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Latin America and the Caribbean: Key Issues for the 113th Congress

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August 29, 2014

Congressional Research Service

7-5700

www.crs.gov

R42956

Summary

Geographic proximity has ensured strong linkages between the United States and the Latin American and Caribbean region, with diverse U.S. interests, including economic, political, and security concerns. U.S. policy toward the region under the Obama Administration has focused on four priorities: promoting economic and social opportunity; ensuring citizen security; strengthening effective democratic institutions; and securing a clean energy future. There has been substantial continuity in U.S. policy toward the region under the Obama Administration, which has pursued some of the same basic policy approaches as the Bush Administration. Nevertheless, the Obama Administration has made several significant policy changes, including an overall emphasis on partnership and shared responsibility.

U.S. policy toward the region is conducted in the context of a Latin America that is becoming increasingly independent from the United States. The region has diversified its economic and diplomatic ties with countries outside the region. Over the past few years, several Latin American regional organizations have been established that do not include the United States, including the Community of Latin American and Caribbean States (CELAC) designed to boost regional integration and cooperation. While to some extent CELAC's establishment reflects declining U.S. influence in Latin America, the United States still remains very much engaged in the region bilaterally and multilaterally. A looming challenge for the United States, however, is how to deal with the next Summit of the Americas, scheduled to be hosted by Panama in May 2015. Panama has indicated that it will invite Cuba to the summit. Cuba had expressed interest in attending the sixth summit in 2012 in Colombia, but ultimately was not invited to attend. The United States and Canada had expressed opposition to Cuba's participation. Previous summits have been limited to the hemisphere's 34 democratically elected leaders.

Congress plays an active role in policy toward Latin America and the Caribbean. Legislative and oversight attention to the region during the 113th Congress has focused on such issues as: U.S. support to countries contending with drug trafficking and transnational crime, including Mexico and Central American and Caribbean countries; continued counternarcotics and security support to Colombia as it moves toward a potential peace agreement; and continued support to Haiti as it continues to recover from the 2010 earthquake. Hearings on the region have covered these issues as well as a variety of other topics, including overall U.S. interests and policy in the Western Hemisphere; energy issues; U.S. foreign aid to the region; challenges to democracy, including media freedom, the rule of law, and political unrest in Venezuela; concerns about Iranian activities in the region; U.S. relations with such countries as Brazil, Mexico, and the Dominican Republic; and the surge of unaccompanied minors from Central America.

Legislative action to date in the 113th Congress has included: a measure directing the Secretary of State to develop a strategy for adoption of proposed reforms at the OAS (P.L. 113-41); approval of the U.S.-Mexico Transboundary Hydrocarbons Agreement (a provision in P.L. 113-67); the 2014 farm bill (P.L. 113-79), with provisions modifying the U.S. cotton program related to a trade dispute with Brazil and requiring State Department reports on a U.S.-Mexico water dispute in the Rio Grande Basin; omnibus appropriations legislation for FY2013 (P.L. 113-6) and FY2014 (P.L. 113-76), which included foreign aid appropriations with numerous provisions on Latin America; and a measure requiring an annual report through 2017 on the status of post-earthquake recovery and development efforts in Haiti (P.L. 113-162).

Other legislative action has included: Senate approval of comprehensive immigration reform, S. 744; approval of a resolution on Haiti's recovery and reconstruction, S.Res. 12; approval of three resolutions on the political and human rights situation in Venezuela—S.Res. 213, H.Res. 488, and S.Res. 365; and House approval of legislation to impose targeted sanctions on individuals in Venezuela, H.R. 4587 (the Senate Foreign Relations Committee also approved a Venezuela sanctions bill, S. 2142, that could be considered by the Senate).

In other pending appropriations legislation, the House approved a FY2014 supplemental appropriations bill, H.R. 5230, on August 1, 2014, that would reprogram up to \$40 million in FY2014 appropriations to support repatriation and reintegration activities in Central America. In contrast, a Senate bill, S. 2648, introduced in July 2014, would provide \$300 million in FY2014 supplemental appropriations to address the issue of unaccompanied minors from Central America. Both the House and Senate Appropriations Committees reported out foreign aid appropriations measures in June 2014, H.R. 5013 and S. 2499. Both bills would provide funding and conditions for U.S. assistance to the region, and both include funding to address the surge in unaccompanied minors from Central America. On July 16, 2014, the House passed its version of the FY2015 Financial Services and General Government appropriations measure, H.R. 5016, with a provision that would prohibit any funding to allow people-to-people travel to Cuba.

This report provides an overview of U.S. policy toward Latin America and the Caribbean, including the Obama Administration's priorities; examines changes in the region's economic and political environment that affect U.S. relations with the region; and analyzes U.S. policy toward the region. The report then examines congressional interests in Latin America, looking at selected regional and country issues. Appendices provide U.S.-Latin America trade statistics and links to hearings focused on Latin America.

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U.S. Policy toward Latin America and the Caribbean

U.S. interests in the Western Hemisphere are diverse, and include economic, political, security, and humanitarian concerns. Geographic proximity has ensured strong economic linkages between the United States and the region, with the United States being the major trading partner and largest source of foreign investment for many countries. Free trade agreements (FTAs) have augmented U.S. economic relations with 11 countries in the region. Latin American nations, primarily Mexico and Venezuela, supply the United States with almost one-third of its imported crude oil. The Western Hemisphere is also the largest source of U.S. immigration, both legal and illegal, with geographic proximity and economic conditions being 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 some three decades, and in recent years has included close security cooperation with Mexico, Central America, and the Caribbean to combat drug trafficking and related violence. With the exception of Cuba, the region has made enormous strides in terms of democratic political development over the past three decades, but the rise of undemocratic practices in several countries, especially Venezuela, has been a U.S. concern. The United States has often taken the lead in responding to natural disasters in the region, as was demonstrated once again in the aftermath of Haiti's catastrophic 2010 earthquake.

Four Priorities for the Region

The Obama Administration has set forth a broad framework for U.S. policy toward Latin America and the Caribbean centered on four pillars or priorities:

- promoting economic and social opportunity;
- ensuring citizen security;
- strengthening effective institutions of democratic governance; and
- securing a clean energy future.

The State Department maintains that these policy “priorities are based on the premise that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations” in the hemisphere that can play an important role in dealing with global challenges.¹ The Obama Administration has stressed that its policy approach toward the region is one that emphasizes partnership and shared responsibility, with policy conducted on the basis of mutual respect through engagement and dialogue.² President Obama reemphasized the theme of equal partnership at the sixth Summit of the Americas in April 2012 when he said that “in the Americas there are no senior or junior partners, we’re simply partners.”³ In remarks at the June

¹ U.S. Department of State, Arturo Valenzuela, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, “U.S.-Latin American Relations: A Look Ahead,” January 6, 2011.

