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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; geographic proximity and economic and security conditions are major factors driving migration trends. 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 and currently focuses on Cuba and Venezuela.

Under the Trump Administration, the outlook for U.S. relations with Latin America and the Caribbean has changed. The Administration's FY2018 and FY2019 foreign aid requests for the region would significantly cut assistance compared with FY2017. On trade, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership trade agreement, an accord that would have increased U.S. economic linkages with Mexico, Chile, and Peru. The Administration is renegotiating the North American Free Trade Agreement (NAFTA) with Mexico and Canada. At times, President Trump has raised the possibility of withdrawal from NAFTA. The Administration announced it would end the deportation relief program known as Deferred Action for Childhood Arrivals (DACA), potentially affecting some 550,000 Mexicans and more than 100,000 migrants from other countries in the region. It also announced the termination of Temporary Protected Status (TPS) designations for El Salvador, Haiti, and Nicaragua, affecting more than 300,000 nationals from those countries. President Trump unveiled a new policy toward Cuba that partially rolls back U.S. efforts to normalize relations. As the situation in Venezuela has deteriorated, the Trump Administration has imposed additional targeted sanctions on individuals and broader financial sanctions on the government and is considering restrictions on oil trade.

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. Although Congress has not completed action on FY2018 foreign aid appropriations (H.R. 3362, included in House-passed H.R. 3354; and S. 1780), it is poised to not include many of the cuts proposed by the Trump Administration for the region and will soon begin consideration of the FY2019 budget request.

To date in the 115th Congress, the House has approved bills on Nicaragua and Venezuela: H.R. 1918 would require the United States to vote against any loan to Nicaragua from the international financial institutions unless the government takes steps to hold free and fair elections, and H.R. 2658 would authorize humanitarian assistance for Venezuela. Both houses also have 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, and H.Res. 145 on Central America.

Looking ahead, congressional attention to the region could focus on numerous issues, including consideration of legislation affecting DACA recipients or TPS beneficiaries; the U.S. response to the crisis in Venezuela, including a planned presidential election in May; the upcoming Summit of the Americas to be hosted by Peru on April 13-14, 2018, which the White House recently announced that President Trump would attend; the Administration's efforts to renegotiate NAFTA; Cuba's expected political transition in April 2018; upcoming presidential elections in Colombia (May), Mexico (July), and Brazil (October); the status of security partnerships with Mexico, Central America, and the Caribbean to combat transnational crime; Colombia's

implementation of its peace accord; and the role of external actors in the region, including China and Russia.

This report provides an overview of U.S. policy toward Latin America and the Caribbean during the 115th Congress. It begins with background on the region's political and economic environment and then examines U.S. policy toward the region, focusing on the Trump Administration. The report then examines selected regional and country issues, highlighting congressional interest and legislative action. An **Appendix** lists hearings on the region in the 115th Congress.

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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, at least formally, elected democracies. The threat to elected governments from their own militaries has dissipated in most countries. Free and fair elections have become the norm in the region, even though elections in some countries have been controversial and contested. In 2017, successful elections for heads of government were held in the Bahamas, Ecuador, and Chile. 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 are holding elections for head of government. These countries are Grenada, scheduled to hold parliamentary elections on March 13; Antigua and Barbuda, scheduled to hold parliamentary elections on March 21, a year earlier than due; Costa Rica, which held its first round of presidential elections on February 4 and is to hold a second round on April 1; Paraguay, on April 22; Venezuela, which initially announced presidential elections for April and then postponed them to May 20; Colombia, scheduled to hold a first presidential round on May 27; Barbados, which is due to hold parliamentary elections by May, although elections have not yet been called; Mexico, scheduled to hold presidential elections on July 1; and Brazil, scheduled to hold presidential elections in October (see **Table 1**). In addition, Cuba is set to undergo a political transition on April 19, when Raúl Castro is expected to step down from power and Cuba's legislature is expected to select a new president.

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. More recently, Peru's president survived impeachment over corruption charges in December 2017.

The quality of democracy has eroded in recent years in several countries in the region. One factor contributing to this democratic erosion is increased organized crime. Mexico and several Central American countries have been especially affected 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 the courts and electoral council to retain power. Media freedom also has 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 pictured 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 (2016, thousands)	GDP (2016, U.S. $ billions, current)	GDP Per Capita (2016, U.S. $, current)	Leader (elected/next election)
Caribbean					
Antigua & Barbuda	171	90	1.5	16,176	Gaston Browne (June 2014/ March 21, 2018)
Bahamas	5,359	368	8.7	23,671	Hubert Minnis (May 2017/May 2022)
Barbados	166	280	4.6	16,237	Freundel Stuart (Feb. 2013/by May 2018)
Belize[a]	8,867	376	1.7	4,630	Dean Barrow (Nov. 2015/by Nov. 2020)
Cuba	42,803	11,239	—[b]	—[b]	Raúl Castro (Feb. 2013/April 2018)[c]
Dominica	290	71	0.6	8,220	Roosevelt Skerrit (Dec. 2014/by Dec. 2019)
Dominican Republic	18,792	10,084	71.7	7,114	Danilo Medina (May 2016/May 2020)
Grenada	133	107	1.1	9,857	Keith Mitchell (Feb. 2013/March 13, 2018)
Guyana[a]	83,000	768	3.4	4,475	David Granger (May 2015/May 2020)
Haiti	10,714	10,848	8,2	759	Jovenel Moïse (Nov. 2016/Oct. 2021)
Jamaica	4,244	2,839	14.0	4,934	Andrew Holness (Feb. 2016/by Feb. 2021)
St. Kitts & Nevis	101	56	0.9	15,991	Timothy Harris (Feb. 2015/by Feb. 2020)
St. Lucia	238	174	1.7	9,601	Allen Chastanet (June 2016/by June 2021)
St. Vincent & the Grenadines	150	110	0.8	6,992	Ralph Gonsalves (Dec. 2015/by Dec. 2020)
Suriname[a]	63,251	564	3.6	6,430	Desiré Bouterse (May 2015/May 2020)
Trinidad & Tobago	1,980	1,367	21.1	15,459	Keith Rowley (Sept. 2015/by Sept. 2020)
Mexico and Central America					
Mexico	758,449	122,273	1,046.9	8,562	Enrique Peña Nieto ((July 2012/July 1, 2018)
Costa Rica	19,730	4,909	58.1	11,836	Luís Guillermo Solís (Feb. & April 2014/Feb. 4 & April 1, 2018)
El Salvador	8,124	6,340	26.8	4,227	Salvador Sánchez Cerén (Feb & March 2014/Feb. 2019)

Country	Area (square miles)	Population (2016, thousands)	GDP (2016, U.S. $ billions, current)	GDP Per Capita (2016, U.S. $, current)	Leader (elected/next election)
Guatemala	42,042	16,582	67.5	4,070	Jimmy Morales (Sept. & Oct. 2015/Sept. 2019)
Honduras	43,278	8,190	21.4	2,609	Juan Orlando Hernández (Nov. 2017/Nov. 2021)
Nicaragua	50,336	6,150	13.2	2,151	Daniel Ortega (Nov. 2015/Nov. 2021)
Panama	29,120	4,037	55.2	13,670	Juan Carlos Varela (May 2014/May 2019)
South America					
Argentina	1,073,518	43,600	544.7	12,494	Mauricio Macri (Oct. & Nov. 2015/Oct. 2019)
Bolivia	424,164	10,896	34.1	3,126	Evo Morales (Oct. 2014/Oct. 2019)
Brazil	3,287,957	206,101	1,798.6	8,727	Michel Temer (Oct. 2014/Oct. 2018)
Chile	291,932	18,196	247.0	13,576	Michelle Bachelet (May & June 2014/Nov. 2017) (Sebastián Piñera to be inaugurated in March 2018)
Colombia	439,736	48,748	282.4	5,792	Juan Manuel Santos (May & June 2014/May 27 & June 17, 2018)
Ecuador	109,484	6,340	97.8	5,917	Lenín Moreno (Feb. & April 2017/Feb. 2021)
Paraguay	157,048	6,855	27.4	4,003	Horacio Cartes (April 2013/April 22, 2018)
Peru	496,225	31,481	195.3	6,207	Pedro Pablo Kuczynski (April & June 2016/April 2021)
Uruguay	68,037	3,480	52.4	15,062	Tabaré Vázquez (Oct. & Nov. 2014/Oct. 2019)
Venezuela	352,144	31,029	236.4	7,620	Nicolás Maduro (April 2013/May 20, 2018)

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," October 2017. Cuba's population statistics are from Oficinia Nacional de Estadísticas e Información, República de Cuba (ONEI), "Anuario Estadístico de Cuba 2016, Población," Edición 2017.

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. Cuba is not an IMF member, so the IMF database does not include economic statistics on the country. As reported by Cuba, in 2016, the country's gross domestic product (GDP; current prices) was $91.4 billion and GDP per capita was $8,130. See ONEI, "Anuario Estadístico de Cuba 2016, Cuentas Nacionales," Edición 2017; these statistics are not presented above because they are not comparable to IMF statistics.

c. 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.

