset freezing) against several individuals responsible for human rights abuses or significant corruption.

In Guatemala, the Administration strongly supported the role of the U.N.'s International Commission against Impunity in Guatemala (CICIG) in 2017, when it was under siege by the government of President Jimmy Morales. In 2018, however, some observers contend that the Administration has not spoken out strongly enough as the Morales government continues efforts

to weaken CICIG. Although a State Department official testified to Congress in July 2018 about CICIG's important role in strengthening the rule of law, fighting impunity, and combatting corruption in Guatemala, a State Department readout of Secretary of State Mike Pompeo's September 2018 telephone call with President Morales raised questions about U.S. support for CICIG. The statement said that Pompeo and Morales discussed the importance of the Guatemalan government working with CICIG but also that the Secretary expressed continued U.S. support for "a reformed CICIG" and committed to working with Guatemala on implementing such reforms in the coming year.[10] After President Morales announced in early January 2019 that he was going to expel CICIG, the U.S. Embassy in Guatemala issued a statement expressing concern about the future of anticorruption efforts in the country but did not specifically mention the president's actions against CICIG.[11]

The Trump Administration also warned about the activities of China and Russia in the region. The Administration's 2017 National Security Strategy contends that China "seeks to pull the region into its orbit through state-led investments and loans," and that Russia is continuing "its failed politics of the Cold War by bolstering its radical Cuban allies as Cuba continues to repress its citizens." The strategy asserts that "both China and Russia support the dictatorship in Venezuela" and "are seeking to expand military linkages and arms sales across the region."[12] In February 2018, then-Secretary of State Rex Tillerson warned "against potential actors that are now showing up in our hemisphere," specifically referring to China and Russia. Tillerson spoke out against China's "foothold in Latin America" and asserted, "Russia's growing presence in the region is alarming," noting its sales of arms and military equipment "to unfriendly regimes who do not share or respect democratic values."[13]

Following El Salvador's decision to switch diplomatic relations from Taiwan to China in August 2018, the White House issued a statement that it would reevaluate U.S. relations with the Salvadoran government. In September 2018, the State Department recalled for consultations the U.S. chiefs of mission from the Dominican Republic, El Salvador, and Panama related to those countries' decisions to switch diplomatic recognition from Taiwan to China.[14] The Trump Administration's policy approach toward China's activities in the region is a departure from that of previous Administrations, which, while raising concerns about China's influence, emphasized engagement and consultations with China on Latin America. U.S. warnings about China have been met with skepticism in the region, with some countries calling on the United States to respect their sovereign decisions. (For additional information, see CRS In Focus IF10982, *China's Engagement with Latin America and the Caribbean*, by Mark P. Sullivan and Thomas Lum.)

Trump Administration Policy Framework. Vice President Mike Pence spoke on the Administration's policy toward the region in several speeches during, and just after, an August

[10] U.S. Department of State, "Secretary Pompeo's Call with Guatemala President Jimmy Morales," readout, September 6, 2018; and U.S. Congress, House Committee on Foreign Affairs, *Advancing U.S. Interests in the Western Hemisphere*, testimony of Kenneth H. Merten, Acting Principal Deputy Assistant Secretary for the U.S. Department of State, Bureau of Western Hemisphere Affairs, 115th Cong., 2nd sess., July 11, 2018.

[11] U.S. Embassy in Guatemala, "On the Fight Against Corruption in Guatemala," press release, January 8, 2019.

[12] White House, *National Security Strategy of the United States*, December 2017.

[13] U.S. Department of State, Secretary of State Rex W. Tillerson, "U.S. Engagement in the Western Hemisphere," February 1, 2018.

[14] White House, "Statement from the Press Secretary on El Salvador," August 23, 2018; U.S. Department of State, "U.S. Chiefs of Mission to the Dominican Republic, El Salvador, and Panama Called Back for Consultations," press statement, September 7, 2018.

2017 trip visiting Argentina, Chile, Colombia, and Panama. Similar to other U.S. officials speaking about U.S. policy in other parts of the world, the Vice President maintained that "America First" does not mean America alone. He acknowledged that prosperity and security for Latin America and the United States are inextricably linked. He maintained that transnational crime sustained by drug trafficking is the most immediate threat to security in the region, and he pledged continued U.S. support to combat it.[15]

In the Trump Administration's second year, officials fleshed out its framework for U.S. policy in Latin America and the Caribbean. In February 2018, then-Secretary of State Tillerson set forth a framework focused on three pillars for U.S. engagement in the region—economic growth and prosperity, security, and democratic governance.[16] These three pillars have been long-standing U.S. policy objectives in Latin America and the Caribbean, and they match up with three of the Obama Administration's four policy priorities for the region (with the exception of securing a clean energy future). At the April 2018 Summit of the Americas in Peru, Vice President Pence emphasized that the Western Hemisphere nations are bound together by geography, history, and "an enduring aspiration for freedom."[17] U.S. Agency for International Development (USAID) Director Mark Green also advanced this theme of a "hemisphere of freedom" in an August 2018 speech that discussed the work of his agency largely within the same policy framework set forth by the State Department.[18]

In some respects, the objectives and activities advanced by the State Department's framework for U.S. policy toward the region appear to contradict some of the political rhetoric by President Trump and the Administration's efforts to reduce U.S. foreign assistance to the region significantly. Moreover, as noted above, positive views in the region of U.S. leadership dropped in 2017 and 2018, influenced by disparaging political rhetoric and certain actions on immigration and trade. Such views could affect the willingness of countries in the region to cooperate with the United States on regional and global challenges, making it more difficult for the United States to engender support from individual countries when needed.

On November 1, 2018, National Security Adviser John Bolton made a speech in Miami, FL, on the Administration's policies in Latin America that warned about "the destructive forces of oppression, socialism, and totalitarianism" in the region. Reminiscent of Cold War political rhetoric, Bolton referred to Cuba, Nicaragua, and Venezuela as the "troika of tyranny" in the hemisphere that has "finally met its match." He referred to the three countries as "the cause of immense human suffering, the impetus of enormous regional instability, and the genesis of a sordid cradle of communism in the Western Hemisphere."[19] As previewed in the speech, the Administration subsequently increased economic sanctions on all three countries.

[15] White House, "Remarks by Vice President Pence and President Santos of Colombia in Joint Press Conference," August 13, 2017.

[16] U.S. Department of State, Secretary of State Rex W. Tillerson, "U.S. Engagement in the Western Hemisphere," February 1, 2018.

[17] White House, "Remarks by Vice President Pence at First Plenary Session of the Summit of the Americas," April 15, 2018.

[18] USAID, "U.S. Agency for International Development Administrator Mark Green's Remarks at Council of the Americas Event," August 8, 2018.

[19] The White House, "Remarks by National Security Adviser John R. Bolton on the Administration's Policies in Latin America," November 2, 2018.

Congress and Policy Toward the Region

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. Given the region's geographic proximity to the United States, U.S. foreign policy toward the region and domestic policy often overlap, particularly in areas of immigration and trade.

The 115th Congress rejected many of the Trump Administration's proposed cuts in foreign assistance to Latin America and the Caribbean for FY2018 in the Consolidated Appropriations Act, 2018 (P.L. 115-141), enacted in March 2018. Congress provided an estimated $1.7 billion in foreign aid to the region, about 55% more than the Administration had requested for FY2018. Likewise, for FY2019, both the House and Senate Appropriations Committees reported out bills (H.R. 6385 and S. 3108, respectively) that would have funded key countries and initiatives at levels approaching FY2017 levels. The 115th Congress approved two short-term continuing resolutions, P.L. 115-245 and P.L. 115-298, providing FY2019 foreign aid appropriations at FY2018 levels through December 21, 2018, but did not complete full-year FY2019 funding, leaving it for the 116th Congress. Two additional FY2019 House Appropriations Committee bills, H.R. 5952 (Commerce) and H.R. 6258/H.R. 6147 (Financial Services), had provisions that would have tightened economic sanctions on Cuba, but the Senate Appropriations Committee's versions did not did not have similar provisions and the 115th Congress did not complete action on these appropriations measures.

The John S. McCain National Defense Authorization Act for FY2019, P.L. 115-232 (H.R. 5515), signed into law in August 2018, has several Latin America provisions. Section 1032 extended a prohibition on the use of funds in FY2019 to close or relinquish control of the U.S. Naval Station at Guantanamo Bay, Cuba (similar provisions were included in P.L. 115-244, FY2019 military construction appropriations, and P.L. 115-245, FY2019 Department of Defense appropriations). Section 1287 required a report from the Secretary of State, in coordination with the Secretary of Defense and other appropriate agencies, regarding narcotics trafficking corruption and illicit campaign finance in Honduras, Guatemala, and El Salvador, including the naming of officials involved in such activities. The conference report to the bill, H.Rept. 115-874, also directed the Defense Intelligence Agency to submit a report on security cooperation between Russia and Cuba, Nicaragua, and Venezuela.

In December 2018, the 115th Congress enacted the Nicaragua Human Rights and Anticorruption Act of 2018 (P.L. 115-335, H.R. 1918). As approved, the measure requires the United States to vote against any loan from the international financial institutions to Nicaragua, except to address basic human needs or promote democracy. The law also authorizes the President to impose sanctions (visa restrictions and assets blocking) on persons responsible for human rights violations or acts of corruption.

In other action, the House approved H.R. 2658 in December 2017. Among its provisions, the bill would have authorized humanitarian assistance for Venezuela. Similar bills were introduced in the Senate—S. 1018 in May 2017 and a newer version, S. 3486, in September 2018, but action was not completed on these initiatives.

Both houses approved several resolutions on U.S. policy toward the region over the course of the 115th Congress.

- On Venezuela, the Senate passed S.Res. 35 in February 2017, which called for the release of political prisoners and support for dialogue and efforts at the OAS; the House passed H.Res. 259 in December, which urged Venezuela to hold free, fair, and open elections, release all political prisoners, and open a channel for

international humanitarian assistance. On September 27, the House Committee on Foreign Affairs approved H.Res. 1006, amended, which condemns the deteriorating situation in Venezuela and the regional humanitarian crisis it has caused; the committee agreed to seek House consideration of the bill under suspension of the rules.

- On Mexico, the Senate passed S.Res. 83 in March 2017, which called for the United States to support efforts by Mexico and China to stop the production and trafficking of illicit fentanyl into the United States; the House approved H.Res. 336 in December 2017, reaffirming its strong commitment to a bilateral partnership based on mutual respect.
- On Argentina, the House passed H.Res. 54 in April 2017, which expressed commitment to the bilateral partnership and commended Argentina for making far-reaching economic reforms; the Senate Foreign Relations Committee reported a similar resolution, S.Res. 18, in June 2017.
- On Central America, the House passed H.Res. 145 in May 2017, which reaffirmed that combating corruption in El Salvador, Guatemala, and Honduras is an important U.S. policy interest.
- On Cuba, the Senate passed S.Res. 224 in April 2018, commemorating the legacy of Cuban democracy activist Oswaldo Payá.
- On Nicaragua, the House passed H.Res. 981 in July 2018, "condemning the violence, persecution, intimidation, and murders committed by the Government of Nicaragua against its citizens."

For a discussion of potential issues for consideration in the 116th Congress, see "Outlook for the 116th Congress," below.

Regional Issues

U.S. Foreign Aid

The United States provides foreign assistance to the nations of Latin America and the Caribbean to support development and other U.S. objectives. U.S. policymakers have emphasized different strategic interests in the region at different times, from combating Soviet influence during the Cold War to promoting democracy and open markets since the 1990s. Over the past two years, the Trump Administration has sought to refocus U.S. assistance efforts in the region to address U.S. domestic concerns, such as irregular migration and transnational crime.

The Trump Administration also has proposed significant cuts to U.S. assistance to Latin America and the Caribbean (see **Table 3**). In each of its annual budget proposals, the Administration has requested approximately $1.1 billion to be provided to the region through foreign assistance accounts managed by the State Department and the U.S. Agency for International Development (USAID). The FY2019 request would cut funding for nearly every type of assistance and would reduce aid for every Latin American and Caribbean nation. If enacted, U.S. assistance to the region would decline by $590 million (35%) compared to the FY2018 estimate. The Administration's FY2019 budget proposal also would eliminate the Inter-American Foundation, a small, independent U.S. foreign assistance agency that promotes grassroots development in the region.

Table 3. U.S. Assistance to Latin America and the Caribbean: FY2011-FY2019

(appropriations in billions of U.S. dollars)

FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 (Estimate)	FY2019 (Request)
1.86	1.82	1.68	1.48	1.58	1.71	1.72	1.70	1.11

Sources: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2013-FY2019*, at http://www.state.gov/f/releases/iab/index.htm; and "FY2018 653(a) Allocations – FINAL," 2018.

Note: The FY2017 and FY2018 totals each include $9 million appropriated for the Organization of American States as multilateral assistance for the region.

Congressional Action: After a series of five short-term continuing resolutions that funded most foreign aid programs at slightly below the FY2017 level, Congress passed the Consolidated Appropriations Act, 2018 (P.L. 115-141), in March 2018. The act provided an estimated $1.7 billion of foreign assistance for Latin America and the Caribbean. The enacted amount is $607 million (55%) more than the Administration had requested for FY2018 but slightly less than Congress appropriated for the region in FY2017.

