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Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress

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SUMMARY

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Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress

The United States maintains strong linkages with neighboring Latin America and the Caribbean based on geographic proximity and diverse U.S. interests, including economic, political, and security concerns. The United States is a major trading partner and source of foreign investment for many countries in the region, with free-trade agreements enhancing economic linkages with 11 countries. The region is a large source of U.S. immigration, both legal and illegal; proximity and economic and security conditions are major factors driving migration. Curbing the flow of illicit drugs has been a key component of U.S. relations with the region for more than four decades and currently involves close security cooperation with Mexico, Central America, and the Caribbean. U.S. support for democracy and human rights in the region has been long-standing, with current focus on Cuba, Nicaragua, and Venezuela. Overall, although the region has made significant advances over the past four decades in terms of both political and economic development, notable challenges remain and some countries have experienced major setbacks, most prominently Venezuela. The Coronavirus Disease 2019 (COVID-19) pandemic has had widespread economic, social, and political effects in the region. By the end of 2020, the region reported over 507,000 deaths (almost 28% of deaths worldwide).

Under the Trump Administration, U.S. relations with Latin America and the Caribbean generally moved toward a more confrontational approach from one of engagement and partnership during past Administrations. Since FY2018, the Administration's proposed foreign aid budgets for the region would have cut assistance levels significantly. To deter increased unauthorized migration from Central America, the Administration used a variety of immigration policy tools as well as aid cuts and threats of increased U.S. tariffs and taxes on remittances. Among trade issues, President Trump strongly criticized and repeatedly threatened to withdraw from the North American Free Trade Agreement (NAFTA); this led to negotiation of the new United States-Mexico-Canada Agreement (USMCA). The Trump Administration also imposed broad economic sanctions on Venezuela and shifted U.S. policy toward Cuba away from engagement and toward sanctions, especially on travel and remittances.

Congressional Action in the 116th Congress. Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. The 116th Congress did not approve the Trump Administration's downsized foreign aid budget requests for the region for FY2019 (P.L. 116-6) and FY2020 (P.L. 116-94),and instead provided aid amounts roughly similar to those provided in recent years. For FY2021, in the Consolidated Appropriations Act, 2021 (P.L. 116-260), approved in December 2020, Congress again provided foreign aid funding for key initiatives and countries in the region at amounts higher than requested. The FY2021 measure also included the United States-Northern Triangle Enhanced Engagement Act (the House approved an earlier version, H.R. 2615, in July 2019) and the United States-Mexico Economic Partnership Act.

In other completed legislative action, Congress approved the Venezuela Emergency Relief, Democracy Assistance, and Development Act of 2019 (Division J of P.L. 116-94) in December 2019, which, among its provisions, codified several types of sanctions imposed and authorized humanitarian assistance. In January 2020, Congress completed action on implementing legislation (P.L. 116-113) for the USMCA, but before final agreement, the trade agreement was amended to address several congressional concerns. In September 2020, Congress approved legislation (P.L. 116-164) providing a 10-year extension, through September 2030, of tariff preferences in the Caribbean Basin Trade Partnership Act, currently benefitting eight Caribbean countries. The FY2020 National Defense Authorization Act (NDAA; P.L. 116-92), approved in December 2019, included provisions on Venezuela and Guatemala and reporting requirements on Brazil, Honduras, Central America, and Mexico. The FY2021 NDAA (P.L. 116-283) enacted over a presidential veto in January 2021, included provisions or reporting requirements on Guatemala, drug interdiction in the region, the Caribbean, Brazil, Colombia, Mexico, and Venezuela.

The House and Senate also approved several resolutions on a range of issues; S.Res. 35 and S.Res. 447 on the political situation in Bolivia; H.Res. 441 and S.Res. 277, commemorating the 1994 bombing of the Argentine-Israeli Mutual Association in Buenos Aires; H.Res. 754 and S.Res. 525 expressing support for democracy and human rights in Nicaragua;

and S.Res. 454, calling for the release of a Cuban democracy activist. Congressional committees held over 25 oversight hearings on the region in the 116th Congress (see **Appendix**).

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Political and Economic Situation amid COVID-19

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 four decades in terms of both political and economic development. (See **Figure 1** and **Table 2** for a map and basic facts on the region's countries.) Notable political and economic challenges remain, however, and some countries have experienced major setbacks, most prominently Venezuela, which has descended into dictatorship and economic collapse.

In 2020, the Coronavirus Disease 2019 (COVID-19) pandemic had widespread public health, economic, social, and political effects throughout Latin America and the Caribbean. As discussed below, before the pandemic, the International Monetary Fund (IMF) forecast a modest recovery of 1.6% economic growth in 2020; as of October 2020, it was projecting an economic decline of 8.1%, the worst on record, with almost every country in the region in deep recession.[1] Millions of people are expected to fall into poverty, and many countries in the region may struggle with protracted economic recoveries, given that they rely on global investment, trade, and tourism that has been significantly affected by the pandemic (see "Economic Conditions," below.) Politically, observers have expressed concerns about leaders taking advantage of the emergency health situation to limit civil liberties for political gain (see "Political Conditions," below).

As of December 31, 2020, the region had some 15.6 million confirmed cases (almost 19% of cases worldwide) and over 507,000 deaths (almost 28% of deaths worldwide). Brazil, Mexico, Argentina, Colombia, and Peru had the highest numbers of deaths in the region, and Brazil had the highest death toll worldwide after the United States. The rankings change in terms of per capita deaths—Peru had the highest recorded deaths per capita in the region, followed by Mexico, Argentina, Panama, and Brazil (see **Table 1**).[2] In December 2020, Brazil, Mexico, and Panama were experiencing a second surge in cases, and cases also were rising sharply in Panama and several South American countries; some observers are concerned about a potential post-Christmas surge throughout the region in early 2021 as countries let their guards down over the holidays.[3] A University of Washington COVID-19 projection model, updated December 23, 2020, estimates that deaths in Latin America and the Caribbean could reach more than 657,000 by April 1, 2021.[4]

Experts and observers have expressed concern that some countries, such as Mexico, Nicaragua, and Venezuela, are significantly undercounting their death tolls. Many observers have expressed special concern for Venezuela, where the health care system was collapsing prior to the pandemic. (See CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*.)

The Pan American Health Organization (PAHO) has played a major role in supporting countries in preventing, detecting, and responding to the pandemic. When the pandemic first began to surge in the region in May 2020, PAHO Director Dr. Carissa Etienne expressed concern about the poor

[1] International Monetary Fund (IMF), *World Economic Outlook Update*, January 2020 and October 2020.

[2] Johns Hopkins University School of Medicine, Coronavirus Resource Center, "Mortality Analyses," January 1, 2021, 3:00 AM, updated daily, at https://coronavirus.jhu.edu/data/mortality.

[3] Juan Montes and Samantha Pearson, "New COVID-19 Surge Sweeps Across Latin America," *Wall Street Journal*, December 19, 2020; "Panama Orders Men and Women to Shop on Different Days to Curb Coronavirus," Reuters News, December 19, 2020; and "A Pandemic Christmas Season in Latin America," *Latin America Risk Report*, December 14, 2020.

[4] [4] University of Washington, Institute for Health Metrics and Evaluation, COVID-19 Projections, updated December 23, 2020, at https://covid19.healthdata.org/global/latin-america-and-caribbean?view=total-deaths&tab=trend.

and other vulnerable groups at greatest risk, including those living in cities, towns, and remote communities in the Amazon Basin (including indigenous communities); people of African descent; migrants in temporary settlements; and prisoners in crowded jails. In July 2020, PAHO issued an alert urging countries to intensify efforts to prevent further spread of the virus among indigenous communities in the Americas.[5]

PAHO also is helping countries prepare for a successful rollout of vaccines and facilitating access to vaccines under the COVAX (COVID-19 Global Vaccine Access) Facility developed by the World Health Organization, the Coalition for Epidemic Preparedness Innovations, and GAVI, the Vaccine Alliance.[6] Low- and lower-middle-income countries in the region will be eligible for assistance in obtaining vaccines through the GAVI COVAX Advance Market Commitment. Analysts caution, however, that some countries in the region could face significant hurdles in procuring vaccines in a timely manner, with vaccines potentially not widely available until 2022.[7]

Table 1. COVID-19 Cases and Deaths in Latin America and the Caribbean (LAC)

(countries with more than 2,000 deaths, as of December 31, 2020)

Country	Cases (millions)	Deaths	Deaths per 100,000
Brazil	7.676	194,949	93.07
Mexico	1.426	125,807	99.70
Argentina	1.626	43,245	97.19
Colombia	1.643	43,213	87.04
Peru	1.015	37,680	117.79
Chile	.609	16,608	88.67
Ecuador	.213	14.034	82.15
Bolivia	.160	9,165	80.73
Guatemala	.138	4,813	27.90
Panama	.247	4.022	96.29
Honduras	.122	3,130	32.65
Dominican Republic	.171	2,414	22.72
Paraguay	.108	2,262	32.52
Costa Rica	.169	2,185	43.70
Total LAC	15.580	507,760	—
United States	19.968	345,737	105.68

Source: Johns Hopkins University School of Medicine, Coronavirus Resource Center, "Mortality Analyses," January 1, 2021, 3:00 AM, updated daily, at https://coronavirus.jhu.edu/data/mortality.

[5] Pan American Health Organization (PAHO), "PAHO Director Calls to Protect Vulnerable Groups from Effects of COVID-19 Pandemic," press release, May 19, 2020. "PAHO Calls on Countries to Intensify Efforts to Prevent Further Spread of COVID-19 Among Indigenous Peoples in the Americas," press release, July 20, 2020.

[6] PAHO, "PAHO to Support Countries in Facing the Challenges and Cost of a Future COVID-19 Vaccine," press release, November 18, 2020.

[7] "Americas Politics: Latam Faces Drawn-out Vaccine Rollout," *EIU ViewsWire*, December 18, 2020.

Figure 1. Map of Latin America and the Caribbean

Source: Congressional Research Service (CRS) Graphics.

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

Table 2. Latin American and Caribbean Countries: Basic Facts

Country	Area (square miles)	Population (2019 estimated, thousands)	GDP (2019 est., U.S. $ billions, current)	GDP Per Capita (2019 est., U.S. $, current)	Leader (elected/next election)
Caribbean					
Antigua & Barbuda	171	97	1.7	17,195	Gaston Browne (March 2018/by March 2023)
Bahamas	5,359	381	13.6	35,664	Hubert Minnis (May 2017/by May 2022)
Barbados	166	287	5.2	18,139	Mia Mottley (May 2018/ by May 2023)
Belize[a]	8,867	408	1.8	4,498	Juan Antonio "Johnny" Briceño (Nov. 11, 2020/by 2025)
Cuba	42,803	11,333	100.0 (2018)	—	Miguel Díaz-Canel (April 2018/ 2023)[b]
Dominica	290	71	0.6	8,305	Roosevelt Skerrit (Dec. 2019/by Dec. 2024)
Dominican Republic	18,792	10,358	89.0	8,596	Luis Abinader (July 2020/ 2024)
Grenada	133	109	1.2	11,193	Keith Mitchell (March 2018/by March 2023)
Guyana[a]	83,000	785	5.2	6,594	Irfaan Ali (March 2, 2020/2025)[c]
Haiti	10,714	11,263	8.7	773	Jovenel Moïse (Nov. 2016/ TBD)
Jamaica	4,244	2,726	15.9	5,826	Andrew Holness (Sept. 3, 2020/ by February 2025)
St. Kitts & Nevis	101	57	1.1	18,854	Timothy Harris (June 2020/by June 2025)
St. Lucia	238	180	2.1	11,803	Allen Chastanet (June 2016/by June 2021)
St. Vincent & the Grenadines	150	110	0.8	7,464	Ralph Gonsalves (Nov. 5, 2020/by 2025)
Suriname[a]	63,251	597	3.7	6,191	Chandrikapersad "Chan" Santokhi (May 2020/May 2025)
Trinidad & Tobago	1,980	1,395	24.1	17,276	Keith Rowley (August 2020/by 2025)
Mexico and Central America					
Mexico	758,449	127,576	1,258.2	9,862	Andrés Manuel López Obrador (July 2018/July 2024)
Costa Rica	19,730	5,075	62.1	12,244	Carlos Alvarado (Feb. & April 2018/Feb. 2022)
El Salvador	8,124	6,454	27.0	4,187	Nayib Bukele (Feb. 2019/Feb. 2024)

Country	Area (square miles)	Population (2019 estimated, thousands)	GDP (2019 est., U.S. $ billions, current)	GDP Per Capita (2019 est., U.S. $, current)	Leader (elected/next election)
Guatemala	42,042	17,613	76.7	4,354	Alejandro Giammattei (June & August 2019/2023)
Honduras	43,278	9,770	24.9	2,551	Juan Orlando Hernández (Nov. 2017/Nov. 2021)
Nicaragua	50,336	6,528	12.5	1,920	Daniel Ortega (Nov. 2015/Nov. 2021)
Panama	29,120	4,219	66.8	15,834	Laurentino Cortizo (May 2019/May 2024)
					South America
Argentina	1,073,518	44,939	444.4	9,890	Alberto Fernández (Oct. 2019/Oct. 2023)
Bolivia	424,164	11,550	41.2	3,566	Luis Arce (Oct. 18, 2020/2025)[d]
Brazil	3,287,957	210,147	1,839.0	8,751	Jair Bolsonaro (Oct. 2018/Oct. 2022)
Chile	291,932	19,107	282.3	14,772	Sebastián Piñera (Nov. 2017/Nov. 2021)
Colombia	439,736	50,374	323.6	6,423	Iván Duque (May & June 2018/May 2022)
Ecuador	109,484	17,268	107.4	6,222	Lenín Moreno (Feb. & April 2017/Feb. 7, 2021)
Paraguay	157,048	7,153	37.4	5,233	Mario Abdo Benítez (April 2018/April 2023)
Peru	496,225	33,162	230.7	6,958	Francisco Sagasti (April & June 2016/April 11, 2021)[e]
Uruguay	68,037	3,519	56.7	16,111	Luis Lacalle Pou (Oct. & Nov. 2019/Oct. 2024)
Venezuela	352,144	27,817	63.7	2,299	Nicolás Maduro (May 2018/May 2024)[f]

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 Database*, October 2020. Since the IMF database does not include economic statistics on Cuba, population and gross domestic product (GDP) statistics for Cuba are from the World Bank's World Development Indicators databank.

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 does not have direct elections for its head of government. Instead, Cuba's legislature selects the president of the republic for a five-year term.

c. The government of President David Granger in Guyana lost a no-confidence vote in the country's legislature in December 2018. New elections were held on March 2, 2020, but allegations of fraud, a recount, and numerous legal challenges delayed the declaration of official results until August 2, 2020. See CRS In Focus IF11381, Guyana: An Overview, by Mark P. Sullivan.

d. Bolivian President Evo Morales resigned on November 10, 2019, after weeks of protests and violence alleging fraud in the October 20, 2019, presidential election. Opposition Senator Jeanine Áñez became interim president on November 12, 2019. New presidential elections were delayed but ultimately held October 18, 2020. See CRS Insight IN11198, *Bolivia's October 2020 General Elections*, by Clare Ribando Seelke.

e. Martin Vizcarra took office in March 2018 upon the resignation of Pedro Pablo Kuczynski, who faced impeachment. Vizcarra was impeached on November 9, 2020, succeeded by Manuel Merino until he resigned after six days. Amid pro-democracy demonstrations, Congress selected Francisco Sagasti to serve out the remainder of the presidential term ending in July 2021.

f. Venezuela's May 2018 elections were characterized by widespread fraud. The United States and over 50 other countries recognize Juan Guaidó, president of Venezuela's National Assembly, as interim president of Venezuela.

Political Conditions

In the early 1980s, authoritarian regimes governed 16 Latin American and Caribbean countries, both on the left and the right. Today, three countries in the region—Cuba, Nicaragua, and Venezuela—are ruled by authoritarian governments.[8] Most governments in the region today are elected democracies. Although free and fair elections have become the norm, recent elections in several countries have been controversial and contested. In 2019, Argentina, Dominica, El Salvador, Panama, and Uruguay held successful free and fair elections. Guatemala held two presidential election rounds in June and August 2019 that international observers judged to be successful, but the elections suffered because several popular candidates were disqualified from the race on dubious grounds.

In Bolivia, severe irregularities in the conduct of the country's October 2019 presidential elections ignited protests and violence that led to the resignation of incumbent President Evo Morales, who was seeking a fourth term. New elections under Interim President Jeanine Áñez were scheduled for May 3, 2020, but were postponed twice because of the COVID-19 pandemic. International criticism of Bolivia's interim government grew because of alleged human rights violations and the curtailment of civil liberties. Ultimately, elections were held October 18, 2020, and Luis Arce, Morales's former finance minister won with 55% of the vote. (See "Bolivia" section below and CRS Insight IN11198, *Bolivia's October 2020 General Elections*.)

In 2020, eight Caribbean countries held elections.

- **Guyana** held elections on March 2, 2020, that were marred by allegations of fraud. After a recount and multiple legal challenges by supporters of the government of President David Granger, final results were not issued until August 2, 2020, with opposition candidate Mohamed Irfaan Ali of the People's Progressive Party/Civic sworn in as president. (See CRS In Focus IF11381, *Guyana: An Overview*.)
- In **Suriname,** legislative elections took place on May 25, 2020, with the opposition Progressive Reform Party (VHP) winning the most seats in the country's 51-member National Assembly. Under Suriname's system of government, the president is elected indirectly by a two-thirds majority vote of the legislature. On July 13, the National Assembly elected VHP leader

[8] See The Economist Intelligence Unit (EIU), *Democracy Index 2019*, January 2020 (hereinafter cited as EIU, *Democracy Index, 2019*), which classifies all three governments as *authoritarian* based on some 60 indicators; and Freedom House, *Freedom in the World 2020*, March 2020, which classifies all three governments as *not free* based on their poor records on political rights and civil liberties. For additional background, see CRS Report R46016, *Democracy in Latin America and the Caribbean: A Compilation of Selected Indices*, by Carla Y. Davis-Castro.

Chandrikapersad "Chan" Santokhi as president, succeeding longtime ruler Desi Bouterse and beginning a new political era for Suriname. Since 2010, Bouterse had been elected president three times; prior to that, he overthrew elected governments in 1980 and 1990. He was convicted in absentia in the Netherlands in 1999 for drug trafficking, and in November 2019 he was convicted in Suriname for the 1982 killing of 15 political opponents.

- In the **Dominican Republic**, the COVID-19 pandemic resulted in elections being moved from May 17 to July 5, 2020. Opposition candidate Luis Abinader of the Modern Revolutionary Party (PRM) defeated the candidate of the ruling Dominican Liberation Party (PLD), which has held the presidency and legislature since 2004. The PRM also won a Senate majority and a plurality in the Chamber of Deputies. (See CRS In Focus IF10407, *Dominican Republic*.)
- Between June and November 2020, incumbent leaders and ruling parties won parliamentary elections held in **St. Kitts and Nevis**, **Trinidad and Tobago**, **Jamaica**, and **St. Vincent and the Grenadines**. St. Kitts and Nevis held elections on June 5, in which Prime Minister Timothy Harris led a three-party coalition known as Team Unity to its second electoral victory since 2015. Trinidad and Tobago held elections on August 10, and Prime Minister Keith Rowley of the ruling People's National Movement was returned to power for his second term since 2015. Jamaica held elections on September 3, with the ruling Jamaica Labour Party, led by Prime Minister Andrew Holness, winning in a landslide for a second term against the opposition People's National Party. St. Vincent and the Grenadines held elections on November 5 in which Prime Minister Dr. Ralph Gonsalves of the Unity Labour Party won a fifth straight term.
- **Belize** held parliamentary elections on November 11 in which the opposition center-left People's United Party led by Johnny Briceño won in a landslide against the long-ruling center-right United Democratic Party, whose candidate was former Deputy Prime Minister Patrick Faber. Outgoing Prime Minister Dean Barrow had led the government since 2008 but chose not to run for reelection.