² *Ibid.*; and U.S. Department of State, Arturo Valenzuela, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, “U.S. Foreign Policy in the Obama Era,” October 9, 2010. The same general policy approach has continued under current Assistant Secretary of State for Western Hemisphere Affairs Secretary Roberta Jacobson, who was confirmed by the Senate in March 2012.

³ White House, Office of the Press Secretary, “Remarks of President Barack Obama—As Prepared for Delivery— (continued...)”

2012 Organization of American States (OAS) General Assembly meeting in Bolivia, Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson reiterated the commitment of the United States to work with hemispheric nations “in the spirit of genuine and equal partnership to advance liberty and prosperity for all the citizens of the hemisphere.”⁴

In a November 2013 OAS address, Secretary of State John Kerry asserted that “the era of the Monroe Doctrine is over.”⁵ Secretary Kerry emphasized the importance of the United States working with other hemispheric nations as equal partners to promote and protect democracy, security, and peace; to advance prosperity through development, poverty alleviation, and improved social inclusion; and to address the challenges posed by climate change. Secretary of State Kerry stated, “the relationship that we seek and that we have worked hard to foster is not about a United States declaration about how and when it will intervene in the affairs of other American states. It’s about all of our countries viewing one another as equals, sharing responsibilities, cooperating on security issues, and adhering not to doctrine, but to the decisions that we make as partners to advance the values and the interests that we share.”⁶

Assistant Secretary of State Jacobson reiterated in a December 2013 address in Miami, Florida, that “the administration is committed to sustained, productive engagement in the Americas.” She emphasized that the various partnership initiatives between the United States and Latin America involve U.S. officials sitting down with regional counterparts to understand their priorities and needs and discussing the ways in which the United States might support them.⁷

Economic and Social Opportunity

The policy priority of expanding economic opportunity focuses on one of the key problems facing Latin America: lingering poverty and inequality. At the end of 2013, an estimated 164 million people in Latin America were living in poverty—almost 28% of the region’s population—while 66 million people or 11.5% were living in extreme poverty or indigence. These statistics reflect a significant improvement from 2002, when almost 44% of the region’s population lived in poverty.⁸ Moreover, the statistics show an improvement from 2009, when the region faced an uptick in poverty because of the global financial crisis.

In addition to traditional U.S. development assistance programs focusing on health and education, expanding economic opportunity also has involved several innovative programs and initiatives.

The Pathways to Prosperity Initiative, initially launched in 2008, is designed to help countries

(...continued)

Summit of the Americas Opening Plenary,” April 14, 2012.

⁴ U.S. Department of State, Assistant Secretary of State for Western Hemisphere Affairs Roberta S. Jacobson, “Remarks to the 42nd OAS General Assembly,” June 4, 2012.

⁵ U.S. Department of State, Secretary of State John Kerry, “Remarks on U.S. Policy in the Western Hemisphere,” November 18, 2013. In an address to Congress in December 1823, President James Monroe warned European powers not to interfere in the affairs of the Western Hemisphere. This policy eventually became known as the Monroe Doctrine and emerged in the early 1900s as a foundation of U.S. foreign policy.

⁶ U.S. Department of State, Secretary of State John Kerry, “Remarks on U.S. Policy in the Western Hemisphere,” November 18, 2013.

⁷ U.S. Department of State, Assistant Secretary of State for Western Hemisphere Affairs, “The Americas: Our Shared Challenges,” December 13, 2013.

⁸ U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America 2013*, Briefing paper, November 2013.

learn from each other's experiences through the exchange of best practices and collaboration in order to empower small business, facilitate trade and regional competitiveness, build a modern and inclusive workforce, and encourage green sustainable business practices.⁹ The Organization of American States' **Inter-American Social Protection Network** began in 2009 with U.S. support to facilitate an exchange of information on policies, experiences, programs, and best practices in order to reduce social disparities and inequality and reduce extreme poverty.¹⁰ President Obama launched the **100,000 Strong in the Americas** initiative in 2011 to increase the number of Latin American students studying in the United States as well as to increase the number of U.S. students studying in countries throughout the hemisphere.¹¹ As part of the Obama Administration's **Feed the Future Initiative** to combat global hunger and advance food security, three countries in the Americas—Guatemala, Haiti, and Honduras—receive targeted funding for the development of poor rural areas aimed at helping vulnerable populations escape hunger and poverty.¹²

At the sixth Summit of the Americas held in Colombia in April 2012, President Obama announced several initiatives to expand economic opportunity. The **Small Business Network of the Americas (SBNA)** is an initiative designed to help small businesses participate in international trade by linking national networks of small business support centers.¹³ The **Women's Entrepreneurship in the Americas (WEAmericas)** program is a public-private partnership designed to increase women's economic participation and address barriers to women starting and expanding small and medium enterprises.¹⁴ The **Innovation Fund of the Americas**, launched by USAID, is an initiative to help finance lower cost and more effective solutions to difficult development challenges.¹⁵

Citizen Security

The policy priority of advancing citizen security reflects one of the most important concerns among Latin Americans. High levels of crime and violence, often associated with drug trafficking, are a significant problem in many countries. The Central America-Mexico corridor is the route for 90% of illicit drugs from South America entering the United States,¹⁶ while murder

⁹ U.S. Department of State, "Pathways to Prosperity in the Americas, Fact Sheet," March 17, 2014, available at <http://www.state.gov/p/wha/rls/fs/2014/223740.htm>; also see the website of the Pathways initiative, available at <http://www.pathways-caminos.org/en/Home.html>

¹⁰ U.S. Department of State, "Inter-American Social Protection Network, Fact Sheet," April 23, 2013, available at <http://www.state.gov/p/wha/rls/fs/2013/208096.htm>; also the website of the Inter-American Social Protection Network at <http://www.socialprotectionet.org/>

¹¹ U.S. Department of State, "100,000 Strong in the Americas, Fact Sheet," September 13, 2013, available at <http://www.state.gov/p/wha/rls/fs/2013/214201.htm>; also see the 100,000 Strong in the Americas website, launched in May 2014, available at <http://www.100kstrongamericas.org/>

¹² See the website of Feed the Future, The U.S. Government's Global Hunger and Food Security Initiative, available at <http://www.feedthefuture.gov/>

¹³ U.S. Department of State, "Small Business Network of the Americas," Fact Sheet, August 26, 2013, available at <http://www.state.gov/p/wha/rls/fs/2013/213495.htm>

¹⁴ U.S. Department of State, "Women's Entrepreneurship in the Americas (WEAmericas)," Fact Sheet, October 16, 2012, available at <http://www.state.gov/r/pa/prs/ps/2012/10/199202.htm>

¹⁵ USAID, "Innovation Fund of the Americas," Fact Sheet, December 4, 2013, available at <http://www.usaid.gov/news-information/fact-sheets/innovation-fund-americas>

¹⁶ U.S. Department of State, *2014 International Narcotics Control Strategy Report*, Volume 1, March 2014, p. 9.

rates in several Central American and Caribbean countries are among the highest in the world and drug trafficking-related violence in Mexico has risen to unprecedented levels.