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. In Mexico, Freedom House cited revelations of extensive state surveillance against journalists and civil society activists threatening to expose public corruption. Freedom House also noted that Mexico's July 2018 legislative and presidential elections will serve as a referendum on a government that has failed to curb violence and corruption and has become increasingly hostile toward independent media and civil society activists.[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 2017 democracy index, the EIU examined 24 countries in Latin America and the Caribbean, not including 9 small English-speaking Caribbean countries. Both Cuba and Venezuela were classified as authoritarian regimes. Venezuela 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]

The EIU classified five countries in the region—Bolivia, Guatemala, Haiti, Honduras, and Nicaragua—as hybrid regimes, or countries characterized by weak rule of law, weak civil society, and, often, widespread corruption. Similar to Freedom House's evaluation, the EIU noted serious irregularities with Honduras's presidential election and Nicaragua's municipal elections, as well as with Bolivia's overriding of a 2016 referendum that rejected an extension of presidential term

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

[2] Ibid.

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

limits. The EIU also noted efforts by the Guatemalan president to impede investigations regarding corruption associated with campaign funding.

The EIU classified one country in the region, Uruguay, as a full democracy, and it classified 16 regional 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. One of the most significant problems noted in the region was corruption, with high-profile scandals rocking several countries. On a positive note, the EIU lauded improvements in Ecuador under the Moreno government, which resulted in the country's classification being upgraded from hybrid regime to flawed democracy.

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 about 1.8%, according to International Monetary Fund (IMF) statistics.[4] 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 4.7%, respectively, but growth began to decline annually after that, registering 1.2% in 2014 and 0.1% in 2015. The region was strongly affected by the global decline in commodity prices as well as by China's economic slowdown and reduced appetite for imports. The region experienced an economic contraction of 0.7% 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 its January 2018 economic forecast, the IMF estimated that economic growth in Latin America and the Caribbean increased 1.3% in 2017 and was projected to increase by 1.9% in 2018 (see **Table 2**). The recovery in Latin America is expected to strengthen because of an improved outlook for Mexico, which benefits from strong U.S. demand (although this improved outlook could be tempered by uncertainty over the North American Free Trade Agreement, or NAFTA) and a firmer recovery in Brazil and Argentina. The positive news from these countries offsets continued economic deterioration in Venezuela, where the economy contracted an estimated 12% in 2017.

Latin America made significant progress in combating poverty and inequality from 2002 through 2014. In 2002, almost 46% of the region's population was considered to be living in poverty, but by 2014 that figure had dropped to 28.5%, representing 168 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 12.4% in 2002, representing 63 million people, to 8.2% in 2014, or 48 million

[4] Economic statistics in this section are from International Monetary Fund (IMF), "World Economic Outlook Database," October 2017, and "World Economic Outlook Update," January 2018. Economic growth rates and contraction refer to percentage changes in gross domestic product (in constant price) as reported in the IMF database.

people.[5] 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, however, the poverty rate for Latin America has been increasing annually to an estimated 30.7% of the region's population in 2017, or 187 million people. Likewise, extreme poverty in Latin America has increased to an estimated 10.2% in 2017, representing 62 million people. The reversal in poverty reduction since 2015 can largely be attributed to economic setbacks in Brazil and Venezuela, both of which experienced significant declines in per capita income levels, according to the United Nations (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 the Dominican Republic, Panama, Honduras, Peru, Costa Rica, Colombia, Uruguay, and Mexico.[6] Looking ahead, as economic growth resumes in those countries that were experiencing economic downturns (with the exception of Venezuela), poverty once again should begin to decline in the region.

Table 2. Latin America and Caribbean: Real GDP Growth, 2016-2019

(annual percentage change)

	2016	2017 (est.)	2018 Projection	2019 Projection
Brazil	-3.5	1.1	1.9	2.1
Mexico	2.9	2.0	2.3	3.0
Latin America and the Caribbean	-0.7	1.3	1.9	2.6

Source: International Monetary Fund, *World Economic Outlook Update*, January 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 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 major interest of Congress for more than three decades. In recent years, 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

[5] U.N. Economic Commission for Latin America and the Caribbean, S*ocial Panorama of Latin America 2017*, December 2017.

[6] Ibid.

undemocratic practices have risen in several countries, particularly in Venezuela, which many observers characterize as descending into a dictatorship.

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.

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, Secretary of State Rex Tillerson has set forth a framework for U.S. policy toward the region that reflects continuity with long-standing U.S. objectives in the region, although the framework appears to be at odds with some of the Administration's actions, sometimes accompanied by tough rhetoric, on immigration, trade, and foreign aid.

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%).

Source: Gallup, "Rating World Leaders: 2018, The U.S. vs. Germany, China, and Russia," 2018.

In its FY2018 foreign aid request, the Trump Administration proposed deep cuts in assistance to Latin America and the Caribbean, a significant departure from past Administrations. The almost $1.1 billion requested for the region would be a 36% decrease from the $1.7 billion provided in FY2017, with bilateral assistance to some countries eliminated entirely. Similarly, for FY2019, the Administration's budget request submitted in February 2018 would cut assistance to the region by 35% compared to the FY2017 funding level.

On trade issues, President Trump ordered U.S. withdrawal from the TPP in January 2017; the accord would have increased U.S. economic linkages with Mexico, Chile, and Peru. The Administration also notified Congress in May 2017 of the President's intention to begin negotiations with Mexico and Canada to modernize NAFTA. Negotiations began in August, with six rounds to date; a seventh round began in late February 2018. With many contentious issues outstanding, President Trump has at times raised the possibility of withdrawal from NAFTA. Such an action could negatively affect current ties with Mexico and could lead other countries to question the reliability of the United States as a trade partner.

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 from elsewhere in the hemisphere). Despite tensions, overall U.S.-Mexican relations remain cooperative, including security cooperation related to drug interdiction.

On other immigration issues, the Trump Administration announced termination of Temporary Protected Status (TPS) for up to 5,300 Nicaraguans, 58,000 Haitians, and almost 263,000 Salvadorans, respectively, in January, July, and September 2019.[7] The Administration deferred a decision on the status of up to 86,000 Hondurans until July 2018. El Salvador and Haiti have expressed concerns about whether they have the capacity to receive so many people and the effects of potential deportations on their economies.

[7] 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 ongoing 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. For more information, see CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson.

In June 2017, President Trump unveiled a new policy toward Cuba that partially rolled back some of the Obama Administration's efforts to normalize relations. The most significant changes include 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 response to unexplained injuries of U.S. personnel at the U.S. Embassy in Havana.

In June 2017, the State Department issued a multiyear strategy on the Caribbean, which was 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 $22 million in immediate relief assistance to several Caribbean countries and foreign territories.

As the political and economic situation in Venezuela has deteriorated, the Trump Administration has imposed targeted sanctions on an additional 44 Venezuelan officials for actions that undermine democracy, human rights violations, and public corruption, bringing the total number of individuals sanctioned for these reasons to 51. The Administration imposed broader financial sanctions in August 2017, restricting the Venezuelan government's access to the U.S. financial markets, with some exceptions. More recently, in his trip to several Latin American countries in February 2018, Secretary of State Tillerson reportedly raised the possibility of imposing stronger sanctions against Venezuela, including a potential embargo on oil trade with Venezuela.[8]

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 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.[9]

As the Trump Administration entered its second year, Secretary of State Tillerson set forth a framework for U.S. engagement in the Western Hemisphere in a February 1, 2018, speech ahead of his trip to Mexico, Argentina, Peru, Colombia, and Jamaica. Secretary Tillerson focused on three pillars for U.S. engagement—economic growth, security, and democratic governance.[10] These three pillars have been long-standing U.S. policy objectives in Latin America and the Caribbean and match up with three of the Obama Administration's four policy priorities for the region (with the exception of securing a clean energy future).

- With regard to economic growth, Secretary Tillerson acknowledged the importance of NAFTA for the U.S. economy and those of Mexico and Canada but emphasized the need to modernize an agreement that was put in place 30 years ago. He noted that the U.S. goal is to strengthen the economies of North America so that the hemisphere will "remain the most competitive, economically vibrant region in the world." Tillerson also called for the integration of energy resources to increase energy security in the hemisphere and contribute to growing

[8] Tracy Wilkinson, "Tillerson Works to Raise Pressure on Venezuela," *Chicago Tribune*, February 8, 2018.

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

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

economies. He said he envisions the United States becoming a reliable supplier of natural gas for the region.

- With regard to security, Secretary Tillerson spoke of the need to create the conditions for regional stability, maintaining that economic development and security reinforce each other. He said that the U.S. approach is holistic and that security and development issues need to be addressed side by side. Similar to Vice President Pence, he asserted that "the most immediate threat to our hemisphere are transnational criminal organizations (TCOs)" involved in the smuggling of drugs, weapons, and people. He acknowledged U.S. responsibility for its role as the major market for illicit drug consumption. In terms of security cooperation with the region, he spoke of the ongoing high-level dialogue with Mexico to discuss ways to disrupt TCOs and the various ongoing U.S. security partnerships with Mexico, Colombia, Central America, and the Caribbean.
- With regard to democratic governance, Secretary Tillerson spoke out about Venezuela and Cuba. He urged Venezuela to return to its constitution and to hold free, open, and democratic elections, and he vowed to continue to pressure the Maduro regime to return to the democratic process. In response to a question, Tillerson raised the prospect of the Venezuelan military stepping in to manage a peaceful transition; this was a controversial and politically sensitive comment in Latin America, where there have been numerous historical cases in which militaries have ousted civilian governments, leading to periods of harsh military rule and dictatorship. On Cuba, Secretary Tillerson said that the country has an opportunity to take a new direction and move toward a more open and democratic future when the transition to a post-Castro government occurs in April 2018. More broadly, Secretary Tillerson spoke out against corruption, its corrosive effects on democratic institutions, and its negative influence on economies; he lauded anti-corruption steps taken by several Latin American countries.