Despite significant improvements in political rights and civil liberties since the 1980s, 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 are numerous examples of elected presidents who have left office early amid severe social turmoil and economic crises, the presidents' own autocratic actions contributing to their ouster, or high-profile corruption. In addition to Morales's resignation in 2019, corruption scandals either caused or contributed to several presidents' resignations or removals—Guatemala in 2015, Brazil in 2016, and Peru in 2018.

Although the threat of direct military rule has dissipated, civilian governments in several countries have turned to their militaries or retired officers for support or during crises, raising concerns among some observers.[9] For example, in February 2020 in El Salvador, President Nayib Bukele used the military in an effort to intimidate the country's legislature into approving an anti-

[9] See "Latin America's 21st-Century Militaries," *Americas Quarterly*, vol. 14, no. 1 (2020), pp. 12-72.

crime bill; the action elicited strong criticism in El Salvador and abroad, with concerns centered on the politicization of the military and the separation of powers.[10]

The quality of democracy has eroded in several countries over the past several years. The Economist Intelligence Unit's (EIU's) 2019 democracy index shows a steady regional decline in democratic practices in Latin America since 2017. Several years ago only Cuba was viewed as an authoritarian regime, but Venezuela joined its ranks in 2017 as President Nicolás Maduro's government violently repressed the political opposition. Nicaragua escalated authoritarian practices in 2018 under long-time President Daniel Ortega, as the government violently repressed protests. The continued regional downward trend in 2019 stemmed from Bolivia's post-election crisis and to a lesser extent by setbacks in the following other countries: Guatemala, where the government ousted the anti-corruption body known as the International Commission against Impunity in Guatemala; Haiti, which experienced widespread anti-government protests against corruption and deteriorating economic conditions; and Guyana, with the delay of elections following a no-confidence vote by the legislature in December 2018.[11]

Public satisfaction with how democracy is operating has declined along with the quality of democracy in the region. According to the 2018/2019 AmericasBarometer public opinion survey, the percentage of individuals satisfied with how democracy was working in their countries averaged 39.6% among 18 countries in the region, the lowest level of satisfaction since the poll began in 2004.[12] Given these trends, the eruption of social protests in many countries around the region in 2019 was unsurprising, but in each country a unique set of circumstances sparked the protests. In addition to the protests in Bolivia and Haiti cited above, protests broke out in Ecuador over fuel price increases, in Chile over pent-up frustration over social inequities, and in Colombia over opposition to a range of government policies and proposals, from tax reform to education to peace accord implementation.

Although each country is unique, several broad political and economic factors appear to be driving the decline in satisfaction with democracy in the region. Political factors include an increase in authoritarian practices, weak democratic institutions and politicized judicial systems, corruption, high levels of crime and violence, and organized crime that can infiltrate or influence state institutions. Economic factors include declining or stagnant regional economic growth rates over the past several years; high levels of income inequality in many Latin American countries; increased poverty; and the inadequacy of public services, social safety net programs, and advancement opportunities, along with increased pressure on the region's previously expanding middle class.[13] The COVID-19 pandemic has exacerbated these factors, which could lead to further deterioration in political conditions and stoke social unrest in the region.

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[10] See Brian Winter, "Latin America's Armed Forces, Q&A: Why El Salvador's Crisis Is Different – and Worrying," *Americas Quarterly*, February 13, 2020; and Christine Wade, "Bukele's Politicization of the Military Revives Old Fears in El Salvador," *World Politics Review*, February 12, 2020.

[11] EIU, *Democracy Index 2019*.

[12] Elizabeth J. Zechmeister and Noam Lupu, *LAPOP's AmericasBarometer Takes the Pulse of Democracy*, Vanderbilt University, Latin American Public Opinion Project (LAPOP), 2019.

[13] See, for example, the following studies and articles discussing social unrest in Latin America: EIU, *Where Next and What Next for Latin America?*, December 2019; Michael Mantera and Maria de Lourdes Despradel, *Latin America and the Caribbean in the New Decade, How Did We Get There?*, Center for Strategic and International Studies, January 2020; Michael Shifter, "The Rebellion Against the Elites in Latin America," *New York Times*, January 21, 2020; and Eric Farnsworth, "In a Season of Discontent, Are Latin American Democracies at Risk?," *World Politics Review*, December 6, 2019.

Human rights groups and other observers have expressed concerns about leaders taking advantage of the pandemic to advance their own agenda and restrict freedom of expression. In El Salvador, critics accuse President Bukele of exploiting the health crisis to pursue his aggressive anti-gang policies. In Bolivia, the interim government twice postponed presidential elections, prompting widespread protests, until elections were held successfully in October 2020. In Venezuela, the government and security forces have used a state of emergency imposed to curb the spread of the virus as an excuse to crack down on dissent. In December 2020, Human Rights Watch issued a report documenting how the Cuban government has used regulations designed to prevent the spread of COVID-19 to harass and imprison government opponents.[14]

In August 2020, the Inter-American Dialogue published a report with the Special Rapporteur for Freedom of Expression at the Organization of American States (OAS) expressing concern about the criminalization of free speech in the region related to governments' responses to the pandemic, restrictions on pandemic-related reporting, and stigmatization of media organizations by some leaders for reporting on the pandemic. The report also documented restrictions on access to public information related to COVID-19 in a number of countries in the region.[15]

Economic Conditions

Even before the onset of COVID-19 and its economic effects, Latin America and the Caribbean experienced several years of slow economic growth. Beginning around 2015, the global decline in commodity prices significantly affected the region, as did China's economic slowdown and its reduced appetite for imports from the region. According to the IMF, the region experienced an economic contraction of 0.6% in 2016, dragged down by recessions in Argentina and Brazil and by Venezuela's severe economic deterioration as oil prices fell. From 2017 to 2019, the region registered only marginal growth rates, including an estimated growth rate of 0.03% in 2019. Regional growth in 2019 was suppressed by the collapse of much of the Venezuelan economy, which contracted 35%, and by continued recession in Argentina, which suffered an economic contraction of 2.1%.[16]

The reduction in economic activity resulting from the COVID-19 pandemic led to significant economic decline for the region, with negative ramifications for its economic development outlook. Compounding the problem was an historic drop in the price of oil (caused by disagreements among producers over production cuts) beginning in late February 2020; the fiscal accounts of countries dependent on proceeds from oil sales (Venezuela and Ecuador in particular, and to a lesser extent Brazil, Colombia, and Mexico) deteriorated rapidly.[17]

In early 2020, the IMF projected regional growth would reach 1.6% during the year, led by recovery in Brazil and spurred by growth forecasts of 3% or higher for Chile, Colombia, and Peru; however, with the COVID-19 pandemic, the IMF altered its 2020 forecast and is now predicting the worst economic downturn on record for the region. In October 2020, the IMF estimated a regional contraction of 8.1% in 2020, with almost all countries experiencing deep

[14] Human Rights Watch, "Cuba: COVID-19 Rules Used to Intensify Repression," December 7, 2020.

[15] Catharine Christe, Edison Lanza, and Michael Camilleri, *COVID-19 and Freedom of Expression in the Americas*, Inter-American Dialogue, August 2020.

[16] Economic statistics are from the International Monetary Fund (IMF), *World Economic Outlook Database*, October 2020.

[17] Mauricio Cárdenas, "The Impact of Coronavirus and the Oil Price War on Latin America," State of the Planet, Earth Institute, Columbia University, March 18, 2020. Also see CRS Report R46270, *Global Economic Effects of COVID-19*, coordinated by James K. Jackson.

recessions and the region's six largest economies forecast to contract between 5.8% and 13.9% (see **Table 3**). Caribbean nations that depend on tourism face deep economic recessions, several with projected gross domestic product declines well over 10% in 2020, according to the IMF.[18]

The IMF is forecasting a regional recovery of 3.6% in 2021, reflecting the normalization of economic activity from very low levels in response to COVID-19. This rebound, however, depends largely on the course of the pandemic, governments' responses, and the availability and distribution of vaccines in the region. The rebound forecast for the region lags behind the world economic growth forecast of 5.2% in 2021 and behind expected economic recoveries in several other regions (such as Europe and Asia).[19]

Table 3. Latin America and Caribbean: Real GDP Growth, 2018-2021

(annual percentage change)

Regional Average and Six Largest Economies	2018	2019 estimate	2020 projection	2021 projection
Latin America and the Caribbean	1.1	0.0	-8.1	3.6
Brazil	1.3	1.1	-5.8	2.8
Mexico	2.2	-0.3	-9.0	3.5
Argentina	-2.6	-2.1	-11.8	4.9
Colombia	2.5	3.3	-8.2	4.0
Chile	4.0	1.1	-6.0	4.5
Peru	4.0	2.2	-13.9	7.3

Source: International Monetary Fund, *World Economic Outlook Update*, October 2020.

The decline in economic growth in 2020 is expected to increase income inequality and poverty in Latin America and the Caribbean. Latin America already was the most unequal region in the world in terms of income inequality, according to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC). Despite an easing of income inequality in the region from 2002 to 2014, reductions in income inequality had slowed since 2015. ECLAC projects that inequality will rise in all countries in the region in 2020, with the worst results in some of the region's largest economies—Brazil, Mexico, and Argentina.[20]

The level of poverty in the region, after having decreased significantly from 2002 through 2014, has increased over the past five years. In 2014, 27.8% of the region's population lived in poverty; that figure increased to 30.3% by 2019, with an estimated 186 million people living in poverty, according to ECLAC. According to a July 2020 U.N. report, as a result of the pandemic, poverty is expected to increase to 37.2% in 2020, with an increase of 45 million people moving into poverty, resulting in a total of 230 million people in the region in poverty.[21]

[18] IMF, *World Economic Outlook Update*, January 2020; and IMF, *World Economic Outlook Database*, October 2020.

[19] IMF, *World Economic Outlook Database*, October 2020.

[20] U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2019*, December 2019, and *The Social Challenge in Times of COVID-19*, May 12, 2020.

[21] U.N. ECLAC, *Social Panorama of Latin America 2019*, December 2019; and United Nations, *Policy Brief: The Impact of COVID-19 on Latin America and the Caribbean*, July 9, 2020.

A challenge for the region's economic recovery is the high rate of informality in the labor market of many Latin American countries (reportedly about half of workers in Latin America work in the informal economy). As the World Bank notes, many workers are self-employed and many are paid under the table, living paycheck to paycheck; such characteristics make it more difficult for governments to design programs that reach and provide adequate assistance to these workers.[22]

In April 2020, the World Bank predicted remittances to Latin America and the Caribbean would decline by 19.3% in 2020.[23] However, by June and July 2020, remittances began to rebound in many countries in the region, including in Central America and Mexico, which had a record increase for the year.[24]

Although a number of countries in the region have implemented stimulus programs to help protect their economies and vulnerable populations, most countries have needed external financing to respond to the pandemic and associated economic downturn. In response, the international financial institutions increased lending to countries throughout the region.

- The IMF reported, as of December 21, 2020, that it had approved $63.8 billion in lending to 21 countries in the region contending with the pandemic's economic impact, including $23.9 billion for Chile, $16.9 billion for Colombia, $11 billion for Peru, and $7.1 billion for Ecuador.[25]
- The Inter-American Development Bank (IDB) reported that as of December 21, 2020, its response to the pandemic in the region totaled nearly $8.1 billion, focused on financing for immediate public-health needs, safety nets for vulnerable populations, economic productivity and employment, and fiscal measures to help mitigate economic impacts.[26] On December 16, 2020, the IDB announced it would mobilize an additional $1 billion to help countries acquire and distribute COVID-19 vaccines, working closely with PAHO and other institutions.[27]
- The World Bank reported, as of December 17, 2020, it delivered $7.4 billion in COVID-19 related loans and grants to 21 countries in the region, with support focused on minimizing the loss of life, strengthening health systems and disease surveillance, mitigating the pandemic's economic impact, and addressing supply-chain issues and delivery. Over the next 15 months, countries in the region also

[22] World Bank, "Latin American and the Caribbean, Overview," updated April 28, 2020. Also see Matías Busso et al., "Covid-19: The Challenge of Ensuring Assistance to Informal and Vulnerable Worker," Inter-American Development Bank, Ideas Matter, May 6, 2020.

[23] World Bank, "World Bank Predicts Sharpest Decline of Remittances in Recent History," press release, April 22, 2020; Gabriella Cova, "Remittances Show Promise in the Face of the Ongoing Global COVID-19 Pandemic," Atlantic Council, December 7, 2020; and "Forecast Record Remittances in Mexico of 40 Thousand Mdd for US Support," CE Noticias Financieras, December 30, 2020.

[24] Kevin Sieff, "Migrant Remittances Increase Abroad, Defying Economists' Predictions," *Washington Pos*t, August 9, 2020; and "In Brief: Remittances Surge in El Salvador, Guatemala," *LatinNews Daily*, August 27, 2020.

[25] The other 17 countries receiving IMF support are the Bahamas, Barbados, Bolivia, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, St. Lucia, and St. Vincent and the Grenadines, See IMF, "Emergency Funding and Debt Relief, Western Hemisphere," updated December 21, 2020, at https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker#WHD.

[26] Inter-American Development Bank (IDB), "IDB Group Approves Record $21.6 Billion in Lending in 2020," news release, December 21, 2020. Also see IDB, "IDB-Financed Projects in Response to COVID-19," accessed December 30, 2020, available at https://www.iadb.org/en/coronavirus/briefings-and-dashboards.

[27] IDB, "IDB Mobilizes $1 Billion for COVID-19 Vaccine Financing in Latin America and the Caribbean," press release, December 16, 2020.

may benefit from a portion of the $160 billion in worldwide assistance the bank is providing.[28]

- The Development Bank of Latin America announced in July 2020 that it provided $4.9 billion in financing to address the effects of the pandemic in 54 operations across the region.[29]

For additional information, see CRS In Focus IF11581, *Latin America and the Caribbean: Impact of COVID-19* IF11581, by Mark P. Sullivan et al.; CRS Report R46270, *Global Economic Effects of COVID-19*, coordinated by James K. Jackson; and CRS Report R46342, *COVID-19: Role of the International Financial Institutions*, by Rebecca M. Nelson and Martin A. Weiss.

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 a major trading partner and 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. 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 four decades. The flow of illicit drugs, including heroin, methamphetamine, and fentanyl from Mexico and cocaine from Colombia, poses risks to U.S. public health and safety; and the trafficking of such drugs has contributed to violent crime and gang activities in the United States. Since 2000, Colombia has received U.S. counternarcotics support through Plan Colombia and its successor programs. In addition, for over a decade, the United States has sought to forge close partnerships with other countries to combat drug trafficking and related violence and advance citizen security. These efforts include 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.

Another long-standing component of U.S. policy has been support for strengthened democratic governance and the rule of law. As described in the previous section, although many countries in the region have made enormous strides in terms of democratic political development, several face considerable challenges. U.S. policy efforts have long supported democracy promotion efforts, including support for strengthening civil society and promoting the rule of law and human rights.

[28] The countries are Argentina, Belize, Bolivia, Colombia, Dominica, Dominican Republic, El Salvador, Ecuador, Grenada, Guatemala, Guyana, Haiti, Honduras, Panama, Paraguay, Peru, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Uruguay. See World Bank, "World Bank's Response to Covid-19 (Coronavirus) in Latin America & Caribbean," fact sheet, updated December 17, 2020, at https://www.worldbank.org/en/news/factsheet/2020/04/02/world-bank-response-to-covid-19-coronavirus-latin-america-and-caribbean.

[29] Development Bank of Latin America (CAF), "Latin America Works Together with CAF for Economic and Social Recovery," news release, July 7, 2020.

Trump Administration Policy

In its policy toward Latin America and the Caribbean, the Trump Administration retained many of the same priorities and programs of past Administrations, but it also diverged considerably. The Administration generally adopted a more confrontational approach, especially regarding efforts to curb irregular immigration from the region. In 2018, the State Department set forth a framework for U.S. policy toward the region focused on three pillars for engagement: (1) economic growth and prosperity, (2) security, and (3) democratic governance.[30] The framework reflected continuity with long-standing U.S. policy priorities for the region but at times appears to have been at odds with the Administration's actions, as well as its sometimes antagonistic statements on immigration, trade, and foreign aid. Meanwhile, according to Gallup and Pew Research Center polls, negative views of U.S. leadership in the region increased markedly during the Trump Administration (see text box "**Latin America and the Caribbean: Views of U.S. Leadership**").

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

Negative views of U.S. leadership in the region have predominated since the Trump Administration took office in 2017, influenced by disparaging political rhetoric and certain actions on immigration and trade, among other issues. Such views could affect the willingness of countries to cooperate with the United States on regional and global challenges. A Gallup public opinion poll of worldwide views on U.S. leadership in 2017 showed that in Western Hemisphere countries, 58% disapproved of U.S. leadership and 24% approved. The highest rates of disapproval included Chile (74%), Mexico (72%), and Uruguay (70%). This result was a significant change from 2016, when the Gallup poll showed that 27% disapproved of U.S. leadership and 49% approved.

Subsequent Gallup polls in 2018 and 2019 showed some improvement in views of U.S. leadership in the region, with 31% approving in 2018 and 34% in 2019. Despite the improvement, continued negative views prevailed in most countries in the region, with 53% in 2018 and 51% in 2019 disapproving of U.S. leadership. Among the countries with the highest percentage negative views of U.S. leadership in 2019 were Mexico (75%), Chile (67%), and Uruguay (55%); those with the highest percentage of positive views were the Dominican Republic (56%) and El Salvador (44%). A January 2020 Pew Research report likewise showed low confidence rates for President Trump in Argentina (22%), Brazil (28%), and Mexico (8%)

Sources: Gallup, *Rating World Leaders, 2018-2020, The U.S. vs. Germany, China, and Russia*; "Trump Ratings Remain Low Around Glove, While Views of U.S. Stay Mostly Favorable," Pew Research Center, January 8, 2020.

In August 2020, the White House set forth a strategic framework for the Western Hemisphere, which states that the principal goal of U.S. engagement with the region "is to support a prosperous, safe, and democratic region with which the United States can partner to advance shared interests." The framework set forth five lines of effort to realize this goal: (1) securing the homeland, which includes preventing illegal and uncontrolled human migration, smuggling, and trafficking; (2) advancing economic growth and an expansion of free market in the Americas; (3) reaffirming the region's commitment to democracy and the rule of law, which includes efforts to restore human rights and democracy in Nicaragua and Venezuela and enable a transition to democracy in Cuba; (4) countering economic aggression and malign political influence in the region from such external actors as China; and (5) expanding and strengthening cooperation with like-minded partners in the region in such areas as resilience to

[30] U.S. Department of State, then-Secretary of State Rex W. Tillerson, "U.S. Engagement in the Western Hemisphere," February 1, 2018, at https://www.state.gov/u-s-engagement-in-the-western-hemisphere/. These three pillars dovetail with key topics for the Western Hemisphere currently laid out on the State Department's website: fostering inclusive economic growth, protecting U.S. citizens at home and abroad, and defending freedom. See https://www.state.gov/bureaus-offices/under-secretary-for-political-affairs/bureau-of-western-hemisphere-affairs/.

threats and hazards, countermeasures against actors that undermine political and economic stability, and efforts to assist countries in achieving self-reliance and self-security.[31]

Foreign Aid. The Administration's proposed foreign aid budgets for FY2018 and FY2019 would have cut assistance to the region by more than a third, and the FY2020 budget request would have cut funding to the region by about 30% compared to that appropriated in FY2019. Congress did not implement those budget requests and instead provided significantly more for assistance to the region in appropriations measures. Nevertheless, in 2019, the Trump Administration withheld an estimated $396 million that Congress had appropriated for Central America in FY2018 and reprogrammed the funds elsewhere. For FY2021, the Administration requested 18% less than allocated in FY2020 and would have cut funding for most countries in Latin America and the Caribbean, but Congress instead provided more than requested for key initiatives and countries in the region. As of August 2020, U.S. agencies had allocated more than $141 million of new and previously announced assistance to help the region respond to challenges posed by the COVID-19 pandemic. (See "U.S. Foreign Aid" section.)