U.S. support in this area includes a series of partnerships to help countries combat drug trafficking and organized crime such as the **Mérida Initiative** for Mexico, the **Central America Regional Security Initiative (CARSI)**, and the **Caribbean Basin Security Initiative (CBSI)**. The **Colombia Strategic Development Initiative (CSDI)** aligns U.S. assistance with the follow up strategy to Plan Colombia that is designed to develop a functioning state presence in remote, but strategically important, areas.

While these programs only began in the last few years, U.S. support to counter drug trafficking and production in the region has been a key focus of U.S. policy toward the region for more than 30 years. The most significant U.S. support program was Plan Colombia, begun in FY2000, which helped the Andean country combat both drug-trafficking and terrorist groups financed by the drug trade.

Democratic Governance

The policy priority of strengthening democratic governance has the goal of building on progress that the region has made over the past three decades, not only in terms of regular free and fair elections, but also in terms of respect for political rights and civil liberties. Despite this progress, many countries in the region still face considerable challenges (see “Latin America’s Economic and Political Environment” below). The United States provides foreign aid to support the rule of law and human rights, good governance, political competition, and consensus-building and civil society. Improving and strengthening democratic governance includes support to improve the capacity of state institutions to address citizens’ needs through responsive legislative, judicial, law enforcement, and penal institutions, as well as support to nongovernmental organizations working on democracy and human rights issues. It also includes defending press freedoms and democratic rights, such as free and fair elections and the protection of minority rights.

U.S. officials have continued to speak out about human rights abuses in countries such as Cuba and Venezuela, and threats to political rights and civil liberties in other countries in the region. Assistant Secretary of State Jacobson has spoken out about the erosion in the full respect for freedom of expression in some countries, and has also contended that hemispheric nations should collectively remain on guard against efforts to weaken the Inter-American human rights system.¹⁷

Clean Energy Future

The Obama Administration introduced the **Energy and Climate Partnership of the Americas (ECPA)** in 2009 designed to strengthen inter-American collaboration on clean energy. Many countries in Latin America and the Caribbean are vulnerable to climate change, and struggle with energy security. ECPA includes voluntary bilateral and multi-country initiatives to promote clean energy, advance energy security, and reduce greenhouse gas emissions. Some of the initiatives involve international and regional organizations and the private sector.¹⁸ At the sixth Summit of

¹⁷ U.S. Department of State, “U.S. Policy Toward the Americas: The Summit and Beyond,” Remarks by Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, May 11, 2012.

¹⁸ U.S. Department of State, Fact Sheet, “Energy and Climate Partnership of the Americas,” May 31, 2012, available at <http://www.state.gov/p/wha/rls/fs/2012/191563.htm>; also see the website of the ECPA at <http://www.ecpamericas.org/>

the Americas in April 2012, President Obama joined with Colombia in **Connecting the Americas 2022**, an initiative with the goal of achieving universal access in the hemisphere to reliable, clean, and affordable electricity.¹⁹

Latin America's Economic and Political Environment

U.S. policy toward the Latin American and Caribbean region is conducted in the context of significant economic and political changes in the hemisphere as well as the region's increasing independence from the United States.

A Changed Region

Political Changes. The Latin American and Caribbean region has made significant advances over the past three decades in terms of both political and economic development. In the early 1980s, 16 countries in the region were governed by authoritarian regimes, both on the left and the right, but today, all nations with the exception of Cuba are elected democracies. This past December, Argentina celebrated 30 years of civilian democratic rule since its military relinquished power in 1983 after seven years of harsh dictatorship. Some observers contend that the region overall, despite some exceptions, appears to be moving politically toward the ideological center, focusing on centrist, pragmatic polices.²⁰ The threat to elected governments in the region from their own militaries has dissipated in most countries, although the 2009 ouster of President Manuel Zelaya in Honduras is an exception. Colombia's ongoing peace negotiations with the Revolutionary Armed Forces of Colombia (FARC), which began formally in October 2012, has raised hopes that the hemisphere's oldest civil conflict, which dates back to the 1960s, may be resolved.

Free and fair elections have become the norm in most countries in the region, even though some elections have been controversial with allegations of irregularities. In 2013, seven nations in the hemisphere held elections for head of government. Late in the year, former Chilean President Michelle Bachelet (2006-2010) was elected to a new four-year term in December, and was inaugurated in March 2014. Bachelet has promised reforms aimed at reducing inequality, including a gradual move toward free higher education.

To date in 2014, five countries in the region have held elections for head of government – Costa Rica, El Salvador, Panama, Colombia, and Antigua and Barbuda. In Costa Rica, Luis Guillermo Solís, an academic and former diplomat from the center-left Citizen Action Party was elected president with 78% of the vote in a second round runoff, defeating the candidate of the ruling National Liberation Party. In El Salvador, the candidate of the ruling leftist Farabundo Martí National Liberation Front, Salvador Sánchez Cerén (the sitting Vice President and a former guerrilla commander)

2014 Elections

Costa Rica—February 2; April 6
El Salvador—February 2; March 9
Panama—May 4
Colombia—May 25; June 15
Antigua and Barbuda—June 12
Brazil—October 5; October 26
Bolivia—October 12
Uruguay—October 26; November 30

¹⁹ U.S. Department of State, Fact Sheet, "Connecting the Americas 2022," October 23, 2012, available at <http://www.state.gov/p/wha/rls/fs/2012/199772.htm>

²⁰ Michael Shifter, "Latin America, A Surge to the Center," *Journal of Democracy*, January 2011; Daniel Zovatto, "Latin America 2013: Political and Electoral Balance," Brookings Institution, January 3, 2014.

won the country's presidential election in a close second round race in which he defeated the candidate of the rightist National Republican Alliance.²¹ In Panama's election, Juan Carlos Varela of the center-right Panameñista Party won the presidency in a three-candidate race, defeating the candidate from the ruling Democratic Change party of outgoing President Ricardo Martinelli.²² In Colombia, incumbent President Juan Manuel Santos won a heated runoff race in June, and primarily based his campaign on continuing peace negotiations with the FARC that began in 2012.²³ In Antigua and Barbuda, the ruling United Progressive Party led by Baldwin Spencer was ousted by the opposition Antigua and Barbuda Labour Party led by Gaston Browne, with economic issues dominating the campaign.

Elections scheduled for the remainder of this year include Brazil, Bolivia, and Uruguay. Brazil will go to the polls on October 5 with a second round scheduled for October 26 if no candidate receives an absolute majority. Incumbent President Dilma Rousseff of the center-left Workers Party is seeking a second term. The death of presidential candidate Eduardo Campos from the center-left Brazilian Socialist Party in a plane crash on August 13 stirred up the election campaign. The Socialist Party's replacement candidate is former environment minister Marina Silva, who some polls show has surpassed the other major opposition candidate, Aécio Neves of the Centrist Brazilian Social Democracy Party, and could be competitive with Rousseff in a second round.²⁴ In Bolivia, incumbent President Evo Morales of the leftist Movement Toward Socialism party is expected to be easily re-elected, with polls showing him far ahead of his opponents.²⁵ In Uruguay, the election appears to be shaping up to be a close race between former president Tabaré Vázquez of the center-left Broad Front coalition and Luis Alberto Lacalle Pou, the candidate of the center-right National Party.