The 115th Congress did not complete action on foreign aid appropriations for FY2019. The House and Senate Appropriations Committees approved their respective FY2019 Department of State, Foreign Operations, and Related Programs appropriations measures, H.R. 6385 and S. 3108, in June 2018. Although the bills and their accompanying reports (H.Rept. 115-829 and S.Rept. 115-282) did not specify appropriations levels for every Latin American and Caribbean nation, the amounts the measures would have designated for key U.S. initiatives in Colombia, Mexico, and Central America would have exceeded the Administration's request significantly. Both measures also would have continued funding the Inter-American Foundation. Neither bill received floor consideration, however, and two continuing resolutions (P.L. 115-245 and P.L. 115-298), that had funded foreign aid programs in the region at the FY2018 level expired on December 21, 2018.

For additional information, see CRS Report R45089, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2018 Appropriations*, by Peter J. Meyer.

Drug Trafficking and Gangs

Latin America and the Caribbean feature prominently in U.S. counternarcotics policy due to the region's role as a source and transit zone for several illicit drugs destined for U.S. markets—cocaine, marijuana, methamphetamine, and plant-based and synthetic opiates. Heroin abuse and opioid-related deaths in the United States have reached epidemic levels, raising questions about how to address foreign sources of opioids—particularly Mexico, which has experienced a sharp uptick in opium poppy cultivation and the production of heroin and fentanyl (a synthetic opioid). Policymakers also are concerned that cocaine overdoses in the United States are on an upward trajectory. Rising cocaine usage is occurring as coca cultivation and cocaine production in Colombia, which supplies roughly 90% of cocaine in the United States, reached record levels in 2017.[20]

Whereas Mexico, Colombia, Peru, and most other source and transit countries in the region work closely with the United States to combat drug production and interdict illicit flows, the Venezuelan government does not. Public corruption in Venezuela also has made it easier for drug trafficking organizations to smuggle illicit drugs.

[20] The White House, "New Annual Data Released by White House Drug Policy Office Shows Record High Cocaine Cultivation and Production in Colombia," June 28, 2018.

Contemporary drug trafficking and transnational crime syndicates have contributed to degradations in citizen security and economic development in some countries, often resulting in high levels of violence and homicides. Despite efforts to combat the drug trade, many governments in Latin America, particularly in the Central American transit zone through which 90% of U.S.-bound cocaine passes, continue to suffer from overstrained criminal justice systems and overwhelmed law enforcement and border control agencies.[21] Moreover, government corruption, including high-level cooperation with criminal organizations, frustrates efforts to interdict drugs, investigate and prosecute traffickers, and recover illicit proceeds. There is a widespread perception, particularly among many Latin American observers, that the continuing U.S. demand for illicit drugs is largely to blame for the Western Hemisphere's ongoing crime and violence problems.

Criminal gangs with origins in southern California, principally the *Mara Salvatrucha* (MS-13) and the "18th Street" gang, continue to undermine citizen security and subvert government authority in Central America. Gang-related violence has been particularly acute in El Salvador, Honduras, and urban areas in Guatemala, contributing to some of the highest homicide rates in the world. Although some gangs engage in local drug distribution, gangs generally do not have a role in transnational drug trafficking. Gangs have been involved in a range of other criminal activities, including extortion, money laundering, and weapons smuggling. Gang-related violence has fueled unauthorized migration to the United States.

U.S. Policy. U.S. support to counter drug trafficking and reduce production in Latin America and the Caribbean has been a key focus of U.S. policy toward the region for more than 40 years. The most significant U.S. support program was Plan Colombia, begun in FY2000, which provided more than $10 billion to help Colombia combat both drug trafficking and rebel groups financed by the drug trade. After Colombia signed a historic peace accord with the country's largest leftist guerrilla group, the United States provided assistance to help implement the agreement under a new strategy called Peace Colombia. Colombia's decisions to end aerial fumigation and minimize forced eradication caused some tensions with U.S. officials concerned about rising cocaine production. Colombian President Ivan Duque has vowed to resume aerial fumigation. (Also see "Colombia" section below.)

U.S. support to combat drug trafficking and reduce crime also has included a series of partnerships with other countries in the region: the Mérida Initiative, which has led to improved bilateral security cooperation with Mexico; the Central America Regional Security Initiative (CARSI); and the Caribbean Basin Security Initiative (CBSI). Under the Obama Administration, those initiatives combined U.S. antidrug and rule-of-law assistance with economic development and violence prevention programs intended to improve citizen security in the region.

The Trump Administration's approach to Latin America and the Caribbean has focused heavily on U.S. security objectives. All of the aforementioned assistance programs have continued, but they place greater emphasis on combating drug trafficking, gangs, and other criminal groups than did policies under President Obama. The Trump Administration has also sought to reduce funding for each of the U.S. security assistance programs.

President Trump also has prioritized combating gangs, namely the MS-13, which the Department of Justice (DOJ) has named a top priority for U.S. law enforcement agencies. U.S. law enforcement agencies, in cooperation with vetted units in Central America funded through CARSI, have brought criminal charges against thousands of MS-13 members in the United States.

[21] U.S. Department of State, *International Narcotics Control Strategy Report 2016*, March 2017.

Congressional Action: The 115th Congress held hearings on opioids, which included consideration of heroin and fentanyl production in Mexico, Colombia's peace process and how it relates to drug policy, criminal groups in the Western Hemisphere, and Mexican transnational criminal organizations and border security. In March 2017, the Senate passed S.Res. 83, which called for increased U.S. support for Mexico's efforts to combat fentanyl. The Consolidated Appropriations Act, 2018 (P.L. 115-141), provided increased FY2018 resources for Colombia and Mexico, slightly less funding for CARSI, and a stable level of funding for CBSI compared to FY2017. The legislation required a plan on how the State Department is addressing illicit opioid flows. Both the House and the Senate Appropriations Committees' versions of the FY2019 foreign aid appropriations bills (H.R. 6385 and S. 3108, respectively) largely would have maintained funding for the aforementioned security partnerships and continued to address the underlying conditions that contribute to crime and violence in addition to antidrug efforts. Congress likely will continue to fund and oversee counternarcotics and antigang programs and to consider the proper distribution of domestic and international drug control funding and the relative balance of civilian, law enforcement, and military roles in regional antidrug and antigang efforts.

For additional information, see CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2019*, by Clare Ribando Seelke; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel; CRS In Focus IF10400, *Transnational Crime Issues: Heroin Production, Fentanyl Trafficking, and U.S.-Mexico Security Cooperation*, by Clare Ribando Seelke and Liana W. Rosen; CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; CRS Report R44779, *Colombia's Changing Approach to Drug Policy*, by June S. Beittel and Liana W. Rosen; CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel; and CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan.

Trade Policy

The Latin American and Caribbean region is one of the fastest-growing regional trading partners for the United States. Economic relations between the United States and most of its trading partners in the region remain strong, despite challenges, such as the renegotiation of NAFTA and President Trump's repeated threats to withdraw from the agreement, and diplomatic tensions and high levels of violence in some countries in the region. The United States accounts for roughly 33% of the Latin American and Caribbean region's merchandise imports and 46% of its merchandise exports. Most of this trade is with Mexico, which accounted for 73% of U.S. imports from the region and 62% of U.S. exports to the region in 2017. In 2017, total U.S. merchandise exports to Latin America and the Caribbean were valued at $393.2 billion and U.S. merchandise imports were valued at $430.0 billion (see **Table 4**).

The United States strengthened economic ties with Latin America and the Caribbean over the past 24 years through the negotiation and implementation of FTAs. Starting with NAFTA in 1994, the United States currently has six FTAs in force involving 11 Latin American countries: Mexico, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. NAFTA is significant because of the market-opening provisions but more importantly because it established new rules and disciplines that influenced future trade agreements on issues important to the United States, such as intellectual property rights protection, services trade, agriculture, dispute settlement, investment, labor, and the environment.

In addition to FTAs, the United States has extended unilateral trade preferences to some countries in the region through trade preference programs such as the Caribbean Basin Trade Partnership Act and the Generalized System of Preferences (GSP), which expired on December 31, 2017. GSP was reauthorized in March 2018 until the end of 2020, under Division M, Title V of the Consolidated Appropriations Act, 2018 (P.L. 115-141). Most countries in the region also belong to the World Trade Organization (WTO) and are engaged in WTO multilateral trade negotiations.

In the 15 to 20 years after NAFTA, some of the largest economies in South America, such as Argentina, Brazil, and Venezuela, resisted the idea of forming comprehensive FTAs with the United States. As a result, there are numerous other bilateral and plurilateral trade agreements throughout the Western Hemisphere that do not include the United States. For example, the Pacific Alliance, a trade arrangement comprised of Mexico, Peru, Colombia, and Chile, is reportedly moving forward on a possible trade arrangement with Mercosur, composed of Brazil, Argentina, Uruguay, and Paraguay.

In a shift in U.S. trade policy toward the region and other parts of the world, President Trump views FTAs as detrimental for U.S. workers and industries. He has made NAFTA renegotiation and modernization a priority of his Administration's trade policy, stating that the agreement is "the worst trade deal" and repeatedly warning that the United States may withdraw from the agreement. After a year of NAFTA renegotiation talks, the United States and Mexico reached a preliminary bilateral agreement in August 2018, and the three countries reached an agreement on September 30, 2018, leading to the announcement of the United States-Mexico-Canada Agreement (USMCA). On November 30, 2018, the leaders of all three countries signed the USMCA; the agreement must be approved by Congress and ratified by the governments of Canada and Mexico before it can enter into force. The new agreement leaves NAFTA largely intact but includes some changes, such as provisions regarding the dairy and auto industries. The agreement has updated and modernized provisions on intellectual property rights protection, enforceable labor and environmental provisions, and digital trade provisions, as well as new provisions on corruption and state-owned enterprises.

U.S. trade actions in 2018 under Section 232 of the Trade Expansion Action Act of 1962 on aluminum and steel imports added new challenges to U.S. trade relations with the region. In 2018, President Trump issued two proclamations imposing tariffs on U.S. imports of certain steel and aluminum products using presidential powers granted by Section 232. The proclamations outlined the President's decisions to impose tariffs of 25% on steel and 10% on aluminum imports, with some flexibility on the application of tariffs by country. Argentina is exempted permanently from both steel and aluminum tariffs, and Brazil is exempted permanently from steel tariffs. Products from all other countries in Latin America and the Caribbean are subject to the tariffs. In response to U.S. action, Mexico began to impose retaliatory tariffs on 71 U.S. products, covering an estimated $3.7 billion worth of trade. The conclusion of the proposed USMCA did not resolve or address the Section 232 tariffs.

President Trump's January 2017 withdrawal from the proposed TPP, an FTA that included Mexico, Peru, and Chile as signatories, signified another change to U.S. trade policy. In March 2018, the other TPP parties, including Mexico, Peru, and Chile, signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which essentially will bring a modified TPP into effect. On December 30, 2018, the CPTPP entered into force among the first six countries to ratify the agreement—Canada, Australia, Japan, Mexico, New Zealand, and Singapore. Chile, Peru, and the remaining three countries are expected to ratify the agreement eventually. Colombia has expressed plans to request entry into the CPTPP after the agreement enters into force among all partners. Some observers contend that U.S. withdrawal from TPP

could damage U.S. competitiveness and economic leadership in the region, whereas others see the withdrawal as a way to prevent lower-cost imports and potential job losses.

Table 4. U.S. Trade with Key Trading Partners in Latin America and the Caribbean, 2010-2017

(in billions of U.S. dollars)

Partner Country	2010	2011	2012	2013	2014	2015	2016	2017
U.S. Exports								
Mexico	163.7	198.3	215.9	226.0	241.0	236.2	229.7	243.0
Brazil	35.4	43.0	43.8	44.1	42.4	31.6	30.1	37.1
Chile	10.9	16.0	18.8	17.5	16.5	15.4	12.9	13.6
Colombia	12.1	14.3	16.4	18.4	20.1	16.3	13.1	13.3
Total LAC	**302.2**	**367.3**	**399.1**	**410.4**	**424.9**	**388.8**	**365.7**	**393.2**
World	**1,278.5**	**1,482.5**	**1,545.8**	**1,578.5**	**1,621.9**	**1,503.1**	**1,451.0**	**1,546.7**
U.S. Imports								
Mexico	230.0	262.9	277.6	280.6	295.7	296.4	294.1	314.0
Brazil	24.0	31.7	32.1	27.5	30.0	27.4	26.1	29.4
Colombia	15.7	23.1	24.6	21.6	18.3	14.1	13.8	13.6
Venezuela	32.7	43.3	38.7	32.0	30.2	15.6	10.9	12.3
Total LAC	**361.4**	**437.2**	**449.4**	**439.0**	**446.0**	**412.3**	**401.7**	**430.0**
World	**1913.9**	**2208.0**	**2276.3**	**2268.0**	**2356.4**	**2248.2**	**2187.8**	**2342.9**

Source: United States International Trade Commission (ITC) Interactive Tariff and Trade DataWeb.

Notes: Provides statistics on top four countries followed by ITC totals with Latin America and the Caribbean (LAC).