Trade. In 2017, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership (TPP) FTA that had been negotiated by 12 Asia-Pacific countries in 2015. The TPP would have increased U.S. economic linkages with Latin American countries that were parties to the agreement—Chile, Mexico, and Peru. President Trump strongly criticized the North American Free Trade Agreement (NAFTA) with Mexico and Canada, repeatedly warned that the United States might withdraw from the agreement, and initiated renegotiations in 2017. The three countries agreed in September 2018 to a new United States-Mexico-Canada Agreement (USMCA), which entered into force on July 1, 2020; the agreement retained many NAFTA provisions but also included some modernizing updates and changes, including provisions on digital trade and the dairy and auto industries. (See "Trade Policy" section.)

Mexico, Central America, and Migration Issues. Relations with Mexico were tested by inflammatory anti-immigrant rhetoric, immigration actions, and changes in U.S. border and asylum polices that have shifted the burden of interdicting migrants and offering asylum to Mexico. In September 2017, the Administration announced that it would end the Deferred Action for Childhood Arrivals (DACA) program; begun in 2012 by the Obama Administration, the program provides relief from deportation for several hundred thousand immigrants who arrived in the United States as children. Ultimately, federal court challenges led to a Supreme Court ruling that vacated the Administration's action on DACA. In December 2018, Mexico's president agreed to allow the United States to return certain non-Mexican migrants to Mexico (pursuant to Migrant Protection Protocols, or MPP) while awaiting U.S. immigration court decisions. In May 2019, President Trump threatened to impose new tariffs on motor vehicles from Mexico if the government did not increase actions to deter U.S.-bound migrants from Central America; Mexico ultimately agreed in June 2019 to increase its enforcement actions and to allow more U.S.-bound asylum seekers to await their U.S. immigration proceedings in Mexico. Despite tensions, U.S.-Mexico bilateral relations remained friendly, with continued strong energy and economic ties, including the USMCA, and close security cooperation related to drug interdiction. (See "Mexico" and "Migration Issues" sections.)

Other Administration actions on immigration caused concern in the region. In 2017 and 2018, the Administration announced plans to terminate Temporary Protected Status (TPS) designations for

[31] The White House, National Security Council, "Overview of Western Hemisphere Strategic Framework," August 2020; and Nora Gámez Torres, "Trump Adviser to Unveil U.S. Strategy for the Americas in South Florida Event," *Miami Herald,* August 16, 2020.

Nicaragua, Haiti, El Salvador, and Honduras, but federal court challenges put the terminations on hold. (See "Migration Issues" section.)

Unauthorized migration from Central America's Northern Triangle countries—El Salvador, Guatemala, and Honduras—has increased in recent years, fueled by difficult socioeconomic and security conditions and poor governance. To deter such migration, the Trump Administration implemented a "zero tolerance" policy toward illegal border crossings in 2018 and applied restrictions on access to asylum at the U.S. border. The Administration also used aid cuts of previously appropriated assistance and threats of increased U.S. tariffs and taxes on remittances to compel Central American countries and Mexico to curb unauthorized migration to the United States. In 2019, the Administration negotiated "safe third country" agreements with each of the Northern Triangle countries to permit the United States to transfer asylum applicants from third countries to the Northern Triangle countries. (See "Central America's Northern Triangle" section.)

Venezuela, Cuba, and Nicaragua. In November 2018, then-National Security Adviser John Bolton made a speech in Miami, FL, on the Administration's policies in Latin America that warned about "the destructive forces of oppression, socialism, and totalitarianism" in the region. Reminiscent of Cold War political rhetoric, Bolton referred to Cuba, Nicaragua, and Venezuela as the "troika of tyranny" in the hemisphere that has "finally met its match." He referred to the three countries as "the cause of immense human suffering, the impetus of enormous regional instability, and the genesis of a sordid cradle of communism in the Western Hemisphere."[32]

As the situation in Venezuela deteriorated under the Maduro government, the Trump Administration imposed targeted and broader financial sanctions, including sanctions against the state oil company, the country's main source of income. In January 2019, the Administration recognized the head of Venezuela's National Assembly, Juan Guaidó, as interim president. In September 2019, the United States joined 11 other Western Hemisphere countries to invoke the Rio Treaty to facilitate a regional response to the Venezuelan crisis. The Administration also provided humanitarian and development assistance for Venezuelans who have fled to other countries, especially Colombia, as well as for Venezuelans inside Venezuela. (See "Venezuela" section and CRS Insight IN11116, *The Inter-American Treaty of Reciprocal Assistance and the Crisis in Venezuela*.)

With regard to Cuba, the Trump Administration did not continue the policy of engagement advanced during the Obama Administration and instead imposed a series of economic sanctions on Cuba for its poor human rights record and support for the Maduro government. Economic sanctions included a wide array of restrictions, especially on travel and remittances, efforts to disrupt oil flows from Venezuela, and other trade and financial sanctions. In 2017, the State Department cut the staff of the U.S. Embassy in Havana by about two-thirds in response to unexplained injuries of U.S. diplomatic staff. (See "Cuba" section.)

After political unrest began to grow in Nicaragua in 2018, the Trump Administration employed targeted sanctions against several senior officials and other individuals and entities for human rights abuses or corruption. (See "Nicaragua" section.)

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

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

the United States, U.S. foreign policy toward the region and domestic policy often overlap, particularly in areas of immigration and trade.

The 116th Congress completed action on FY2019 foreign aid appropriations in February 2019 when it enacted the Consolidated Appropriations Act, 2019 (P.L. 116-6). Amounts appropriated for key U.S. initiatives and countries in Latin America and the Caribbean exceeded the Administration's request by almost $600 million. Congress completed action on FY2020 foreign aid appropriations in December 2019, when it enacted the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), with amounts for key countries and regional programs exceeding the Administration's request by $525 million.

For FY2021, Congress completed action on appropriations in December 2020 in the Consolidated Appropriations Act, 2021 (P.L. 116-260); although the measure and its explanatory statement do not specify appropriations levels for every country in the region, the amounts designated for several programs (e.g. Central America, Colombia, and the Inter-American Foundation) are higher than the Administration's request (see "U.S. Foreign Aid" section).

The FY2021 omnibus appropriations measure (P.L. 116-260) included two other legislative acts concerning U.S. policy toward Latin America.

- The United States-Northern Triangle Enhanced Engagement Act (Division FF, Title III, Subtitle F) requires the State Department to develop a five-year strategy to advance economic prosperity, combat corruption, strengthen democratic governance, and improve civilian security conditions in El Salvador, Guatemala, and Honduras. It also requires the imposition of targeted sanctions against those undermining democracy or involved in significant acts of corruption in those countries. The House had approved an earlier version of the act, H.R. 2615, in July 2019.
- The United States-Mexico Economic Partnership Act (Division FF, Title XIX) requires the Secretary of State to develop a strategy to prioritize and expand educational and professional exchange programs with Mexico. Originally introduced as H.R. 133, the House and Senate had approved their versions of the act, respectively, in January 2019 and January 2020.

On trade, Congress completed action in January 2020 on implementing legislation for the USMCA (P.L. 116-113). The agreement retains many of NAFTA's provisions and includes new provisions on the auto and dairy industries and some modernizing features. Before the legislation received final congressional approval in January 2020, the trade agreement was amended to address concerns of Congress regarding provisions related to labor (including enforcement), the environment, dispute settlement procedures, and intellectual property rights (IPR).[33] The FY2021 omnibus measure (P.L. 116-260, Division O, Title VI) included technical corrections to the USMCA. Congress also enacted legislation (P.L. 116-164) providing a 10-year extension, through September 2030), of certain tariff preferences in the Caribbean Basin Trade Partnership Act currently benefitting eight Caribbean countries.

On Venezuela, Congress supported the Administration's efforts to sanction the Maduro government for its antidemocratic actions and to provide humanitarian assistance to Venezuelan migrants throughout the region. In December 2019, Congress enacted the Venezuela Emergency Relief, Democracy Assistance, and Development Act of 2019, or the VERDAD Act of 2019, in Division J of P.L. 116-94. The measure incorporated provisions from S. 1025, as reported by the

[33] Kimberly Ann Elliot, "Trump and Pelosi Both Claim Victory on the USMCA. Who Really Won?" *World Politics Review*, January 7, 2020.

Senate Foreign Relations Committee in June 2019, and provisions from three bills on Venezuela passed by the House in March 2019: H.R. 854, to authorize humanitarian assistance to the Venezuelan people; H.R. 920, to restrict the export of defense articles and crime control materials; and H.R. 1477, to require a threat assessment and strategy to counter Russian influence in Venezuela. In other legislative action, the House approved H.R. 549 in July 2019, which would have provided TPS to Venezuelans in the United States.

Congress included several provisions and reporting requirements related to Latin America in the National Defense Authorization Act for Fiscal Year 2020 (FY2020 NDAA; P.L. 116-92), signed into law in December 2019. The act included provisions on Venezuela (Section 890, a prohibition against Department of Defense [DOD] contracting) and Guatemala (Section 1267, requiring a certification for the transfer of vehicles to the Guatemalan government). The act also included various reporting requirements, including on the sufficiency of DOD and U.S. Agency for International Development (USAID) resources in the Western Hemisphere (Section 1265), Brazil (Section 1266), Honduras (1268), and trafficking activities in Central America and Mexico (Section 5522).

At the end of the 116th Congress, the House and Senate voted to override President Trump's veto of the FY2021 NDAA, P.L. 116-283, on January 1, 2021. The measure and its accompanying conference report (H.Rept. 116-617) include several provisions and reporting requirements on Latin America and the Caribbean. The act included provisions on Cuba (Section 1100, extending benefits to federal employees injured while stationed in Cuba), Guatemala (Section 1299K, extending the certification requirement for the transfer of vehicles), and a reporting requirement on Coast Guard drug interdiction in the Caribbean Basin (Section 8245). The conference report included various statements and/or reporting requirements regarding U.S. engagement with the Caribbean, security relations with Brazil, concerns of allegations of unlawful surveillance or intelligence gathering by the Colombian military, the situation in Venezuela, and U.S. cooperation with Mexico's security forces.

Other bills and resolutions that passed either chamber include the following:

- **Bolivia.** The Senate approved S.Res. 35 in April 2019, expressing support for democratic principles in Bolivia and throughout Latin America. In January 2020, the Senate approved S.Res. 447, expressing concerns about election irregularities and violence in Bolivia and supporting the convening of new elections.
- **Argentina.** Both houses approved resolutions (H.Res. 441 in July 2019, and S.Res. 277 in October 2019) commemorating the 25th anniversary of the 1994 bombing of the Argentine-Israeli Mutual Association in Buenos Aires.
- **Nicaragua.** Both houses approved similar resolutions, H.Res. 754, approved by the House in March 2020, and S.Res. 525, approved by the Senate in June 2020, regarding continued U.S. support for the people of Nicaragua in their peaceful efforts to promote democracy and human rights and the use of tools under U.S. law to increase political and financial pressure on the Ortega government.
- **Cuba.** In June 2020, the Senate approved S.Res. 454, calling for the release of democracy activist José Daniel Ferrer and all members of the Patriotic Union of Cuba who have been arbitrarily imprisoned.
- **Caribbean.** In November 2020, the House approved H.R. 7703, the Caribbean Basin Security Initiative Authorization Act, which would have authorized $74.8 million for the CBSI for each year from FY2021 through FY2015, including monitoring and reporting requirements for the CBSI, and would have required

the State Department to prioritize efforts to increase disaster response and resilience by carrying out such programs in beneficiary countries.

- **Haiti.** In November 2020, the House approved H.R. 5586, the Haiti Development, Accountability, and Institutional Transparency Initiative Act, which would have directed the State Department, in coordination with USAID, to prioritize and assess post-disaster recovery and efforts to address corruption, rule and law, and media freedoms in Haiti.
- **OAS.** In December 2020, the Senate approved S. 1310, the Organization of American States Legislative Engagement Act of 2020, which had the goals of strengthening the participation of elected national legislators in the activities of the OAS and reaffirming U.S. support for OAS human rights and anti-corruption initiatives.

Congressional committees held over 25 oversight hearings on the region, including on Venezuela, Central America (including the impact of U.S. aid cuts), relations with Colombia, human rights in Cuba, China's engagement in Latin America, environmental concerns in the Brazilian Amazon, repression in Nicaragua, Haiti, security cooperation with Mexico, the U.S. response to COVID-19 in the region, and the report and recommendations of the congressionally mandated Western Hemisphere Drug Policy Commission (see **Appendix**).

Regional U.S. Policy Issues

U.S. Foreign Aid

The United States provides foreign assistance to Latin American and Caribbean countries 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, as well as countering illicit narcotics, since the 1990s. The Trump Administration sought to shift the focus of U.S. assistance efforts in some parts of the region to address U.S. domestic concerns, such as irregular migration.

The Trump Administration also sought to reduce U.S. assistance to Latin America and the Caribbean, proposing significant cuts in each of its annual budget requests. Although Congress slightly increased aid to the region between FY2017 and FY2020, the Administration used various authorities to suspend and reprogram some of that assistance. In 2019, for example, the Administration withheld an estimated $396 million that Congress had appropriated for Central America in FY2018 and reprogrammed the funds to address other foreign policy priorities inside and outside the Western Hemisphere. (See "Central America's Northern Triangle," below.)

For FY2021, the Trump Administration requested $1.4 billion for Latin America and the Caribbean through foreign assistance accounts managed by the State Department and USAID. That amount would have been $314 million, or 18%, less than the estimated $1.7 billion of U.S. assistance allocated to the region in FY2020 (see **Table 4**). The proposal would have cut funding for every type of assistance and most Latin American and Caribbean countries. For a fourth consecutive year, the Trump Administration also proposed eliminating the Inter-American Foundation (IAF)—a small, independent U.S. foreign assistance agency that promotes grassroots development in the region—and consolidating its programs into USAID.

Congressional Action: After a partial government shutdown and a short-term continuing resolution, the 116th Congress completed action on FY2019 foreign aid appropriations in February 2019. Of the funds appropriated in the Consolidated Appropriations Act, 2019 (P.L. 116-

6), nearly $1.7 billion of foreign assistance was allocated to Latin America and the Caribbean. That amount was slightly more than was allocated to the region in FY2018 and nearly $600 million more than the Trump Administration requested for the region.

Table 4. U.S. Assistance to Latin America and the Caribbean: FY2016-FY2021

(billions of U.S. dollars)

2016	2017	2018	2019	2020 (est.)	2021 (req.)
1.69	1.67	1.67[a]	1.69	1.72	1.40

Sources: U.S. Department of State, *Congressional Budget Justifications for Foreign Operations,* FY2013-FY2021; and U.S. Department of State, FY2020 estimated data, June 15, 2020.

Notes: These figures exclude Food for Peace Act (P.L. 480) food aid and assistance appropriated as voluntary contributions to the Organization of American States.

a. Final FY2018 allocations are unclear, because the Administration reprogrammed approximately $396 million of FY2018 aid that Congress appropriated for El Salvador, Guatemala, and Honduras, reallocating some of those funds to countries outside of the Latin American and Caribbean region.

Congress passed two continuing resolutions, which funded foreign aid programs in Latin America and the Caribbean at the FY2019 level until December 2019, when President Trump signed into law the Further Consolidated Appropriations Act, 2020 (P.L. 116-94). More than $1.7 billion appropriated in the act was allocated to Latin America and the Caribbean, which is $525 million more than the Trump Administration requested for the region.

Similar to prior years, Congress did not conclude action on appropriations for FY2021 until several months into the fiscal year. The House passed an FY2021 foreign aid appropriations measure (Division A of H.R. 7608, H.Rept. 116-444) in July 2020, but the Senate Appropriations Committee did not release its draft bill and report until November 2020. Congress passed a series of continuing resolutions that funded foreign aid programs in Latin America and the Caribbean at the FY2020 level until December 27, 2020, when President Trump signed into law the Consolidated Appropriations Act, 2021 (P.L. 116-260). Although the act and accompanying explanatory statement do not specify appropriations levels for every Latin American and Caribbean country, the amounts they designate for several key U.S. initiatives differ significantly from the Administration's request. The act provides

- $505.9 million to address the underlying factors driving irregular migration from Central America ($129 million more than the Administration requested but $27.2 million less than allocated to the region in FY2020);
- $461.4 million to support the peace process and security and development efforts in Colombia ($48.5 million more than requested and $9.7 million more than allocated to the country in FY2020);
- $158.9 million to support security and rule-of-law efforts in Mexico ($95.2 million more than requested and $1 million more than allocated to the country in FY2020);
- $33 million to support a democratic transition in Venezuela ($172 million less than requested and $2 million less than allocated to the country in FY2020); and
- $38 million for the IAF ($34.1 million more than requested and $0.5 million more than Congress appropriated for the agency in FY2020).

The act also includes $4 billion of global health assistance for GAVI, the Vaccine Alliance, to procure and deliver coronavirus vaccines. Those funds build on nearly $1.8 billion of FY2020 emergency foreign aid provided through two supplemental appropriations measures (P.L. 116-123

and P.L. 116-136) to prevent, prepare for, and respond to COVID-19 globally. As of August 2020 (latest information made available), U.S. agencies had allocated more than $141 million in new and previously announced assistance to help Latin American and Caribbean countries address the health, economic, and humanitarian challenges posed by the pandemic.[34]

For additional information, see CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*, by Peter J. Meyer and Rachel L. Martin; CRS Report R46367, *Department of State, Foreign Operations, and Related Programs: FY2021 Budget and Appropriations*, by Cory R. Gill, Marian L. Lawson, and Emily M. Morgenstern; CRS In Focus IF11496, *COVID-19 and Foreign Assistance: Issues for Congress*, by Nick M. Brown, Marian L. Lawson, and Emily M. Morgenstern; and CRS In Focus IF11606, *COVID-19 and Foreign Assistance: Congressional Oversight Framework and Current Activities*, by Nick M. Brown and Emily M. Morgenstern.

Drug Trafficking and Criminal 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 opiates (plant-based and synthetic). Heroin abuse and synthetic opioid-related deaths in the United States have reached epidemic levels, raising questions about how to address foreign sources of opioids. Policymakers also are concerned that methamphetamine and cocaine overdoses in the United States are on an upward trajectory.

Drug demand in the United States and changes in the international drug market have prompted rising drug production in Mexico, Colombia, Peru, and Bolivia. While opium poppy cultivation and heroin production rose in Mexico through 2017 but have since declined, the production of fentanyl (a synthetic opioid) has surged and methamphetamine production is at "an industrial level."[35] Over 90% of heroin seized and sampled in the United States comes from Mexico and increasingly has included fentanyl. Since the Chinese government implemented strict controls on all forms of fentanyl in mid-2019, including fentanyl analogues, Mexico has become a more important source of fentanyl-related substances.[36] Coca cultivation and cocaine production in Colombia, which supplies roughly 89% of cocaine in the United States, reached record levels in 2017, leveled off in 2018, and slightly increased in 2019.[37] Cultivation and production in Peru and Bolivia have also surged, particularly from 2018 to 2019.[38]

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. In March 2020, the Department of Justice

[34] U.S. Department of State, "Update: The United States Continues to Lead the Global Response to COVID-19," fact sheet, August 21, 2020, at https://www.state.gov/update-the-united-states-continues-to-lead-the-global-response-to-covid-19-6/.

[35] U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report (INCSR) Volume 1: Drug and Chemical Control*, March 2020 (hereinafter cited as State Department, INCSR 2020 Volume 1).

[36] U.S. Drug Enforcement Administration, *Fentanyl Flow to the United States*, January 2020.

[37] Office of National Drug Control Policy (ONDCP), "United States and Colombian Officials Set Bilateral Agenda to Reduce Cocaine Supply," March 5, 2020.