Secretary Tillerson ended his speech warning "against potential actors that are now showing up in our hemisphere," specifically referring to China and Russia. In a shift from previous U.S. Administrations, Tillerson spoke out strongly against China's "foothold in Latin America," where he maintained China was "using economic statecraft to pull the region into its orbit." He asserted that the region does not need "new imperial powers that seek only to benefit their own people." China's foreign ministry spoke out strongly against Tillerson's speech, maintaining that China's cooperation with Latin America is based on common interest and mutual needs and does not threaten third parties.[11]

On Russia, Secretary Tillerson asserted in his speech that "Russia's growing presence in the region is alarming." He cited Russia's sales of arms and military equipment "to unfriendly regimes who do not share or respect democratic values." In late 2017, National Security Adviser H. R. McMaster raised concerns about Russia's meddling in Mexico's upcoming July 2018 elections.[12] Notably, the Trump Administration's first National Security Strategy, issued in December 2017, cautioned about Chinese and Russian engagement in Latin America. It noted that

[11] "China Accuses U.S. of Disrespect after Latin America Comments," Reuters, February 2, 2018.

[12] David Alire Garcia and Noe Torres, "Russia Meddling in Mexican Election: White House Aide McMaster," Reuters, January 7, 2018.

both countries "support the dictatorship in Venezuela" and "are seeking to expand military linkages and arms sales across the region."[13]

In some respects, the objectives and activities advanced by Secretary Tillerson in his 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 significantly reduce U.S. foreign assistance to the region. In particular, some observers argue that China's increased engagement with Latin America has been made easier by U.S. disengagement from the region under the Trump Administration, marked by such actions as withdrawal from the TPP trade agreement and efforts to reduce U.S. foreign assistance significantly. As noted above, positive views in the region of U.S. leadership dropped in 2017, influenced by 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.

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.

Although the 115th Congress has not completed action on FY2018 appropriations, it is poised to not include many of the cuts proposed by the Trump Administration's foreign aid budget request that would have significantly reduced assistance to the region. Both the House and the Senate foreign-aid appropriations bills, H.R. 3362 (included in House-passed H.R. 3354, an FY2018 omnibus appropriations bill) and S. 1780, would fund aid to key countries and regional programs approaching or at FY2017 aid levels. Nevertheless, these bills and accompanying reports do not specify or protect assistance levels for all countries and programs in the region that were funded in FY2017. H.R. 3354 also includes several provisions tightening economic sanctions on Cuba that had been included in several House appropriations bills.

The House approved bills on Nicaragua and Venezuela in 2017. H.R. 1918, approved in October, would require the United States to vote against any loan from the international financial institutions benefiting Nicaragua, except to address basic human needs or promote democracy; S. 2265, a similar bill, was introduced in December. H.R. 2658, approved in December, would, among its provisions, authorize humanitarian assistance for Venezuela; S. 1018, a similar bill, was introduced in May.

Both houses approved several resolutions in 2017 on U.S. policy toward the region.

- 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 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 agreed to H.Res.

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

336 in December 2017, reaffirming its strong commitment to a bilateral partnership based on mutual respect.

- On Argentina, the House agreed to 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 agreed to H.Res. 145 in May 2017, which reaffirmed that combating corruption in El Salvador, Guatemala, and Honduras is an important U.S. policy interest.

Looking ahead, congressional attention on the region during the remainder of the 115th Congress could focus on numerous issues, including consideration of legislation affecting DACA recipients and TPS beneficiaries; the U.S. response to the continuing political and economic crises in Venezuela; the Administration's efforts to renegotiate NAFTA (a renegotiated agreement requiring significant changes to U.S. law would require congressional approval); Cuba's expected political succession in April, with Raúl Castro stepping down as president; presidential elections in 2018 in key countries such as Colombia in May, Mexico in July, and Brazil in October; the status of security partnerships with Mexico, Central America, and the Caribbean to combat transnational crime; Colombia's implementation of its peace accord; the role of external actors in the region, including China and Russia; and the April 13-14, 2018 Summit of the Americas in Peru (with the theme of "Democratic Governance Against Corruption"), which the White House recently announced that President Trump will attend. Congress faces completion of FY2018 appropriations and will soon begin consideration of the President's FY2019 budget request that was delivered to Congress on February 12, 2018.

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 year, the Trump Administration has sought to reduce foreign aid significantly and refocus assistance efforts in the region to address U.S. domestic concerns, such as irregular migration and transnational crime.

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 (Request)	FY2019 (Request)
1.86	1.82	1.68	1.48	1.58	1.71	1.71	1.09	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; U.S. Department of State, "FY2017 653(a) All Spigots Final," August 9, 2017.

The Trump Administration requested $1.1 billion to be provided to Latin America and the Caribbean through foreign assistance accounts managed by the State Department and the U.S. Agency for International Development (USAID) in FY2018, which would be $614 million, or

36%, less than the $1.7 billion of assistance provided to the region in FY2017 (see **Table 3**). The Administration also proposed the elimination of the Inter-American Foundation (IAF), a small, independent U.S. foreign assistance agency that promotes grassroots development in Latin America and the Caribbean. The proposed cuts in assistance to the region are slightly larger than those proposed for the global foreign operations budget, which would decline by 31% compared to FY2017. If the Administration's budget proposal were enacted, foreign assistance funding for Latin America and the Caribbean would be lower than any year since FY2001 (in nominal terms).

Congressional Action: The 115th Congress has pushed back on the Administration's proposed cuts but has yet to pass a full-year foreign assistance appropriations bill for FY2018. Instead, Congress has enacted a series of short-term continuing resolutions (P.L. 115-56, P.L. 115-90, P.L. 115-96, P.L. 115-120, and P.L. 115-123). The most recent stopgap measure, signed into law on February 9, 2018, funds most foreign aid programs at the FY2017 level, reduced by 0.6791%, until March 23, 2018.

As Congress considers appropriations for the remainder of the fiscal year, it may draw from the Department of State, Foreign Operations, and Related Programs appropriations bills for FY2018 that were passed by the House (H.R. 3362, H.Rept. 115-253, which was included as Division G of House-passed H.R. 3354) and reported in the Senate (S. 1780, S.Rept. 115-152). The bills and their accompanying reports do not specify appropriations levels for every Latin American and Caribbean nation. Nevertheless, the amounts the measures would designate for key U.S. initiatives in Colombia, Mexico, and Central America exceed the Administration's request significantly. Both measures also would reject the Administration's proposal to close the IAF.

Following enactment of appropriations legislation for the remainder of FY2018, Congress will begin to consider the Administration's FY2019 budget request, which would cut assistance to the region by 35% from that provided in FY2017 and would consolidate the IAF into USAID. Congress also may continue to carry out oversight of the implementation and effectiveness of U.S. foreign aid programs in Latin America and the Caribbean.

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 90% of cocaine in the United States, reached record levels in 2016.

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.

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 80% of U.S.-bound cocaine passes, continue to suffer from overstrained criminal justice systems and overwhelmed law enforcement and border control agencies. Moreover, government corruption, entrenched by deeply influential 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 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. 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 (also see "Colombia," below). Colombia's decisions to end aerial fumigation and minimize forced eradication have caused some tensions with U.S. officials concerned about rising cocaine production.

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 unprecedented bilateral security cooperation with Mexico; CARSI; and the 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.

President Trump and Attorney General Jeff Sessions also have prioritized combating gangs, namely the MS-13, which the Department of Justice has named a top priority for U.S. law enforcement agencies that participate in the Organized Crime Drug Enforcement Task Forces. The importance of combating gangs, particularly MS-13, was a central focus of Attorney General Session's July 2017 visit to El Salvador. U.S. law enforcement agencies, in cooperation with vetted units in Central America that are funded through CARSI, have brought criminal charges against thousands of MS-13 members in the United States.

Congressional Action: The 115th Congress has held hearings on opioids, which have included consideration of heroin production in Mexico, as well as on Colombia's peace process and how it relates to drug policy. In March 2017, the Senate passed S.Res. 83 calling for U.S. support for Mexico's efforts to combat fentanyl. Both the House and the Senate Appropriations Committees' versions of the FY2018 foreign aid appropriations bills (H.R. 3362, included in House-passed

H.R. 3354, and S. 1780) largely would maintain funding for the aforementioned security partnerships and would continue to address the underlying conditions that contribute to crime and violence in addition to antidrug efforts. Congress is likely to continue funding and overseeing counternarcotics and anti-gang programs as well as considering 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 anti-gang efforts.

For additional information, see CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2018*, 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 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. Despite challenges such as diplomatic tensions, high levels of violence in some countries in the region, and the Trump Administration's initiative to renegotiate NAFTA, economic relations between the United States and most of its trading partners in the region remain strong. The United States accounts for roughly 33% of the Latin American and Caribbean region's imports and 46% of its 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. exports to Latin America and the Caribbean were valued at $393.2 billion and U.S. 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 it established trade-liberalization commitments that led the way in setting new rules and disciplines for 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 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.

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 renewed in June 2015, under the Trade Preferences Extension Act (P.L. 114-27), which authorized GSP until the end of 2017. Most countries in the region also belong to the World Trade Organization (WTO) and are engaged in WTO multilateral trade negotiations.