Congressional Action: The 115th Congress, in both its legislative and its oversight capacities, faced numerous trade policy issues related to the renegotiation and modernization of NAFTA. Now that renegotiation has concluded, the proposed USMCA will face congressional examination. Congress must approve the proposed USMCA before it can enter into force; the agreement likely will be considered by the 116th Congress. Lawmakers may take an interest as to whether U.S. negotiating objectives were followed, as required by Trade Promotion Authority. They also may consider how the proposed USMCA may affect U.S. industries, especially the auto industry, the U.S. and Mexican economies, North American supply chains, and overall trade relations with the LAC region. The recent Section 232 investigations on aluminum and steel imports raise a number of issues for Congress, including the potential impact of tariffs and retaliatory tariffs from Mexico on U.S. producers, domestic U.S. industries, and consumers. Energy reform in Mexico and the implications for U.S. trade and investment in energy also may be of interest to Congress. Policymakers also may consider how U.S. trade policy is perceived by the region and whether it may affect multilateral trade issues and cooperation on matters regarding security and migration. Another issue relates to U.S. market share. If countries such as Mexico, Chile, Colombia, and Peru continue trade and investment liberalization efforts with other countries without the United States, it may open the door to more intra-trade and investment among Argentina, Brazil, or possibly China and other Asian countries, which may affect U.S. exports.

For additional information, see CRS In Focus IF10997, *Proposed U.S.-Mexico-Canada (USMCA) Trade Agreement*, by Ian F. Fergusson and M. Angeles Villarreal; CRS In Focus IF10047, *North American Free Trade Agreement (NAFTA)*, by M. Angeles Villarreal; CRS Report R44981, *NAFTA Renegotiation and Modernization*, by M. Angeles Villarreal and Ian F. Fergusson; CRS In Focus IF10038, *Trade Promotion Authority (TPA)*, by Ian F. Fergusson; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal; and CRS Report R45249, *Section 232 Investigations: Overview and Issues for Congress*, coordinated by Rachel F. Fefer and Vivian C. Jones.

Migration Issues

Latin America's status as a leading source of both legal and unauthorized migration to the United States means that U.S. immigration policies significantly affect countries in the region and U.S. relations with their governments. Latin Americans comprise the vast majority of unauthorized migrants who have received relief from removal (deportation) through the Temporary Protected Status (TPS) program[22] or the Deferred Action for Childhood Arrivals (DACA) initiative.[23] As a result, several Trump Administration U.S. immigration policy changes have concerned countries in the region. These include the Administration's actions to increase immigration enforcement; end TPS designations for Haiti, El Salvador, Nicaragua, and Honduras; rescind DACA; criminally prosecute migrants who unlawfully enter the United States; and alter U.S. asylum policy.

The factors that have driven legal and unauthorized U.S.-bound migration from Latin America are multifaceted and have changed over time. They include familial ties, poverty and unemployment, demography, political and economic instability, natural disasters, proximity, economic conditions in the United States, and crime and violence. As an example, Venezuela, a historically stable country with limited emigration to the United States, has recently become a top country of origin among U.S. asylum seekers due to the crisis it has been undergoing (see "Venezuela" section below).[24]

Apprehensions of, and encounters with, unauthorized migrants at the southwestern U.S. border declined during President Trump's first year in office compared to the same period in 2016, but began to rise in August 2017 and to follow seasonal patterns similar to the last few years.[25] Many analysts attributed that initial decline, in part, to President Trump's tough campaign positions against unauthorized migration, executive action on border security and immigration enforcement (E.O. 13767), and efforts to fund the construction of a border wall. The executive order broadened the focus of interior enforcement to include unauthorized individuals who lack a criminal record.

[22] Temporary Protected Status (TPS) is a discretionary, humanitarian benefit granted to eligible nationals after the Department of Homeland Security (DHS) determines that a country has been affected by armed conflict, natural disaster, or other extraordinary conditions that limit the country's ability to accept the return of its nationals from the United States. TPS designations for Nicaragua and Honduras began in 1999, for Haiti in 2010, and for El Salvador in 2001.

[23] DACA is a program that the Obama Administration implemented in 2012 to provide temporary relief from removal and work authorization to certain unlawfully present individuals who arrived in the United States as children.

[24] In FY2017, Venezuela ranked first among countries of origin for those seeking affirmative asylum in the United States. See https://www.uscis.gov/outreach/asylum-division-quarterly-stakeholder-meeting-6.

[25] U.S. Department of Homeland Security (DHS), U.S. Customs and Border Protection, "Southwest Border Migration FY2018," February 7, 2018.

President Trump's assertions that Mexico will pay for a border wall have periodically strained bilateral relations. The Administration's policies have also tested U.S. relations with other countries in the region. Mexico and Central America's northern triangle countries, which received approximately 90% of the 226,119 individuals removed in FY2017, have expressed concerns that potential large-scale removals could overwhelm their capacity to receive and reintegrate migrants.[26] Central American countries also are concerned about the potential for increased removals of gang suspects with criminal records exacerbating security problems in their countries that they have been trying to address with U.S. foreign assistance. Mexico and the northern triangle countries have stepped up services at their U.S. consulates to provide legal and other services to those affected by changes in U.S. immigration policies.

Termination of TPS.[27] Since September 2017, the Department of Homeland Security (DHS) has announced plans to terminate TPS designations for six countries, four of which are located in Latin America (El Salvador, Haiti, Nicaragua, and Honduras). The large number (between 250,000-350,000) of Central Americans with TPS relief, along with their length of U.S. residence and resulting economic and family ties, have led some to support extending TPS for Central Americans. Continued recovery difficulties from natural disasters have led others to support continuing TPS for Haitians (up to 59,000). The Trump Administration maintains that ending TPS is a move toward interpreting the original intent of the program—to provide temporary safe haven. In October 2018, a federal court issued a preliminary injunction preventing DHS from terminating the TPS designations for Nicaragua, Haiti, and El Salvador pending the outcome of litigation challenging DHS's termination decisions.[28]

Critics of the Administration's decisions to terminate TPS designations for these four countries predict that it is likely to have negative effects on mixed-status families (where adults with TPS have U.S. citizen children), hurt foreign relations, and diminish the flow of remittances on which many families in the region depend. Affected governments have expressed hope that the U.S. Congress will enact legislation to protect their constituents whose TPS protections may be ending. They are nevertheless working with USAID, other donors, and the private sector to prepare reintegration assistance and job opportunities for former TPS beneficiaries who may return to their countries of origin.

Rescission of DACA.[29] On September 5, 2017, DHS announced its decision to rescind the DACA initiative. The future of the DACA initiative remains uncertain, as dueling lawsuits are underway in several federal courts to preserve DACA and to force its termination.

According to data from U.S. Citizenship and Immigration Services, more than 95% of active DACA recipients were born in Latin America (80% were born in Mexico).[30] The Mexican government has expressed hope that the U.S. Congress will enact legislation to protect individuals who have benefited from the DACA initiative, but also has said that it would welcome and support any DACA enrollees who may be deported. If DACA ends and its beneficiaries must

[26] DHS, U.S. Immigration and Customs Enforcement, *FY2017 ICE Enforcement and Removal Operations Report*.

[27] This is drawn from: CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson.

[28] CRS Legal Sidebar LSB10215, *Federal District Court Enjoins the Department of Homeland Security from Terminating Temporary Protected Status*, by Hillel R. Smith.

[29] For information on DACA and related legislation in the 115th Congress on the DACA initiative, see CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno. For litigation on the DACA initiative, see CRS Legal Sidebar LSB10136, *DACA Rescission: Legal Issues and Litigation Status*, by Ben Harrington.

[30] See information on DACA from USCIS: https://www.uscis.gov/tools/reports-studies/immigration-forms-data.

return to their countries of origin, they could have difficulty continuing their education or working in countries struggling with youth unemployment.

"Zero Tolerance" Immigration Enforcement and Restrictions on Access to Asylum.[31] For the last several years, Central American migrant families have arrived at the U.S.-Mexico border in relatively large numbers, many seeking asylum. In May 2018, DOJ implemented a zero tolerance policy toward illegal border crossing. Under the policy, DOJ prosecuted all adults apprehended while crossing the border illegally, with no exception for asylum seekers or those with minor children. This policy resulted in up to 3,000 children being separated from their parents.[32] After a federal judge mandated that all separated children be reunited with their families in late June 2018, DHS reverted to some prior immigration enforcement policies. Some families have yet to be reunited.

On June 11, 2018, then-Attorney General Sessions issued a decision maintaining that victims of gang violence or domestic abuse perpetrated by nongovernmental actors generally do not meet the standards required for receiving asylum in the United States.[33] This decision could restrict the ability of many Central American migrants to quality for asylum. Restricting the availability of asylum in the United States to Central Americans, who face high rates of femicide and gang-related violence, could cause more emigration to Mexico and other countries less equipped to assist them.

As increasing numbers of Central American migrants have sought asylum in Mexico, the Mexican government has bolstered its weak humanitarian protection system even as it deported more than 520,000 Central American migrants from 2015-November 2018. Mexico has resisted signing a "safe third country agreement" with the Administration, which could require asylum seekers who transit through Mexico to seek asylum there rather than in the United States. It has provided humanitarian visas and work permits, as well as access to asylum in Mexico, to Central American migrants who have transited the country in "caravans" and to those affected by a new DHS policy announced on December 20, 2018—according to a DHS press release, the agency plans to return some non-Mexican asylum seekers (excluding unaccompanied minors) to Mexico to await their immigration court decisions.[34]

Congressional Action: The 115th Congress provided foreign assistance to help address some of the factors fueling migration from Central America and to support Mexico's migration management efforts (P.L. 115-141). The Senate Appropriations Committee's version of the FY2019 foreign aid appropriation measure, S. 3108, would have required that $18 million of the Economic Support Funds provided to Mexico be "transferred to, and merged with" funds appropriated under the Migration and Refugee Assistance account to help process the asylum applications of Central Americans in Mexico. It is possible that the 116th Congress could include a similar provision in legislation to fund foreign aid programs for the remainder of FY2019. The 115th Congress also did not determine the amount and type of funding to provide for border

[31] This section is drawn from CRS Report R45266, *The Trump Administration's "Zero Tolerance" Immigration Enforcement Policy*, by William A. Kandel.

[32] U.S. Department of Health and Human Services, "HHS Issues Statement on Ms. L, et al., Status Report Regarding Plan for Compliance for Remaining Class Members," press release, July 13, 2018.

[33] Matter of A-B-, 27 I. & N. Dec. 316 (A.G. 2018), available at https://www.justice.gov/eoir/page/file/1070866/download/. See CRS Legal Sidebar LSB10207, *Asylum and Related Protections for Aliens Who Fear Gang and Domestic Violence*, by Hillel R. Smith.

[34] DHS, "Secretary Kirstjen M. Nielsen Announces Historic Action to Confront Illegal Immigration," December 20, 2018.

infrastructure for FY2019. Members of Congress introduced a range of proposals related to TPS and DACA during the 115th Congress, but none was enacted.

For more information, see CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke; CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; CRS Report R45266, *The Trump Administration's "Zero Tolerance" Immigration Enforcement Policy*, by William A. Kandel; CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno; CRS Report R45158, *An Overview of Discretionary Reprieves from Removal: Deferred Action, DACA, TPS, and Others*, by Ben Harrington; and CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson.

Corruption

Corruption has become a serious political concern for many countries in the region. Transparency International's Corruption Perceptions Index (CPI) for 2016 and 2017 found that respondents in most Latin American nations believed corruption was increasing. This perception is fueling civil society efforts to combat corrupt behavior and demand government accountability. Corruption continued to be a central theme in elections across the region in 2018, including pivotal, large countries, such as Colombia, Mexico, and Brazil.

Perceptions of growing corruption may reflect a greater awareness of corrupt behavior rather than an increase in actual corruption. This heightened awareness may be due to the growing use of social media to report violations and inform the citizenry, as well as to greater scrutiny by domestic media and investigative reporters, international investors, and, in some cases, congressional bodies or justice sector officials. Moreover, the region's growing middle class, with its rising expectations, seeks more from its politicians.

The Transparency International surveys found that in the 20 Latin American nations polled, respondents viewed politicians, political parties, and police as among the most corrupt. Citizens reported being most concerned about the use of public office for private gain—graft, influence peddling, extortion, bribe solicitation, money laundering, and political finance violations were the most frequently cited.

Corruption in the Region. Venezuela scored lowest (most corrupt by perceptions of its citizenry) among the 20 countries surveyed in the region in the 2016 and 2017 CPI assessments. Public corruption has been a major drain on the economy, particularly in the country's foreign exchange regime.

In Brazil, a sprawling corruption investigation under way since 2014 has implicated much of the political class. Brazilian construction firm Odebrecht, in a landmark plea deal, admitted to paying some $735 million in bribes to politicians and office holders throughout Latin America to secure public contracts, producing fallout in several countries, including Colombia, the Dominican Republic, Ecuador, Panama, and Peru.[35]

In Mexico, the costs of corruption reportedly reach as much as 5% of gross domestic product each year. Mexico's long-dominant Institutional Revolutionary Party, dogged by the issue in the July 2018 national elections, performed poorly in the final congressional and presidential vote.

In Peru, President Pedro Pablo Kuczynski, accused of taking Odebrecht bribes, stepped down in March 2018 to avoid impeachment. His successor, Martin Vizcarra, hosted the Summit of the

[35] Anthony Faiola, "The Corruption Scandal Started in Brazil, Now It's Wreaking Havoc in Peru," *Washington Post*, January 23, 2018.