[38] ONDCP, "ONDCP Releases Data on Coca Cultivation and Production in Peru," July 31, 2020; "ONDCP Releases Data on Coca Cultivation and Cocaine Production in Bolivia," November 13, 2020.

indicted Venezuela's leader, Nicolás Maduro (whom the United States does not recognize as Venezuela's legitimate president) and other current and former high-ranking Venezuelan officials. As charged, Maduro allegedly participated in a drug trafficking organization that conspired with the Revolutionary Armed Forces of Colombia (FARC) to traffic illicit drugs to the United States. Bolivia-U.S. antidrug cooperation was limited under Evo Morales (2006-2019), and remains uncertain under the administration of newly elected President Luis Arce.[39]

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. Despite efforts to combat the drug trade, many Latin American governments, particularly in Mexico and Central America—a region through which roughly 93% of cocaine from South America transited in 2018—continue to suffer from weak criminal justice systems and law enforcement agencies.[40] Public corruption, including high-level cooperation with criminal organizations, further frustrates efforts to interdict drugs, investigate and prosecute traffickers, and recover illicit proceeds. At the same time, there is a widespread perception—particularly among Latin American observers—that U.S. demand for illicit drugs is largely to blame for the region's crime and violence problems. The COVID-19 pandemic has lowered violence in most countries, but drug trafficking-related violence remains elevated in Mexico.

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, and have used violence to enforce COVID-19 related quarantines. Gang-related violence has fueled unauthorized migration to the United States.

U.S. Policy. For more than 40 years, U.S. policy toward the region has focused on countering drug trafficking and reducing drug production in Latin America and the Caribbean. The largest support program, Plan Colombia, provided more than $10 billion to help Colombia combat both drug trafficking and rebel groups financed by the drug trade from FY2000 to FY2016.[41] After Colombia signed a historic peace accord with the country's largest leftist guerrilla group, the FARC, the United States provided assistance to help implement the agreement. U.S. officials remain concerned, however, about elevated cocaine production in Colombia.

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

The Trump Administration's approach to Latin America and the Caribbean focused heavily on U.S. security objectives. All of the aforementioned assistance programs have continued, but

[39] For more, see CRS In Focus IF11325, *Bolivia: An Overview*, by Clare Ribando Seelke.

[40] U.S. Government, Interagency Assessment of Cocaine Movement (IACM), based on 2018 data from the Consolidated Counterdrug Database (CCDB).

[41] See CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel.

placed greater emphasis on combating drug trafficking, gangs, and other criminal groups than during the Obama Administration. The Trump Administration also sought to reduce funding for each of the U.S. security assistance programs and reprogrammed significant portions of assistance to Central America due to concerns that those governments did not adequately curb unauthorized migration. President Trump welcomed Mexico's assistance on migration enforcement, but noted in an FY2021 presidential determination issued in September 2020 that Mexico is in "serious risk of being found to have failed demonstrably to uphold its international drug commitments."[42] Such a determination could trigger foreign assistance cuts. In 2020, the Administration deployed a large military-led antidrug effort in the Caribbean aimed at deterring drug trafficking emanating from Venezuela.

President Trump also prioritized combating gangs, namely the MS-13, which the Department of Justice (DOJ) has named a top priority. U.S. agencies, in cooperation with vetted units in Central America funded through CARSI, have brought criminal charges against thousands of MS-13 members in the United States. Aid reductions for Central America exempted U.S. assistance that supports vetted units working with the U.S. Department of Homeland Security (DHS) and DOJ.

Congressional Action: The 116th Congress held hearings on opioids, which included consideration of heroin and fentanyl production in Mexico; corruption in the Americas; the Mérida Initiative, U.S. assistance to Central America (including CARSI); and the findings of the congressionally-mandated Western Hemisphere Drug Policy Commission. The commission's report, released in December 2020, recommended that the State Department take the lead in regional drug policy and replace the annual drug certification process with compacts negotiated with countries to identify bilateral antidrug policies.[43]

Compared to FY2018, Congress provided increased resources in FY2019 for Colombia and Mexico, slightly less funding for CARSI, and stable funding for the CBSI in P.L. 116-6. For FY2020, Congress again increased funding for Colombia, Mexico and CBSI, while slightly reducing CARSI funds (P.L. 116-94).

For FY2021, the Consolidated Appropriations Act, 2021, (P.L. 116-260) provides significantly more funding for Colombia and Mexico, CARSI, and CBSI than the Administration's FY2021 request. In comparison to the FY2020 enacted funding levels, the act provides increased funding for the CBSI equal to the amount authorized by the House-passed Caribbean Basin Security Initiative Authorization Act (H.R. 7703). The explanatory statement accompanying P.L. 116-260 provides level funding for the Mérida Initiative in Mexico and increased funds for related programs in Colombia, but reduced funds for CARSI.

The FY2020 NDAA (P.L. 116-92) required an intelligence assessment of how drug trafficking influenced migration-related crimes in Mexico and the Northern Triangle (Section 5522) and created a Commission on Combating Synthetic Opioid Trafficking to report on, among other things, opioids coming from Mexico (Section 7221). A provision in the FY2021 NDAA (P.L. 116-283, Section 8245) requires a study and report on Coast Guard interdiction of illicit drugs from Central America and South America.

For additional information, see CRS Insight IN11535, *Mexican Drug Trafficking and Cartel Operations amid COVID-19*, by June S. Beittel and Liana W. Rosen; CRS In Focus IF10578,

[42] President Trump, Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2021, Memorandum for the Secretary of State, September 16, 2020.

[43] House Committee on Foreign Affairs, "Engel Release Western Hemisphere Drug Policy Commission Report," press release, December 1, 2020, at https://foreignaffairs.house.gov/2020/12/engel-releases-western-hemisphere-drug-policy-commission-report (includes link to the commission's report).

Mexico: Evolution of the Mérida Initiative, 2007-2020, by Clare Ribando Seelke; CRS In Focus IF10400, *Trends in Mexican Opioid Trafficking and Implications for U.S.-Mexico Security Cooperation*, by Liana W. Rosen and Clare Ribando Seelke; CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel; CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer; 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 among the fastest-growing regional trading partners for the United States. Economic relations between the United States and most of its trading partners in the region remain strong, despite challenges, such as slow economic growth and high levels of violence in some countries. The United States accounts for roughly 31% of the Latin American and Caribbean region's merchandise imports and 44% of its merchandise exports. Most of this trade is with Mexico, which accounted for 65% of U.S. imports from the region and 61% of U.S. exports to the region in 2019. In 2019, total U.S. merchandise exports to Latin America and the Caribbean were valued at $418.9 billion, down from $429.7 billion in 2018. U.S. merchandise imports were valued at $467.0 billion in 2019 (see **Table 5**).

The United States strengthened economic ties with Latin America and the Caribbean over the past 26 years through the negotiation and implementation of FTAs. Starting with NAFTA in 1994, which was replaced by the USMCA when it entered into force on July 1, 2020, 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 was the first U.S. FTA with a country in the Latin American and Caribbean region, establishing new rules and disciplines that influenced subsequent trade agreements on issues important to the United States, such as IPR protection, services trade, agriculture, dispute settlement, investment, labor, and the environment.

In addition to FTAs, the United States has extended unilateral trade preferences to some countries in the region through several trade preference programs. The Caribbean Basin Economic Recovery Act (no expiration), for example, provides limited duty-free entry of select Caribbean products as a core element of the U.S. foreign economic policy response to uncertain economic and political conditions in the region. Several preference programs for Haiti, which expire in 2025, provide generous and flexible unilateral preferences to the country's apparel sector. Two other preference programs include the Caribbean Basin Trade Partnership Act (CBTPA), which has been extended through September 2030 (P.L. 116-164), and the Generalized System of Preferences (GSP), which expired on December 31, 2020. The CBTPA extends preferences on apparel products to eligible Caribbean countries similar to those given to Mexico under NAFTA, replaced by USMCA. The GSP, first authorized in the 1970s, has provided duty-free tariff treatment to certain products imported from 120 designated developing countries throughout the world, including Argentina, Brazil, Ecuador, and other Latin American and Caribbean countries.

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. That opposition, has shifted as some countries, including Brazil and Ecuador, have taken steps to enhance the trade relationship with the United States through partial bilateral trade agreements on trade facilitation, regulatory cooperation, and anti-corruption. Numerous other bilateral and plurilateral trade agreements throughout the Western Hemisphere, however, do not include the United States. For example, the Pacific Alliance, a trade arrangement composed of Mexico, Peru, Colombia, and Chile, is reportedly moving forward on a possible trade

arrangement with Mercosur, composed of Brazil, Argentina, Uruguay, and Paraguay. On June 28, 2019, after 20 years of negotiations, the European Union and Mercosur reached a political agreement in principle for an ambitious and comprehensive trade agreement. On April 28, 2020, Mexico and the European Union finalized negotiations to update their original FTA and remove most of the remaining trade barriers between the two partners.

Congress may examine how the United States could enhance trade relations with these countries, whether it be through bilateral FTAs or a broader regional FTA, such as the Free Trade Area of the Americas (FTAA) that was pursued in the mid-1990s but never concluded[44], or through partial trade agreements that are limited in scope such as the recently concluded arrangements with Brazil and Ecuador.

Table 5. U.S. Trade with Key Trading Partners in Latin America and the Caribbean, 2012-2019

(in billions of U.S. dollars)

Partner Country	2012	2013	2014	2015	2016	2017	2018	2019
U.S. Exports								
Mexico	215.9	226.0	241.0	236.5	230.2	243.5	265.4	256.4
Brazil	43.8	44.1	42.4	31.6	30.2	37.3	39.6	43.1
Chile	18.8	17.5	16.5	15.5	12.9	13.6	15.4	15.8
Colombia	16.4	18.4	20.1	16.3	13.1	13.4	15.2	14.8
Total LAC	399.1	410.4	424.9	389.0	366.1	393.9	429.7	418.9
World	1,545.8	1,578.5	1,621.9	1,503.3	1,451.5	1,546.5	1,666.0	1645.2
U.S. Imports								
Mexico	277.6	280.6	295.7	296.4	293.5	312.8	346.1	358.1
Brazil	32.1	27.5	30.0	27.5	26.0	29.5	31.1	30.9
Colombia	24.6	21.6	18.3	14.1	13.8	13.6	13.8	14.1
Chile	9.4	10.4	9.5	8.8	8.8	10.6	11.4	10.4
Total LAC	449.4	439.0	446.0	412.3	401.2	428.7	468.3	467.0
World	2,276.3	2,268.0	2,356.4	2,248.8	2,186.8	2,339.9	2,540.8	2,498.4

Source: U.S. International Trade Commission (ITC) Interactive, "DataWeb: Tariff and Trade."

Notes: This table provides statistics on the top four countries followed by the total of U.S. trade with all countries in Latin America and the Caribbean (LAC).

President Trump made NAFTA renegotiation and modernization a priority of his Administration's trade policy. The United States, Canada, and Mexico subsequently entered into NAFTA renegotiations and concluded talks with the announcement of the USMCA on September 30,

[44] In 1994, 34 Western Hemisphere nations met at the first Summit of the Americas, envisioning a plan to complete a Free Trade Area of the Americas (FTAA) by January 1, 2005. Faced with deadlocked negotiations, the United States and Brazil, the FTAA co-chairs, brokered a compromise at the November 2003 Miami trade ministerial. It moved the FTAA away from the comprehensive, single undertaking principle, toward a two-tier framework comprising a set of "common rights and obligations" for all countries, combined with voluntary plurilateral arrangements with country benefits related to commitments. The FTAA talks stalled in 2004. At the fourth Summit of the Americas held in November 2005, Brazil, Argentina, Uruguay, Paraguay, and Venezuela blocked an effort to restart negotiations. Further action has not occurred.

2018. Mexico was the first country to ratify the agreement in June 2019 and the amended agreement on December 12, 2019. On January 16, 2020, Congress approved the agreement and n on March 13, 2020, Canada was the last country to ratify it. USMCA continues NAFTA's market opening provisions but also modernizes the agreement with new provisions on digital trade, state-owned-enterprises, currency manipulation, anti-corruption, and enforcement of worker rights and the environment. USMCA's tighter rules-of-origin requirements for the motor vehicle industry, removal of government procurement provisions for Canada, and lessening of investor state dispute settlement provisions are significant, because they scale back U.S. trade policy goals of previous Administrations.

In 2018, President Trump issued two proclamations imposing tariffs on U.S. imports of certain steel and aluminum products, including products from Latin America, using presidential powers granted under Section 232 of the Trade Expansion Act of 1962. The proclamations outlined the President's decisions to impose tariffs of 25% on steel and 10% on aluminum imports, with some flexibility on the application of tariffs by country. In May 2018, President Trump proclaimed Argentina and Brazil permanently exempt from the steel tariffs in exchange for quota agreements. The United States imposed tariffs on steel and aluminum imports from Mexico on May 31, 2018, and Mexico subsequently imposed retaliatory tariffs on 71 U.S. products, covering an estimated $3.7 billion worth of trade. By May 2019, President Trump had exempted Mexico from steel and aluminum tariffs, and Mexico agreed to terminate its retaliatory tariffs. After Brazil's tariff-rate quota (TRQ) on ethanol imports from the United States expired in August 2020, President Trump tightened the cap on allowable steel imports from Brazil, stating that the decision was made under Section 232 and acknowledging that the tightened quota may affect production activities in the United States. The United States and Brazil agreed to hold consultations to resolve these issues, the latest of which was planned for December 2020.

President Trump's January 2017 withdrawal from the proposed TPP, an FTA that included Mexico, Peru, and Chile as signatories, signified another change to U.S. trade policy. In March 2018, all remaining TPP parties signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP or TPP-11), which essentially brought a modified TPP into effect. The TPP-11 has entered into force among seven countries—Canada, Australia, Japan, Mexico, New Zealand, Singapore, and Vietnam. Chile and Peru expect to ratify the agreement eventually. Colombia has expressed plans to request entry into the agreement after it enters into force among all partners. Some observers contend that U.S. withdrawal from the proposed TPP could damage U.S. competitiveness and economic leadership in the region, whereas others see the withdrawal as a way to prevent lower-cost imports and potential job losses.

Congressional Action: The 116th Congress, in both its legislative and oversight capacities, faced numerous trade policy issues related to NAFTA's renegotiation and the USMCA. The House approved USMCA implementing legislation, H.R. 5430, on December 19, 2019, by a vote of 385-41, and the Senate approved it on January 16, 2020, by a vote of 89-10; it was signed into law (P.L. 116-113) on January 29, 2020. Lawmakers took an interest as to whether the Administration followed U.S. trade negotiating objectives and procedures as required by Trade Promotion Authority (Bipartisan Congressional Trade Priorities and Accountability Act of 2015, or TPA; P.L. 114-26). Some Members also considered issues surrounding the labor and environment provisions' enforceability, access to medicine, and economic effects. Other Members showed interest in how the USMCA may affect U.S. industries, especially the auto industry, as well as the overall effects on the U.S. and Mexican economies, North American supply chains, and trade relations with the Latin American and Caribbean region. Other congressional concerns in regard to USMCA were resolved by including language for technical corrections to USMCA in the FY2021 appropriations package that President Trump signed December 27, 2020 (P.L. 116-260,

Division O, Title VI). Policymakers continue to monitor Mexico's implementation of labor USMCA commitments.

The effects of COVID-19 on the U.S.-Mexico supply chain may be of interest for U.S. policymakers, especially for products manufactured in Mexico for U.S. essential sectors, including the highly integrated motor vehicle industry. Automotive manufacturing plants in Mexico were closed for approximately two months due to the pandemic and started reopening in June, staggering hours and following government-established safety protocols. The industry currently is experiencing a market decrease of 32% compared with 2019. Some officials, including the Mexican Ambassador to the United States, noted that the United States and Mexico need to improve coordination in determining which sectors are essential and that the two countries need to work together to restart or continue production safely in essential sectors. Policymakers may wish to address how the United States and Mexico are cooperating on the possibility of future shutdowns.

Among other trade issues, numerous Members of Congress are monitoring bilateral trade consultations with Brazil in regard to Brazil's restrictions on imports of ethanol from the United States, which prompted the Trump Administration's tightening of the U.S. quota on semi-finished steel from Brazil. Policymakers also may consider how U.S. trade policy is perceived by the region and whether it may affect multilateral trade issues and cooperation on matters regarding security and migration. Another issue relates to U.S. market share. If Mexico, Chile, Colombia, Peru, and Mercosur countries continue trade and investment liberalization efforts with other countries without the United States, doing so may open the door to more intra-trade and investment among certain Latin American and Caribbean countries, or possibly China and other Asian countries, which may affect U.S. exports.

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

Migration Issues

Latin America's status as a leading source of both legal and unauthorized migration to the United States means that U.S. immigration policies significantly affect countries in the region and U.S. relations with their governments. Latin Americans comprise the vast majority of individuals who have received relief from removal (deportation) through the TPS program and the DACA initiative; they also comprise a large percentage of recent asylum seekers.[45] As a result, several U.S. immigration policy changes have affected countries in the region.

[45] Temporary Protected Status (TPS) is a discretionary, humanitarian benefit granted to eligible nationals after the Department of Homeland Security (DHS) determines that a country has been affected by armed conflict, natural disaster, or other extraordinary conditions that limit the country's ability to accept the return of its nationals from the United States. TPS designations began for Nicaragua and Honduras in 1999, for El Salvador in 2001, and for Haiti in 2010. The Deferred Action for Childhood Arrival (DACA) initiative is an initiative that the Obama Administration implemented in 2012 to provide temporary relief from removal and work authorization to certain unlawfully present individuals who arrived in the United States as children.

The Trump Administration terminated TPS designations for Haiti, El Salvador, Nicaragua, and Honduras (those terminations are facing legal challenges);[46] rescinded DACA through a process that the Supreme Court ruled in June 2020 did not follow proper procedures and had to be vacated;[47] and restricted access to asylum. In January 2019, the Administration launched the Migrant Protection Protocols (MPP), a program that requires many migrants and asylum seekers processed at the Mexico-U.S. border to be returned to Mexico to await their immigration proceedings; the program is currently facing legal challenges but remains in place.[48] The Administration also signed what it termed "asylum cooperative agreements" (ACAs), also referred to as "safe third country" agreements, with Guatemala, El Salvador, and Honduras to allow the United States to transfer certain migrants who arrive at a U.S. border to seek asylum to apply for asylum in one of those countries. DHS began to implement the agreement with Guatemala in November 2019, but implementation was suspended as a result of the COVID-19 pandemic in March 2020. In December 2020, DHS announced the finalization of the agreements needed to implement the El Salvador and Honduras ACAs.[49] To date, no migrants have been transferred to either country.

The factors that have driven U.S.-bound migration from Latin America are multifaceted, and some have changed. They include poverty and unemployment, political and economic instability, crime and violence, natural disasters and climate change, as well as relatively close proximity to the United States, familial ties in the United States, and relatively attractive U.S. economic conditions. As an example, Venezuela, a historically stable country with limited emigration to the United States, recently has become the top country of origin among those who seek U.S. asylum affirmatively due to Venezuela's ongoing crisis.[50]

Migrant apprehensions at the southwest border had been steadily declining, reaching a 50-year low in 2017, but they began to rise in mid-2017. By FY2019, DHS apprehended 977,509 migrants, roughly 456,400 more than in FY2018.[51] Unaccompanied children and families from the Northern Triangle, many of whom were seeking asylum, made up a majority of those apprehensions. In FY2020, apprehensions declined by more than half, particularly after the COVID-19 pandemic began in March 2020.[52] Mexican adults comprised the majority of those apprehended. In response to the pandemic, nonessential travel and asylum processing were suspended at the U.S.-Mexico border through January 21, 2021, with any persons without valid travel documents returned to Mexico as quickly as possible.[53] Under these so-called Title 42 CDC travel restrictions, more than 316,500 migrants from Mexico and the Northern Triangle were expelled to Mexico through November 2020.[54] Mexico has had to contend with those individuals

[46] As legal challenges to the termination of TPS for these countries continue, DHS has extended the validity of TPS documents for current beneficiaries through October 4, 2021.

[47] U.S. Dep't of Homeland Sec. v. Regents of the Univ. of Cal.,—S. Ct.—, 2020 WL 3271746, at *3 (2020).

[48] DHS, "Migrant Protection Protocols," at https://www.dhs.gov/migrant-protection-protocols.