Despite significant improvement in political rights and civil liberties, several 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. Many of the street protests that swept Latin America in 2013, most notably in Brazil, were sparked by new middle classes demanding better public services. There are also numerous examples of elected presidents over the past 25 years who left office early amid severe social turmoil, often with economic crises, high-profile corruption, or even the presidents' own autocratic actions contributing to their ousters.

The quality of democracy in several countries in the region also has been eroded by two key factors in recent years. One factor is increased organized crime. Mexico and several Central American countries have been especially affected because of the increased use of the region as a drug transit zone and the associated rise in corruption, crime and violence.²⁶ A second factor negatively affecting democracy is the executive's abuse of power in several countries that has led to a setback in liberal democratic practices, with elected leaders seeking to consolidate power at the expense of minority rights. In recent years, there has also been a deterioration of media

²¹ See CRS Report R43616, *El Salvador: Background and U.S. Relations*, by Clare Ribando Seelke.

²² See CRS Report R43620, *Panama: Background and U.S. Relations*, by Mark P. Sullivan and Andrew Lee.

²³ See CRS Report IN10024, *Colombia's 2014 Elections: Referendum on the Peace Process*, by June S. Beittel.

²⁴ See CRS Report RL33456, *Brazil: Political and Economic Situation and U.S. Relations*, by Peter J. Meyer.

²⁵ See CRS Report R43473, *Bolivia: In Brief*, by Clare Ribando Seelke.

²⁶ For example, see Emily Edmonds-Poli, *The Effects of Drug-War Related Violence on Mexico's Press and Democracy*, Wilson Center, Mexico Institute and University of San Diego, Trans-border Institute, April 2013.

freedom in several countries in the region precipitated by the increase in organized crime-related violence and by politically driven attempts to curb critical or independent media.

Some analysts see the growth of leftist populism in the region in such countries as Venezuela, Ecuador, Bolivia, and Nicaragua as a threat to democracy because of the tough treatment of political opponents and the dismantling of institutional checks and balances. They contend that a type of competitive or electoral authoritarianism is taking hold in these countries, in which democratic institutions exist but abuse by the incumbent skews the playing field against opponents.²⁷ Some also fear that El Salvador under Sánchez Cerén could join that group. In January 2014, Nicaragua's National Assembly, dominated by President Daniel Ortega's Sandinista party, approved constitutional changes eliminating presidential term limits and eliminating the 35% threshold requirement needed for election. This paves the way for Ortega to seek a fourth term in 2016.

The human rights group Freedom House compiles an annual evaluation of political rights and civil liberties in which it categorizes countries as free, partly free, and not free. In its 2014 report (covering 2013), the group ranked just one country as not free: Cuba; 10 countries as partly free—Bolivia, Colombia, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, and Venezuela; and the remaining 22 countries of the region as free. While the Dominican Republic was categorized as free, Freedom House noted a decline in civil liberties in the country because of a court ruling that could render thousands of Dominicans of Haitian descent stateless, an action that was criticized by other Latin American countries and the United States. In Panama, Freedom House maintained that political rights declined because of concerns about a lack of investigations of government corruption and verbal attacks against journalists investigating corruption. In contrast, political rights and civil liberties were reported to have improved in Nicaragua because of, among other things, advances in transparency, progress in women's rights, and efforts to combat trafficking.²⁸ (The Freedom House evaluation, however, was completed before Nicaragua's Sandinista-dominated legislature approved constitutional changes in late January 2014 that eliminated presidential term limits.)

Economic Changes. The region has also undergone a significant economic transformation. While the 1980s were commonly referred to as the lost decade of development as many countries became bogged down with unsustainable public debt, the 1990s brought about a shift from a strategy of import-substituting industrialization to one focused on export promotion, attraction of foreign capital, and privatization of state enterprises. Latin America experienced an economic downturn in 2002 (brought about in part because of an economic downturn in the United States), but recovered with strong growth rates until 2009, when a global economic crisis again affected the region with an economic contraction of about 2%.²⁹ Some countries experienced deeper recession in 2009, especially those more closely integrated with the U.S. economy, such as Mexico, while other countries with more diversified trade and investment partners experienced

²⁷ See Kurt Weyland, "Latin America's Authoritarian Drift, The Threat from the Populist Left," *Journal of Democracy*, July 2013. Also see Sebastián Mazzuca, "The Rise of Rentier Populism," *Journal of Democracy*, April 2013; Steven Levitsky and James Loxton, "Populism and Competitive Authoritarianism in the Andes," *Democratization*, January 2013; and *Latin American Populism in the Twenty-First Century*, ed. Carlos de la Torre and Cynthia J. Arson (Washington, D.C.: Woodrow Wilson Center Press; Baltimore, The Johns Hopkins University Press, 2013).

²⁸ Freedom House, "Freedom in the World 2014," 2013.

²⁹ Sidney Weintraub, "An Economic Storm Hits Latin America," *Current History*, February 2009.

lesser downturns. The region rebounded in 2010 and 2011, with growth rates of 5.6% and 4.3% respectively.³⁰

Economic growth rates declined since to a regional average of 3.1% in 2012 and 2.5% in 2013. Last year, the weak performances of Brazil (2.5%) and Mexico (1.1%) dragged down the regional average. ECLAC's regional forecast for 2014 originally was for an improved growth rate of 3.2% based on increasing external demand tied to improving economic conditions in the global economy and better economic performance in Brazil and Mexico.³¹ That forecast, however, has been reduced to a regional growth rate of 2.2%, in part because of the slow pace of economic recovery in developed countries and slower growth in China.³² There is also concern about economic conditions in Venezuela, which is facing shortages of basic food and consumer items, falling international reserves, and high inflation – the economy is forecast to contract 2.5% in 2014.³³ Likewise Argentina's economy is forecast to contract in 2014 by 1.2%, and there is considerable economic uncertainty as a result of the government's confrontation with remaining private creditor holdouts who did not participate in the government 2005 and 2010 debt restructurings.³⁴

As noted above, Latin America has made significant progress in combating poverty and inequality. Two key factors accounting for this decline are increasing per capita income levels and targeted public expenditures known as conditional cash transfer programs for vulnerable sectors. Brazil and Mexico were pioneers in these targeted programs that have spread to other countries. In terms of income distribution, while Latin America is still the most unequal region in the world, inequality has declined in many countries since 2002, and there has been a clear downward trend in income concentration in the region over the past decade.³⁵ Rising growth and income levels and progress in poverty reduction also have helped expand Latin America's middle class by about 50% over the past decade, according to the World Bank. Now more than 150 million people in the region (about 30% of total population) are considered in the middle class.³⁶

³⁰ U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean, 2013*, July 2013.