Americas in April 2018 with a theme of fighting corruption. In the wake of a judicial corruption scandal concerning bribery in Peru's high court, Vizcarra unveiled a series of political and judicial reforms, including anticorruption measures, in August 2018. He then successfully challenged Peru's congress in September 2018 to a vote of confidence in his government with the goal of getting congress to approve the reforms, which include a significant revision of campaign finance rules among other measures. Those reforms were put before voters in a public referendum held in December 2018; three of the four measures on the ballot passed with more than 85% of the vote, including reforms to the magistracy council, finance regulations for politicians and their parties, and a prohibition on the immediate reelection of lawmakers. The only measure that did not pass was a controversial proposal to create a bicameral congress.

In Central America, international entities have worked with the governments of Guatemala and Honduras to combat corruption. The U.N.'s International Commission against Impunity in Guatemala, established in 2006, assisted in corruption cases against Guatemala's former President Otto Perez-Molina and his vice president, who were jailed in 2015 after being forced from office. In 2016, the OAS worked with the Honduran government to establish a similar organization, the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH). In 2018, as CICIG investigations have focused more closely on relatives of Guatemala's President Jimmy Morales, the government became openly more hostile to extending CICIG's mandate when it expires in September 2019. In September 2018, Morales barred CICIG's commissioner, former Colombian judge Iván Velásquez, from reentering the country, an action opposed by Guatemala's constitutional court.[36] In early January 2019, President Morales appeared to foment a constitutional crisis by ending CICIG's mandate prematurely, not permitting the commissioners to remain in the country through September 2019 in direct disobedience of the nation's top court.[37] The Honduran government also has sought to undermine MACCIH over the past year.

U.S. Policy. The 2017 U.S. National Security Strategy states that U.S. strategic interests related to corruption derive from the concern that criminals and terrorists can thrive in governments where corruption is rampant. Many studies indicate that corruption affects productivity and mars competitiveness in developing economies; it can spur migration and reduce GDP measurably when it is systematic.[38]

U.S. assistance has supported anticorruption efforts in Central America. Since FY2016, some U.S. aid to the region has been subject to several conditions, including anticorruption measures by recipient governments. U.S. assistance has also supported multilateral efforts to address corruption in Guatemala and Honduras. Both CICIG and MACCIH also receive U.S. support. CICIG received some $50.5 million between FY2008 and FY2017 in U.S. funding.

The United States has also imposed targeted economic sanctions on individuals involved in significant acts of corruption. This has included Venezuelan officials involved in corruption pursuant to Executive Order 13692 and individuals from other countries such as the Dominican Republic and Nicaragua targeted pursuant to Executive Order 13818.

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[36] Sandra Cuffe, "Guatemala's Assault on an Anti-Corruption Commission Evokes the Country's Dark Past," *World Politics Review*, September 19, 2018.

[37] Hector Silva Ávalos, "Guatemala President Causes Constitutional Crisis to Out CICIG," *InSight Crime*, January 8, 2019.

[38] See, for example, the findings of K. Murphy, A. Shleifer, and R. Vishney, "The Allocation of Talent: Implications for Growth," *The Quarterly Journal of Economics*, vol. 106, no. 2, 1991 and Elvin Mirzayev, "How Corruption Affects Emerging Economies," Investopedia, January 22, 2018.

Congressional Action: Some analysts maintain that U.S. funding for anticorruption programming has been limited, noting worldwide spending in recent years has not exceeded $115 million annually depending on how anticorruption is defined. Nevertheless, Congress has taken steps to condition U.S. assistance, support anticorruption efforts and training for police and justice personnel, and backed the Trump Administration's use of targeted sanctions. Congress could in coming months oversee changes to NAFTA related to corruption in the proposed USMCA, which includes a separate chapter with anticorruption provisions.

In May 2017, the House passed H.Res. 145, reaffirming that combatting corruption is an important U.S. policy interest in the northern triangle countries of Central America, acknowledging the important work of CICIG and MACCIH, and encouraging anticorruption efforts in the northern triangle countries. In July 2017, the Senate Foreign Relations Committee reported S. 1631, a foreign relations authorization bill with a title focused on combating public corruption worldwide. The FY2019 John S. McCain National Defense Authorization Act (NDAA), P.L. 115-232 , signed into law in August 2018, contains a provision in Section 1287 requiring a report on drug trafficking and corruption in Central America's northern triangle countries, including identifying government officials and other individuals involved in such activities. As noted in the section on "Central America's Northern Triangle" below, Congress has continued to support funding for CICIG and MACCIH in FY2018 and FY2019.

For additional information, see CRS In Focus IF10802, *Spotlight on Public Corruption in Latin America*, by June S. Beittel.

Selected Country and Subregional Issues

Argentina

Current President Mauricio Macri—leader of the center-right Republican Proposal and the *Cambiemos* (Let's Change) coalition representing center-right and center-left parties—won the 2015 presidential election in a close race. Macri's election ended 12 years of rule by the Kirchners (Néstor Kirchner, 2003-2007, and Cristina Fernández de Kirchner, 2007-2015) from the leftist faction of the Peronist party. The Kirchners' rule helped Argentina emerge from a severe economic crisis in 2001-2002 but was characterized by protectionist and unorthodox economic policies and increasing corruption—former President Fernández is now facing multiple investigations for corruption.

President Macri moved swiftly to usher in a series of market-oriented economic policy changes. His government also reached a deal with remaining private creditors in 2016 that ended the country's 15-year default, an action that allowed the government to repair its "rogue" debtor status and resume borrowing in international capital markets. Although adjustment measures contributed to a 1.8% economic contraction in 2016, the economy grew by 2.9% in 2017, according to the International Monetary Fund (IMF).

In early 2018, the IMF was forecasting almost 2% growth for the year, but Argentina's economic difficulties, including a severe drought affecting agricultural exports, thwarted those expectations; the IMF is now forecasting an economic contraction of 2.6%. Inflation, which was almost 25% at the end of 2017, is forecast to rise to 40% by the end of 2018. As pressure on the peso increased in April, the government turned to the IMF for support. The IMF approved a three-year, $50 billion program in June, with almost $15 billion made available immediately for budget support. As the economy continued to decline, the government reached a revised agreement with the IMF in September to increase its total support to about $57 billion through 2021. After an October

2018 IMF review, Argentina received an additional $5.7 billion, bringing total IMF disbursements to about $20.4 billon.

Despite wide-scale protests over austerity measures, the Macri government secured legislative approval in November 2018 for spending cuts and tax increases required under the IMF program. Argentina's economic turbulence has taken a toll on President Macri's popularity, which could threaten his political coalition and make a reelection bid in October 2019 more difficult. Although the Peronist party remains divided, a candidate from its moderate faction could pose a strong bid for the presidency.

In the foreign policy arena, the Macri government improved relations with neighboring Brazil and Uruguay and other promarket countries in the region. It has been deeply critical of the antidemocratic actions of the Maduro government in Venezuela.

U.S.-Argentine relations generally have been characterized by robust commercial relations and cooperation on such issues as nonproliferation, human rights, education, and science and technology. Under the Kirchner governments, there were periodic tensions in relations. The Obama Administration moved swiftly to engage the Macri government on a range of bilateral, regional, and global issues. Strong bilateral relations are continuing under the Trump Administration. President Macri visited the White House in April 2017, and the two leaders underscored their commitment to expand trade and investment and pledged strengthened partnership to combat narcotics trafficking, money laundering, terrorist financing, corruption, and other illicit finance activities. They also agreed to establish a working group for engagement on cyber issues. In September 2018, amid Argentina's economic difficulties, President Trump reaffirmed strong U.S. support for Argentina and Macri's engagement with the IMF. President Trump held a bilateral meeting with President Macri in Argentina on November 30, 2018, on the sidelines of the Group of 20 (G-20) summit hosted by Argentina.[39] The two countries reached bilateral agreements on educational exchange programs, national park conservation efforts, health cooperation, aviation safety, and energy sector cooperation.

Congressional Action: Congress has expressed support for close relations with Argentina. In the 115th Congress, the House passed H.Res. 54 in April 2017, which expressed commitment to the bilateral partnership and commended Argentina for its economic reforms. In June 2017, the Senate Committee on Foreign Relations reported a similar resolution, S.Res. 18. Congress provided $2.5 million in FY2018 foreign assistance (P.L. 115-141) to support Argentina's counterterrorism, counternarcotics, and law enforcement capabilities.

Over the years, Congress has expressed concern about Argentina's progress in investigating two terrorist bombings in Buenos Aires—the 1992 bombing of the Israeli embassy that killed 29 people and the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people—as well as the 2015 death of AMIA special prosecutor Alberto Nisman. H.Res. 201, reported by the House Foreign Affairs Committee in May 2017, would have expressed support for Argentina's investigation of the bombings. Two other resolutions, S.Res. 354 and H.Res. 704, would have commended Nisman's work and life and called for a swift, transparent investigation into his death.

For additional information, see CRS In Focus IF10932, *Argentina: An Overview*, by Mark P. Sullivan; and CRS In Focus IF10991, *Argentina's Economic Crisis*, by Rebecca M. Nelson.

[39] The G-20 is a forum for advancing international cooperation among 20 major advanced and emerging market economies. From Latin America, it includes Argentina, Brazil, and Mexico.

Brazil

Occupying almost half of South America, Brazil is the fifth-largest and the fifth-most populous country in the world. Given its size and tremendous natural resources, Brazil has long had the potential to become a world power. Its rise to prominence has been hindered by setbacks, however, including an extended period of military rule (1964-1985) and uneven economic performance. Brazil gradually consolidated liberal democracy following its political transition, and it implemented economic reforms in the 1990s that laid the foundation for stronger growth. A boom in international demand for Brazilian commodities—such as oil, iron, and soybeans—during the first decade of the 21st century fueled a period of rapid economic expansion, which contributed to, and was reinforced by, the growth of Brazil's middle class. In addition to providing the Brazilian government with the resources necessary to address long-standing social disparities, this economic growth strengthened Brazil's international stature.

Over the past several years, however, Brazil has struggled to emerge from a series of domestic crises. The economy contracted by nearly 7% from 2014 to 2016, according to the IMF, due to a decline in global commodity prices and the government's economic mismanagement. Although economic growth returned in 2017, the national unemployment rate remains above 11% and several million Brazilians who fell out of the middle class during the recession remain in poverty. At the same time, a sprawling corruption investigation under way since 2014 has implicated politicians from across the political spectrum and many of the country's most prominent business executives. The scandal contributed to the controversial impeachment of President Dilma Rousseff (2011-2016). It also fueled discontent with the country's political class, which was exacerbated by rising levels of violence and the enactment of unpopular economic reforms under President Michel Temer (2016-2018). Antiestablishment sentiment propelled right-wing populist Jair Bolsonaro to victory in the country's October 2018 presidential election; he began his four-year term on January 1, 2019.

The United States traditionally has enjoyed robust political and economic relations with Brazil, though the countries' independent foreign policies and occasionally divergent national interests have led to some disagreements. U.S. trade policy has generated some friction over the past year as Brazilian officials have objected to the Trump Administration's decision to impose an import quota on Brazilian steel. Nevertheless, the countries have sought to increase cooperation in other areas, launching a new Permanent Forum on Security, collaborating on the provision of humanitarian assistance to Venezuelan migrants, and continuing negotiations over potential U.S. access to Brazil's Alcântara space launch center. President Bolsonaro has called for closer alignment with the United States, and U.S. and Brazilian officials have begun discussing ways to bolster commercial and defense ties and work together on global concerns.

Congressional Action: During the 115th Congress, several Members raised concerns about the state of democracy and human rights in Brazil. They condemned the March 2018 assassination of Rio de Janeiro City Councilor Marielle Franco, questioned the judicial process that led to the imprisonment of former president Luiz Inácio Lula da Silva (2003-2010), and called on the Trump Administration to engage with President Bolsonaro to ensure human rights protections for marginalized communities.

The 115th Congress also continued long-standing U.S. support for conservation efforts in Brazil. The Consolidated Appropriations Act, 2018 (P.L. 115-141) provided $10.5 million for environmental programs in the Brazilian Amazon. The FY2019 foreign aid appropriations measures reported in the House and Senate both would have continued such assistance; the House Appropriations Committee's bill, H.R. 6385, would have provided $10.5 million and the Senate Appropriations Committee's bill, S. 3108, would have provided $11 million.

For additional information, see CRS Insight IN10976, *Brazil's Presidential Election*, by Peter J. Meyer; and CRS In Focus IF10447, *U.S.-Brazil Trade Relations*, by M. Angeles Villarreal.

Caribbean Region

The Caribbean is a diverse region of 16 independent countries and 18 overseas territories that include some of the hemisphere's richest and poorest nations. Among the region's independent countries are 13 island nations stretching from the Bahamas in the north to Trinidad and Tobago in the south; Belize, which is geographically located in Central America; and Guyana and Suriname, located on the north-central coast of South America (see **Figure 2**).

In June 2017, the State Department submitted a multiyear strategy for the Caribbean (required by P.L. 114-291, the United Sates-Caribbean Strategic Enhancement Act of 2016). The strategy established a framework to strengthen U.S.-Caribbean relations in six priority areas: (1) security, with the objectives of countering transnational crime and terrorist organizations and advancing citizen security; (2) diplomacy, with the goal of increasing institutionalized engagement to forge greater cooperation at the OAS and U.N.; (3) prosperity, including the promotion of sustainable economic growth and private sector-led investment and development; (4) energy, with the goals of increasing U.S. exports of natural gas and the use of U.S. renewable energy technologies; (5) education, focusing on increased exchanges for students, teachers, and other professionals; and (6) health, including a focus on long-standing efforts to fight infectious diseases such as HIV/AIDS and Zika.