[49] DHS, "El Salvador Begins Implementation of Asylum Cooperative Agreement," press release, December 15, 2020, and "Asylum Cooperative Agreement with Honduras Finalized," press release, December 18, 2020.

[50] In FY2018, Venezuela ranked first among countries of origin for those seeking affirmative asylum in the United States. Guatemala and El Salvador ranked second and third. See DHS, Office of Immigration Statistics, *Annual Flow Report: Refugees and Asylees: 2018*, October 2019.

[51] DHS, U.S. Customs and Border Protection (CBP), "Southwest Border Migration FY2019."

[52] CBP, "Southwest Border Migration FY2020.

[53] See CRS Insight IN11308, *COVID-19: Restrictions on Travelers at U.S. Land Borders*, by Audrey Singer.

[54] CBP, "Nationwide Enforcement Encounters: Title 8 Enforcement Actions and Title 42 Expulsions," at https://www.cbp.gov/newsroom/stats/cbp-enforcement-statistics/title-8-and-title-42-statistics, accessed December, 15,

as well as the tens of thousands of individuals from those and other countries asked to "remain in Mexico" under MPP during a pandemic.

The Trump Administration's rhetoric and policies have tested U.S. relations with Mexico and the Northern Triangle countries. Mexico's President Andrés Manuel López Obrador agreed to shelter migrants affected by the MPP program and then, to avoid U.S. tariffs, allowed the MPP to be expanded in Mexico and increased Mexico's immigration enforcement efforts, particularly on its southern border. Amidst U.S. foreign aid cuts and tariff threats (in the case of Guatemala), the Northern Triangle countries signed "safe third country" agreements despite serious concerns about conditions in the three countries. Mexico and the Northern Triangle countries, which received some 91% of the 267,258 individuals removed from the United States in FY2019, have expressed concerns that removals could overwhelm their capacity to receive and reintegrate migrants. Central American countries also are concerned about the potential for increased removals of those with criminal records to exacerbate their security problems. More recently, in response to the United States deporting and expelling migrants infected with COVID-19, the Guatemalan government has suspended repatriation flights on multiple occasions and called for the United States to screen returning migrants for the disease adequately.[55]

Congressional Action: The 116th Congress provided foreign assistance to help address some of the factors fueling migration from Central America and to support Mexico's migration management efforts in FY2019 (P.L. 116-6) and FY2020 (P.L. 116-94). In July 2019, the House passed H.R. 2615, the United States-Northern Triangle Enhanced Engagement Act, which would require a report on how U.S. agencies are addressing the main drivers of unauthorized migration from Central America. The Consolidated Appropriations Act, 2021 (P.L. 116-260) incorporated H.R. 2615 as Division FF, Title III, Subtitle F. The explanatory statement accompanying the act includes language from H.Rept. 116-444 requiring the Secretary of State to submit copies of ACAs signed with Guatemala, El Salvador and Honduras and how it was determined that those ACAs met U.S. legal requirements. The explanatory statement also prohibits the provision of any U.S. assistance for Mexico and Central America to justify or support the ACAs.

For more information, see CRS Report R46419, *Immigration Legislation and Issues in the 116th Congress*, coordinated by Andorra Bruno; CRS Legal Sidebar LSB10402, *Safe Third Country Agreements with Northern Triangle Countries: Background and Legal Issues*, by Ben Harrington; CRS In Focus IF11151, *Central American Migration: Root Causes and U.S. Policy*, by Peter J. Meyer and Maureen Taft-Morales; CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke; CRS Report R45266, The Trump Administration's "Zero Tolerance" Immigration Enforcement Policy, by William A. Kandel; CRS Report R45995, *Unauthorized Childhood Arrivals, DACA, and Related Legislation*, by Andorra Bruno; CRS Legal Sidebar LSB10497, *Supreme Court: DACA Rescission Violated the APA*, by Ben Harrington; CRS Report R43599, *Unaccompanied Alien Children: An Overview*, by William A. Kandel; CRS Report R44849, *H-2A and H-2B Temporary Worker Visas: Policy and Related Issues*, by Andorra Bruno; CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson; CRS Legal Sidebar LSB10207, *Asylum and Related Protections for Aliens Who Fear Gang and Domestic Violence*, by Hillel R. Smith; CRS Legal Sidebar LSB10559, *U.S. Customs and Border Protection's Powers and Limitations: A Brief Primer*, by Hillel R. Smith; and CRS Report R46012, *Immigration: Recent Apprehension Trends at the U.S. Southwest Border*, by Audrey Singer and William A. Kandel.

2020.

[55] Cindy Carcamo and Molly O'Toole, "Migrants Deported by U.S. Make up More Than 15% of Guatemala's Coronavirus Cases," *Los Angeles Times*, May 4, 2020.

Selected Country and Subregional Issues

The Caribbean

Caribbean Regional Issues

The Caribbean is a diverse region of 16 independent countries and 18 overseas territories, including 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**).

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

In July 2019, the State Department issued a report to Congress on the implementation of its multiyear strategy. The report maintained that limited budgets and human resources have constrained opportunities for deepening relations, but funding for the strategy's security pillar has supported meaningful engagement and produced tangible results for regional and U.S. security interests.[56]

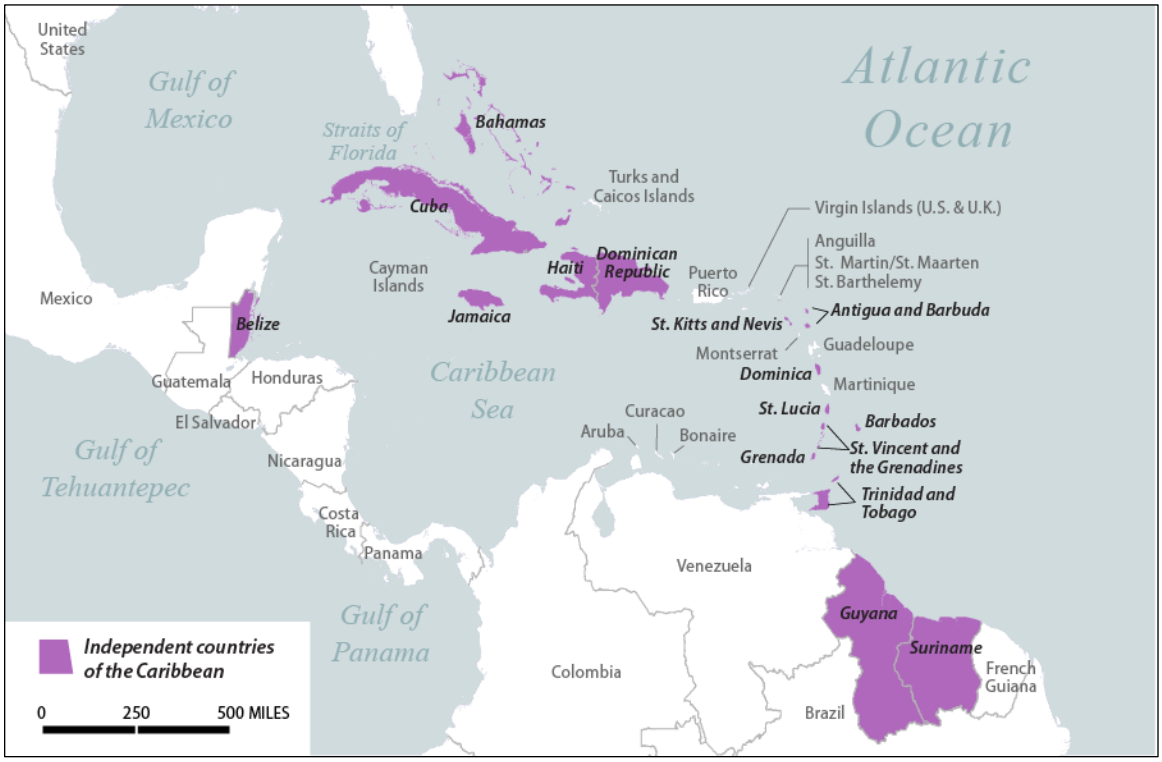
Because of their geographic location, many Caribbean nations are vulnerable to use as transit countries for illicit drugs from South America destined for the U.S. and European markets. Many Caribbean countries also have suffered high rates of violent crime, including murder, often associated with drug trafficking activities. In response, the United States launched the Caribbean Basin Security Initiative (CBSI) in 2009, a regional U.S. foreign assistance program seeking to reduce drug trafficking in the region and advance public safety and security. The program dovetails with the first pillar of the State Department's Caribbean multiyear strategy for U.S. engagement. From FY2010 through FY2020, Congress appropriated almost $677 million for the CBSI. These funds benefitted 13 Caribbean countries. The program has targeted assistance in five areas: (1) maritime and aerial security cooperation, (2) law enforcement capacity building, (3) border/port security and firearms interdiction, (4) justice sector reform, and (5) crime prevention and at-risk youth.

Many Caribbean nations 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

[56] U.S. Department of State, *2019 Report to Congress on Progress of Public Law (P.L.) 114-291: Efforts to Implement the Strategy for U.S. Engagement with the Caribbean Region*, July 2019.

the goals of promoting a cleaner and more sustainable energy future in the Caribbean.[57] The CESI includes a variety of initiatives to boost energy security and sustainable economic growth by attracting investment in a range of energy technologies through a focus on improved governance, increased access to finance, and enhanced coordination among energy donors, governments, and stakeholders.[58]

Figure 2. Map of the Caribbean Region: Independent Countries



Source: CRS Graphics.

Notes: With the exception of Cuba and the Dominican Republic, the remaining 14 independent countries of the Caribbean region are members of the Caribbean Community, or CARICOM, 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, established in 1981 to promote economic integration, harmonization of foreign policy, and other forms of cooperation among member states.

Many Caribbean countries are susceptible to extreme weather events such as tropical storms and hurricanes, which can significantly affect their economies and infrastructure. Recent scientific studies suggest that climate change may be increasing the intensity of such events.[59] In September 2019, Hurricane Dorian caused widespread damage to the northwestern Bahamian islands of Grand Bahama and Abaco, with 70 confirmed deaths and many missing.[60] The United States

[57] U.S. Department of State, Bureau of Western Hemisphere Affairs, "U.S.-Caribbean Resilience Partnership," at https://www.state.gov/u-s-caribbean-resilience-partnership/.

[58] For background, see U.S. Department of State, Bureau of Western Hemisphere Affairs, "Caribbean Energy Security Initiative (CESI)," at https://www.state.gov/caribbean-energy-security-initiative-cesi/.

[59] See, for example, Kieran T Bhatia et al., "Recent Increases in Tropical Cyclone Intensification Rates," *Nature Communications*, vol. 10, no. 635 (2019).

[60] The Government of the Bahamas, Cabinet & Disaster Management (NEMA), "Hurricane Dorian, NEMA Update," November 29, 2019.

responded with nearly $34 million in humanitarian assistance, including almost $25 million provided through USAID. Prior to the hurricane, the State Department had launched a U.S.-Caribbean Resilience Partnership in April 2019, with the goal of increasing regional disaster response capacity and promoting resilience to natural disasters. In December 2019, USAID announced it was providing $10 million to improve local resilience to disasters in the Caribbean.

The COVID-19 pandemic is having a significant economic impact on many Caribbean countries that depend on tourism. In 2020, all Caribbean economies (with the exception of Guyana) are expected to experience deep recessions. Caribbean nations that depend on tourism are projected to have economic declines well over 10%, according to the IMF.[61] As of the end of 2020, the Dominican Republic reported 2,414 COVID-19 deaths, the highest for any country in the Caribbean region, while the countries in the region with the highest mortality rates of deaths per 100,000 were Belize (64.74) and the Bahamas (44.08).[62]

Congressional Action: The 116th Congress continued to appropriate funds for Caribbean regional programs. Over the past two fiscal years, Congress has funded the CBSI at levels significantly higher than requested by the Trump Administration. For FY2019, Congress appropriated $58 million for the CBSI ($36.2 million was requested), in the Consolidated Appropriations Act, 2019 (P.L. 116-6). For FY2020, the Trump Administration requested $40.2 million for the CBSI, about a 30% drop from FY2019 appropriations. Ultimately, Congress appropriated not less than $60 million for the CBSI for FY2020 in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94).

For FY2021, the Administration requested $32 million for the CBSI, a cut of almost 47% from that appropriated for FY2020, but in the Consolidated Appropriations Act, 2021 (P.L. 116-260), Congress provided not less than $74.8 million. In other legislative action on the CBSI, the House approved H.R. 7703, the Caribbean Basin Security Initiative Authorization Act, on November 18, 2020, although the Senate did not take action on the measure. The bill would have authorized $74.8 million for the CBSI for each year from FY2021 through FY2015, including monitoring and reporting requirements for the CBSI, and would have required the State Department to prioritize efforts to increase disaster response and resilience by carrying out such programs in beneficiary countries.

In other FY2021 assistance designated for the Caribbean, P.L. 116-260 provided $10 million in development assistance for the Caribbean region "to enhance island disaster recovery and resilience and to assist the Caribbean region in adapting to, and mitigating the effects of, climate change, to include supporting the Caribbean Islands' consortium of higher education institutions to inform and advance pre-disaster assessment and recovery."[63] The explanatory statement also provided $2 million in development assistance for Barbados and the Eastern Caribbean.

Congress has also continued to provide funding for the CESI, appropriating $2 million in FY2019 (P.L. 116-6) and $3 million in FY2020 (P.L. 116-94). For FY2021, the explanatory statement to P.L. 116-260 provides $3 million for the CESI.

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[61] IMF, *World Economic Outlook Database*, October 2020.

[62] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

[63] For FY2020, the report to the Department of State, Foreign Operations, and Related Programs appropriations bill, H.Rept. 116-178 to H.R. 2839, directed that bilateral economic assistance be made available to strengthen resilience to emergencies and disasters in the Caribbean. (Division G of the explanatory statement to P.L. 116-94 provided that federal departments and agencies were directed to comply with the directives, reporting requirements, and instructions contained in H.Rept. 116-78 accompanying H.R. 2839 and S.Rept. 116-126 accompanying S. 2583, unless specifically directed to the contrary.)

More broadly, the conference report to the FY2021 NDAA (H.Rept. 116-617 to P.L. 116-283) states that enhancing partnerships between the United States and Caribbean nations is in the U.S. strategic interest, and that the United States should pursue opportunities to strengthen engagement in the Caribbean consistent with the objections of the 2018 National Defense Strategy and the State Department's Caribbean 2020 strategy. Such efforts, according to the conference report, should include a commitment to strengthening security relationships and interoperability, and advancing trade and investment, academic exchanges, and other cooperative efforts between the United States and the Caribbean region.

As noted above in the section on "Trade Policy," the 116th Congress also approved legislation (P.L. 116-164, signed into law in October 2020) extending for 10 year, through September 2030, trade preferences in the Caribbean Basin Trade Caribbean Basin Trade Partnership Act that currently benefit eight Caribbean countries.

For additional information, see CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan; CRS In Focus IF10789, *Caribbean Basin Security Initiative*, by Mark P. Sullivan; CRS Insight IN11171, *Bahamas: Response to Hurricane Dorian*, by Rhoda Margesson and Mark P. Sullivan; CRS In Focus IF10407, *Dominican Republic*, by Clare Ribando Seelke and Rachel L. Martin; CRS In Focus IF11381, *Guyana: An Overview*, by Mark P. Sullivan; CRS In Focus IF10912, *Jamaica*, by Mark P. Sullivan; and CRS In Focus IF10914, *Trinidad and Tobago*, by Mark P. Sullivan.

Cuba

Political and economic developments in Cuba, a one-party authoritarian state with a poor human rights record, frequently have been the subject of intense congressional concern since the 1959 Cuban revolution. Current Cuban President Miguel Díaz-Canel succeeded Raúl Castro in April 2018, but Castro will continue to head Cuba's Communist Party until the next party congress, scheduled for April 2021. In 2019, a new constitution took effect; it introduced some political and economic reforms but maintained the state's dominance over the economy and the Communist Party's predominant political role. A November 2020 government crackdown on the San Isidro Movement, a civil society group opposed to restrictions on artistic expression, spurred a protest by several hundred Cubans and focused international attention on Cuba's poor human rights record.

The Cuban economy is being hard-hit by the economic effects of the response to the COVID-19 pandemic, reduced support from Venezuela, and increased U.S. economic sanctions. The Cuban government reports that the economy contracted 11% in 2020; the global contraction in economic growth, trade, foreign investment, and tourism likely will slow post-COVID-19 economic recovery. Over the past decade, Cuba has implemented gradual market-oriented economic policy changes, but the slow pace of these reforms has not fostered sustainable growth and development. Amid the pandemic, the government has implemented more reforms and on December 10, 2020, announced its dual-currency system would be eliminated on January 1, 2021, a major reform that has long been debated. Cuba's public health response to the COVID-19 pandemic appears to have been effective. At the end of 2020, the country reported 146 deaths, with a mortality rate of 1.29 deaths per 100,000 people, according to Johns Hopkins University, among the lowest rates in the hemisphere.[64]

[64] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

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

President Trump unveiled a new policy toward Cuba in 2017 that introduced new sanctions and rolled back some of the Obama Administration's efforts to normalize relations. In September 2017, the State Department reduced the staff of the U.S. Embassy by about two-thirds in response to unexplained health injuries of members of the U.S. diplomatic community in Havana. The reduction affected embassy operations, especially visa processing. In November 2017, the Administration restricted financial transactions with entities controlled by the Cuban military, intelligence, and security services; the "Cuba restricted list" has been updated several times, most recently in September 2020. By 2019, the Administration had largely abandoned engagement and increased sanctions to pressure the Cuban government on human rights and for its support of the Venezuelan government of Nicolás Maduro.

In 2019 and 2020, the sanctions included a wide array of restrictions, especially on travel and remittances. Restrictions on travel included eliminating people-to-people educational travel, limiting air travel between the United States and Cuba, prohibiting cruise ship travel, and prohibiting U.S. travelers from staying at over 400 hotels and private residences for rent. Restrictions on remittances limited family remittances, eliminated the category of donative remittances, and implemented new regulations that resulted in Western Union (the major company used for transmitting remittances to Cuba) ceasing its operations in Cuba. Other trade and financial sanctions restricted Cuba's access to leased commercial aircraft, reimposed a license requirement for third-country companies exporting goods to Cuba with more than 10% U.S. origin, and eliminated the use of U-turn transactions that allowed banking institutions to process certain funds transfers originating and terminating outside the United States. Sanctions also targeted Venezuela's oil exports to Cuba. The Administration allowed lawsuits to go forward (pursuant to Title III of the LIBERTAD Act, P.L. 104-114) against those alleged to be trafficking in confiscated property in Cuba, and imposed visa restrictions on several high-ranking Cuban officials, including Raul Castro, for human rights violations. The Administration also initiated a campaign highlighting allegations of coercive labor practices in Cuba's foreign medical mission, and in May 2020, added Cuba to its annual list of countries certified as *not cooperating fully* with U.S. antiterrorism efforts.

Congressional Action: The 116th Congress continued to fund Cuba democracy assistance and U.S.-government sponsored broadcasting to Cuba: $20 million for democracy programs and $29.1 million for broadcasting in FY2019 (P.L. 116-6) and $20 million for democracy programs and $20.973 million for broadcasting in FY2020 (P.L. 116-94, Division G). For FY2021, the Administration requested $10 million for democracy programs and $12.973 million for broadcasting. In the Consolidated Appropriations Act, 2021 (P.L. 116-260) and its explanatory statement, Congress provided $20 million for Cuba democracy programs, $12.973 million for Cuba broadcasting, and allowed for the transfer of up to $7 million from the U.S. Agency for Global Media's Buying Power Maintenance Account to help manage the cost of Office of Cuba Broadcasting reform begun in 2019.

In other completed action, P.L. 116-94 (Division J) included benefits for State Department employees and dependents injured while stationed in Cuba. The FY2021 NDAA, P.L. 116-283

(Section 1110), extends such benefits to personnel of other federal agencies. The Senate also approved S.Res. 454 in June 2020, calling for the unconditional release of democracy activist José Daniel Ferrer.