In a shift in U.S. trade policy toward the region and other parts of the world, President Trump has expressed the view that FTAs are detrimental for U.S. workers and lead to poor outcomes. 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. President Trump's withdrawal from the proposed TPP, an FTA that included Mexico, Peru, and Chile as signatories, signifies another change to U.S. trade policy. These actions may affect U.S. influence in the region, especially because other countries continue to pursue trade agreements. The other TPP signatories have concluded negotiations on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which essentially would bring a modified TPP into effect. It is uncertain how the increasing number of trade arrangements among major Latin American economies or the outcome of the NAFTA renegotiations may affect the future of U.S. trade relations or U.S. trade policy in the region.

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, faces numerous trade policy issues related to the renegotiation and modernization of NAFTA; a renegotiated agreement necessitating substantial changes to U.S. law would require congressional approval. Lawmakers may take an interest in the outcome of NAFTA and how it may affect U.S. influence in the region. They also may consider how the increase in trade initiatives among Latin American countries might affect U.S. industries and trade with the region. If countries such as Mexico, Chile, Colombia, and Peru continue trade and investment liberalization efforts with other countries, it may open the door to more trade and investment from Argentina, Brazil, or possibly China and other Asian countries, which may affect U.S. exports. Policymakers also may consider how NAFTA renegotiations are perceived by the region and whether they may affect multilateral trade issues and cooperation on matters regarding security and migration. Energy reform in

Mexico and the implications for U.S. trade and investment in energy also may be of interest to Congress.

For additional information, see 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 IF10000, *TPP: Overview and Current Status*, by Brock R. Williams and Ian F. Fergusson; and CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.

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, including border and interior enforcement, significantly affect conditions in the region as well as U.S. influence and the effectiveness of U.S. policy initiatives across the region. Latin Americans also make up the vast majority of unauthorized migrants who have received relief from removal (deportation) through the TPS and DACA programs.[14] As a result, President Trump's executive actions on increasing immigration enforcement and constructing a border wall; the Administration's decisions to end TPS for Haiti, El Salvador, and Nicaragua; and the announced phaseout of the DACA initiative have concerned many countries in the region.

The factors that have driven U.S.-bound migration from Latin America are many, and they appear to be influenced by a combination of country conditions and changes in U.S. immigration policies. These factors include familial ties, poverty and unemployment, political and economic instability, natural disasters, proximity (including a shared 2,000-mile border with Mexico), and crime and violence. For example, Venezuela's political and economic crises have recently made it a top country of origin among U.S. asylum seekers. Unauthorized emigration from Mexico has declined since 2007, whereas unauthorized immigration of families and unaccompanied children from Central America's "northern triangle" countries (El Salvador, Guatemala, and Honduras) surged in mid-2014 and has remained at elevated levels since.

Apprehensions of, and encounters with, unauthorized migrants at the southwestern U.S. border declined by 44% during President Trump's first year in office compared to 2016.[15] Many analysts maintain that this decline has been in part due to President Trump's rhetoric against unauthorized migration and executive actions on immigration enforcement. Despite those changes, apprehensions and encounters have risen since August 2017, as difficult conditions in countries such as El Salvador, Guatemala, and Honduras continue to fuel emigration. Analysts maintain that sustainable reductions in those flows, which include asylum seekers, would require the countries of origin and the international community to take steps to address the poor security and economic conditions causing Central Americans to migrate.

[14] For more on TPS, see footnote 7. The Obama Administration implemented the Deferred Action for Child Arrivals (DACA) program in 2012 to provide work authorization and administrative relief from immigration enforcement action to certain unlawfully present foreign nationals who entered the United States as children. On January 9, 2018, the U.S. District Court for the Northern District of California issued a nationwide preliminary injunction in the case of Regents of University of California v. U.S. Department of Homeland Security limiting the DACA phaseout to aliens not yet enrolled in DACA. For more information, see CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno, and CRS Legal Sidebar LSB10057, *District Court Enjoins DACA Phase-Out: Explanation and Takeaways*, coordinated by Hillel R. Smith and Ben Harrington.

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

Since the 1990s, increased U.S. border enforcement and immigration control efforts by Mexico, as well as insecurity in the Mexico and Central America transit zone traversed by many unauthorized migrants, has made unauthorized entry into the United States more difficult and expensive. Most migrants rely on alien smugglers (*coyotes*), many of whom collude with Mexican criminal groups, to transit Mexico and cross the U.S. border. Migrants have been vulnerable to kidnapping, human trafficking, and other abuses.

Latin American governments have supported the enactment of immigration reform in the United States that would normalize the status of unauthorized immigrants and create guest worker programs to facilitate circular migration. In the absence of legislative action on comprehensive reform, governments welcomed President Obama's 2012 executive action that created DACA, which provided temporary relief from removal and work authorization to certain unauthorized migrants—about 95% of whom were born in Latin America (75% were born in Mexico)—who were brought to the United States as children. The Mexican government has expressed hope that the U.S. Congress will develop a solution to resolve the phased ending of the DACA initiative, but it also has said that it would welcome and provide support to any DACA enrollees who may be deported.

Mexico and the northern triangle countries, which received approximately 90% of the 226,119 individuals removed in FY2017, have expressed concerns about potential large-scale removals that could overwhelm their capacity to receive and reintegrate migrants.[16] Central American countries also are concerned about the potential for increased removals of gang suspects with criminal records exacerbating security problems in their countries and the potential for reductions to remittances that make economic challenges more difficult. Mexico and the northern triangle countries have stepped up services at their U.S. consulates to provide legal and other services to those who might be affected by changes in U.S. immigration policies.

Congressional Action: In recent years, Congress has appropriated foreign assistance to help address some of the factors fueling migration from Central America and to support Mexico's migration management and border security efforts. It would continue such assistance, as reflected in FY2018 foreign aid appropriations bills in both houses. The 115th Congress also is considering the amount and type of funding to provide for border infrastructure (including what President Trump has described as a border wall), but the FY2018 appropriation remains unclear. It is also uncertain how and whether Congress may consider legislation affecting DACA recipients.[17] A range of proposals related to TPS have been introduced in the 115th Congress, either to extend it, limit it, adjust some TPS holders to lawful permanent resident status, or make TPS holders subject to expedited removal.

For additional information, see CRS Report R42917, *Mexico: Background and U.S. Relations*, by Clare Ribando Seelke; CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke; CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno; CRS Legal Sidebar LSB10057, *District Court Enjoins DACA Phase-Out: Explanation and Takeaways*, by Michael John Garcia; and CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson.

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

[17] The White House, "Fact Sheet: White House Framework on Immigration Reform & Border Security," January 25, 2018.

Corruption

Transparency International's Corruption Perceptions Index (CPI) for 2016 found that respondents in most Latin American countries believed corruption was increasing. This perception is fueling civil society efforts to combat corrupt behavior and demand government accountability. Corruption also is likely to be a central theme in elections across the region in 2018. 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.

CPI's 2016 global survey found that in the 20 Latin American nations polled, politicians, political parties, and police were viewed 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. Corruption scandals affecting top-level politicians have touched every region of Latin America. 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 over more than two decades, producing fallout in several countries, including Colombia, the Dominican Republic, Ecuador, Panama, and Peru.[18]

In Mexico, the costs of corruption have been estimated to reach as much as 5% of gross domestic product each year. Mexico's long-dominant Institutional Revolutionary Party is now so linked with corruption that it may be hobbled in the 2018 national elections. Civil society activists continue to push for anti-corruption reforms. The 2014 disappearance and execution of 43 Mexican students in the state of Guerrero, with the involvement of local officials and municipal and national police, sparked an anti-corruption movement that pressured Mexican President Enrique Peña Nieto to back the introduction of a National Anti-Corruption System. Despite passage of an anti-corruption law in 2015, the Mexican Congress has not yet appointed an independent prosecutor, which is seen by many as a crucial centerpiece of the reform.

Venezuela scored lowest among the 20 countries surveyed in the region in the 2016 CPI assessment. Congress has supported the applications of targeted sanctions against Venezuelan officials involved in public corruption, drug trafficking, and money laundering offenses, in addition to human rights abuses and antidemocratic actions.

U.S. assistance has supported anti-corruption efforts in Central America. Since FY2016, some U.S. foreign assistance to the region has been subject to several conditions, including anti-corruption efforts by recipient governments. Analysts maintain that economic and security programs tend not to achieve their goals when government institutions are marred by corruption. U.S. assistance has also supported multilateral efforts to address corruption in Guatemala and Honduras. The International Commission against Impunity in Guatemala (CICIG), backed by the U.N., was formed to help Guatemala dismantle illegal groups; it 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

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

to establish a similar organization, the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH).

Congressional Action: In addition to conditioning U.S. assistance, supporting anti-corruption efforts and training for police and justice personnel, and supporting the Administration's use of targeted sanctions, Congress could be overseeing changes to NAFTA that seek to fight public corruption. U.S. objectives in the NAFTA negotiations include anti-corruption measures and efforts to increase transparency. 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 anti-corruption 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.

For additional information, see CRS In Focus IF10802, *Spotlight on Public Corruption in Latin America*, by June S. Beittel, and CRS country reports, such as CRS Report R42580, *Guatemala: Political and Socioeconomic Conditions and U.S. Relations*, by Maureen Taft-Morales, and CRS Report RL34027, *Honduras: Background and U.S. Relations*, by Peter J. Meyer.