³¹ ECLAC, *Preliminary Overview of the Economies of Latin America and the Caribbean*, November 29, 2013; *Economic and Social Panorama of Latin America and Caribbean States, 2013*, January 2014.

³² ECLAC, *2014 Economic Survey of Latin America and the Caribbean*, June 2014.

³³ "Venezuela Country Report," *Economist Intelligence Unit (EIU)*, August 2014.

³⁴ "Argentina Country Report," *EIU*, August 2014.

³⁵ ECLAC, *Social Panorama of Latin America 2012*, p. 21. For further discussion of progress in reducing inequality in the region, see Nora Lustig, "Latin America's Inequality Success Story," *Current History*, February 2013.

³⁶ World Bank, *Economic Mobility and the Rise of the Latin American Middle Class*, by Francisco H.G. Ferreira et al, 2013.

Figure I. Map of Latin America and the Caribbean



Source: Map Resources, edited by CRS.

Notes: While Belize is located in Central America and Guyana and Suriname are located on the northern coast of South America, all three countries are members of the Caribbean Community (CARICOM).

Latin America's Increasing Independence

In recent years, Latin America's relatively sustained political stability and steady economic performance (with some exceptions) have increased the region's confidence in solving its own problems, and lessened the region's dependency on the United States. The region's growing ideological diversity in recent years has also been a factor in the region's increased independence from the United States, as has Brazil's rising regional and global influence.

Latin American and Caribbean countries have diversified their economic and diplomatic ties with countries outside the region. China, for example, has become a major trading partner for many countries in the region, ranking as one of the top two export and import markets. Total Chinese trade with the region grew from almost \$18 billion in 2002 to almost \$260 billion in 2013.³⁷ (Nevertheless, the United States remains the single largest trading partner for many countries; total U.S. trade with the region amounted \$846 billion in 2013, more than three times that of China's trade with the region.³⁸)

Several Latin American regional integration organizations have been established in the past few years, a reflection of both the region's increasing independence, growing internal cooperation, and ideological diversity.

The Venezuelan-led Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas), was launched by President Hugo Chávez in 2004 with the goals of promoting regional integration and socioeconomic reform and alleviating poverty. In addition to Venezuela, this nine-member group currently includes Bolivia, Cuba, Ecuador, and Nicaragua, as well as the Caribbean island nations of Dominica, Antigua and Barbuda, St. Vincent and the Grenadines, and most recently St. Lucia, which became a member in July 2013. ALBA has the goals of promoting regional integration and socioeconomic reform and alleviating poverty, but is most often associated with the anti-American rhetoric of its Latin American members. Some observers maintain that ALBA has lost its initial energy. Director of National Intelligence James Clapper maintained in January 2012 congressional testimony that ALBA was "created in part to spread Chávez's influence in the region" but "is only muddling through."³⁹ In the aftermath of President Chávez's death in March 2013, some observers question the future of the Venezuelan-founded alliance.

Another regional organization is the 12-member Union of South American Nations (UNASUR), established in 2008 (largely because of Brazil's influence) to promote political, economic, and security coordination in South America. It has served as a forum for dispute resolution. For example, the organization played a role in defusing tensions between Colombia and Venezuela in 2008, and helped resolve internal political conflicts in Bolivia in 2008 and Ecuador in 2010. Some analysts, however, have raised questions about UNASUR's overall efficacy, financial support, and ability to develop specialized capabilities and programs.⁴⁰ In March 2014, in an

³⁷ Trade figures cited are drawn from the *Global Trade Atlas*, using trade statistics reported by China.

³⁸ U.S. trade statistics are drawn from the *Global Trade Atlas*, using statistics reported by the U.S. Department of Commerce.

³⁹ Testimony of James R. Clapper, Director of National Intelligence, before the Senate Select Committee on Intelligence, January 31, 2012, "Worldwide Threat Assessment of the U.S. Intelligence Community," available at <http://intelligence.senate.gov/120131/clapper.pdf>

⁴⁰ Michael Shifter, "The Shifting Landscape of Latin American Regionalism," *Current History*, February 2012; Also see Clapper, *op. cit.*

attempt to quell political unrest in Venezuela, UNASUR foreign ministers approved a resolution expressing support for dialogue between the Venezuelan government and all political forces and social sectors; in April, the foreign ministers of Brazil, Colombia, and Ecuador were initially successful in establishing such dialogue, but talks between the government and the political opposition ultimately broke down in May.

A regional trade integration arrangement, the Pacific Alliance, first emerged in 2011 with the primary goal of facilitating the flow of goods, services, capital, and people among its members. The Alliance currently includes Chile, Colombia, Mexico, and Peru. In February 2014, Costa Rica signed a declaration of intent to join the agreement in a process that reportedly will take a year. Different from other initiatives describe above, the Alliance welcomed the United States as an observer in July 2013.

A region-wide organization established in December 2011, the Community of Latin American and Caribbean States (CELAC), consists of 33 hemispheric nations, but excludes the United States and Canada. CELAC's goal is to boost regional integration and cooperation. While some observers have concerns that CELAC could be a forum for countries that have tense or difficult relations with the United States, others point out that strong U.S. partners in the region are also members. Some observers have predicted that CELAC could diminish the role of the Organization of American States, while others maintain that CELAC does not have a permanent staff or secretariat that could compete with the OAS. CELAC held its first summit in Chile in January 2013, in which Cuban President Raúl Castro assumed the presidency of the organization for a year. CELAC's second summit was held in late January 2014 in Havana, Cuba. At the summit, leaders declared their region a "zone of peace" pledging to resolve disputes as respectful neighbors. The leaders also committed their nations to nonintervention and pledged to respect "the inalienable right of every state to choose its political, economic, social, and cultural system."⁴¹

While to some extent CELAC's establishment reflects Latin American desire to lessen U.S. influence in the region, the United States still remains very much engaged in the region bilaterally and multilaterally through the OAS and its numerous affiliated organizations. In addition, the Summit of the Americas process (affiliated with the OAS) remains an important mechanism for the United States to engage with Latin American nations at the highest level. While the sixth Summit of the Americas, held in Colombia in April 2012, displayed U.S. divergence from the region in terms of policy toward Cuba and anti-drug strategy, the meeting also included a variety of initiatives to deepen hemispheric integration and address key hemispheric challenges.