In September 2019, the House Subcommittee on the Western Hemisphere, Civilian Security, and Trade (House Western Hemisphere Subcommittee) held a hearing on the human rights situation in Cuba (see **Appendix**).

For additional information, see CRS In Focus IF10045, *Cuba: U.S. Policy Overview*, by Mark P. Sullivan; CRS Report R45657, *Cuba: U.S. Policy in the 116th Congress*, by Mark P. Sullivan; and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan.

Haiti

During the administration of President Jovenel Moïse, who was inaugurated in February 2017, Haiti has been experiencing political and social unrest, high inflation, and resurgent gang violence. The Haitian judiciary is investigating Moïse's possible involvement in money laundering, irregular loans, and embezzlement; the president denies these allegations. He has dismissed some officials looking into corruption.[65] Because Haiti failed to hold legislative elections scheduled for October 2019, there is currently no functioning legislature. Moïse has been ruling by decree since January 2020. There is some debate whether his five-year term ends on February 7 of 2021 or 2022; Moïse asserts the latter. There may be heightened tensions that day.

In mid-2018, Moïse decided to end oil subsidies, which, coupled with deteriorating economic conditions, sparked massive protests. Government instability heightened after May 2019, when the Superior Court of Auditors delivered a report to the Haitian Senate alleging Moïse had embezzled millions of dollars. Nevertheless, a legislative motion to impeach the president did not pass. Mass demonstrations have called for an end to corruption, the provision of government services, and Moïse's resignation. Moïse has said that he will not resign.

Because the legislature also did not pass an elections law, the terms of the entire lower Chamber of Deputies and two-thirds of the Senate expired in January 2020, as did the terms of all local government posts, without newly elected officials to take their place. Since January 2020, the U.N., the OAS, and others have encouraged a dialogue among the government, opposition, civil society, and private sector to establish a functioning government, develop a plan for reform, create a constitutional revision process, and set an electoral calendar.[66] Early talks stalled without producing a national unity government.

President Moïse appointed a new cabinet and prime minister, Joseph Jouthe, and replaced elected mayors with his own nominees, all by decree. Although creating some stability, the appointments also served to solidify his political control. Moïse has little public support. Armed gangs have proliferated in recent years and targeted low-income neighborhoods where citizens held anti-government protests. Moïse fired a justice minister after he criticized the government's response to the rise in gangs and violent crime as inadequate. Haitian politicians historically have used

[65] Bureau des Avocats Internationaux and Institute for Justice and Democracy in Haiti, "Hearing Before Regional Human Rights Body Leads to Request for Site Visit to Haiti," October 4, 2019, p. 2; and EIU, *Haiti Country Report*, 3rd Quarter 2020.

[66] U.N. Security Council, Report of the Secretary General, S/2020/123, "United Nations Integrated Office in Haiti," February 13, 2020, p. 3.

gangs for political benefits, and some observers raise concerns that pro-government gangs will weaken opposition to Moïse. Former police officer Jimmy Cherizier, who goes by "Barbecue," is leading a coalition of gangs that has committed massacres, kidnappings, and extortion; although he and Moïse deny any agreement, Cherizier has attacked government critics.[67]

U.N. and U.S. officials have been pressing for Haiti to hold legislative and municipal elections as soon as possible. Instead, Moïse announced in October 2020 that his government would hold a referendum on a new constitution, and elections after that. Some observers are concerned Moïse will use decrees to advance constitutional reforms he advocates, including changes to strengthen Haiti's presidency and possibly a provision to allow presidential reelection, setting himself up for a second consecutive term, which Haiti's current constitution prohibits. The Trump Administration called on Haiti to hold elections by January 2021, and said constitutional reforms should follow elections.[68] Some observers argue that by continuing to support Moïse, the United Nations, the United States, and other international partners are facilitating Moïse's apparent effort to rule by decree as long as possible.[69]

Haiti has received high levels of U.S. assistance for many years given its proximity to the United States and its status as the poorest country in the hemisphere. In recent years, it was the second-largest recipient of U.S. aid in the region, after Colombia. Since a peak in 2010, the year a massive earthquake hit the country, aid to Haiti has been declining steadily. Since 2014, a prolonged drought and a hurricane have severely affected Haiti's food supply. U.N. peacekeepers inadvertently introduced cholera in Haiti in 2010. After nine years, Haiti has contained the epidemic, having zero laboratory-confirmed cases of cholera since January 2019.[70]

The U.N. has had a continuous presence in Haiti since 2004, recently shifting from peacekeeping missions to a political office, authorizing its Integrated Office in Haiti (BINUH) in 2019, and extending it for another year to October 15, 2021. The office's mandate is to protect and promote human rights and to advise the government of Haiti on strengthening political stability and good governance through support for an inclusive inter-Haitian national dialogue.

With the support of U.N. peacekeeping forces and U.S. and other international assistance, the Haitian National Police (HNP) force became increasingly professional and took on responsibility for domestic security. New police stations have given more Haitians access to security services, but with 14,000-15,000 officers, the HNP's size remains below international standards for the country's population. It is also underfunded. Recently, however, members of the HNP have protested their low pay and unsafe working conditions, and their protests have repeatedly turned violent. According to the U.N., the HNP has committed human rights abuses, including 19 extrajudicial killings in September and October 2019.[71]

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[67] Ingrid Arnesen and Anthony Faiola, "In Haiti, Coronavirus and a Man Named Barbecue Test the Rule of Law," *Washington Post*, August 14, 2020.

[68] Jacqueline Charles, "Trump Administration Steps up Pressure for Moïse to Stage Haiti's Overdue Elections," *Miami Herald*, November 2, 2020.

[69] Jacques Létang, "Annex II: Statement by the President of the Haitian Bars Federation, Jacques Létang," United Nations Security Council, "Letter dated 23 June 2020 from the President of the Security Council addressed to the Secretary-General and the Permanent Representatives of the members of the Security Council," S/2020/568, June 23, 2020, pp. 5-6; and EIU, *Haiti Country Report*, 3rd Quarter 2020.

[70] The World Bank, "Haiti: Overview," May 1, 2020.

[71] Marta Hurtado, "Press briefing note on Haiti unrest," Office of the U.N. High Commissioner for Human Rights, November 1, 2019.

The COVID-19 pandemic adds an additional challenge to governance. The government has limited resources to treat the disease and prevent its spread. Health experts and some Members of Congress called for the United States to suspend U.S. deportations of Haitians because they pose a high risk of introducing COVID-19 in Haiti.[72] Such deportations continued throughout 2020.

Experts expected the disease to spread rapidly and result in a high death rate, given conditions in Haiti. Yet the low number of cases baffles scientists. As of December 31, 2020, Haiti reported 10,015 confirmed cases and 236 deaths.[73] While there may be under-reporting, hospitalizations did not reach critical levels, and officials did not need to implement other emergency plans.[74] Nonetheless, health experts worry that a higher surge could still happen. Haiti has implemented some measures to limit the spread of the corona virus, but observance and enforcement are lax. Despite a surge in cases in early June, Moïse reopened borders in July, hoping to increase economic activity. The government also is not well equipped to deal with the pandemic's economic impact; Haiti's economy is expected to contract by at least 4% in 2020.[75]

As of August 2020, the State Department reported that the United States was providing $13.2 million in previously announced health and humanitarian assistance for Haiti to support efforts to respond to the COVID-19 pandemic, including aid to support risk communication, improve water and sanitation, prevent infections in health facilities, manage COVID-19 cases, and strengthen laboratories.[76]

Congressional Action: Congress provided an estimated $172.5 million for Haiti through the Further Consolidated Appropriations Act, 2020 (P.L. 116-94). The act required that aid to Haiti be provided only through the regular notification procedures. Under the act, economic assistance for Haiti could not be made available for assistance to the Haitian central government unless the Secretary of State certified and reported to the Committees on Appropriations that the government was taking effective steps to strengthen the rule of law, combat corruption, increase government revenues, and resolve commercial disputes. The act provided budget authority for $51 million in development assistance; it also provided $10 million in International Narcotics Control and Law Enforcement funds for prison assistance, prioritizing improvements to meet basic sanitation, medical, nutritional, and safety needs at Haiti's National Penitentiary. The measure also prohibited the provision of appropriated funds for assistance to Haiti's armed forces.

The Administration's FY2021 request for Haiti totaled $128.2 million, almost a 26% cut compared with estimated assistance being provided in FY2020. The Consolidated Appropriations Act, 2021 (P.L. 116-260) extends the certification requirement contained in P.L. 116-94, provides budget authority for $51 million in development assistance, and not less than $5 million to address the basic sanitary, medical, and nutritional needs of prisoners, and for alternatives to the National Penitentiary. The act makes the Haitian government eligible to purchase defense articles and services for the Coast Guard, and prohibits funding under the act for assistance to Haiti's armed forces. The act requires that most aid to Haiti, including development assistance, be provided only through the regular notification procedures. The explanatory statement to the act

[72] Jacqueline Charles and Monique O. Madan, "Haiti Coronavirus Panel Demands that ICE Halt Deportations until Pandemic Is Controlled," *Miami Herald*, May 10, 2020.

[73] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality; and Kevin Sieff, "Haiti, Spared A Major Coronavirus Outbreak So Far, Now a 'Tinderbox' Set to 'Explode,'" *Washington Post*, May 15, 2020.

[74] Jacqueline Charles, "Despite Lax rules, COVID Claims Few Lives in Haiti. Scientists Want to Know Why," *Miami Herald*, December 16, 2020.

[75] International Monetary Fund, World Economic Outlook Database, October 2020.

[76] U.S. Department of State, Office of the Spokesperson, "Update: The United States Is Continuing To Lead the Response to COVID-19," fact sheet, August 21, 2020.

(pursuant to H.Rept. 116-444) directs the Secretary of State to report to the appropriate committees, within 45 days, on U.S. steps taken to address cholera and further the recovery of cholera victims and their families in Haiti.

Congress also approved legislation (P.L. 116-164, signed into law in October 2020) extending certain trade preferences to Haiti and seven other Caribbean nations for another 10 years, through September 2030 (see "Trade Policy" section, above.)

In other action, the House approved H.R. 5586, the Haiti, Development, Accountability, and Institutional Transparency Act, in November 2000, which would have required the State Department, in coordination with USAID, take actions to measure the progress of recovery and efforts to address corruption, rule and law, and media freedoms in Haiti.

The House Western Hemisphere Subcommittee held a hearing on U.S. policy toward Haiti in December 2019; the Tom Lantos Human Rights Commission held a hearing on human rights in Haiti in March 2020 (see **Appendix**).

For background, see CRS Report R45034, *Haiti's Political and Economic Conditions*, by Maureen Taft-Morales.

Mexico and Central America

Mexico

Congress has demonstrated renewed interest in Mexico, a neighboring country and top trading partner with which the United States has a close but complicated relationship. In recent decades, U.S.-Mexican relations have improved, as the countries have become close trade partners and worked to address migration, crime and other issues of shared concern. Nevertheless, the history of U.S. military and diplomatic intervention in Mexico and the asymmetry in the relationship continue to provoke periodic tension. The October 2020 arrest of former defense minister Salvador Cienfuegos in the United States on drug trafficking charges deeply angered the Mexican government. Despite his subsequent release, Mexico's Congress enacted reforms to limit U.S. law enforcement operations in Mexico.

The United States-Mexico-Canada Free Trade Agreement (USMCA), approved by Congress in January 2020, entered into force on July 1, 2020, and its implementation is likely to receive congressional attention. Congress remains concerned about the effects of organized-crime-related violence in Mexico on U.S. security interests and U.S. citizens' safety in Mexico and has increased oversight of U.S.-Mexican security cooperation. Congress has appropriated foreign assistance for Mexico and overseen bilateral efforts to address U.S.-bound unauthorized migration, illegal drug flows, and the COVID-19 pandemic.

Andrés Manuel López Obrador, the populist leader of the National Regeneration Movement (MORENA) party, which he created in 2014, took office for a six-year term in December 2018. He is the first Mexican president in over two decades to enjoy majorities in both legislative chambers. In addition to combating corruption, he pledged to build infrastructure in southern Mexico, revive the poor-performing state oil company, address citizen security through social programs, and adopt a non-interventionist foreign policy.

President López Obrador's approval ratings have remained relatively high (64% in December 2020), even as his government has struggled to address organized crime-related violence, the COVID-19 pandemic, and a deep recession. In 2019, most Mexicans approved of the López Obrador government's new social programs and minimum wage increases, but some opposed large cuts to government expenditures. After high-profile massacres and record homicide levels,

the López Obrador government has come under pressure to improve its security strategy. Mexico's economy recorded zero growth in 2019, and the IMF estimates that it may contract 9.0% in 2020. Nevertheless, President López Obrador has been slow to implement economic policies and public health measures to mitigate the impact of COVID-19, which had caused almost 126,000 reported deaths as of the end of 2020.[77]

U.S.-Mexico relations under the López Obrador government have remained generally cordial. Tensions have emerged over several issues, however, including trade disputes and tariffs, immigration and border security issues, U.S. citizens killed in Mexico and most recently, U.S. investigations of Mexican officials. Security cooperation under the Mérida Initiative has continued, including efforts to address the production and trafficking of opioids and methamphetamine, but the Administration has pushed Mexico to improve its antidrug efforts. The López Obrador's administration has accommodated the Trump Administration's border and asylum policy changes that have shifted the burden of interdicting migrants and offering asylum to Mexico. After enacting labor reforms and raising wages, the López Obrador administration achieved a key foreign policy goal: U.S. congressional approval of implementing legislation for the USMCA. On July 8, 2020, President López Obrador traveled to Washington, DC, to meet with President Trump to mark the agreement's entry into force and signed a joint declaration on bilateral relations.[78]

Congressional Action: The 116th Congress closely followed the Trump Administration's efforts to renegotiate NAFTA and recommended modifications to the proposed USMCA (on labor, the environment, and dispute settlement, among other topics) that led to the three countries signing an amendment to the agreement on December 10, 2019. The House approved the implementing legislation for the proposed USMCA in December 2019, and the Senate followed suit in January 16, 2020 (P.L. 116-113). The FY2020 NDAA (P.L. 116-92) required a classified assessment of drug trafficking, human trafficking, and alien smuggling in Mexico.

Congress provided $162.5 million in foreign assistance to Mexico in FY2019 (P.L. 116-6) and an estimated $157.9 million in FY2020 (P.L. 116-94). For FY2021, the Administration requested $63.8 million for Mexico, a decline of almost 60% compared with that provided in FY2020. The Consolidated Appropriations Act, 2021, (P.L. 116-260) provides $158.9 million for Mexico subject to the same withholding requirements as in S.Rept. 116-126 on Foreign Military Financing, but also requires the State Department to certify that Mexico has adopted "credible counternarcotics and law enforcement strategies…[that are] consistent with the right of due process and protection of human rights." The act also incorporated the United States-Mexico Economic Partnership Act in Division FF, Title XIX (originally approved by the House and Senate, respectively, in January 2019 and January 2020 as an earlier version of H.R. 133) directing the Secretary of State to enhance economic cooperation and educational and professional exchanges with Mexico and requiring the State Department to develop a strategy to achieve those aims. Division O, Title VI of the act also includes technical corrections to the USMCA. The explanatory statement accompanying the act includes reporting requirements from H.Rept. 116-444 that require a comprehensive strategy on the Mérida Initiative, as well as reports on (1) steps Mexico is taking to meet human rights standards, (2) how Mexico is addressing highway crimes, and (3) the challenges facing U.S. citizen minors in Mexico. The conference

[77] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

[78] The White House, "Remarks by President Trump and President López Obrador of the United Mexican States in Signing of a Joint Declaration," July 8, 2020.

report, H.Rept. 116-617, to the FY2021 NDAA (P.L. 116-283) requires a comprehensive report on past and future U.S. support for Mexican security forces.

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 In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal and Ian F. Fergusson; CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2020*, by Clare Ribando Seelke; CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel; CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke; and CRS In Focus IF10400, *Trends in Mexican Opioid Trafficking and Implications for U.S.-Mexico Security Cooperation*, by Liana W. Rosen and Clare Ribando Seelke.

Central America's Northern Triangle

The Northern Triangle region of Central America (see **Figure 3**) has received considerable attention from U.S. policymakers over the past decade, as it has become a major transit corridor for illicit drugs and has surpassed Mexico as the largest source of irregular migration to the United States. In FY2019, for example, U.S. authorities apprehended nearly 608,000 unauthorized migrants from El Salvador, Guatemala, and Honduras at the southwest border; 81% of those apprehended were families or unaccompanied minors, many of whom were seeking asylum.[79] 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. The COVID-19 pandemic and two Category 4 hurricanes exacerbated conditions in the region in 2020, contributing to higher levels of unemployment and food insecurity while creating opportunities for governments to curtail civil liberties and engage in corruption.

Figure 3. Map of Central America

Source: CRS Graphics.

Notes: Belize, although located in Central America, is considered a Caribbean country and belongs to the Caribbean Community (CARICOM).

Since 2014, the United States has sought to improve security, strengthen governance, and promote prosperity in the region through the U.S. Strategy for Engagement in Central America.

[79] CBP, "U.S. Border Patrol Southwest Border Apprehensions by Sector Fiscal Year 2019," October 29, 2019.

Launched by the Obama Administration with support from Congress, the whole-of-government strategy initially doubled annual foreign assistance for the region. From FY2016-FY2021, Congress appropriated more than $3.6 billion to implement the strategy, allocating most of the funds to El Salvador, Guatemala, and Honduras. Annual appropriations measures have required a portion of the aid to be withheld, however, until the Northern Triangle governments take steps to improve border security, combat corruption, protect human rights, and address other congressional concerns.

The Trump Administration maintained the U.S. Strategy for Engagement in Central America while repeatedly seeking to scale back the initiative. It proposed funding cuts ranging from 16% to 33% in each of its annual budget requests, most of which were not adopted by Congress. The Administration effectively halted the initiative in March 2019, however, when it suspended most aid for the Northern Triangle due to the continued northward flow of migrants and asylum seekers from the region. The aid suspension forced U.S. agencies to close some projects prematurely and cancel some planned activities. Although Administration officials acknowledged that U.S. foreign aid programs had been "producing the results [they] were intended to produce" with regard to security, governance, and economic development in the region, they argued that, "the only metric that matters is the question of what the migration situation looks like on the southern border" of the United States.[80]

Over the course of 2019, the Trump Administration reprogrammed approximately $396 million of aid appropriated for the Northern Triangle to other foreign policy priorities while negotiating a series of migration agreements with Guatemala, Honduras, and El Salvador. Under a "Safe Third Country Agreement" (also known as an "Asylum Cooperative Agreement"), the United States sent nearly 1,000 Hondurans and Salvadorans to Guatemala between November 2019 and March 2020, requiring them to apply for protection there rather than in the United States.[81] Guatemala suspended that agreement in March 2020 due to the COVID-19 pandemic; similar agreements with Honduras and El Salvador that had yet to be implemented also were suspended.[82] Although U.S. deportations to all three countries continued, Guatemala suspended repatriation flights on multiple occasions due to nearly 200 deportees reportedly testing positive for COVID-19 after arriving in Guatemala.[83]

The Trump Administration announced it would begin restoring aid to the region in October 2019—following the conclusion of the migration agreements—and obligated the last of the suspended assistance in mid-2020. For FY2021, the Administration requested almost $377 million for Central America, based on the assumption that countries in the region would continue to take action to stem unauthorized migration to the United States. The request did not include any foreign aid specifically for El Salvador, Guatemala, or Honduras, but the Administration asserted that those countries could receive a portion of the assistance requested for regional programs.

Congressional Action: The 116th Congress demonstrated continued support for the U.S. Strategy for Engagement in Central America but reduced annual funding for the initiative. Congress

[80] Remarks of Michael G. Kozak, Acting Assistant Secretary of State for the Bureau of Western Hemisphere Affairs and Kirsten D. Madison, Acting Assistant Secretary of State for the Bureau of Narcotics and Law Enforcement Affairs, "Senate Foreign Relations Committee Holds Hearing on U.S. Policy in Mexico and Central America," *CQ Congressional Transcripts*, September 25, 2019.