Because of their geographic location, many Caribbean nations are vulnerable to use as transit countries for illicit drugs from South America destined for the U.S. and European markets. Many Caribbean countries also have suffered high rates of violent crime, including murder, often associated with drug trafficking activities. In response, the United States launched the Caribbean Basin Security Initiative (CBSI) in 2009, a regional U.S. foreign assistance program seeking to reduce illicit trafficking in the region, advance public safety and security, and promote social development. Congress has supported funding for the CBSI. From FY2010 through FY2018, Congress appropriated almost $559 million for the CBSI, including $57.7 million in each of FY2017 and FY2018. These funds benefitted 13 Caribbean countries. The program has targeted assistance in five areas: maritime and aerial security cooperation, law enforcement capacity building, border/port security and firearms interdiction, justice sector reform, and crime prevention and at-risk youth.

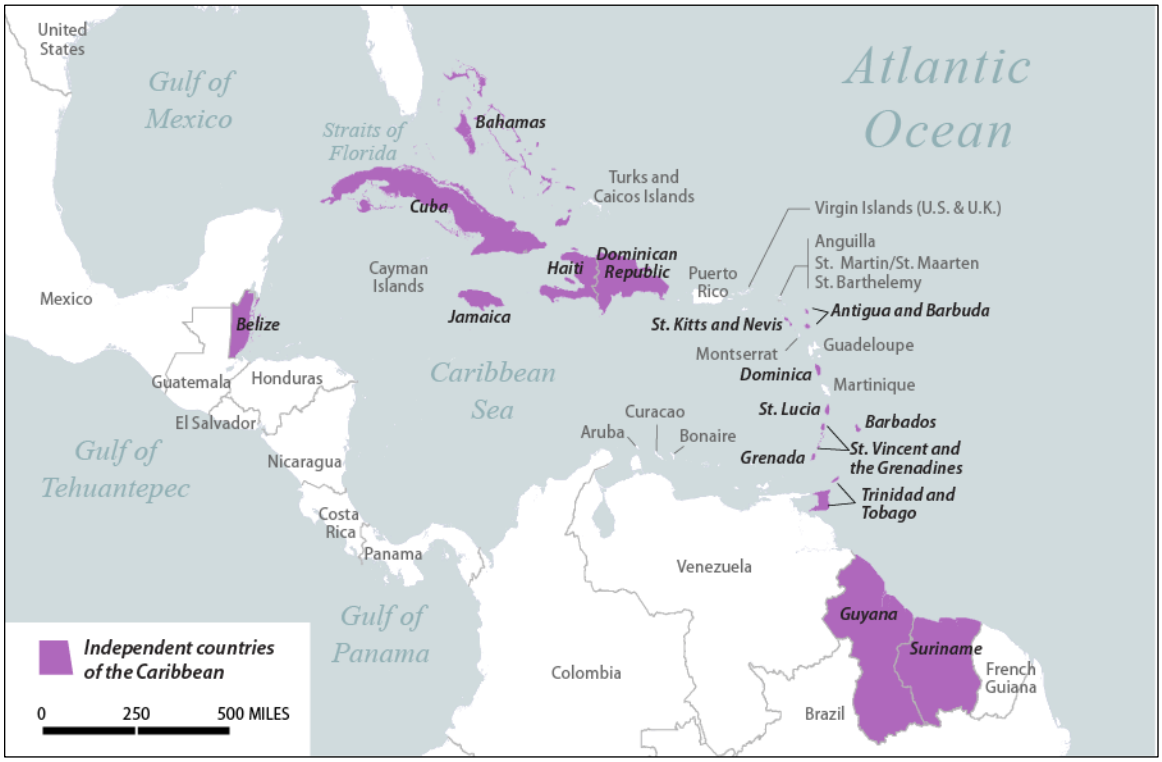
Many Caribbean nations also depend on energy imports and, over the past decade, have participated in Venezuela's PetroCaribe program, which supplies Venezuelan oil under preferential financing terms. The United States launched the Caribbean Energy Security Initiative (CESI) in 2014, with the goal of promoting a cleaner and more sustainable energy future in the Caribbean. The initiative included a variety of U.S. activities to facilitate cleaner energy resources; develop collaborated networks on clean energy; finance clean energy projects; increase energy efficiency; and expand access to electricity, information, and technology.[40]

In September 2017, Hurricanes Irma and Maria caused widespread damage in several Caribbean countries and foreign territories, especially in the Eastern Caribbean. Hurricane Irma struck during the first week of September, causing catastrophic damage to the island of Barbuda, with 95% of structures seriously damaged or destroyed. Hurricane Maria struck during the third week of September, killing 27 people in Dominica and causing significant structural damage to most

[40] For background, see U.S. Department of State, Caribbean Energy Security Initiative (CESI), at https://www.state.gov/e/enr/c66945.htm.

buildings and severe damage to the agricultural sector. In the aftermath of the hurricanes, the United States provided almost $23 million in humanitarian funding to six Caribbean countries and foreign territories, including Antigua and Barbuda, Dominica, the Bahamas, St. Kitts and Nevis, and the foreign territories of St. Martin (French) and St. Maarten (Dutch).[41]

Figure 2. Map of the Caribbean Region: Independent Countries



Source: CRS Graphics.

Notes: With the exception of Cuba and the Dominican Republican, the remaining 14 independent countries of the Caribbean region are members of the Caribbean Community, an organization established by English-speaking Caribbean nations in 1973 to spur regional integration. Six Eastern Caribbean nations—Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines—are members of the Organization of Eastern Caribbean States, which was established in 1981 to promote economic integration, harmonization of foreign policy, and other forms of cooperation among the member states.

Congressional Action: For each of FY2018 and FY2019, the Trump Administration requested $36.2 million for the CBSI, about a 36% decrease from the $57.7 million provided in FY2017. For FY2018, Congress continued to fund the CBSI at the same level as in FY2017, $57.7 million, as set forth in the Consolidated Appropriations Act, 2018 (P.L. 115-141, Explanatory Statement, Division K). The law also provided $2 million for the CESI.

For FY2019, both the House and Senate versions of the foreign aid appropriation bill would have rejected the Administration's proposed cuts for the CBSI. The House Appropriations Committee's bill, H.R. 6385 (H.Rept. 115-829), would have provided $58 million for the CBSI, while the Senate Appropriations Committee's version, S. 3108 (S.Rept. 115-282), would have provided $57.7 million. The report to the Senate bill also would have provided $2 million for the CESI to support enhanced efforts to help Latin American and Caribbean countries achieve greater energy

[41] U.S. Agency for International Development, "Caribbean – Hurricanes," Fact Sheet #7, Fiscal Year 2018, July 16, 2018.

independence from Venezuela. As noted above, the 115th Congress did not complete action on FY2019 appropriations, but it did approve a series of continuing resolutions that continued FY2019 funding at the FY2018 level through December 21, 2018, leaving final action on FY2019 funding to the 116th Congress.

In July 2017, the House Western Hemisphere Subcommittee held an oversight hearing on the State Department's new multiyear strategy on the Caribbean (see **Appendix**).

For additional information, see CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan; CRS In Focus IF10666, *The Bahamas*, by Mark P. Sullivan; CRS In Focus IF10407, *Dominican Republic*, by Clare Ribando Seelke; CRS In Focus IF10912, *Jamaica*, by Mark P. Sullivan; CRS In Focus IF10914, *Trinidad and Tobago*, by Mark P. Sullivan; and CRS Report R45006, *U.S. Liquefied Natural Gas (LNG) Exports: Prospects for the Caribbean*, by Michael Ratner et al. Also see sections on "Cuba" and "Haiti," below.

Central America's Northern Triangle

Central America has received renewed attention from U.S. policymakers in recent years, as the region has become a major transit corridor for illicit drugs and a significant source of irregular migration to the United States. These narcotics and migrant flows are the latest symptoms of deep-rooted challenges in the region, including widespread insecurity, fragile political and judicial systems, and high levels of poverty and unemployment.

The Obama Administration determined it was in the national security interests of the United States to work with Central American nations to improve security, strengthen governance, and promote prosperity in the region. Accordingly, the Obama Administration launched a new, whole-of-government U.S. Strategy for Engagement in Central America and requested a significant increase in foreign assistance for the region to support the strategy's implementation. Congress appropriated nearly $1.5 billion of aid for Central America in FY2016 and FY2017, allocating most of the funds to El Salvador, Guatemala, and Honduras—the "Northern Triangle" countries of Central America (see **Figure 3**). Congress required a portion of the aid to be withheld, however, until the Northern Triangle governments took steps to improve border security, combat corruption, protect human rights, and address other congressional concerns.

The Trump Administration has maintained the U.S. Strategy for Engagement in Central America while seeking to enact some significant changes in U.S. policy toward the region. Over the past two years, the Administration has sought to cut foreign aid to Central America by more than a third and has placed a greater emphasis on security concerns. As noted above ("Migration Issues"), the Administration also has implemented a series of immigration policy changes that affect Central Americans living in the United States without authorization, including the phaseout of the DACA program and the termination of TPS for Salvadorans and Hondurans; those decisions currently are being contested in court. The Northern Triangle governments have raised concerns that the Administration's efforts to reduce assistance while simultaneously increasing deportations could exacerbate poverty and instability in the region.

The Northern Triangle countries, with U.S. support, have made some tentative progress over the past three years. They have implemented some policy changes intended to stabilize their economies, but the improved macroeconomic situation has yet to translate into better living conditions for many residents since the governments have not invested in effective poverty-reduction programs. Security conditions also have improved in some respects, as homicide rates have declined for three consecutive years. At the same, the Northern Triangle countries continue to contend with some of the highest rates of violent crime in the world and impunity remains widespread. The countries' attorneys general—with the support of the U.N.-backed International

Commission against Impunity in Guatemala (CICIG) and the Organization of American States-backed Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH)—have made significant progress in the investigation and prosecution of high-level corruption cases. Their efforts have generated fierce backlashes, however, and the Guatemalan and Honduran governments repeatedly have sought to undermine CICIG and MACCIH over the past year. (Also see section on "Corruption," above.)

Figure 3. Map of Central America

Source: CRS Graphics.

Note: The "Northern Triangle" countries of El Salvador, Guatemala, and Honduras are in orange.

Congressional Action: The 115th Congress continued to demonstrate support for the U.S. Strategy for Engagement in Central America, though it began to reduce annual funding for the initiative. The Consolidated Appropriations Act, 2018 (P.L. 115-141), provided an estimated $626.5 million for the Central America strategy, which is $166.5 million more than the Administration requested for FY2018 but $73.2 million less than Congress appropriated for the initiative in FY2017. The FY2019 foreign aid appropriations measures reported out of the House and Senate Appropriations Committees in June 2018, H.R. 6385 and S. 3108, would have provided $595 and $515.5 million, respectively, to continue implementing the Central America strategy. The Trump Administration requested $435.5 million for Central America in FY2019. Other bills introduced during the 115th Congress, such as S. 3540 and H.R. 4796, included

provisions intended to guide U.S. policy and improve the effectiveness of the Central America strategy.

At the same time, Congress remained concerned about widespread corruption in the region. In May 2017, the House adopted a resolution, H.Res. 145, that recognized the anticorruption efforts of CICIG, MACCIH, and the attorneys general of El Salvador, Guatemala, and Honduras and called on the Northern Triangle governments to provide the attorneys general with the support, resources, and independence they need to carry out their responsibilities. Congress also approved a provision included in the FY2019 National Defense Authorization Act (P.L. 115-232, §1287) that will require the Secretary of State to report the names of Salvadoran, Guatemalan, and Honduran officials known to have engaged in, or facilitated, acts of grand corruption or narcotics trafficking. Moreover, some Members of Congress spoke out about efforts to hinder anticorruption efforts in the Northern Triangle, particularly the Guatemalan president's attempts to undermine and expel CICIG, and called for sanctions to be imposed on corrupt officials.

Congress also appropriated funding to support anticorruption efforts. The Consolidated Appropriations Act, 2018 (P.L. 115-141), provided $6 million for CICIG and $31 million for MACCIH and the Northern Triangle's attorneys general. Some Members of Congress sought to suspend U.S. funding for CICIG after a Russian family convicted of participating in a passport forgery network in Guatemala alleged that the Russian government was using CICIG to persecute Russian dissidents. The U.S. State Department found no evidence supporting the allegations, however, and U.S. funding for the commission continued.[42] The House and Senate Appropriations Committees both recommended continued funding for CICIG, MACCIH, and the attorneys general in their FY2019 foreign aid appropriations measures, H.R. 6385 and S. 3108.

For additional information, seeCRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: An Overview*, by Peter J. Meyer; CRS Report R43616, *El Salvador: Background and U.S. Relations*, by Clare Ribando Seelke; CRS Report R42580, *Guatemala: Political and Socioeconomic Conditions and U.S. Relations*, by Maureen Taft-Morales; CRS Report RL34027, *Honduras: Background and U.S. Relations*, by Peter J. Meyer.

Colombia

Colombia is a key U.S. ally in Latin America. Because of Colombia's prominence in the production of illegal drugs, the United States and Colombia forged a close relationship over the past two decades to respond to mutual challenges. Focused initially on counternarcotics, and later on counterterrorism, a program called Plan Colombia laid the foundation for a security partnership between the two countries.