Selected Country and Subregional Issues

Argentina

Current President Mauricio Macri—the leader of the center-right Republican Proposal and the candidate of the Let's Change coalition representing center-right and center-left parties—won the 2015 presidential 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.

President Macri moved swiftly after his December 2015 inauguration to usher in a series of policy changes. Among its economic policy changes, the Macri government lifted currency controls; eliminated or reduced taxes on agricultural exports; and reduced electricity, water, and heating gas subsidies. The 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 economic adjustment measures resulted in a 2.2% economic contraction in 2016, the economy grew by an estimated 2.8% in 2017. In the foreign policy arena, the Macri government has improved relations with neighboring Brazil and Uruguay and with the pro-market countries of the Pacific Alliance.[19] It has been deeply critical of the antidemocratic actions of the Maduro government in Venezuela.

In Argentina's 2017 midterm legislative elections, in which one-third of the Senate and one half of the Chamber of Deputies were at stake, Macri's Let's Change coalition made significant gains, although it did not win a majority in either chamber.

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

[19] The Pacific Alliance is a regional economic integration initiative begun by Chile, Colombia, Mexico and Peru in 2016. For background, see CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.

technology. Under the Kirchner governments, there were periodic tensions in relations. Macri's election brought to power a government that has demonstrated a commitment to improved bilateral relations. The Obama Administration moved swiftly to engage the Macri government on a range of bilateral, regional, and global issues. President Obama traveled to Argentina in March 2016 for a state visit that increased cooperation in trade and investment, renewable energy, climate change, and citizen security.

Strong bilateral relations continue under the Trump Administration. President Macri visited the White House in April 2017, with the two leaders discussing ways to deepen relations in such areas as trade and investment, efforts to combat illicit trafficking and financing, cyber policy, and the situation in Venezuela. Vice President Pence visited the country in August 2017. On trade issues, U.S. officials have raised concerns for a number of years about Argentina's intellectual property rights protection and various restrictions on U.S. imports, although an agreement was reached in August 2017 to allow U.S. pork exports to enter the Argentine market. For several years, Argentina has been interested in access to the U.S. market for fresh beef and lemons. In December 2017, President Trump restored U.S. trade preferences to Argentina under the GSP; these trade preferences had been suspended in 2012.[20]

Congressional Action: U.S.-Argentine relations largely have been an oversight issue for Congress. In the aftermath of Macri's election key Members of Congress urged the Obama Administration to prioritize 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 undertaking far-reaching economic reforms. In June 2017, the Senate Committee on Foreign Relations reported a similar resolution, S.Res. 18.

Another congressional interest has been Argentina's progress in investigating two terrorist bombings in Buenos Aires—the 1992 bombing of the Israeli embassy and the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA)—as well as the 2015 death of the AMIA special prosecutor, Alberto Nisman. H.Res. 201, reported by the House Foreign Affairs Committee in May 2017, would express support for Argentina's investigation of the bombings. Two resolutions, S.Res. 354 and H.Res. 704, introduced in December 2017 and January 2018, respectively, would commend the work and life of Alberto Nisman and call for a swift and transparent investigation into his death.

For additional information, see CRS Report R43816, *Argentina: Background and U.S. Relations*, by Mark P. Sullivan and Rebecca M. Nelson.

Brazil

As a large country with 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 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.

[20] The overall Generalized System of Preferences (GSP) program expired at the end of the 2017, however, and would need to be reauthorized by Congress to continue. For background, see CRS Report RL33663, *Generalized System of Preferences (GSP): Overview and Issues for Congress*, by Vivian C. Jones.

Over the past several years, however, Brazil has struggled to emerge from a series of domestic crises. The economy contracted by more than 7% from 2015 to 2016, according to the IMF, due to a decline in global commodity prices and the government's economic mismanagement. Although growth returned in 2017, unemployment remains relatively high and several million Brazilians who joined the middle class during the boom years have fallen back into 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 has fueled discontent with the country's political class, which has been exacerbated by rising violence, public health emergencies, and the enactment of unpopular economic reforms under President Michel Temer. These conditions have created a high level of uncertainty as Brazil prepares to hold presidential and legislative elections in October 2018.

The United States traditionally has enjoyed robust political and economic relations with Brazil. Nevertheless, the relationship has been strained from time to time as the countries' independent foreign policies and occasionally divergent national interests have led to disagreements. There has been considerable continuity in U.S.-Brazilian relations over the past two years despite changes in government in both countries. Bilateral dialogues to coordinate policies on defense, energy, trade, global affairs, and other issues have continued, as have research partnerships, such as a joint effort to develop a Zika virus vaccine. In September 2017, President Trump met with President Temer and other regional leaders to discuss the political and economic crises in Venezuela.

Congressional Action: Some Members of the 115th Congress have taken interest in several issues in U.S.-Brazilian relations, including agricultural trade. Following a scandal in which Brazilian meat-packing companies were found to have bribed food inspectors to approve the sale of tainted meat, a measure was introduced in the Senate, S. 688, to suspend beef and poultry imports from Brazil for 120 days. Some Members also called on the Administration to take action, and the U.S. Department of Agriculture ultimately suspended all imports of fresh beef from Brazil. As Congress considers the 2018 farm bill reauthorization, it may debate changes to U.S. cotton support programs that could reignite a WTO dispute with Brazil that dates to 2002 and was resolved in 2014.

The 115th Congress also has expressed support for bilateral environmental cooperation efforts. In the reports accompanying their FY2018 foreign aid appropriations bills (S.Rept. 115-152 and H.Rept. 115-253), the Senate and House Appropriations Committees recommended allocating $10 million and $10.5 million, respectively, to conservation programs in the Brazilian Amazon. Final action on FY2018 appropriations is pending.

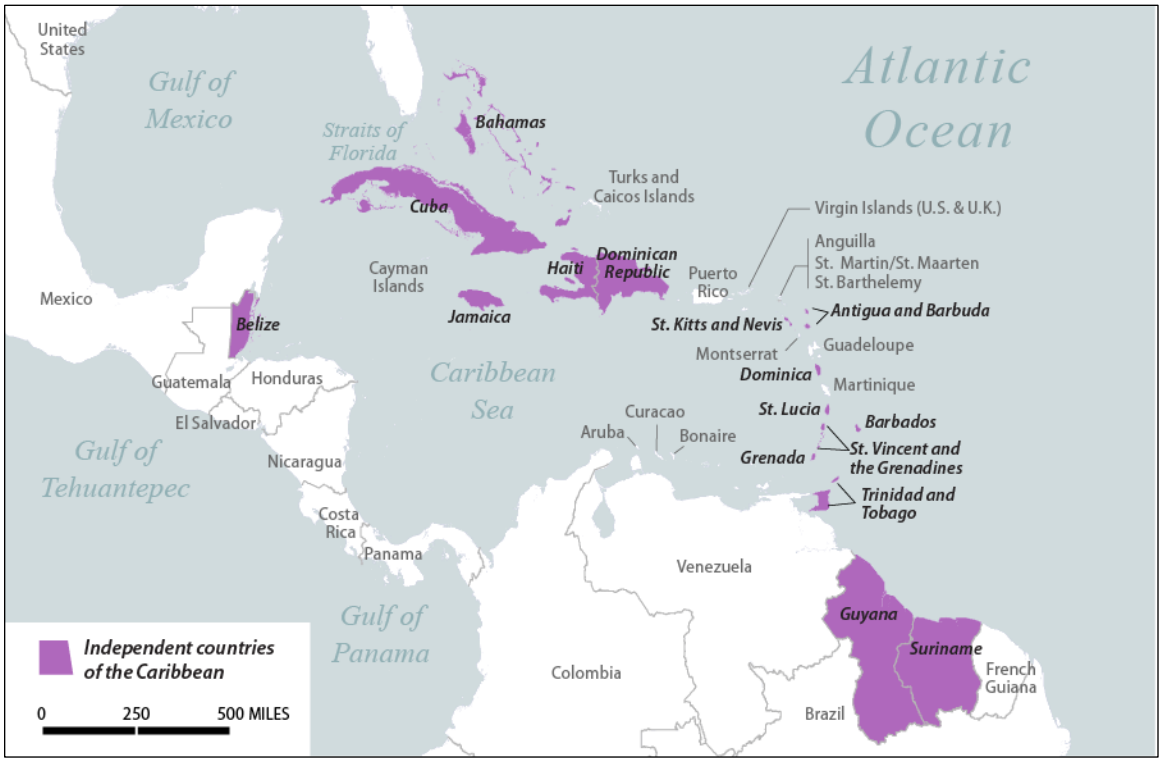
For additional information, see CRS Report RL33456, *Brazil: Background and U.S. Relations*, by Peter J. Meyer; CRS In Focus IF10447, *U.S.-Brazil Trade Relations*, by M. Angeles Villarreal; CRS Report R43336, *The WTO Brazil-U.S. Cotton Case*, by Randy Schnepf; and CRS In Focus IF10373, *Fresh Beef Import Rules for Brazil and Argentina*, by Joel L. Greene.

Caribbean

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) that established a framework to strengthen U.S.-Caribbean relations in six priority areas: security, with the objectives of countering transnational crime and terrorist organizations and advancing citizen security; diplomacy, with the goal of increasing institutionalized engagement to forge greater cooperation at the OAS and U.N.; prosperity, including the promotion of sustainable economic growth and private sector-led investment and development; energy, with the goals of increasing U.S. exports of natural gas and the use of U.S. renewable energy technologies; education, focusing on increased exchanges for students, teachers, and other professionals; and health, including a focus on long-standing efforts to fight infectious diseases such as HIV/AIDS and Zika.