[81] Instituto Guatemalteco de Migración, "Traslados Acuerdo de Cooperación de Asilo –ACA," data provided to CRS in April 2020.

[82] The Trump Administration concluded implementation accords with El Salvador and Honduras in December 2020, but did not carry out any transfers under those Asylum Cooperative Agreements prior to the end of the year.

[83] "Guatemala Says 8 Minors of 60 Deported Were COVID-19 Positive," Associated Press, August 25, 2020.

appropriated $525.1 million for the Central America strategy in FY2019 (P.L. 116-6), an estimated $533.2 million for the strategy in FY2020 (P.L. 116-94), and $505.9 million for the strategy in FY2021 (P.L. 116-260). Although those funding levels significantly exceeded the Trump Administration's budget requests, they were well below the $750 million Congress appropriated for the Central America strategy in FY2016.

Congress also sought to improve the effectiveness of the Central America strategy. The Senate Foreign Relations Committee, House Foreign Affairs Committee, and House Western Hemisphere Subcommittee each held oversight hearings to assess U.S. policy and foreign assistance in Central America (see **Appendix**). The United States-Northern Triangle Enhanced Engagement Act (Division FF, Title F of P.L. 116-260) requires the State Department, in coordination with other agencies, to develop a five-year strategy to support inclusive economic growth, combat corruption, strengthen democratic institutions, and improve security conditions in the Northern Triangle. The act identifies priorities for U.S. policy as well as objectives to incorporate into annual benchmarks for measuring progress. Congress also continued to condition aid to the Northern Triangle governments in annual appropriations measures, requiring those governments to take steps toward addressing certain challenges prior to receiving some U.S. support.

Corruption and human rights abuses in the region remained top congressional concerns. P.L. 116-94 and P.L. 116-260 allocated funding for the offices of attorneys general and other entities and activities to combat corruption and impunity in Central America in FY2020 and FY2021. Both measures also included funding to combat sexual and gender-based violence in the region, and to support the offices of the U.N. High Commissioner for Human Rights in Guatemala and Honduras and El Salvador's National Commission for the Search of Persons Disappeared in the Context of the Armed Conflict. The United States-Northern Triangle Enhanced Engagement Act requires the President to identify and impose visa restrictions on individuals who have undermined democratic institutions or engaged in significant corruption in the region. The explanatory statement accompanying P.L. 116-260 directs the State Department to produce a similar list of corrupt officials. The FY2020 NDAA (P.L. 116-92, Section 1268) directed DOD to enter into an agreement with an independent institution to conduct an analysis of the human rights situation in Honduras. The act, in Section 1267, also required DOD to certify, prior to the transfer of any vehicles to the Guatemalan government, that the government has made a credible commitment to use such equipment only as intended. The FY2021 NDAA (P.L. 116-283, Section 1299K) extends the certification requirement for assistance to Guatemala for another year.

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 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; and CRS Legal Sidebar LSB10402, *Safe Third Country Agreements with Northern Triangle Countries: Background and Legal Issues*, by Ben Harrington.

Nicaragua

President Daniel Ortega, who turned 75 in November 2020, has been suppressing popular unrest in Nicaragua in a manner reminiscent of Anastasio Somoza, the dictator he helped overthrow in 1979 as a leader of the leftist Sandinista National Liberation Front (FSLN). Ortega served as president from 1985 to 1990, during which time the United States backed right-wing insurgents known as *contras* in an attempt to overthrow the Sandinista government. In the early 1990s, Nicaragua began to establish democratic governance. Democratic space has narrowed as the FSLN and Ortega have consolidated control over the country's institutions, including while

Ortega served as an opposition leader in the legislature from 1990 until 2006. Ortega reclaimed the presidency in 2007 and has served as president for the past 13 years, becoming increasingly authoritarian. Until recently, for many Nicaraguans, Ortega's populist social welfare programs that improved their standard of living outweighed his authoritarian tendencies and self-enrichment. Similarly, for many in the international community, the relative stability in Nicaragua outweighed Ortega's antidemocratic actions.

Ortega's long-term strategy to retain control of the government began to unravel in 2018 when his proposal to reduce social security benefits triggered protests led by a wide range of Nicaraguans. The government's repressive response led to an estimated 325-600 extrajudicial killings, torture, political imprisonment, suppression of the press, and thousands of citizens going into exile.[84] The government says it was defending itself from coup attempts. Such suppression has continued. The crisis undermined economic growth in the hemisphere's second poorest country, and international economic sanctions, the COVID-19 pandemic, and hurricane damage made it worse. Nicaragua's economy contracted by 3.9% in 2019; in October 2020, the IMF estimated it would contract by 5.5% in 2020, and by 0.5% in 2021, with unemployment nearly doubling from 6% to 11% from 2019 to 2021.[85]

The international community has sought to hold the Ortega government accountable for human rights abuses and facilitate the reestablishment of democracy in Nicaragua. An Inter-American Commission on Human Rights team concluded in July 2018 that the Nicaraguan security forces' actions could be considered crimes against humanity. In November 2019, the OAS High Level Commission on Nicaragua concluded that the government's actions "make the democratic functioning of the country impossible," in violation of Nicaragua's obligations under Article 1 of the Inter-American Democratic Charter. Many OAS members reportedly are urging that Nicaragua be suspended from the organization.[86] In October 2020, the OAS stated that the Ortega government has repeatedly violated the rule of law, altered constitutional order, and violated human rights.[87] The same month, the OAS passed a resolution urging the government to commit to concrete electoral reforms, especially making the electoral council independent and transparent before convoking general elections or no later than May 2021.[88]

The Nicaragua Human Rights and Anticorruption Act of 2018 (P.L. 115-335) effectively blocks access to new multilateral lending to Nicaragua. The Trump Administration has imposed targeted sanctions against multiple high-level officials, including Vice President and First Lady Rosario Murillo, and three of the president's sons. In 2020, the Trump Administration imposed sanctions against the Nicaraguan National Police for its role in serious human rights abuses.

Dialogue between the government and the opposition collapsed in 2019 and has not resumed. Two wings of protest groups united into the National Coalition, hoping to present a unified candidate in November 2021 general elections. Sandinista-controlled state institutions are likely to impede such efforts, however. The legislature passed a law requiring individuals or groups who receive funding from foreign entities to register as foreign agents, and forbidding them from

[84] Organization of American States, *Report of the High-Level Commission on Nicaragua of the Organization of American States*, November 19, 2019.

[85] IMF, World Economic Outlook Database, October 2020.

[86] EIU, *Nicaragua Country Report*, August 2020.

[87] OAS, "Statement from the General Secretariat on the Situation in Nicaragua," press release E-102/20, October 15, 2020.

[88] OAS, "Resolution Restoring Democratic Institutions and Respect for Human Rights in Nicaragua Through Free and Fair Elections," press release S-019/20, October 22, 2020.

running for public office. As his popularity declined, Ortega was pushing for passage of a bill in December 2020 that opposition groups say is designed to keep them from running for office in the upcoming elections. The bill would make people who call for sanctions against Nicaragua or take certain other actions ineligible for public office.[89]

Although Nicaragua announced its first case of COVID-19 on March 18, 2020, as of December 16, the Sandinista government had not established any type of quarantine or taken internationally recommended preventive measures against the COVID-19 virus, instead denouncing quarantine and distancing orders as destructive, and encouraging large gatherings. [90] Meanwhile, civil and regional health organizations have called for voluntary quarantines and stricter health measures.

Experts and other observers are concerned that the government is concealing the disease's spread. The government reported just over 6,000 cases and 165 deaths as of the end of 2020,[91] but an independent, citizen-run registry reported 10,733 cases and 2,780 deaths as of October 14, 2020, and a news analysis reported in October that the government was hiding over 6,000 corona virus-related deaths.[92] Some observers say the government is burying patients suspected of dying of COVID-19 within hours and concealing the cause of death from families.[93]

Congressional Action: The 116th Congress expressed concern about the erosion of democracy and human rights abuses in Nicaragua. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) appropriated $10 million for foreign assistance programs to promote democracy and the rule of law in Nicaragua. The Consolidated Appropriations Act, 2021 (P.L. 116-260) and its explanatory statement provides $10 million for democracy and civil society programs in Nicaragua, and provides that various types of funding for Nicaragua may not be obligated or spent except as provided through the regular notification procedures of the Committees on Appropriations.

In March 2020, the House approved H.Res. 754, a resolution expressing the sense of the House of Representatives that the United States should continue to support the people of Nicaragua in their peaceful efforts to promote democracy and human rights and to use the tools under U.S. law to increase political and financial pressure on the Ortega government. In June 2020, the Senate agreed to a similar resolution, S.Res. 525. In June 2019, the House Western Hemisphere Subcommittee held a hearing on the Nicaraguan government's repression of dissent (see **Appendix**).

South America

Argentina

Current President Alberto Fernández of the center-left Peronist *Frente de Todos* (FdT, Front for All) ticket won the October 2019 presidential election and was inaugurated to a four-year term in

[89] "Daniel Ortega pushes for a law that will prevent the opposition from participating in the 2021 elections," CE Noticias Financieras, December 20, 2020.

[90] Elizabeth Gonzalez, Katie Hopkins, Luisa Horwitz, et al., "The Coronavirus in Latin America," AS/COA, December 16, 2020.

[91] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

[92] Elizabeth Gonzalez, Katie Hopkins, Luisa Horwitz, et al., "The Coronavirus in Latin America," AS/COA, December 16, 2020.

[93] Alfredo Zuniga, "Quick burials in Nicaragua hint at a coronavirus crisis that officials say doesn't exist," Associated Press, May 12, 2020.

December 2019. He defeated incumbent President Mauricio Macri of the center-right *Juntos por el Cambio* (JC, Together for Change) coalition by a solid margin of 48.1% to 40.4% but by significantly less than the 15 to 20 percentage points predicted by polls. The election also returned to government former leftist Peronist President Cristina Fernández de Kirchner (2007-2015), who ran on the FdT ticket as vice president.

Argentina's economic decline in 2018 and 2019, with high inflation and increasing poverty, was the major factor in Macri's electoral defeat. Macri had ushered in economic policy changes in 2016-2017 that lifted currency controls, reduced or eliminated agricultural export taxes, and reduced electricity, water, and heating subsidies. In 2018, as the economy faced pressure from a severe drought and large budget deficits, the IMF supported the government with a $57 billion program. Macri's economic reforms and IMF support were not enough to stem Argentina's economic decline, and the government reimposed currency controls and took other measures to stabilize the economy.

Even before the onset of the COVID-19 pandemic, President Fernández faced an economy in crisis, with a recession expected to extend into 2020, high poverty, and a high level of unsustainable public debt requiring restructuring. He pledged to restructure Argentina's debt by the end of March 2020, and opened talks with bondholders and other creditors, including the IMF. Fernández also rolled out several measures, including a food program and price controls on basic goods, aimed at helping low-income Argentines cope with inflation and increased poverty. By August 2020, the government announced it had reached an agreement with private bondholders for a $66 billion restructuring agreement, and in November 2020 began negotiations with the IMF for a new lending arrangement; the government currently owes $44 billion to the IMF under a previous lending arrangement during the Macri government.[94] With the economic shutdown because of the pandemic, the IMF initially forecast in April 2020 an economic contraction of 5.7% in 2020, but in October, revised its forecast to an economic contraction of 11.8%.[95]

Initially the Fernández government's swift action in March 2020 imposing strict quarantine measures to respond to the COVID-19 pandemic had a significant effect in keeping death rates low initially, but by July, the number of cases and deaths began to increase significantly. As of the end of 2020, Argentina recorded over 1.6 million cases, over 43,000 deaths, and a mortality rate over 97 per 100,000 inhabitants, one of the highest in the hemisphere.[96]

U.S. relations with Argentina were strong under the Macri government, marked by increasing engagement on a range of bilateral, regional, and global issues. After Argentina's 2019 presidential race, Secretary of State Mike Pompeo said that the United States looked forward to working with the Fernández administration to promote regional security, prosperity, and the rule of law. One point of contention in relations could be Argentina's stance on Venezuela. Under Macri, Argentina was strongly critical of the antidemocratic actions of the Maduro government. The country joined with other regional countries in 2017 to form the Lima Group seeking a democratic resolution, and in 2019, recognized the head of Venezuela's National Assembly, Juan Guaidó, as the country's interim president. In contrast, the Fernández government does not recognize Guaidó as Venezuela's interim president, although it has not refrained from condemning human rights abuses under the Maduro government.

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[94] "Argentina: Gov't and Bondholders Reach Agreement," *LatinNews Daily*, August 4, 2020; and "Negotiations with the IMF Get Under Way," Economist Intelligence Unit, November 23, 2020.

[95] IMF, World Economic Outlook Database, April 2020, and "Outlook for Latin America and the Caribbean: An Intensifying Pandemic," *IMF Blog*, June 26, 2020.

[96] Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

Congressional Action: Argentina has not traditionally received much U.S. foreign aid because of its relatively high per capita income level, but for each of FY2018-FY2020, Congress appropriated $2.5 million in International Narcotics Control and Law Enforcement assistance to support Argentina's counterterrorism, counternarcotics, and law enforcement capabilities.

Congress has expressed concern over the years about progress in bringing to justice those responsible for the July 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) in Buenos Aires that killed 85 people. Both Iran and Hezbollah (the radical Lebanon-based Islamic group) allegedly are linked to the attack, as well as to the 1992 bombing of the Israeli Embassy in Buenos Aires that killed 29 people. As the 25th anniversary of the AMIA bombing approached in July 2019, the House approved H.Res. 441, reiterating condemnation of the attack and expressing strong support for accountability; the Senate followed suit in October 2019 when it approved S.Res. 277.

For additional information, see CRS In Focus IF10932, *Argentina: An Overview*, by Mark P. Sullivan; CRS In Focus IF10991, *Argentina's Economic Crisis and Default*, by Rebecca M. Nelson; and CRS Insight IN11184, *Argentina's 2019 Elections*, by Mark P. Sullivan and Angel Carrasquillo Benoit.

Bolivia

Bolivia experienced relative stability and prosperity from 2006 to 2019, but as governance standards weakened, relations with the United States deteriorated under populist President Evo Morales. Morales was the country's first indigenous president and leader of the Movement Toward Socialism (MAS) party. In November 2019, Morales resigned and went into exile amid nationwide protests against a disputed October first-round election in which he had claimed victory. Luis Arce, Morales's former finance minister, took office a year later, after winning 55% of the vote in October 2020 elections in which the MAS also maintained a legislative majority. President Arce faces many challenges, including how to address the COVID-19 pandemic and how to manage relations with the United States.

President Arce is an economist who worked in Bolivia's central bank prior to serving as minister of finance. He has pledged to govern in a conciliatory fashion, but clashes between his government and eastern, opposition-led provinces could still occur. The findings of an Inter-American Commission on Human Rights investigation into two massacres in 2019 is likely to ignite tensions if former interim government officials are cited for abuses. Intra-party disputes between hardline and moderate MAS factions also could occur, particularly if Morales, recently back from exile, seeks to exert undue influence over the government. With the IMF forecasting an economic decline of 7.9% in 2020, the Arce government has vowed to raise taxes on the wealthy, govern austerely, and renegotiate Bolivia's debts.

U.S.-Bolivian relations are likely to remain challenging, given tension in relations under Morales and the Trump Administration's strong support for the conservative interim government. U.S. officials have vowed to work with President Arce on shared interests, but differences over drug policy and geopolitics could prove difficult to overcome. With limited bilateral trade and investment ties, the possibility of a resumption in U.S. foreign assistance could encourage cooperation on some issues. In January 2020, President Trump waived restrictions on U.S. assistance to Bolivia.[97] USAID provided $5 million supporting the 2020 elections, 200 ventilators and related technical assistance to address COVID-19, and another $926,000 in health and

[97] White House, Office of the Press Secretary, "Presidential Determination on Waiving a Restriction on United States Assistance to Bolivia," presidential memorandum, January 6, 2020.

sanitation support. As of August 2020, the State Department said it had provided at least $900,000 to help Bolivia respond to the COVID-19 pandemic.

Congressional Action: Members of the 116th Congress expressed concerns about the situation in Bolivia in resolutions and letters to the Administration. The Senate approved S.Res. 35 in April 2019, expressing support for democratic principles in Bolivia and throughout Latin America. S.Res. 447, agreed to in the Senate in January 2020, expressed support for the prompt convening of new elections. The explanatory statement accompanying the Consolidated Appropriation Act, 2021 (P.L. 116-260) states that no assistance was requested and none was provided in the agreement for lethal assistance for Bolivia. Some Members of Congress have congratulated Arce on his victory and expressed hope for improved bilateral relations; others have concerns about the return of a socialist government in Bolivia.

For more information, see CRS In Focus IF11325, *Bolivia: An Overview*, by Clare Ribando Seelke; and CRS Insight IN11198, *Bolivia's October 2020 General Elections*, by Clare Ribando Seelke.

Brazil

Occupying almost half of South America, Brazil is the fifth-largest and fifth-most-populous country in the world. Given its size and tremendous natural resources, Brazil has long had the potential to become a world power and periodically has been the focal point of U.S. policy in Latin America. Brazil's rise to prominence has been hindered, however, by uneven economic performance and political instability. After a period of strong economic growth and increased international influence during the first decade of the 21st century, Brazil has struggled with a series of domestic crises in recent years. Since 2014, the country has experienced a deep recession, record-high homicide rate, and massive corruption scandal. Those combined crises contributed to the controversial impeachment and removal from office of President Dilma Rousseff (2011-2016). They also discredited much of Brazil's political class, paving the way for right-wing populist Jair Bolsonaro to win the presidency in October 2018.

Since taking office in January 2019, President Bolsonaro has implemented some economic and regulatory reforms favored by international investors and Brazilian businesses and has proposed hardline security policies intended to reduce crime and violence. Rather than building a broad-based coalition to advance his agenda, Bolsonaro has sought to keep his political base mobilized by taking socially conservative stands on cultural issues and verbally attacking perceived enemies, such as the press, nongovernmental organizations, and other branches of government. This confrontational approach to governance has alienated potential allies within the conservative-leaning congress and hindered Brazil's ability to address serious challenges, such as the COVID-19 pandemic and accelerating deforestation in the Brazilian Amazon. It also has placed additional stress on the country's already strained democratic institutions.

In international affairs, the Bolsonaro Administration has moved away from Brazil's traditional commitment to autonomy and toward closer alignment with the United States. Bolsonaro coordinated closely with the Trump Administration on regional challenges, such as the crisis in Venezuela, and frequently supported the Trump Administration within multilateral organizations. On other matters, such as commercial ties with China, Bolsonaro generally has adopted a pragmatic approach intended to ensure continued access to Brazil's major export markets. The Trump Administration welcomed Bolsonaro's rapprochement and sought to strengthen U.S.-Brazilian relations. In 2019, the Trump Administration took steps to bolster bilateral cooperation on counternarcotics and counterterrorism efforts and designated Brazil as a major non-NATO ally for the purposes of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2321k) and the

Arms Export Control Act (22 U.S.C. 2751 et seq.). The United States and Brazil also forged agreements on several trade and investment matters, including a Protocol on Trade Rules and Transparency, concluded in October 2020, intended to foster cooperation on trade facilitation and customs administration, good regulatory practices, and anti-corruption measures.

Congressional Action: The 116th Congress continued long-standing U.S. support for environmental conservation efforts in Brazil. In September 2019, the House Western Hemisphere Subcommittee held an oversight hearing on preserving the Amazon rainforest that focused on the surge of fires and deforestation in the region (see **Appendix**). Congress ultimately appropriated $15 million for foreign assistance programs in the Brazilian Amazon, including $5 million to address fires in the region, in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94). That amount was $4 million more than Congress appropriated for environmental programs in the Brazilian Amazon in the Consolidated Appropriations Act, 2019 (P.L. 116-6). Congress increased funding for environmental conservation efforts in the Brazilian Amazon to $17 million in the Consolidated Appropriations Act, 2021 (P.L. 116-260).