An impending challenge for the United States is how to deal with the next Summit of the Americas, scheduled to be hosted by Panama in May 2015. In early August 2014, Panama's Vice President Isabel de Saint Malo announced that Panama would invite Cuba to the seventh summit, presenting a policy dilemma for the Obama Administration.⁴² Previously, several Latin American leaders pledged that they would not attend if Cuba was not invited. Cuba had expressed interest in attending the sixth summit in 2012 in Colombia, but ultimately was not invited to attend. The United States and Canada had expressed opposition to Cuba's participation at the time. Previous summits have been limited to the hemisphere's 34 democratically-elected leaders, and the OAS

⁴¹ Peter Orsi, "LatAm Leaders Declare Region a 'Zone of Peace,'" *Associated Press*, January 29, 2014.

⁴² "Panamá Invitará Formalmente a Cuba a la VII Cumbre de las Américas," *La Estrella* (Panama), August 2, 2014.

(in which Cuba does not participate) has played a key role in summit implementation and follow-up activities.

Continuity and Change in U.S. Policy

Under the Obama Administration, there has been significant continuity in U.S. policy toward Latin America from the Bush Administration. Some of the same basic policy approaches have been continued, although in many cases there has been a change of emphasis.

Like the Bush Administration, the Obama Administration has provided significant anti-drug and security support to Colombia and significant support to Mexico and Central America to combat drug trafficking and organized crime through the Mérida Initiative and CARSI. Assistance to Mexico, however, has shifted toward more support for rule of law programs (including police, judicial, and penal reform) and programs to help communities withstand the pressures of crime and violence. In anticipation of a potential “balloon effect” of drug trafficking shifting to the Caribbean region, the Obama Administration also established the CBSI, the origin of which, however, dates back to the Bush Administration. Assistance for Colombia has become more evenly balanced between enhancing rule of law, human rights and economic development programs on the one hand, and continuing efforts on security and drug interdiction on the other. Overall U.S. assistance levels to Colombia have begun to decline as the country is increasingly taking over responsibility for programs once funded by the United States.

On trade matters, implementing bills for FTAs with Colombia and Panama that were negotiated under the Bush Administration ultimately were introduced and enacted into law in October 2011 (P.L. 112-42 and P.L. 112-43) after extensive work by the Obama Administration to resolve outstanding congressional concerns related to both agreements. Another trade initiative begun informally under the Bush Administration and continued by the Obama Administration through formal trade negotiations is the proposed Trans-Pacific Partnership (TPP) free trade agreement, which involves negotiations with Mexico, Chile, and Peru and eight other Pacific countries. A framework for a TPP agreement was announced in November 2011; the goal was to reach an agreement in 2013, but negotiations are still continuing. Countries reportedly are looking to announce an agreement on the sidelines of the November 2014 Asia Pacific Economic Cooperation (APEC) leaders’ summit.⁴³

Just as the Bush Administration had, the Obama Administration has expressed support for comprehensive immigration reform, an especially important issue in U.S. relations with Mexico and Central America. Reform efforts were stymied in 2007 when the Senate failed to invoke cloture and limit debate on two comprehensive reform measures, and Congress did not return to consideration of such measures. In 2013, however, a bipartisan group of Senators developed a framework for comprehensive reform legislation that the Senate approved in June 2013; the measure included a pathway for citizenship for some 11 million undocumented immigrants living in the United States. The House has not considered comprehensive immigration reform. In mid-2014, both Houses began focusing on how to address the surge in unaccompanied minors from Central America that have entered the United States along the U.S.-Mexico border.

⁴³ See CRS Report R42694, *The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress*, coordinated by Ian F. Fergusson, and CRS Report IF00001, *Proposed Trans-Pacific Partnership (TPP) (In Focus)*, by Brock R. Williams and Ian F. Fergusson.

In other areas, the Obama Administration has made policy changes on Latin America that have more clearly differentiated it from the Bush Administration. Early on, the Administration put more of an emphasis on partnership and shared responsibility in its policy toward the region. The Administration increased and sustained higher levels of development assistance to the region even in recent years as overall U.S. assistance to the region has declined. The Administration has also implemented several changes in Cuba policy by lifting restrictions on family travel, easing restrictions on other types of purposeful travel, and restarting semi-annual migration talks with Cuba. At the same time, the Administration has continued the long-standing U.S. policy of maintaining economic sanctions on Cuba and speaking out about the poor human rights situation on the island.

In assessing U.S. policy toward Latin America under the Obama Administration, many observers and policy analysts have commended the Administration for its emphasis on partnership and multilateralism; for deepening security cooperation with Mexico, Central America, and the Caribbean focused on ensuring citizen security; for broadening relations with Colombia beyond counternarcotics and counterterrorism issues; and for a strong U.S. response to the earthquake in Haiti. According to a former State Department official, U.S. diplomacy in the region today “is focused on being relevant to practical needs widely felt by other peoples—the way it should be,” and that socioeconomic changes in the region, which the United States helped support, “are fostering a convergence of basic values and interests that can and should define relationships that are bright, cooperative, and productive for decades to come.”⁴⁴

On the other hand, a number of analysts have urged the Administration to articulate a strategic vision and more cohesive policy approach toward Latin America.⁴⁵ In looking at President Obama’s first term, some analysts contend that as problems have arisen in the region, U.S. responses have been reactive rather than proactive, and can be characterized “as improvised and lacking a sense of strategic direction.”⁴⁶ Center for Strategic and International Studies (CSIS) senior associate Howard Wiarda argues that a “coherent, mature policy for the region” needs to be articulated, although he contends that the United States has accomplished a great deal at individual country-level policies in terms of democracy, development, modernization, and in fostering good bilateral relations.⁴⁷ Peter Hakim of the Inter-American Dialogue has described U.S. policy toward Latin America as adrift, with a growing separation of the United States from Latin America and a shrinking U.S. vision for Latin America. He contends that while U.S. leaders regularly affirm the importance of the region to the United States, they have not been able to devise a strategy to effectively exploit what former U.S. Secretary of State Hillary Clinton described as the “power of proximity.”⁴⁸

Many policy analysts and think tanks across the political spectrum have called for the Administration to elevate U.S. relations with both Brazil and Mexico, the two economic

⁴⁴ William McIlhenny, “Get the Story Right: Time for Stories of Fading U.S. Interest to Fade,” *Americas Quarterly*, AQ Web Exclusive, November 26, 2012.

⁴⁵ *Shifting the Balance, Obama and the Americas*, ed. Abraham F. Lowenthal, Theodore J. Piccone, and Lawrence Whitehead (Washington, D.C.: Brookings Institution Press, 2011), p. 21.

⁴⁶ Laurence Whitehead and Detlef Nolte, “The Obama Administration and Latin America: A Disappointing First Term,” *GIGA Focus*, German Institute of Global and Area Studies, Number 6, 2012.

⁴⁷ Howard J. Wiarda, “Recommendations for a New Administration: Base Hemispheric Relations on Opportunities, Not Threats,” CSIS, November 26, 2012.