Between FY2000 and FY2016, the U.S. Congress appropriated more than $10 billion of assistance from U.S. State Department and Department of Defense accounts to carry out Plan Colombia and its successor strategies. Plan Colombia and its successors were both broad frameworks for U.S. assistance and ways to synchronize the support provided by various U.S. government agencies. Originally designed as a 6-year strategy to end the country's decades-long conflict, eliminate drug trafficking, and promote development, Plan Colombia ultimately became a 17-year U.S.-Colombian bilateral effort. Several analysts consider Plan Colombia a U.S. foreign policy success, although critics point to enduring problems, including illegal drug exports; uneven development, especially in rural areas; and continued murders of human rights and social

[42] U.S. Congress, House Committee on Foreign Affairs, *Advancing U.S. Interests in the Western Hemisphere*, testimony of Kenneth H. Merton, Acting Principal Deputy Assistant Secretary for the U.S. Department of State, Bureau of Western Hemisphere Affairs, 115th Cong., 2nd sess., July 11, 2018.

activists. Revenues from cocaine and heroin trafficking provided resources to the Revolutionary Armed Forces of Colombia (FARC), the largest leftist guerrilla group operating in the country; the National Liberation Army (ELN), the country's second-largest rebel group; and Colombia's rightwing paramilitaries, known as the Self Defense Forces of Colombia (AUC), although the group formally demobilized in 2006. These three groups engaged in a multisided, violent conflict for decades, and the U.S. government declared all three foreign terrorist organizations.

In August 2018, Iván Duque, a former senator in the Colombian Congress and member of the right leaning Democratic Center (CD) party, was inaugurated as Colombia's new president, succeeding President Juan Manuel Santos, who served two terms. Duque is the first "peacetime" president after more than five decades of conflict, inheriting a controversial peace agreement, which was the central legacy of President Santos and which won him the Nobel peace prize. The Santos government engaged in more than 50 rounds of intense, formal peace talks with the FARC from 2012 to 2016, which produced a peace accord that was ratified by the Colombian Congress in November 2016. President Duque and the CD party were vocal critics of the peace accord and boycotted the final vote in Congress. In the March 2018 legislative elections, the CD party moved from being in opposition in the Senate to become the dominant party.

The national elections were notable for their relative lack of violence and higher voter turnout than in recent decades. Duque has set a course for economic renewal and lower taxes, fighting criminality, and rebuilding confidence in the country's institutions. In September 2018, President Duque outlined his broad policy goals in a speech before the U.N. General Assembly, where he denounced the authoritarian government of Venezuelan President Nicolás Maduro and proposed that his government take a lead role in containing Maduro's damage. Maduro's government has spawned a humanitarian crisis that has led to an exodus of Venezuelans fleeing to nearby countries, especially neighboring Colombia. (See "Venezuela" section.)

According to U.S. estimates, Colombia in 2017 cultivated an unprecedented 209,000 hectares of coca, from which cocaine is derived, capable of generating 921 metric tons of cocaine. The U.N. estimates for 2017, which typically differ in quantity but follow the same trends as U.S. estimates, stated that Colombia's potential production of cocaine reached nearly 1,370 metric tons, 31% above its 2016 estimate. Cocaine exports, primarily to the U.S. market, remain a concern for U.S. lawmakers, despite Colombia's economic stability and improving security, in part due to the demobilization of about 11,000 former FARC.

Key issues in the U.S.-Colombian relationship are implementing the Colombian government's peace accord with the FARC; fighting organized crime, which has flared since the FARC demobilized; and reducing corruption. In August 2018, Colombia held a referendum on measures to reduce public corruption that barely missed its threshold and did not pass. The U.S and Colombian governments have joint efforts to address the spike in assassinations of social leaders and human rights defenders and to more effectively combat cocaine production. In meetings between President Duque and U.S. Secretary of State Mike Pompeo in early January 2019, the two partners discussed cooperation on counternarcotics, peace accord implementation, and trade, and Pompeo vowed U.S. assistance to Colombia aimed at decreasing coca production by 50% by 2023.

Congressional Action: In May 2017, Congress enacted a FY2017 omnibus appropriations measure (P.L. 115-31) that funded programs in Colombia at $391.3 million.[43] The FY2018 omnibus appropriations measure, approved by Congress in March 2018 (P.L. 115-141), again

[43] In FY2017, the enacted appropriation for Colombia was $391.3 million in the State Department and USAID portion of the omnibus appropriations measure, but according to the U.S. State Department's FY2019 Congressional Budget Justification, the actual allocation was about $5 million less, or $386.3 million.

provided $391.3 million to support Colombia's transition to peace and peace accord implementation, address inequalities in historically marginalized areas, reintegrate demobilized fighters, and continue counternarcotics efforts, such as building state presence in former FARC-held areas. The Trump Administration's FY2019 budget request for Colombia was $265 million, approximately a 32% below the funds appropriated by Congress in FY2018, whereas both the House and Senate appropriations bills, H.R. 6385 and S. 3108, would again maintain the funding at $391.3 million. The Administration's request would reduce postconflict recovery programs and place greater emphasis on counternarcotics and security.

Colombia also has received additional U.S. humanitarian funding to help it cope with more than 1 million Venezuelan migrants. The U.S. government is providing humanitarian and emergency food assistance and helping to coordinate and support a regional response to the migration crisis. As of September 30, 2018, U.S. government humanitarian funding for the Venezuela response totaled approximately $96.5 million for both FY2017 and FY2018 combined, of which $54.8 million was for Colombia.

For additional information, see CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel; CRS Report R44779, *Colombia's Changing Approach to Drug Policy*, by June S. Beittel and Liana W. Rosen; CRS In Focus IF10817, *Colombia's 2018 Elections*, by June S. Beittel and Edward Y. Gracia.

Cuba

Cuba remains a one-party authoritarian state with a poor record on human rights. First Vice President Miguel Díaz-Canel succeeded Raúl Castro as president in April 2018, but Castro continues to head the Cuban Communist Party until 2021. The selection of Díaz-Canel, now 58 years of age, reflects the generational change in Cuban leadership that began several years ago and marks the first time since the 1959 Cuban revolution that a Castro is not in charge of the government. Over the past decade, Cuba has implemented gradual market-oriented economic policy changes, but critics maintain that it has not taken enough action to foster sustainable economic growth. Looking ahead, Díaz-Canel continues to faces two significant challenges—moving forward with economic reforms that produce results and responding to desires for greater freedom.

Cuba is now in the midst of rewriting its 1976 constitution, with a planned national referendum on February 24, 2019. Among the changes are the addition of an appointed prime minister to oversee government operations, age and term limits on the president, and some market-oriented economic reforms, including the right to private property, but the new constitution would still ensure the state sector's dominance over the economy and the predominant role of the Communist Party in Cuba's political system.

Congress has played an active role in shaping policy toward Cuba, including the enactment of legislation strengthening and at times easing U.S. economic sanctions. Since the early 1960s, the centerpiece of U.S. policy has consisted of economic sanctions aimed at isolating the Cuban government. In 2014, however, the Obama Administration initiated a major policy shift, moving away from sanctions toward a policy of engagement. The policy change included the restoration of diplomatic relations (July 2015); the rescission of Cuba's designation as a state sponsor of international terrorism (May 2015); and an increase in travel, commerce, and the flow of information to Cuba implemented through regulatory changes.

President Trump unveiled a new policy toward Cuba in June 2017 increasing sanctions and partially rolling back some of the Obama Administration's efforts to normalize relations. The most significant changes include restrictions on transactions with companies controlled by the

Cuban military and the elimination of individual people-to-people travel. In response to unexplained injuries of members of the U.S. diplomatic community at the U.S. Embassy in Havana, the State Department reduced the staff of the U.S. Embassy by about two-thirds; the reduction has affected embassy operations, especially visa processing, and made bilateral engagement more difficult.

Congressional Action: In the 115th Congress, debate over Cuba policy continued, especially with regard to economic sanctions. The 2018 farm bill, P.L. 115-334 (H.R. 2), enacted in December 2018, has a provision permitting funding for two U.S. agricultural export promotion programs in Cuba. Two FY2019 House appropriations bills, Commerce (H.R. 5952) and Financial Services (H.R. 6258 and H.R. 6147), had provisions that would have tightened economic sanctions, but final action was not completed by the end of the 115th Congress. Other bills were introduced but not acted upon; these bills would have eased or lifted sanctions altogether: H.R. 351 and S. 1287 (travel); H.R. 442/S. 472 and S. 1286 (some economic sanctions); H.R. 498 (telecommunications); H.R. 525 (agricultural exports and investment); H.R. 572 (agricultural and medical exports and travel); H.R. 574, H.R. 2966, and S. 1699 (overall embargo); and S. 275 (private financing for U.S. agricultural exports).

Congress continued to provide funding for democracy and human rights assistance in Cuba and for U.S.-government sponsored broadcasting. For FY2017, Congress provided $20 million in democracy assistance and $28.1 million for Cuba broadcasting (P.L. 115-31). For FY2018, it provided $20 million for democracy assistance and $28.9 million for Cuba broadcasting (P.L. 115-141; explanatory statement to H.R. 1625). For FY2019, the Trump Administration requested $10 million in democracy assistance and $13.7 million for Cuba broadcasting. The House Appropriations Committee's FY2019 State Department and Foreign Operations appropriations bill, H.R. 6385, would have provided $30 million for democracy programs, whereas the Senate version, S. 3108, would have provided $15 million; both bills would have provided $29 million for broadcasting. As noted above, the 115th Congress approved a series of continuing resolutions that continued FY2019 funding at FY2018 levels through December 21, 2018, but did not complete action on FY2019 appropriations, leaving the task to the 116th Congress.

In other action, several approved measures—P.L. 115-232, P.L. 115-244, and P.L. 115-245—have provisions extending a prohibition on FY2019 funding to close or relinquish control of the U.S. Naval Station at Guantanamo Bay, Cuba; the conference report to P.L. 115-232 also requires a report on security cooperation between Russia and Cuba. The FAA Reauthorization Act of 2018 (P.L. 115-254) requires the Transportation Security Administration to brief Congress on certain aspects of Cuban airport security and efforts to better track public air charter flights between the United States and Cuba. In April 2018, the Senate approved S.Res. 224, commemorating the legacy of Cuban democracy activist Oswaldo Payá.

For additional information, see CRS Report R44822, *Cuba: U.S. Policy in the 115th Congress*, by Mark P. Sullivan; CRS In Focus IF10045, *Cuba: U.S. Policy Overview*, by Mark P. Sullivan; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan; and CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan.

Haiti

President Jovenel Moïse is completing his second year in office. He assumed office in February 2017 after Haiti had been almost a year without an elected president because of political gridlock and delayed elections. He continues to face a divided congress. Moïse came to office amid ongoing investigations into his possible involvement in money laundering, which he denies.

Widespread corruption has been an impediment to good governance throughout much of Haiti's history. In November 2017, the Haitian Senate's Special Commission of Investigation released a report alleging embezzlement and fraud by 15 current and former Haitian officials, including two former prime ministers and President Moïse's chief of staff, in managing $2 billion in loans from Venezuela's PetroCaribe oil program. In early 2018, after the chief of the U.N. mission in Haiti welcomed the justice ministry's appointment of an investigative judge to look into citizens' complaints demanding accountability for those funds, Moïse recalled Haiti's Ambassador to the U.N. in protest.[44] Foreign donors and civic society continued to demand more action against corruption. In October 2018, after a new wave of public protests, Moïse fired two staff members implicated in the PetroCaribe corruption case, and the prime minister created a new commission to investigate its scope.

The government began to implement reforms recommended by the International Monetary Fund, which included the gradual elimination of subsidies, especially for energy, and the shifting of public resources toward investments in health, education, and social services. When the reduction of subsidies led to increased fuel prices of up to 51% in July 2018, violent protests ensued, leading to the resignation of Moïse's prime minister and the restoration of the subsidies. Moïse named a new prime minister, Jean-Henry Céant, of an opposition party, after consulting with the legislature to get a consensus candidate. Protests against proposed subsidy reductions and corruption have continued.

Given Haiti's proximity to the United States, and the country's chronically unstable political environment and fragile economy, Haiti has been an ongoing concern for the United States. Many in the U.S. Congress view Haiti's stability with great concern, and have demonstrated a commitment to improve conditions there. Haiti is the poorest country in the Western Hemisphere, and chronic political instability and frequent natural disasters exacerbate its poverty. Almost 60% of the country's 10 million people live in poverty, and almost 25% of them live in extreme poverty. Haiti is still recovering from a devastating earthquake in 2010, as well as Hurricane Matthew, which hit the island in 2016. The latter worsened a process begun by a two-year drought, destroying Haiti's food supply and creating a humanitarian disaster. In addition, Haiti continues to struggle against a cholera epidemic inadvertently introduced by U.N. peacekeepers in 2010.

Nonetheless, according to the State Department, Haiti is transitioning from a postdisaster era to one of reconstruction and long-term development. The Trump Administration and some in Congress contend that conditions in Haiti no longer warrant a reprieve for Haitian migrants who have been allowed to live and work in the United States under the TPS program since the 2010 earthquake. In November 2017, the Department of Homeland Security announced that TPS for Haitians would be terminated in July 2019. In August 2018, a group of 110 Members called on the Trump Administration to reinstate TPS, saying State Department documents showed the Administration made the decision "despite warnings of grave consequences for the U.S. national security."[45] In October 2018, a U.S. district court in California issued a preliminary injunction against the TPS termination. As long as the injunction remains in effect, Haitians (and citizens from three other countries) will retain their TPS.[46] Termination of this program could affect about

[44] Jacqueline Charles, "Haiti Didn't Like What the U.N. Said About Corruption, so It Recalled Ambassador," *Miami Herald*, February 27, 2018.