Congress also expressed concerns about human rights in Brazil. A provision of the FY2020 NDAA (P.L. 116-92, Section 1266) directed the Secretary of Defense, in coordination with the Secretary of State, to submit a report to Congress regarding the human rights climate in Brazil and U.S.-Brazilian security cooperation. The House-passed FY2021 NDAA (P.L. 116-283) included a provision that would have prohibited the use of any federal funds to provide assistance to Brazilian security forces to relocate indigenous or Quilombola communities involuntarily. That provision was not included in the final legislation enacted over a presidential veto in January 2021, but the conference report (H.Rept. 116-617) encouraged the Secretary of Defense to further strengthen U.S.-Brazil security relations while ensuring any security assistance provided to Brazil is consistent with human rights and international law, as required by existing U.S. laws and policies.

For additional information, see CRS Report R46236, *Brazil: Background and U.S. Relations*, by Peter J. Meyer; CRS Report R46619, *U.S.-Brazil Economic Relations*, coordinated by M. Angeles Villarreal; and CRS In Focus IF11306, *Fire and Deforestation in the Brazilian Amazon*, by Pervaze A. Sheikh et al.

Colombia

Colombia is a key U.S. ally in Latin America. Because of the country's prominence in illegal drug production, the United States and Colombia have forged a close relationship over the past two decades. "Plan Colombia," a program focused initially on counternarcotics and later counterterrorism, laid the foundation for an enduring security partnership. President Juan Manuel Santos (2010-2018) made concluding a peace accord with the Revolutionary Armed Forces of Colombia (FARC)—the country's largest leftist guerrilla organization at the time—his government's primary focus. Following four years of formal peace negotiations, Colombia's Congress ratified the FARC-government peace accord in November 2016. During a U.N.-monitored demobilization effort in 2017, approximately 13,200 FARC disarmed, demobilized, and began the process of reintegration.

Iván Duque, a former senator from the conservative Democratic Center party, won the 2018 presidential election and was inaugurated to a four-year term in August 2018. Duque campaigned as a critic of the peace accord and quickly suspended peace talks with the National Liberation Army (ELN), Colombia's current largest leftist guerrilla group. President Duque's approval ratings slipped early in his presidency, and his government faced weeks of protests and strikes in late 2019 focused on several administration policies, including what many Colombians viewed as

a lackadaisical approach to peace accord implementation. According to polling in spring of 2020, President Duque's approval ratings rose from 23% in February to 52% in April—the highest of his tenure. Although the rise likely was linked to Duque's management of the COVID-19 pandemic, Colombian respondents rated corruption as their top concern, followed by unemployment and the coronavirus.[98]

The Duque administration took early measures to contain the virus, including a national lockdown beginning in March 2020, which was fitfully lifted between May and August 2020. However, cases and deaths began to rise after that, and by the end of December 2020, Colombia reported over 43,000 COVID-19 deaths.[99] As of August 2020, the U.S. State Department reported some $23.6 million in pandemic-related response assistance, including humanitarian assistance to reach Colombia's most vulnerable populations.[100]

Along with the global pandemic, Colombia continues to face major challenges. These include a spike in coca cultivation and cocaine production; vulnerability to a mass migration of Venezuelans; violence against human rights defenders and social activists, including recent massacres of youth and those leading peace programs; and challenges enacting the ambitious peace accord commitments while controlling crime and violence by armed groups.[101]

In August 2019, a FARC splinter faction announced its return to arms. Neighboring Venezuela appears to be sheltering and perhaps collaborating with FARC dissidents and ELN guerrilla forces. Some 3,000-4,000 former FARC fighters are estimated to have returned to armed struggle. The majority of demobilized FARC members remain committed to the peace process, but face numerous risks, with more than 200 former fighters and demobilized FARC killed since 2016.

In late 2020, some 1.7 million Venezuelans were residing in Colombia, having fled their country. The pandemic, however, has sharply strained the Duque government's approach to receiving the exodus of such migrants, with some opting to return to Venezuela as a result. In a controversial announcement in December, President Duque said Venezuelan migrants would be excluded from receiving the coronavirus vaccine unless they had either dual nationality or formal migratory status. Health experts and humanitarian groups criticized the announcement.[102]

Colombia has set records in cocaine production in recent years. In 2019, according to U.S. estimates, the country's cocaine production reached 951 metric tons of pure cocaine. In 2019, President Duque and Secretary of State Mike Pompeo reaffirmed a March 2018 commitment to work together to lower coca crop levels and cocaine production by 50% by 2023.[103] President Duque campaigned on resuming forced aerial eradication (or spraying of coca crops) with the herbicide glyphosate, and in late August 2020, he called for a resumption of spraying while

[98] "Coronavirus Response Boosts Approval for Colombia's Duque," Reuters News, April 30, 2020.

[99] Data from the Johns Hopkins University School of Medicine, Coronavirus Resource Center, Mortality Analyses, January 1, 2021, updated daily at https://coronavirus.jhu.edu/data/mortality.

[100] U.S. State Department, "Update: The United States is Continuing to Lead the Response to COVID-19," Fact Sheet, August 21, 2020. The support included 200 ventilators provided by the United States in June 2020.

[101] Michelle Bachelet, the UN High Commissioner for Human Rights, said in a statement on December 15, 2020, that Colombia's government was not taking sufficient action to prevent "persistent violence across Colombia," and safeguard the fundamental rights of its population.

[102] Joe Parkin Daniels, "Alarm at Colombia Plan to Exclude Migrants from Coronavirus Vaccine," *The Guardian*, December 23, 2020.

[103] Office of National Drug Control Policy (ONDCP), "United States and Colombian Officials Set Bilateral Agenda to Reduce Cocaine Supply," Fact Sheet, March 5, 2020.

escalating other means of forced eradication, such as forced manual eradication.[104] Critics contend only voluntary eradication coupled with alternative development will reduce coca cultivation sustainably.

For the past two years, Colombia has led a 26-country anti-drug operation called the Orion Campaign that included participation from Mexico, Central and South American nations, some European nations, and the United States. In its most recent Phase VI, the multi-nation effort had the participation of 29 countries and captured more than 90 metric tons of cocaine and destroyed 169 illicit drug laboratories.[105]

The United States remains Colombia's top trading partner. In April 2020, Colombia became the third Latin American country-member of the Organization of Economic Cooperation and Development. Prior to the coronavirus pandemic, the IMF forecast that Colombia's economy would exceed 3% growth in 2020; in its most recent estimate from October 2020, the IMF is forecasting an economic contraction of 8.2%.[106] In August 2020, the Trump Administration announced a new United States-Colombia Growth Initiative, *Colombia Crece*, to harness assistance from a variety of U.S. agencies to bring investment to Colombia's rural areas and fight crime through sustainable development and growth. According to the U.S. National Security Adviser Robert O'Brien, on an official visit to Colombia in August, investment levels will reach $5 billion.[107]

Congressional Action: U.S. government assistance to Colombia over the past 20 years has totaled nearly $12 billion, with funds appropriated by Congress mainly to the U.S. Departments of State and Defense and to USAID.[108] Many Members of Congress have expressed support for Colombia's continued leadership role to assist in a democratic transition in Venezuela and to respond to the worsening humanitarian crisis. The State Department allocated more than $400 million by late 2019 to support countries receiving Venezuelan migrants, with over half for Colombia, as the most severely affected country (also see "Venezuela" section).

For FY2020, Congress provided $448 million in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), for State Department- and USAID-funded programs in Colombia. For FY2021, in the Consolidated Appropriations Act, 2021 (P.L. 116-260), Congress provided $461.4 million in assistance for Colombia. This was the highest level of bilateral foreign assistance appropriated for Colombia in a decade. A provision in the FY2021 NDAA conference report, H.Rept. 116-617 to P.L. 116-283, requires the Defense Department to report within 120 days after the NDAA's passage any credible allegations since 2016 of misused intelligence assistance by Colombian intelligence services, steps taken by DOD in response, and what the Colombian government has done to punish those who misused the equipment to surveil civilians, such as journalists, and steps to avoid future misuse.

For additional information, see CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel; and CRS Report RL34470, *The U.S.-Colombia Free Trade Agreement: Background and Issues*, by M. Angeles Villarreal and Edward Y. Gracia.

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[104] Jake Kincaid, "Coca Eradication in Colombia Hits Post-peace-deal High During Coronavirus Pandemic," *Miami Herald*, August 19, 2020.

[105] President Iván Duque, "Declaración del Presidente Iván Duque en la Presentación de Resultados de la Campaña Orión," at https://www.youtube.com/watch?v=Hjh7t4RFFaU&feature=emb_logo&app=desktop.

[106] IMF, *World Economic Outlook Database*, October 2020.

[107] White House, "Statement by National Security Advisor Robert C. O'Brien," press release, August 17, 2020; "Colombia y Estados Unidos Lanzan Iniciativa 'Colombia Crece,'" *El Tiempo* (Colombia), August 17, 2020.

[108] "Update: The United States Is Continuing to Lead the Response to COVID-19," fact sheet, August 21, 2020.

Venezuela

Venezuela remains in a deep crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Maduro, narrowly elected in 2013 after the death of Hugo Chávez (president, 1999-2013), began a second term on January 10, 2019, that most Venezuelans and much of the international community consider illegitimate. Since January 2019, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to dislodge Maduro from power so that a transition government can serve until internationally observed elections can be held. The United States and 57 other countries have recognized Guaidó as interim president. Guaidó's future remains uncertain, however, as a PSUV-dominated National Assembly is to be seated in January 2021 after the party won December 6, 2020 legislative elections boycotted by the opposition, plagued by irregularities, and rejected by the United States, the EU, and most Latin American countries.

Despite years of intense international pressure and his mishandling of Venezuela's economic and humanitarian crisis, Maduro remains entrenched in power. The Maduro government has used repression to quash dissent; rewarded allies, particularly in the security forces, with income earned from illegal gold mining, drug trafficking, and other illicit activities; and relied on support from Russia, China, Iran, and others to subvert U.S. sanctions. The COVID-19 pandemic, low oil prices, and gasoline shortages do not appear to have weakened Maduro's grip on power.

Venezuela's economy has collapsed. The country is plagued by hyperinflation, severe shortages of food and medicine, and a dire humanitarian crisis that has further deteriorated in 2020 because of gasoline shortages, COVID-19, and strengthened U.S. sanctions. Maduro has blamed U.S. sanctions for the economic crisis, but many observers cite economic mismanagement and corruption as the main factors. U.N. agencies estimate that 5.4 million Venezuelans have fled the country as of December 2020, primarily to neighboring countries.

U.S. Policy. Since recognizing the Guaidó government in January 2019, the United States has coordinated its efforts with Interim President Guaidó. U.S. strategy has emphasized diplomatic efforts to bolster support for Guaidó; targeted sanctions and visa revocations to increase pressure on Maduro officials; broader sanctions on the state oil company, other state-controlled companies and institutions, and the government; and humanitarian aid ($1 billion to countries sheltering Venezuelans and for aid inside Venezuela from FY2017-FY2020). U.S. agencies have separately provided $43.7 million in COVID-related aid efforts in Venezuela.[109] In October 2019, the USAID signed an agreement with the Guaidó government enabling the provision of development assistance, health assistance, and increased democracy assistance. In 2020, the Administration has sanctioned companies that have transported Venezuelan oil and a Chinese technology company that has aided the Maduro government and seized Venezuela-bound ships carrying Iranian petroleum products in violation of sanctions. U.S. officials have vowed to keep "maximum pressure" on Maduro and his foreign backers.

Congressional Action: Congress has supported the Administration's efforts to support a restoration of democracy in Venezuela without U.S. military intervention in the country and to provide humanitarian support to Venezuelans, although some Members have expressed concerns about the humanitarian impact of sanctions. In December 2019, Congress enacted P.L. 116-94, which appropriated $30 million in FY2020 assistance for democracy programs in Venezuela and incorporated the Senate-reported version of the VERDAD Act (S. 1025), a comprehensive bill to address the crisis in Venezuela. The VERDAD Act incorporated House-passed measures authorizing FY2020 humanitarian aid to Venezuela (H.R. 854), restricting the export of defense

[109] USAID, "Venezuela Regional Crisis- Complex Emergency," FY2021 Fact Sheet #1, December 16, 2020.

articles to Venezuela (H.R. 920), and requiring a U.S. strategy to counter Russian influence in Venezuela (H.R. 1477). In the FY2020 NDAA (P.L. 116-92, Section 890), enacted in December 2019, Congress prohibited federal contracting with persons who do business with the Maduro government. In July 2019, the House passed H.R. 549, designating Venezuela as a beneficiary country for temporary protected status; however, a Senate effort to pass H.R. 549 by unanimous consent failed.

For FY2021, the Administration requested $200 million in democracy aid aimed to support a democratic transition in Venezuela and $5 million in global health assistance. The Consolidated Appropriations Act, 2021, (P.L. 116-260) provides not less than $33 million in Economic Support Fund (ESF) for democracy programs in Venezuela and an unspecified amount of humanitarian support for countries sheltering Venezuelan refugees. H.Rept. 116-617 accompanying the FY2021 NDAA (P.L. 116-283) requires a briefing for certain House and Senate Committees on the contents of the report required by P.L. 116-94, as well an update on the political, economic, health, and humanitarian crisis in Venezuela and the implications for United States national security and regional security. House and Senate committees held several hearings on the situation in Venezuela and U.S. policy (see **Appendix**).

For additional information, see CRS Report R44841, *Venezuela: Background and U.S. Relations*, coordinated by Clare Ribando Seelke; CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*, by Clare Ribando Seelke; CRS Insight IN11306, *U.S. Indictment of Top Venezuelan Officials*, by Clare Ribando Seelke and Liana W. Rosen; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Clare Ribando Seelke; CRS In Focus IF11216, *Venezuela: International Efforts to Resolve the Political Crisis*, by Clare Ribando Seelke; CRS Report R46213, *Oil Market Effects from U.S. Economic Sanctions: Iran, Russia, Venezuela*, by Phillip Brown; and CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*, by Rhoda Margesson and Clare Ribando Seelke.

Outlook

Even before the arrival of the COVID-19 pandemic, the Latin American and Caribbean region was facing significant political and economic challenges—most prominently, Venezuela's ongoing political impasse and economic and humanitarian crisis. The pandemic multiplied the region's challenges and negatively affected its future economic prospects. Instead of registering low economic growth rates, as originally forecast, the region is experiencing a deep recession, with millions of people expected to become impoverished. While some economic growth is expected to resume in 2021, there are concerns that the region's recovery will be slow, lagging behind the global economic recovery, and could jeopardize the economic and social progress that the region made over the past two decades. At the end of 2020, the pandemic continued to surge in the region, and there were few indications that the region would be able to rollout vaccines rapidly or otherwise alter its trajectory.

Amid this difficult environment, the incoming administration of President-elect Joe Biden and the 117th Congress will face numerous challenges in U.S. policy toward Latin America and the Caribbean. During the campaign, Biden indicated that he would take a very different approach in his policy toward the region. He vowed "to rebuild strong hemispheric ties based on respect for democracy, human rights, and the rule of law" when the United States hosts the next Summit of the Americas in 2021 (expected late in the year).[110] He promised to "do away with the Trump

[110] Joe Biden for President: Official Campaign website, "The Biden Plan for Leading the Democratic World to Meet

Administration's draconian immigration policies and galvanize international action to address the poverty and insecurity driving migrants" from Central America's Northern Triangle, including the development of a four-year, $4 billion regional strategy for the region.[111] On Cuba, Biden maintained that he would reverse Trump Administration policies, which he maintains "have inflicted harm on the Cuban people and done nothing to advance democracy and human rights."[112] One of the most vexing challenges for the new Administration will be the political crisis in Venezuela and the associated regional humanitarian crisis of Venezuelan migrants. As a candidate, Biden said that "the overriding goal in Venezuela must be to press for a democratic outcome through free and fair elections, and to help the Venezuela people rebuild their country." These potential policy shifts and other efforts to address challenges discussed in this report may be subjects of debate, legislation, and oversight in the 117th Congress.

the Challenges of the 21st Century," at https://joebiden.com/americanleadership/.

[111] Joe Biden for President: Official Campaign website, "The Biden Plan to Build Security and Prosperity with the People of Central America," at https://joebiden.com/centralamerica/.

[112] "Joe Biden Answers 10 Questions on Latin America," *Americas Quarterly,* March 2, 2020 (updated October 29, 2020), at https://www.americasquarterly.org/article/updated-2020-candidates-answer-10-questions-on-latin-america/.

Appendix. Hearings in the 116th Congress

Table A-1. Congressional Hearings in the 116th Congress on Latin America and the Caribbean

Committee and Subcommittee	Date	Title
Senate Armed Services Committee	February 7, 2019	United States Africa Command and United States Southern Command
House Foreign Affairs Committee	February 13, 2019	Venezuela at a Crossroads
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	February 26, 2019	Made by Maduro: The Humanitarian Crisis in Venezuela and U.S. Policy Responses
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	March 7, 2019	U.S.-Venezuela Relations and the Path to a Democratic Transition
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	March 13, 2019	Hearing on H.R. 1004, Prohibiting Unauthorized Military Action in Venezuela Act
House Foreign Affairs Committee, Tom Lantos Human Rights Commission	March 13, 2019	New Government, Ongoing Agenda: Human Rights, Corruption, and Accountability in El Salvador
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	March 26, 2019	Understanding Odebrecht: Lessons for Combatting Corruption in the Americas
House Foreign Affairs Committee	April 10, 2019	The Importance of U.S. Assistance to Central America
House Armed Services Committee	May 1, 2019	National Security Challenges and U.S. Military Activity in North and South America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	May 9, 2019	Dollar Diplomacy or Debt Trap? Examining China's Role in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	June 11, 2019	Crushing Dissent: The Ongoing Crisis in Nicaragua
Senate Armed Services Committee, Subcommittee on Emerging Threats and Capabilities	July 9, 2019	Implementation of the National Defense Strategy in the United States Southern Command Area of Responsibility
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	July 11, 2019	Human Rights in Cuba: Beyond the Veneer of Reform
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	September 10, 2019	Preserving the Amazon: A Shared Moral Imperative
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	September 18, 2019	U.S.-Colombia Relations: New Opportunities to Reinforce and Strengthen Our Bilateral Relationship

Committee and Subcommittee	Date	Title
Senate Foreign Relations Committee	September 25, 2019	U.S. Policy in Mexico and Central America: Ensuring Effective Policies to Address the Crisis at the Border
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	October 23, 2019	The Trump Administration's FY2020 Budget and U.S. Policy Toward Latin America and the Caribbean
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	December 10, 2019	Haiti on the Brink: Assessing U.S. Policy Toward a Country in Crisis
House Foreign Affairs Committee, Tom Lantos Human Rights Commission	December 11, 2019	Human Rights and Corruption in Honduras
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	January 15, 2020	Strengthening Security and the Rule of Law in Mexico
Senate Armed Services Committee	January 30, 2020	United States Africa Command and United States Southern Command
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	February 13, 2020	Assessing U.S. Security Assistance to Mexico
House Foreign Affairs Committee, Tom Lantos Human Rights Commission	March 4, 2020	Human Rights in Haiti: Ideas for Next Steps
House Armed Services Committee	March 11, 2020	National Security Challenges and U.S. Military Activity in North and South America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade	July 01, 2020	The Trump Administration's Response to COVID-19 in Latin America and the Caribbean.
Senate Foreign Relations Committee	August 04, 2020	Venezuela in Maduro's Grasp: Assessing the Deteriorating Security and Humanitarian Situation
House Foreign Affairs Committee, Tom Lantos Human Rights Commission	October 1, 2020	Enforced Disappearance in Latin America: Taking Stock
House Foreign Affairs Committee, Tom Lantos Human Rights Commission	November 20, 2020	The Rights of Indigenous Peoples in the Americas
House Foreign Affairs Committee	December 3, 2020	The Western Hemisphere Drug Policy Commission: Charting a New Path Forward

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

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

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