⁴⁸ Peter Hakim, “The Incredibly Shrinking Vision: U.S. Policy in Latin America,” *Política Exterior* (Madrid), July 5, 2012.

powerhouses of the region. Many advocate a deepening and broadening of U.S. relations with Brazil in the areas of defense and security, trade, energy, and also multilateral issues given Brazil's rising global profile. With regard to Mexico, many argue that the Obama Administration should, in addition to continuing strong security cooperation, seize the opportunity to work with a new government in Mexico in deepening economic relations, including energy cooperation, and engaging Mexico on global issues.⁴⁹ On immigration, in particular, many Latin America policy analysts have called for U.S. efforts to fix its immigration system as a means of improving relations not only with Mexico, but with the region overall. Michael Shifter of the Inter-American Dialogue maintains that meaningful immigration reform would be welcomed throughout Latin America, especially in Mexico, "where the issue has long been a source of tension in the bilateral relationship."⁵⁰

Think tanks and policy analysts have made numerous other recommendations for U.S. policy toward the region.⁵¹ With regard to drug policy, there are calls for the United States to reevaluate its anti-drug strategy, pointing to efforts by some Latin American leaders and others to explore drug policy alternatives. While some stress the need to sustain a strong international drug control regime focused on eradication and interdiction, others appear to emphasize the need for more efforts to address U.S. domestic drug addiction and consumption. With regard to Cuba, some argue for moving away from the sanctions-based approach toward Cuba, while others contend that sanctions should be maintained as long as the government continues its harsh human rights violations. With regard to democracy promotion, some analysts argue that U.S. engagement with the region should include a more vibrant democracy promotion component, especially in countries facing challenges; others contend that the United States already has strong democracy and human rights programs; and some question the efficacy of such programs.

Congress and Policy toward Latin America and the Caribbean

Congress plays an active role in policy toward Latin America and the Caribbean. Legislative and oversight attention to the region during the 113th Congress has focused on such issues as: U.S. support to countries contending with drug trafficking and transnational crime, including Mexico under the Mérida Initiative, Central America under CARSI, and the Caribbean under the CBSI;

⁴⁹ Wiarda, op. cit.; Andrew Selee and Christopher Wilson, "A New Agenda with Mexico," Wilson Center, November 2012; Duncan Wood, "Recommendations for a New Administration: Safeguarding Progress with Mexico," CSIS, December 10, 2012; Peter Hakim and Sergio Munoz Bata, "A Second Term Agenda for Latin America," *Infolatam*, January 22, 2013; James M. Roberts and Ray Walser, "Latin America and the Caribbean: A Wish List for 2013," Issue Brief, Heritage Foundation, January 7, 2013; Roger F. Noriega and José R. Cárdenas, "An Action Plan for US Policy in the Americas," American Enterprise Institute, December 2012; Johanna Mendelson Forman, with Alek Suni, "Recommendations for a New Administration: Building a Dynamic U.S.-Brazil Partnership," CSIS, December 19, 2012; and "A More Ambitious Agenda, A Report of the Inter-American Dialogue's Commission on Mexico-U.S. Relations, Inter-American Dialogue," February 2013.

⁵⁰ Michael Shifter, "Will Obama Kick the Can Down the Road?" *Revista Ideele* (Peru), December 27, 2012.

⁵¹ In addition to the various reports cited in footnote 31, also see Stephen Johnson, "Recommendations for a New Administration: Interests, Policies, and Challenges in the Americas," CSIS, November 21, 2012; Anton Edmunds, "Recommendations for a New Administration: Be a Good Neighbor to the Caribbean," CSIS, December 26, 2012; Phillip McLean, "Recommendations for a New Administration: Move Beyond the Drug Focus in the Andes," CSIS, January 3, 2013; and Cynthia J. Arnson, "Setting Priorities for U.S. Policy in Latin America," Wilson Center, January 2013.

continued counternarcotics and security support to Colombia as it moves toward a potential peace agreement; and continued support to Haiti as it continues to recover from the 2010 earthquake. Hearings on the region have covered these issues as well as a variety of other topics, including overall U.S. interests and policy in the Western Hemisphere; energy issues; U.S. foreign aid to the region; challenges to democracy, including media freedom, the rule of law, and political unrest in Venezuela; concerns about Iranian activities in the region; U.S. relations with such countries as Brazil, Mexico, and the Dominican Republic; and the surge of unaccompanied minors from Central America (see **Appendix B** for links to hearings on the region during the 113th Congress).

Legislative action to date in the 113th Congress has included approval of:

- omnibus appropriations legislation for FY2013 (P.L. 113-6, Consolidated and Further Continuing Appropriations Act, 2013, signed into law March 26, 2013), which included foreign aid appropriations with numerous provisions on Latin America;
- the Organization of American States Revitalization and Reform Act of 2013 (P.L. 113-41, signed into law October 2, 2013) which directs the Secretary of State to develop a strategy for the adoption of proposed reforms at the OAS;
- the U.S.-Mexico Transboundary Hydrocarbons Agreement in the Bipartisan Budget Act of 2013 (P.L. 113-67, signed into law December 26, 2013);
- the 2014 farm bill (P.L. 113-79, signed into law February 7, 2014), with modifications to the U.S. cotton program related to a trade dispute with Brazil over U.S. subsidies and a reporting requirement on a U.S.-Mexico water dispute in the Rio Grande Basin;
- omnibus appropriations FY2014 (P.L. 113-76, Consolidated Appropriations Act, 2014, signed into law January 17, 2014), which included foreign aid appropriations with numerous provisions on Latin America; and
- the Assessing Progress in Haiti Act of 2014 (P.L. 113-162), which directs the Secretary of State to submit a report to Congress annually through 2017 on the status of post-earthquake recovery and development efforts in Haiti.

There was also legislative action on the following measures by either the House or the Senate.

- In June 2013, the Senate approved comprehensive immigration reform, S. 744.
- In March 2013, the Senate approved a resolution on Haiti's recovery and reconstruction, S.Res. 12.
- Three resolutions were approved regarding the political and human rights situation in Venezuela: in October 2013, the Senate approved S.Res. 213; in March 2014, the House approved H.Res. 488 and the Senate approved S.Res. 365.
- In May 2014, the House approved Venezuela sanctions bill, H.R. 4587, which would impose targeted sanctions on individuals responsible for carrying out or ordering human rights abuses associated with the protests that began in February 2014. (In May 2014, the Senate Foreign Relations Committee also approved a Venezuela sanctions bill, S. 2142).

- In July 2014, the In June 2014, the House approved its version of the FY2015 Financial Services and General Government appropriations measure, H.R. 5016, with a provision that would prohibit any funding authorizing people-to-people travel to Cuba. (A draft Senate Appropriation Committee version of the bill does not contain any provisions on Cuba sanctions.)
- On August 1, 2014, the House approved a FY2014 supplemental appropriations bill, H.R. 5230, that would reprogram up to \$40 million in FY2014 appropriations to support repatriation and reintegration activities in Central America. A Senate bill, S. 2648, introduced in July 2014, would provide \$300 million in FY2014 supplemental appropriations to address the issue of unaccompanied minors (the same amount requested by the Administration).