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.

Because of their geographic location, many Caribbean nations are vulnerable to being used 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 FY2017,

Congress appropriated some $500 million for the CBSI, including $57.7 million in FY2017. 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.[21]

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 buildings and severe damage to the agricultural sector. In the aftermath of the hurricanes, the United States provided almost $22 million in emergency assistance 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).[22]

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. Both the House and the Senate versions of the FY2018 foreign aid appropriations measure would continue funding at roughly the same level as in FY2017. The report to the Senate Appropriations Committee's version of the FY2018 foreign aid appropriations bill, S. 1780 (S.Rept. 115-152), would recommend $2 million for the CESI to enhance efforts by nations to achieve greater energy independence from Venezuela. 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; and CRS In Focus IF10666, *The Bahamas*, by Mark P. Sullivan. Also see sections on "Cuba" and "Haiti," below.

Central America

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-

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

[22] U.S. Agency for International Development, "Caribbean – Hurricanes," Fact Sheet #6, Fiscal Year 2018, November 17, 2017.

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 $1.4 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.

Figure 3. Map of Central America

Source: CRS Graphics.

Note: The "northern triangle" countries of El Salvador, Guatemala, and Honduras are pictured in orange.

The Trump Administration has maintained the U.S. Strategy for Engagement in Central America but has sought some significant changes in U.S. policy toward the region. The Administration's FY2018 budget proposal would cut assistance to Central America by 30% compared to FY2017 and would shift the balance of the remaining aid toward security efforts and away from governance and economic growth programs.

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 expanded interior enforcement, the phaseout of the DACA program, and the termination of TPS for Nicaraguans and Salvadorans. Central American governments are

concerned that these policies could lead to an increase in deportations and a reduction in remittances, which could exacerbate poverty and instability in the region.

Conditions and U.S. policy concerns vary by country

El Salvador

El Salvador faces significant security challenges. Although homicides have declined since 2015, El Salvador continues to have the highest homicide rate in Central America. Moreover, killings of security forces by gangs and killings of gang suspects by police have escalated over the past two years. Polarization between the leftist Farabundo Marti National Liberation administration of President Salvador Sánchez Cerén and the conservative Nationalist Republican Alliance-dominated legislature has hindered the Salvadoran government's ability to address these challenges. This polarization is increasing as March 2018 legislative elections approach.

Guatemala

Democratically elected civilians have governed Guatemala for more than 30 years, but democratic institutions remain fragile due to high levels of impunity, drug trafficking, corruption, and inequitable distribution of resources. Nonetheless, state institutions have investigated and arrested high-level officials, including a sitting president in 2015. President Jimmy Morales, who ran on an anti-corruption platform, took office in January 2016. Since August 2017, Guatemala's attorney general and the U.N.-backed International Commission against Impunity in Guatemala (CICIG) have sought to lift the president's immunity from prosecution as they investigate alleged violations of campaign finance laws and bonuses paid to him by the military. Tensions in Guatemala have increased since President Morales tried to expel the head of CICIG and the Guatemalan Congress voted twice not to remove Morales's immunity. Some observers are concerned that the Guatemalan government may seek to hamper anti-corruption efforts with the scheduled selection of a new Attorney General in May 2018.

Honduras

President Juan Orlando Hernández of the conservative National Party (PN) was inaugurated to a second term in January 2018 following a controversial election that international observers contend was plagued by "irregularities, mistakes, and systemic problems."[23] Although the OAS Secretary General called for new elections to be held, most governments in the Western Hemisphere, including the Trump Administration, accepted the official election results. The political opposition in Honduras has refused to recognize Hernández as the legitimate president, and more than 30 protesters have been killed by Honduran security forces in postelection violence. The disputed election has reexposed deep divisions in Honduran society that emerged in the aftermath of a 2009 coup. It also has raised concerns about the extent to which Hernández and the PN have consolidated control over Honduran institutions; following the election, the PN-controlled Congress enacted legislation that effectively obstructed efforts by the Honduran attorney general and the OAS-backed Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH) to investigate high-level government corruption. Nevertheless, Hernández continues to enjoy the support of some sectors of Honduran society and the international community as a result of his business-friendly economic policies and cooperation on security matters.

[23] Organization of American States (OAS), *Second Preliminary Report of the OAS Electoral Observation Mission in Honduras*, December 17, 2017.

Nicaragua

Nicaragua began to establish a democratic government in the early 1990s after decades of dictatorships and the end of its civil war. Democratic space has narrowed, however, as the Sandinista National Liberation Front and its leader, Daniel Ortega, have consolidated control over the country's institutions. Ortega won the presidency in 2006 and was reelected in 2011 and 2016, but his government has grown increasingly authoritarian. For many Nicaraguans, Ortega's authoritarian tendencies appear to be outweighed by populist economic measures that have improved their standard of living. Similarly, for many in the international community, the relative stability in Nicaragua seems to outweigh Ortega's antidemocratic actions.

Congressional Action: The 115th Congress has continued to demonstrate support for the U.S. Strategy for Engagement in Central America. The House Appropriations Committee's FY2018 State Department and Foreign Operations appropriations bill, H.R. 3362 (incorporated into the House-passed full-year FY2018 omnibus appropriations bill, H.R. 3354) would provide $615 million for the Central America strategy, which is $155 million more than the Administration requested but $40 million less than Congress appropriated for the initiative in FY2017. The Senate Appropriations Committee's State Department and Foreign Operations bill, S. 1780, would provide $600 million to continue implementation of the Central America strategy, which is $140 million more than requested but $55 million less than was provided in FY2017. For FY2019, the Administration requested almost $436 million for the Central America strategy. Two other bills, H.R. 4796 and S. 2367, introduced in January and February 2018, respectively, include provisions intended to improve the effectiveness of the Central America strategy.

Congress also has continued to express support for anti-corruption efforts in the region. In May 2017, the House adopted a resolution, H.Res. 145, that recognizes the anti-corruption efforts of CICIG, MACCIH, and the attorneys general of El Salvador, Guatemala, and Honduras and calls on the northern triangle governments to provide the attorneys general with the support, resources, and independence they need to carry out their responsibilities. Likewise, the FY2018 State Department and Foreign Operations appropriations bills discussed above would maintain the anti-corruption withholding conditions enacted in previous years and would provide assistance directly to CICIG, MACCIH, and all three attorneys general. Beyond legislation, some Members of Congress have met with the attorneys general and CICIG and MACCIH officials and have released numerous letters and other communications supporting their work.

Other bills under consideration in the 115th Congress are intended to incentivize policy changes in particular Central American countries. In October 2017, the House of Representatives passed H.R. 1918, which would oppose loans at international financial institutions for the government of Nicaragua unless the government was taking effective steps to hold free elections, combat corruption, and implement other reforms; a Senate version of the bill, S. 2265, was introduced in December 2017. Two other bills would make aid to Honduras contingent on the country's progress in addressing congressional concerns: H.R. 1299, introduced in March 2017, would suspend security assistance to Honduras until the country meets strict human rights conditions, and H.R. 3237, introduced in July 2017, would withhold most U.S. assistance to Honduras until the country has settled outstanding commercial disputes with U.S. citizens.

For additional information, see CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke; CRS In Focus IF10394, *Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by M. Angeles Villarreal; 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; CRS Insight IN10831, *Contested Elections in Honduras*, by Peter J. Meyer; and CRS Report R44560, *Nicaragua: In Brief*, by Maureen Taft-Morales.

Colombia

The United States has a close relationship with Colombia that has grown into a strategic partnership. Colombia is the third-most-populous country in Latin America and has endured the region's longest-running armed conflict. Illicit drugs, primarily cocaine and heroin, intensified the multisided conflict, providing resources to left-wing guerrillas and right-wing paramilitaries for decades. President Juan Manuel Santos, first elected in 2010, made achieving peace the central goal of his two terms in office. To implement his goal, the Colombian government engaged in intense, formal peace talks from 2012 to 2016 with the Revolutionary Armed Forces of Colombia (FARC), the largest of Colombia's leftist rebel groups, culminating in a peace accord ratified by the Colombian Congress in November 2016. The Santos government launched formal peace talks in early 2017 with the country's second-largest rebel group, the National Liberation Army (ELN), but suspended the talks in January 2018, after violence by ELN forces spiked following the end of a three-month bilateral cease-fire.

President Santos has continued the market-oriented economic policies of prior administrations during his time in office. In his first term, the U.S. Congress approved the U.S.-Colombia Free Trade Agreement, which went into force in May 2012. The United States remains Colombia's top trade partner. After several years of annual growth exceeding 4%, one of the steadiest expansion rates in the region, Colombia's growth rate declined below 2% in 2017, although it is projected to expand by 2.8% in 2018. The government estimates that implementation of the FARC-government peace accord alone will exceed $43 billion over the next 15 years, adding to polarization inside Colombia over the controversial peace accord in the midst of modest growth.