[45] Senate Committee on Foreign Relations, Ranking Member, "Menendez, Engel Lead Over 100 Members of Congress in Demanding TPS for El Salvador, Honduras, and Haiti," press release, August 2, 2018.

[46] U.S. Citizenship and Immigration Services, Department of Homeland Security, "Continuation of Documentation for Beneficiaries of Temporary Protected Status Designations for Sudan, Nicaragua, Haiti, and El Salvador," October 31, 2018.

59,000 Haitians in the United States. On January 7, 2019, federal court proceedings began in New York for *Saget et al v Trump*, a case that challenges President Trump's motion to end TPS for Haitian nationals.

In October 2017, the U.N. Stabilization Mission in Haiti (MINUSTAH, 2004-2017) was succeeded by a smaller mission, the U.N. Mission for Justice Support in Haiti (MINUJUSTH), which is focusing on rule of law, development of the Haitian National Police (HNP) force, and human rights. The HNP now have primary responsibility for domestic security. MINUSTAH helped facilitate elections, combat gangs and drug trafficking with the HNP, and respond to natural disasters. MINUSTAH was criticized, however, because of sexual abuse by some of its forces and for introducing cholera to the country. The U.N. maintains it has diplomatic immunity, but after years of international pressure said that it would support the epidemic's victims and a new $400 million plan to fight cholera in Haiti.[47] Neither plan has been fully funded or implemented.

Congressional Action: The Trump Administration's proposed FY2018 budget of $157 million for aid to Haiti would have reduced aid by about 15% from that provided in FY2017, but Congress rejected the request and provided about $184 million for Haiti, the same as in FY2017. The Consolidated Appropriations Act, 2018 (P.L. 115-141), has several Haiti provisions. It continued to condition some assistance until the Secretary of State certified that the Haitian government was taking certain steps to strengthen the rule of law, combat corruption, increase government revenues, and resolve commercial disputes between U.S. entities and the Haitian government. It also continued to permit the Haitian government to purchase U.S. defense articles and services for its Coast Guard. In addition, the measure provided $10 million for multilateral efforts to assist communities affected by cholera resulting from MINUSTAH. The explanatory statement to the measure also provided $8.5 million for Haiti reforestation and $1.5 million for prison assistance.

For FY2019, the Administration requested $170.5 million for Haiti, an 8% reduction from that provided in FY2017. Both the House and Senate Appropriations Committees' versions of the FY2019 foreign aid appropriations measure, H.R. 6385 and S. 3108, would have continued to permit the Haitian government to purchase U.S. defense articles and services for its Coast Guard. The House version also would have continued a provision from FY2018 conditioning some assistance pending a certification from the Secretary of State that the Haitian government was taking certain steps to strengthen the rule of law, combat corruption, increase government revenues, and resolve commercial disputes between U.S. entities and the Haitian government. The Senate Appropriations Committee's report (S.Rept. 115-282) to its version of the bill recommended $51 million in Development Assistance, $9 million in International Narcotics Control and Law Enforcement (INCLE) assistance (including $1.9 million for prison improvements), $255,000 in International Military Education and Training (IMET), $1.2 million in Foreign Military Financing (FMF), and $1.75 million to assist communities in Haiti affected by cholera resulting from the U.N. Stabilization Mission in Haiti. As noted above, Congress did not complete action on FY2019 foreign aid appropriations but approved a series of continuing resolutions that provided funding through December 21, 2018.

As noted in the section on "Migration Issues" above, a range of proposals related to TPS were introduced in Congress, either to extend it, limit it, adjust some TPS holders to lawful permanent resident status, or make TPS holders subject to expedited removal, but no action was taken on these measures.

[47] "U.N.'s Ban Apologizes to People of Haiti, Outlines New Plan to Fight Cholera Epidemic and Help Communities," *UN News*, December 1, 2016.

For additional information, see CRS Report R45034, *Haiti's Political and Economic Conditions: In Brief*, by Maureen Taft-Morales.

Mexico

Congress has demonstrated renewed interest in Mexico, a top trade partner and energy supplier with which the United States shares a nearly 2,000-mile border and strong cultural, familial, and historical ties. Economically, the United States and Mexico are interdependent, and Congress closely followed efforts to renegotiate NAFTA, which began in August 2017, and ultimately resulted in a proposed United States-Mexico-Canada Agreement (USMCA) signed at the end of November 2018. Similarly, security conditions in Mexico affect U.S. national security, particularly along the U.S.-Mexican border. Observers are concerned about resurgent organized crime-related violence in Mexico.

President Enrique Peña Nieto of the Institutional Revolutionary Party (PRI) completed his six-year term on December 1, 2018. Peña Nieto shepherded significant structural reforms through the Mexican congress in 2013-2014, including a reform that opened Mexico's energy market to foreign investment. From 2014 onward, however, he struggled to address human rights abuses, insecurity, and corruption.

On December 1, 2018, Andrés Manuel López Obrador, the populist leader of the National Regeneration Movement (MORENA) party, took office for a six-year term after winning 53% of the vote in July presidential elections and majorities in both chambers of congress. López Obrador promised to govern differently than recent PRI and National Action Party (PAN) administrations that have presided over periods of moderate economic growth, rising insecurity, and ongoing corruption. Some observers are concerned that López Obrador may alter Mexico's historically investor-friendly policies and cause friction with the United States, but others predict that he will seek to address poverty and corruption and pursue pragmatic foreign relations.

U.S.-Mexican relations remain relatively strong, but periodic tensions have emerged since January 2017. In recent years, both countries have prioritized bolstering economic ties, particularly energy cooperation; interdicting illegal migration from Central America; and combating drug trafficking, including heroin and fentanyl. Security cooperation has continued under the Mérida Initiative, a security partnership for which Congress has provided Mexico some $2.9 billion from FY2008 through FY2018.

In January 2017, President Trump's assertion that Mexico should pay for a border wall, which Mexico has consistently opposed, led Peña Nieto to cancel a White House visit. Although the Mexican government continues to oppose paying for the border wall, has spoken out against the Administration's "zero tolerance" immigration policies, and is concerned about the future of the DACA initiative, bilateral security and migration efforts continue. Mexico also applied retaliatory tariffs in response to the Trump Administration's recent tariffs on U.S. imports of steel and aluminum.

Congressional Action: The 115th Congress closely followed the renegotiation of NAFTA and how the USMCA could affect the U.S. economy and U.S.-Mexican relations; consideration of the proposed USMCA will likely occur in the 116th Congress (see "Trade Policy," below).

In March 2017, the Senate passed S.Res. 83, a resolution calling for U.S. support for Mexico's efforts to combat fentanyl. In December 2017, the House approved H.Res. 336 , a resolution reiterating the importance of bilateral cooperation with Mexico. In November 2018, the House approved H.R. 1567, which promotes economic partnership and cooperation between the United

States and Mexico in the areas of academic exchange, entrepreneurship, and infrastructure integration.

In March 2018, Congress provided $152.6 million in the Consolidated Appropriations Act, 2018 (P.L. 115-141) for Mexico, with extra funds provided to combat the production and trafficking of opioids. The Trump Administration's FY2019 request for Mexico was for $78.9 million, some 43% lower than the FY2017 enacted amount ($138.5 million). The House Appropriations Committee's FY2019 version of the foreign aid appropriations bill, H.R. 6385 (H.Rept. 115-829), recommended providing $125 million for Mexico. The Senate version of the bill, S. 3108 (S.Rept. 115-282), recommended $169.5 million.

For additional information, see CRS In Focus IF10867, *Mexico's 2018 Elections: Results and Potential Implications*, by Clare Ribando Seelke and Edward Y. Gracia; CRS Report R42917, *Mexico: Background and U.S. Relations*, by Clare Ribando Seelke; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal; CRS In Focus IF10997, *Proposed U.S.-Mexico-Canada (USMCA) Trade Agreement*, by Ian F. Fergusson and M. Angeles Villarreal; CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2019*, by Clare Ribando Seelke; CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel; CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke and Carla Y. Davis-Castro; and CRS In Focus IF10400, *Transnational Crime Issues: Heroin Production, Fentanyl Trafficking, and U.S.-Mexico Security Cooperation*, by Clare Ribando Seelke and Liana W. Rosen.

Nicaragua

President Daniel Ortega, now aged 72, is currently suppressing popular unrest in a manner reminiscent of Anastasio Somoza, the dictator he helped overthrow in 1979 as a "comandante" of the leftist Sandinista National Liberation Front (FSLN). Ortega served on the Sandinista national reconstruction board, then as president from 1985 to 1990, during which time the United States backed right-wing "contras" in opposition to Sandinista governance. In the early 1990s, after decades of dictatorship and civil war, Nicaragua began to establish a democratic government. Democratic space has narrowed, however, as the FSLN and Ortega have consolidated control over the country's institutions.

After leaving the presidency in 1990, Ortega served as an opposition leader in the legislature and then was reelected in 2006, 2011, and 2016. Nonetheless, popular opposition to Ortega's rule began to take hold in parts of the country, as his government grew increasingly authoritarian. Ortega buoyed his popular support by implementing social welfare programs that benefited Nicaragua's poor and by accommodating the business community. Domestic and international critics consistently objected to Ortega's antidemocratic policies and self-enrichment, however, and popular domestic support began to wane. Ortega was able to resist most of this pressure because the political opposition was weak, divided, and handicapped by FSLN control of the legislature, electoral council, and other aspects of Nicaraguan political life.

Until 2018, for many Nicaraguans, Ortega's populist economic measures that improved their standard of living outweighed his authoritarian tendencies. Similarly, for many in the international community, the relative stability in Nicaragua outweighed Ortega's antidemocratic actions.

Both domestic and international attitudes toward the Ortega government began to change in April 2018. Ortega's long-term strategy to retain control of the government began to unravel when he proposed reducing benefits of the social security system to shore up its insolvency. The announcement set off weeks of unexpected protests led by university students, who argued that

corruption and mismanagement of social security system resources were the main factors behind the system's problems. Ortega repealed the proposed reforms, but protests continued and grew into mass antigovernment protests led by students, businesspeople, civil society groups, farmers, and the Catholic Church. The protests called for early elections and/or Ortega's resignation. The Ortega government and its parapolice supporters have violently repressed protests, leaving at least 320 people dead and thousands injured. The government has arrested over 400 people, with reports of torture and disappearances. Thousands of people have fled the country.

In July 2018, the Inter-American Commission on Human Rights (IACHR) sent a team of independent experts to Nicaragua to investigate potential human rights abuse. They concluded that the security forces' actions could be considered crimes against humanity and called for Ortega to be investigated.[48] Government authorities expelled the team in December 2018, and since then they have destroyed independent news facilities and stripped civil society groups of their legal standing. The government has accused protesters and journalists of plotting coups and conspiring to commit terrorist acts, and it has accused the IACHR investigators of echoing U.S. policies against Nicaragua. The Trump Administration has imposed sanctions against five high-level officials, including Vice President Rosario Murillo.

Nicaragua is the second poorest country in the Western Hemisphere after Haiti. Nicaragua maintained growth levels above the average for Latin America over the past decade,[49] but the Economist Intelligence Unit estimates the current political crisis will affect the economy with a contraction of almost 3% in 2018, and a further 0.7% contraction in 2019.[50]

Congressional Action: The 115th Congress enacted the Nicaragua Human Rights and Anticorruption Act of 2018 in December 2018 (P.L. 115-335, H.R. 1918). The law requires the United States to vote against loans from the international financial institutions to the government of Nicaragua, except to address basic human needs or promote democracy. Loans to the government of Nicaragua may be provided if the U.S. Department of State certifies that Nicaragua has taken effective steps to combat corruption, hold free elections, and implement other reforms. The law also authorizes the President to impose sanctions (visa restrictions and assets blocking) on persons responsible for human rights violations or acts of corruption.

For FY2018, Congress appropriated an estimated $10 million in Development Assistance to Nicaragua under the U.S. Strategy for Engagement in Central America. Under the Consolidated Appropriations Act, 2018 (P.L. 115-141, S.Rept. 115-152), Congress also required the Secretary of State to submit a report to the appropriate congressional committees on the involvement of senior Nicaraguan government officials in corrupt practices or violations of human rights in Nicaragua.

For FY2019, the Senate Appropriations Committee's report to its version of the FY2019 foreign aid appropriations bill (S.Rept. 115-282 to S. 3108) recommended $5 million in development assistance for Nicaragua. The House Appropriations Committee's report to its version of the FY2019 appropriations bill (H.Rept. 115-829 to H.R. 6385) provided that the only funding made available in the act should be for programs to promote democracy and the rule of law. As noted above, the 115th Congress did not complete action on FY2019 foreign aid appropriations, but it did approve continuing resolutions providing foreign assistance at FY2018 levels through December 21, 2018, leaving full-year funding to be decided by the 116th Congress.

[48] Inter-American Commission on Human Rights, "CIDH Denounces the Weakening of the Rule of Law in the Face of Serious Human Rights Violations and Crimes Against Humanity in Nicaragua," press release, January 10, 2019.

[49] The World Bank, "Nicaragua: Country at a Glance," August 25, 2018.

[50] EIU, "Country Report: Nicaragua," December 2018.