Originally designed as a 6-year program, Plan Colombia ultimately became a 17-year U.S.-Colombian bilateral effort that first received U.S. funding in FY2000. The U.S.-Colombian partnership initially focused on counternarcotics and later on counterterrorism; it has since broadened to include sustainable development, human rights, regional security, and many other areas of cooperation. The Colombian government's long-term strategy has evolved from defeating insurgents to postconflict stabilization under a new strategy called Peace Colombia. In March and May 2018, Colombians will go to the polls to elect a new congress and president, respectively, and the new administration and legislature are likely to determine how the peace accord will be implemented and the shape of future U.S.-Colombian relations.

In September 2017, President Trump cited the 2016 spike in Colombia's cocaine production—the largest yield ever—as the reason he had considered designating Colombia as a country that had failed demonstrably to adhere to its obligations under international counternarcotics agreements in his annual memorandum on drug producing or transit countries. The comments in the memorandum appeared to reflect a departure from the close relations both countries have sought to maintain over the past two decades, although ultimately Colombia was not designated.

Congressional Action: The Trump Administration's proposed foreign aid budget for Colombia in FY2018 would reduce assistance to $251 million from $391 million in FY2017. The House Appropriations Committee's FY2018 foreign aid appropriations bill (H.R. 3362, included in House-passed H.R. 3354) would fund bilateral programs for Colombia at $335.9 million. The Senate Appropriations Committee's foreign aid appropriations bill for FY2018, S. 1780, would provide $391.3 million for Colombia, the same amount appropriated in FY2017, which funded

the Peace Colombia strategy. For FY2019, the Administration requested $265 million for Colombia, a 31% reduction from that provided in FY2017.

Some Members of Congress may want to continue to build on cooperation with Colombian partners in training Central Americans and others in counternarcotics and security. Congress may monitor Colombia's domestic security situation, including drug trafficking and illicit drug cultivation. Congress may to provide oversight of Colombia's ongoing efforts to combat crime; of the status of human rights protections after more than 100 reported human rights and social activist murders in 2017; and of increasing health, energy, and educational cooperation with the United States. Policymakers also may advocate for Colombian leadership in the region to counter growing instability in neighboring Venezuela.

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 Elections in 2018*, by June S. Beittel and Edward Y. Gracia.

Cuba

Cuba remains a one-party authoritarian state with a poor human rights record. Current President Raúl Castro succeeded his long-ruling brother Fidel Castro in 2006, and he is expected to step down in April 2018. Most observers see First Vice President Miguel Diaz-Canel as the "heir apparent" as president, although Raúl likely will continue in his position as first secretary of Cuba's Communist Party. Under Raúl, Cuba has implemented gradual market-oriented economic policy changes over the past decade, but critics maintain that the government has not taken enough action to foster sustainable economic growth.

Congress has played an active role in shaping policy toward Cuba, including the enactment of legislation strengthening and at times easing various 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 December 2014, the Obama Administration initiated a major Cuba policy shift, moving away from sanctions toward a policy of engagement and a normalization of relations. 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. To implement this third step, the Treasury and Commerce Departments eased the embargo regulations in such areas as travel, remittances, trade, telecommunications, and financial services. The overall embargo, however, remains in place and can be lifted only with congressional action or if the President determines and certifies to Congress that certain conditions in Cuba are met, including that a democratically elected government is in place.

President Trump unveiled a new policy toward Cuba in June 2017 that partially rolls back some of the Obama Administration's efforts to normalize relations. The most significant regulatory changes (effective November 9, 2017) 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 U.S. Embassy community members in Havana, the State Department ordered the departure of nonemergency personnel from Cuba in September 2017 and subsequently ordered the departure of 15 Cuban diplomats from the Cuban Embassy in Washington, DC, in October. The U.S. decision to downsize personnel at both embassies has affected visa processing extensively and could affect broader bilateral relations.

Congressional Action: There are contrasting congressional views on the appropriate U.S. policy approach toward Cuba. In the 115th Congress, debate over Cuba policy is continuing, especially

with regard to U.S. economic sanctions. To date, several bills have been introduced to ease or lift economic sanctions altogether, and several bills have provisions that would tighten sanctions. In the Consolidated Appropriations Act, 2017 (P.L. 115-31), Congress appropriated $20 million in democracy funding for Cuba for FY2017 and $28.1 million for U.S. government-sponsored broadcasting to Cuba.

For FY2018, the Trump Administration did not request any democracy assistance for Cuba, but it requested $23.7 million for Cuba broadcasting. The House Appropriations Committee's FY2018 foreign aid appropriations bill, H.R. 3362 (incorporated into the House-passed full-year FY2018 omnibus appropriations bill, H.R. 3354), would provide $30 million in democracy assistance and $28.1 million for Cuba broadcasting; it also would prohibit funding for a U.S. diplomatic presence in Cuba beyond that in place in December 2014. The Senate Appropriations Committee's foreign aid appropriations bill, S. 1780, would provide $15 million in democracy assistance and $28.6 million for Cuba broadcasting. Several other House appropriations bills have Cuba policy provisions that would tighten economic sanctions: H.R. 3267, Commerce; H.R. 3280, Financial Services; and H.R. 3355, Homeland Security—all of which were incorporated into the House-passed FY2018 omnibus bill, H.R. 3354.

For FY2019, the Administration requested $10 million in democracy and civil society assistance for Cuba ($10 million less than in FY2017) and $13.7 million for Cuba broadcasting ($15.3 million than in FY2018).

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; CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan; 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

After almost a year without an elected president because of political gridlock and delayed elections, Haiti returned to constitutional order in February 2017, inaugurating President Jovenel Moïse. Hopes for a more functional and transparent government are tempered by President Moïse's lack of experience and 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. The Haitian Senate's Special Commission of Investigation released a report in November 2017 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.

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 evidenced a commitment to improving conditions there. Haiti is the poorest country in the Western Hemisphere. Its poverty is exacerbated by chronic political instability and frequent natural disasters. 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 October 2017, the U.N. Stabilization Mission in Haiti (MINUSTAH) was succeeded by a smaller mission, the U.N. Mission for Justice Support in Haiti, which is to focus 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 had helped restore order in Haiti since its establishment in 2004. The mission helped facilitate elections, combat gangs and drug trafficking with the HNP, and respond to natural disasters. MINUSTAH, however, was criticized 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 had a "moral responsibility" and would support the epidemic's victims and a new $400 million plan to fight cholera in Haiti.[24] Neither plan has been fully funded or implemented.

Congressional Action: The Trump Administration's proposed FY2018 budget of $157 million for aid to Haiti was almost an 11% reduction from the estimated amount provided in FY2017. The House Appropriations Committee's FY2018 foreign aid appropriations bill (H.R. 3362, incorporated into the House-passed full-year FY2018 omnibus appropriations bill, H.R. 3354) would restrict assistance to Haiti unless the Secretary of State certifies the government is taking effective steps to strengthen the rule of law, combat corruption, and increase government revenues. The Senate Appropriations Committee's foreign aid appropriations bill, S. 1780, would add resolving U.S.-Haitian commercial disputes as a condition for certain funds to Haiti. The Senate bill also would provide authority for the application of $11.8 million in U.N. credits attributable to the United States to support a U.N. trust fund to assist Haitian cholera victims. The Trump Administration has opposed transferring unspent U.S. peacekeeping funds to a Haiti cholera fund. For FY2019, the Administration requested $170.5 million for Haiti, an 8% reduction for that provided in FY2017.

Congress may seek to address the increase in tensions in bilateral relations that took place after the Trump Administration announced that TPS for Haitians is to be terminated in July 2019; termination of this program could affect up to almost 59,000 Haitians in the United States (see "Migration Issues," above). Many Haitians and some U.S. lawmakers have expressed dismay at disparaging comments allegedly made by President Trump about Haiti, which the President denies making. In January 2018, the Trump Administration ruled that Haitians will no longer be eligible to come to the United States as temporary, seasonal workers under the federal guest worker program.

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

Mexico

Over the past year, 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

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

cultural, familial, and historical ties. Economically, the United States and Mexico are very interdependent, and Congress is closely following efforts to renegotiate NAFTA, which began in August 2017. 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, which reached record levels in 2017.

President Enrique Peña Nieto of the Institutional Revolutionary Party (PRI) is in the final year of his six-year term. During 2013, Peña Nieto shepherded significant structural reforms through the Mexican Congress, including a historic reform that opened Mexico's energy market to foreign investment. He has since struggled to implement some of those reforms and to address human rights abuses, insecurity, and corruption. Economic growth has averaged 2% annually but has been hindered by uncertainty over the future of NAFTA.

The upcoming July 1, 2018, presidential and legislative elections could have a significant impact on Mexico's political and economic situation, as well as on its posture toward the United States. Andrés Manuel López Obrador, the leftist populist leader of the National Regeneration Movement party, leads among presumptive candidates. Other presumptive candidates include Ricardo Anaya (former president of the conservative National Action Party, or PAN) for a coalition between the PAN and the leftist Party of the Democratic Revolution and José Antonio Meade (former finance minister) for the PRI. Some observers are concerned that a López Obrador victory could signal a significant change in Mexico's historically investor-friendly policies and cause friction with the United States, but others predict that he would 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 $2.7 billion since FY2008.

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 and is concerned about the future of the DACA initiative, which has shielded some 550,000 Mexicans from deportation, bilateral security efforts continue. The Trump Administration requested almost $88 million in assistance for Mexico for FY2018 (a 37% decline from that provided in FY2017) and $79 million in FY2019 (a 43% decrease from FY2017). Mexican leaders are preparing for a possible U.S. withdrawal from NAFTA, which could severely affect the Mexican economy.