In other action, on July 25, 2018, the House passed H.Res. 981, "condemning the violence, persecution, intimidation, and murders committed by the Government of Nicaragua against its citizens."

For additional information, see CRS Report R44560, *Nicaragua: In Brief*, by Maureen Taft-Morales.

Peru

Martín Vizcarra was sworn in as Peru's president in March 2018. He had been first vice president to Pedro Pablo Kuczynski, who resigned as president amid bribery allegations related to the Brazilian construction firm Odebrecht. An orderly, constitutional transition took place, and Vizcarra is serving out the remainder of the former president's five-year term, until July 2021.

Officials from the previous four Peruvian governments—including their presidents—and the opposition have been implicated in the Odebrecht international bribery scandal. Keiko Fujimori, leader of the Fuerza Popular party, was arrested in October 2018 and placed in pretrial detention for 36 months, pending investigation into her alleged involvement in money laundering. Vizcarra has made fighting corruption a top priority. (Also see "Corruption" section above.) He responded swiftly and strongly to a new scandal in which high-level judicial officials were taped allegedly negotiating bribes in exchange for favors. Despite an opposition-dominated legislature that was obstructive to the previous administration, Vizcarra secured legislative support for a series of judicial and political reforms that the public voted on in a December 2018 referendum. An overwhelming majority of voters approved constitutional changes, including reform of the board that makes judicial appointments, reform of campaign financing rules, and the prohibition of consecutive reelection of legislators. Voters rejected a return to a bicameral legislature.

Peru's economy has been one of the strongest in Latin America since 2001, consistently growing over 5% per year because of the boom in international prices for commodities—particularly petroleum and minerals. The Economist Intelligence Unit estimates that Peru's economic growth was 3.7% in 2018 and predicts an average of 3.9% annual growth in 2019-2023.[51] In March 2018, Peru and the other 10 signatories of the Trans-Pacific Partnership (minus the United States, which withdrew in 2017) signed a new trade pact, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

President Vizcarra is continuing the same types of market-friendly economic policies as his recent predecessors. In July 2018, Peru's congress granted the executive branch certain legislative authority for 60 days, and Vizcarra began issuing a series of legislative decrees designed to improve infrastructure and stimulate economic growth.

Social unrest and debate over exploitation of natural resources long have been and likely will remain major challenges for any Peruvian government. Many disputes have involved the mining industry and the rights of indigenous peoples in those areas where mining exists or where mining interests intend to operate. In December 2018, citizens in three mining regions elected critics of mining as their governors. A current dispute involves a highway project that is to run through protected areas and indigenous reserves in the Amazon rainforest. Successive Peruvian governments have found it politically difficult to balance a stated desire to help the poor and indigenous with efforts to encourage investment, especially in mining, by the business sector.

[51] EIU, "Country Report: Peru" December 11, 2018.

Congressional Action: For FY2018, the Trump Administration requested $49.7 million for Peru, a 23% reduction from the amount provided in FY2017, but Congress ultimately appropriated almost $74 million for Peru in the Consolidated Appropriations Act, 2018 (P.L. 115-141).

For FY2019, the Administration requested $47.4 million. The reports to the House and Senate Appropriations Committees' versions of FY2019 foreign aid appropriations, H.Rept. 115-829 to H.R. 6385 and S.Rept. 115-282 to S. 3108, specified $32 million in INCLE assistance and $1.8 million in FMF. As noted above, the 115th Congress did not complete action on FY2019 foreign aid appropriations, but it did approve measures funding foreign aid at FY2018 levels through December 21, 2018.

Venezuela

Venezuela remains in the throes of a deep economic and humanitarian crisis under the authoritarian rule of President Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Maduro, narrowly elected in 2013 for a six-year term after the death of President Hugo Chávez (in office 1999-2013), is unpopular. He has used the courts, security forces, and electoral council to stifle opposition, which is in disarray. On January 10, 2019, Maduro was inaugurated for a second term after winning reelection on May 20, 2018, in an unfair contest that did not meet international election standards. The United States, the European Union, Japan, and most Western Hemisphere countries deemed the election illegitimate. Some of those countries have downgraded their relations or enacted travel bans and sanctions on officials in Maduro's government; others may follow suit. They regard the opposition-controlled National Assembly as the only legitimate branch of government.

Maduro's reelection capped off his efforts since 2017 to consolidate power. From March to July 2017, protesters called for President Maduro to release political prisoners and respect the National Assembly. Security forces quashed protests, with more than 130 killed and thousands injured. Maduro then orchestrated the controversial July 2017 election of a National Constituent Assembly to rewrite the constitution, which has usurped the National Assembly's powers. Since the May 2018 elections, Maduro's government has arrested and tortured dissidents, including military officers alleged to have been involved in an assassination attempt against him in August 2018.

Venezuela also is experiencing a serious economic crisis, marked by rapid contraction of the economy (14% in 2017 and 18% in 2018), hyperinflation (to almost 1.4 million percent in 2018), and severe shortages of food and medicine that have prompted a humanitarian crisis in the country. This crisis has driven more than 3 million Venezuelans to flee since 2015, according to the U.N. High Commissioner for Refugees. President Maduro has blamed U.S. sanctions for the country's economic problems while conditioning receipt of food assistance on support for his government and increasing military control over the economy. He maintains that Venezuela will seek to restructure its debts, although that appears unlikely. The government and state oil company *Petróleos de Venezuela, S. A.* (PdVSA) defaulted on bond payments in 2017. Lawsuits over nonpayment and seizures of PdVSA assets, including potentially its U.S. subsidiary (CITGO), are possible in 2019.

The United States traditionally has had close relations with Venezuela, a major U.S. oil supplier, but friction increased under the Chávez government and has intensified under the Maduro regime. U.S. policymakers have had concerns about the deterioration of human rights and democracy in Venezuela and the lack of bilateral cooperation on antidrug and counterterrorism efforts. U.S. officials have expressed increasing concerns regarding Colombian criminal and terrorist groups in

Venezuela. In the wake of the May elections, the Trump Administration increased sanctions on the Maduro government and assistance for neighboring countries sheltering Venezuelan migrants.

The Trump Administration deemed the May 2018 elections "unfree and unfair" and Maduro's January 10, 2019, inauguration as an "illegitimate usurpation of power"; it regards the National Assembly as the only legitimate branch of government. The Administration has employed targeted sanctions against Venezuelan officials responsible for human rights violations, undermining democracy, and corruption, as well as officials and entities engaged in drug trafficking. The most recent sanctions, announced just prior to Maduro's inauguration, targeted 7 individuals and 23 companies that allegedly stole $2.4 billion. Beginning in August 2017, President Trump has imposed broader economic sanctions that restrict the ability of the government and PdVSA to access U.S. financial markets and bar U.S. purchases of Venezuela's new digital currency and Venezuelan debt. The Administration has considered broader sanctions to limit or prohibit trade with Venezuela. Some predict such sanctions could hasten Maduro's demise, whereas others caution that they could worsen the humanitarian crisis.

The Administration also is providing nearly $97 million in humanitarian assistance for Venezuelans who have fled to other countries, including Colombia.

Congressional Action: The 115th Congress took several actions to respond to the deteriorating situation in Venezuela and the regional humanitarian and migration crisis it has wrought. In February 2017, the Senate approved S.Res. 35, which, among its provisions, called for the release of political prisoners and expressed support for dialogue and OAS efforts. In December 2017, the House passed a bill and a resolution on Venezuela: H.R. 2658, the Venezuela Humanitarian Assistance and Defense of Democratic Governance Act, which would have authorized humanitarian assistance for Venezuela, and H.Res. 259, which urged the Venezuelan government to suspend the constituent assembly, hold elections, release political prisoners, and accept humanitarian aid.

In FY2018 appropriations legislation (P.L. 115-141) enacted in March 2018, Congress provided $15 million to support democracy and human rights in Venezuela. For FY2019, the Trump Administration requested $9 million in democracy and human rights funding for Venezuela, $6 million less than what Congress appropriated in FY2018. The House Appropriation Committee's version of the FY2019 foreign aid appropriations bill, H.R. 6385, would have provided $15 million; the Senate Appropriations Committee's version, S. 3108, would have provided $20 million.

For additional information, CRS In Focus IF10230, *Venezuela: Political and Economic Crisis and U.S. Policy*, by Clare Ribando Seelke; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Mark P. Sullivan; CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*, by Rhoda Margesson and Clare Ribando Seelke; CRS Report R44841, *Venezuela: Background and U.S. Relations*, coordinated by Clare Ribando Seelke; CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by Rebecca M. Nelson; and CRS In Focus IF10857, *Venezuela's Petroleum Sector and U.S. Sanctions*, by Phillip Brown.

Outlook for the 116th Congress

Many of the U.S. economic, political, and security concerns discussed in this report likely will sustain congressional interest in Latin America and the Caribbean in the 116th Congress. Congress still faces completing action on FY2019 foreign aid appropriations that propose significant cuts in assistance to the region, and in early 2019 it will begin consideration of the Trump Administration's FY2020 foreign aid budget request.

The 116th Congress likely will pay close attention to the crisis in Venezuela and consider steps to influence the Venezuelan government's behavior in returning to democratic rule and to relieve the humanitarian crisis. The proposed United States-Mexico-Canada Agreement (USMCA) will face congressional examination and likely consideration in the 116th Congress; Congress must approve the agreement before it can enter into force. In Central America, a potential oversight issue is the effectiveness of U.S. assistance to the Northern Triangle countries related to efforts to combat insecurity, corruption, and human rights violations; of particular concern are efforts to undermine anticorruption efforts in Guatemala and Honduras, especially the Guatemalan president's action against the U.N.-backed CICIG. Congress also potentially could consider immigration legislation related to the termination of TPS for Nicaragua, Haiti, El Salvador, and Honduras and the rescission of DACA.

Other potential oversight issues for the 116th Congress include the surge in Colombian coca cultivation and cocaine production and the effectiveness of U.S. assistance focusing on counternarcotics and counterterrorism; the effectiveness of U.S. assistance to Mexico given the high level of drug trafficking-related violence in the country; how to respond to the increase in political repression and violence in Nicaragua; the extent and significance of Chinese and Russian engagement in the region and the appropriate U.S. policy response; and U.S. relations with Brazil under newly elected President Jair Bolsonaro, as well as concerns about the state of democracy and human rights in the country.

Appendix. Hearings in the 115th Congress

Table A-1. Congressional Hearings in the 115th Congress on Latin America and the Caribbean

Committee and Subcommittee	Date	Title
House Homeland Security Committee	February 7, 2017	Ending the Crisis: America's Borders and the Path to Security
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	February 28, 2017	Issues and Opportunities in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	March 28, 2017	Venezuela's Tragic Meltdown
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	May 17, 2017	Energy Opportunities in South America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	May 24, 2017	Expressing Support to the Government of Argentina for Its Investigation Into the Terrorist Bombing of The Embassy of Israel in Buenos Aires on March 17, 1992; Expressing Concern and Condemnation Over the Political, Economic, Social, And Humanitarian Crisis in Venezuela; Reaffirming A Strong Commitment to the United States-Mexico Partnership; and Nicaragua Investment Conditionality Act of 2017
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 7, 2017	Energy Opportunities in North America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 12, 2017	Advancing U.S. Interests in the Western Hemisphere: The FY2018 Budget Request
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 19, 2017	Implementing the U.S.-Caribbean Strategic Engagement Act
House Agriculture Committee	July 26, 2017	Renegotiating NAFTA: Opportunities for Agriculture
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 13, 2017	The Venezuela Crisis: The Malicious Influence of State and Criminal Actors
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	November 8, 2017	Examining the Effectiveness of the Kingpin Designation Act in the Western Hemisphere

Committee and Subcommittee	Date	Title
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	January 9, 2018	Attacks on U.S. Diplomats in Cuba: Response and Oversight
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	January 10, 2018	Upcoming Elections in the Western Hemisphere: Implications for U.S. Policy
House Committee on Oversight and Government Reform, Subcommittee on National Security	January 16, 2018	The Obama Rapprochement with the Castro Regime: The Anatomy of a Policy Failure
Senate Foreign Relations Committee	January 30, 2018	The Economic Relationship Between the United States, Canada, and Mexico
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	February 14, 2018	Advancing U.S. Interests Through the Organization of American States
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	April 10, 2018	Summit of the Americas: A Regional Strategy for Democratic Governance Against Corruption in the Hemisphere
House Homeland Security Committee, Subcommittee on the Border and Maritime Security	May 30, 2018	Stopping The Daily Border Caravan: Time To Build A Policy Wall
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	May 23, 2018	Combatting Transnational Criminal Threats in the Western Hemisphere
House Homeland Security Committee, Subcommittee on the Border and Maritime Security	May 30, 2018	An Unsecure Border And The Opioid Crisis: The Urgent Need For Action To Save Lives
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 7, 2018	Advancing U.S. Business Investment and Trade in the Americas
House Foreign Affairs Committee	July 11, 2018	Advancing U.S. Interests in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 12, 2018	Nicaraguan Crisis: Next Steps to Advancing Democracy
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 6, 2018	U.S. Policy Toward Cuba

Source: CRS, prepared by Nese F. DeBruyne, Senior Research Librarian.

Notes: See also hearing information at House Foreign Affairs Committee at https://foreignaffairs.house.gov/hearings; Senate Foreign Relations Committee at http://www.foreign.senate.gov/hearings.

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