Congressional Action: The 115th Congress is closely following efforts to renegotiate NAFTA and examining how changes to the agreement, or a U.S. withdrawal from it, could affect the U.S. economy and U.S.-Mexican relations. Congress is considering the amount and type of funding to provide for a border wall and legislation to resolve the phased ending of the DACA initiative (see "Migration Issues," above). Congress provided $138.6 million in FY2017 for Mexico. The House Appropriations Committee's FY2018 foreign aid appropriations bill, H.R. 3362 (H.Rept. 115-253; incorporated into House-passed H.R. 3354), recommends $136.7 million. The Senate Appropriations Committee's version of the bill, S. 1780 (S.Rept. 115-152), recommends at least $144 million. 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.

For additional information, see 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 Report R44981, *NAFTA Renegotiation and Modernization*, by M. Angeles Villarreal and Ian F. Fergusson; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; and CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2018*, by Clare Ribando Seelke.

Peru

Peruvian President Pedro Pablo Kuczynski is in the second year of his five-year term, having taken office in July 2016. Kuczynski said he aimed to reduce corruption and improve the effectiveness of state institutions, yet he is currently being investigated on corruption allegations related to an international bribery scandal and he survived a congressional impeachment effort. His pardon of former President Alberto Fujimori has triggered mass protests and accusations that the pardon was part of a deal with Fujimori's son, whose faction in the congress voted against impeachment.

In Peru, corruption—particularly in the judiciary and the police—is common. According to Transparency International's Corruption Perceptions Index for 2016, Peru ranked 101 out of 176 countries in 2016.[25] Kuczynski has instituted some reforms, such as eliminating the statute of limitations on corruption charges, increasing the investigative powers of oversight bodies, and banning those convicted of corruption from public office. Nonetheless, a relatively weak legal system is likely to hamper anti-corruption efforts. Officials from the current and previous three Peruvian governments, and the opposition, have been implicated in the international bribery scandal involving the Brazilian construction firm Odebrecht.

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 other minerals. President Kuczynski, a former investment banker, has pursued market-friendly economic policies. His government has streamlined the process for obtaining business licenses and lowered the tax rate for small businesses to spur economic growth. Kuczynski also has prioritized infrastructure investment. Many of those projects are unlikely to be implemented in the near term; the government halted those projects involving Odebrecht, and investors and officials are wary of signing other projects because of concerns over corruption.

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. 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 by the business sector.

Congressional Action: For FY2018, the Trump Administration requested $49.7 million for Peru, a 23% reduction from the amount provided in FY2017; for FY2019, the Administration requested $47.4 million, a decline of about 26% from FY2017. The House Appropriations Committee's report to the FY2018 foreign aid appropriations bill (H.Rept. 115-253) specified amounts less than the request, about $35.3 million, whereas the Senate Appropriations Committee's report to its version of the bill (S.Rept. 115-152 to S. 1780) recommended almost $71 million.

[25] Transparency International, "Corruption Perceptions Index 2016."

Venezuela

Venezuela is in political crisis under the authoritarian rule of President Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Narrowly elected to a six-year term in 2013 following the death of populist President Hugo Chávez (1999-2013), Maduro is unpopular. Nevertheless, he has used the courts, security forces, and electoral council to repress and divide the opposition, grouped in the Democratic Unity Roundtable (MUD) coalition.

From March through July 2017, protesters called for President Maduro to release political prisoners, respect the MUD-led National Assembly, and schedule elections. Security forces repressed large-scale protests, with more than 130 killed and thousands injured. Maduro then orchestrated the controversial July election of a National Constituent Assembly (ANC) to rewrite the constitution.

President Maduro and the ANC have since consolidated their power. After the PSUV won 18 of 23 gubernatorial elections in October 2017, the opposition emerged divided and generally disillusioned. Most opposition parties did not participate in municipal elections held in December 2017, which the PSUV dominated. Some MUD leaders then initiated a dialogue with the government to try to secure humanitarian aid and establish parameters for 2018 presidential elections, whereas others opposed those efforts. The MUD postponed the dialogue in mid-January 2018, however, after the ANC called for presidential elections to be moved up from October to April and the Supreme Court outlawed most MUD parties from participating (the presidential elections subsequently were moved to May 20, 2018).

Venezuela also is facing an economic crisis, marked by rapid contraction of the economy, high inflation, and shortages of consumer goods, including food and medicine, leading to a critical humanitarian situation in the country. President Maduro has blamed U.S. sanctions and corruption for the country's economic crisis, while distributing food and other supplies to critical voter blocks and increasing military control over the economy. Maduro has arrested former executives at state oil company *Petróleos de Venezuela*, *S.A.* (PdVSA) for alleged corruption and replaced them with military officers. He also announced that Venezuela will seek to restructure its debt, although few details have been provided about how the restructuring would work. The government, including PdVSA, was technically declared in default on some bond payments in November 2017, but it is attempting to continue payments to avoid legal challenges by creditors in U.S. courts. Observers believe that the PSUV moved up the elections to prevent voters from blaming President Maduro for the country's deteriorating economic situation.

The United States has spoken out about setbacks to democracy and human rights in Venezuela, called for the release of political prisoners, expressed concern about the humanitarian situation, and supported dialogue. Under President Trump, the United States has stepped up the use of targeted sanctions against Venezuelans responsible for human rights violations, undermining democracy, and public corruption, as well as those accused of drug trafficking and terrorism. In August 2017, President Trump imposed broader economic sanctions that restrict the ability of the Venezuelan government and PdVSA to access U.S. financial markets. Additional sanctions, such as a ban on Venezuelan oil imports, are being considered but could have negative impacts on the Venezuelan people and U.S. economic interests. The United States has supported efforts at the OAS to help resolve the situation in Venezuela, but those efforts have stalled. The United States also has welcomed Canadian and European Union sanctions on Venezuelan officials.

Congressional Action: The 115th Congress has taken actions in response to the situation in Venezuela. 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. On December 5, 2017, the House passed two bills: H.R. 2658, the Venezuela Humanitarian

Assistance and Defense of Democratic Governance Act, which would authorize humanitarian assistance for Venezuela (a similar but not identical bill, S. 1018, was introduced in May 2017) and H.Res. 259, which would urge the Venezuelan government to suspend the ANC, hold elections, release political prisoners, and accept humanitarian aid. Congress has appropriated funding for democracy and human rights in Venezuela ($7 million in FY2017).

The Trump Administration did not request FY2018 assistance; however, the House Appropriations Committee's version of the foreign aid appropriations bill recommended providing $8 million in democracy assistance, and the Senate Appropriations Committee's version of the bill recommended $15 million. For FY2019, the Administration requested $9 million in democracy and human rights funding for Venezuela, $2 million more than provided in FY2017. If the Maduro regime's upcoming presidential elections, now planned for May 2018, are undemocratic, some in Congress might call for the Administration to impose stronger sanctions on Venezuela.

For additional information, see CRS Report R44841, *Venezuela: Background and U.S. Relations*, by Clare Ribando Seelke and Rebecca M. Nelson; CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by Rebecca M. Nelson; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Mark P. Sullivan; and CRS In Focus IF10230, *Venezuela: Political and Economic Crisis and U.S. Policy*, by Clare Ribando Seelke and Mark P. Sullivan.

Outlook

Many of the U.S. economic, political, and security concerns discussed in this report likely will result in continued congressional interest and attention to Latin America and the Caribbean for the remainder of the 115th Congress. Congress still faces completing action on FY2018 foreign aid appropriations and will soon begin consideration of the Administration's FY2019 foreign aid request, which also proposed significant cuts in assistance to the region. Likewise on the horizon is potential congressional consideration of legislative action on DACA. Also on immigration, a number of contrasting proposals have been introduced related to the TPS program, which is set to terminate in 2019 for Nicaragua (January), Haiti (July) and El Salvador (September). The status of ongoing NAFTA negotiations likely will remain a key oversight and potentially a legislative issue for Congress.

Conditions and upcoming elections and events in Latin America and the Caribbean likely will command congressional attention in 2018. The ongoing crisis in Venezuela, with its significant humanitarian implications, could prompt the Administration to pursue stronger economic sanctions on the Maduro government, particularly if Venezuela goes ahead with presidential elections in May under unfair conditions. Cuba's scheduled political transition in April, in which Raúl Castro is to step down as president, as well as forthcoming presidential elections in several key countries in the region—Colombia in May, Mexico in July, and Brazil in October—likely will generate congressional interest. On April 13-14, 2018, Peru is to host the Eighth Summit of the Americas, which will provide an opportunity for President Trump to engage with Western Hemisphere leaders; initially it was uncertain if President Trump would attend, but the White House announced on March 9, 2018, that the President would participate.

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

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

Notes: See also hearing information at House Foreign Affairs Committee Subcommittee on the Western Hemisphere at http://foreignaffairs.house.gov/subcommittees/western-hemisphere; Senate Foreign Relations Committee at http://www.foreign.senate.gov/hearings.

Author Information

Mark P. Sullivan, Coordinator
Specialist in Latin American Affairs

June S. Beittel
Analyst in Latin American Affairs

Nese F. DeBruyne
Senior Research Librarian

Peter J. Meyer
Specialist in Latin American Affairs

Clare Ribando Seelke
Specialist in Latin American Affairs

Maureen Taft-Morales
Specialist in Latin American Affairs

M. Angeles Villarreal
Specialist in International Trade and Finance

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