Other remaining actions for the remainder of the 113th Congress includes completion of FY2015 appropriations measures. Both the House and Senate Appropriations Committees reported out foreign aid appropriations measures in June 2014, H.R. 5013 and S. 2499, respectively. Both bills would include funding to address the surge in unaccompanied minors from Central America as well as providing funding and conditions for other U.S. assistance to Latin American and Caribbean countries.

Regional Issues

U.S. Foreign Aid

Although many Latin American and Caribbean nations have made significant development progress in recent years, foreign aid remains an important tool for advancing U.S. policy priorities in the hemisphere. Current aid programs reflect the diversity of the region. Some nations receive a broad range of U.S. assistance, with projects in areas such as democracy promotion, economic reform, basic education, human health, environmental protection, citizen security, and counternarcotics. Others no longer require traditional development assistance but continue to receive low levels of aid, usually targeted toward strengthening security capabilities. Absolute assistance levels for the region have declined each year since FY2010. In FY2014, the United States is providing an estimated \$1.5 billion of aid to Latin American and Caribbean nations through the U.S. Agency for International Development (USAID) and the State Department. Some countries in the region receive additional assistance through other U.S. agencies, such as the Department of Defense, the Inter-American Foundation, the Millennium Challenge Corporation, and/or the Peace Corps.

Key Policy Issues: The 113th Congress has spent a substantial amount of time considering appropriations for foreign aid and other programs. Final action on FY2013 appropriations was delayed until March 2013, when Congress approved the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), and final action on FY2014 appropriations was delayed until January 17, 2014, when the President signing into law the Consolidated Appropriations Act, 2014 (P.L. 113-76).

Congress is now considering the Administration's request for FY2014 supplemental appropriations to address the surge in unaccompanied alien children arriving at the U.S. border. S. 2648, introduced in the Senate on July 23, 2014, would provide \$300 million for programs designed to deter migration, support the safe repatriation and reintegration of Central American migrants, and address the root causes pushing unaccompanied minors to leave the region. The

House supplemental appropriations bill, H.R. 5230, was introduced on July 29, 2014, and adopted on August 1, 2014. It would not appropriate any new funds for programs in Central America, but would reprogram “up to” \$40 million appropriated in the Consolidated Appropriations Act, 2014 (P.L. 113-76) and prior acts to support repatriation and reintegration activities in Central America.

Congress is also considering appropriations for FY2015. The House and Senate Appropriations Committees reported out their respective FY2015 State Department, Foreign Operations, and Related Programs appropriations bills (H.R. 5013 and S. 2499) in June 2014. It is currently unclear whether Congress will fully fund the Administration’s request for \$1.3 billion in assistance for Latin America and the Caribbean since, for the most part, appropriations levels for individual countries and programs are not specified in the bills or the accompanying reports (H.Rept. 113-499 and S.Rept. 113-195). The bills do appear to emphasize different priorities than the Administration’s request. According to H.Rept. 113-499, H.R. 5013 would provide funding above the request for security programs in Colombia, Mexico, Central America, and the Caribbean, and for democracy programs in Bolivia, Ecuador, Nicaragua, and Venezuela. Moreover, although the Administration did not request any funding for programs to address the surge in unaccompanied minors in FY2015, H.R. 5013 would provide \$120 million and S. 2499 would provide \$100 million for that purpose.

For additional information, see CRS Report R43577, *U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2015 Appropriations*, by Peter J. Meyer.

Migration Issues

Latin America is the leading source of both legal and illegal migration to the United States. Mexico, El Salvador, Cuba, Guatemala, and the Dominican Republic are among the top ten leading countries of birth for the U.S. foreign born population. Factors that have fueled Latin American migration to the United States have included family ties, poverty and unemployment, political and economic instability, natural disasters, proximity, and most recently, crime and violence. Since the mid-1990s, increased border enforcement has made unauthorized entry into the United States more difficult and expensive, which has had the unintended consequence of creating a “caging effect” by encouraging unauthorized immigrants to settle in the United States. It has also prompted more migrants to rely on alien smugglers (*coyotes*), many of whom collude with Mexican criminal groups, to transit Mexico and cross the U.S.-Mexico border. Migrants have been vulnerable to kidnapping, human trafficking, and other abuses. For these reasons, Latin American governments have supported the enactment of comprehensive immigration reform (CIR) in the United States that would normalize the status of illegal migrant workers and create guest worker programs to facilitate legal circular migration.

Immigration reform received substantial attention in both chambers during the first session of the 113th Congress, but the likelihood of reforms being enacted has dimmed during the second session. In June 2013, the Senate passed the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744), a CIR bill that would double recent investments in border security and require employers to verify employment eligibility electronically, but also create new visa programs and provide paths to legalization for unauthorized immigrants. In the House, five different immigration bills received committee attention in 2013; none of which included CIR. Thus far in 2014, attention in both the Senate and House has focused on how to address the unprecedented surge in unaccompanied minors who have been apprehended along the U.S.-Mexico border.

In the absence of comprehensive immigration reform, El Salvador, Haiti, Honduras, and Nicaragua have advocated for extensions of their eligibility for temporary protected status (TPS) and Guatemala has requested inclusion in the program. TPS is a discretionary, humanitarian benefit granted to eligible nationals after the Department of Homeland Security (DHS) determines that a country has been affected by ongoing armed conflict, natural disaster, or other extraordinary conditions that limit the country's ability to accept the return of its nationals from the United States. DHS deemed Honduras and Nicaragua to be eligible for TPS in 1999 in response to devastation from Hurricane Mitch; El Salvador to be eligible in 2001 following a series of earthquakes, and Haiti to be eligible in 2011 following a 2010 earthquake. U.S. Citizenship and Immigration Services (USCIS) estimates that 64,000 Hondurans, 3,000 Nicaraguans, 212,000 Salvadorans, and 60,000 Haitians benefit from TPS. Eligibility for TPS currently expires for Honduras and Nicaragua in January 2015, El Salvador in March 2015, and Haiti in January 2016.

Another issue in U.S. relations with Latin America and the Caribbean is the increase in removals (deportations) in recent years. In FY2013, for example, DHS deported almost 368,644 individuals worldwide, some 97% of whom were returned to Latin American and Caribbean countries. Of those deported to Latin America and the Caribbean, more than half were removed based on a criminal conviction.⁵² Mexico remains concerned about the stress that increased deportations has put on border communities, as well as the safety of the deportees arriving into dangerous localities. Caribbean and Central American countries are also concerned about the potential effect of the deportations on increased levels of crime and violence. Officials from across the region have called on the United States to provide better information on deportees with criminal records, which DHS has begun to do in certain countries, and to provide reintegration assistance to help governments support returning nationals.

In recent years, emigration from Mexico has declined dramatically, but illegal emigration of both adults and children (accompanied and unaccompanied) from Central America's "northern triangle countries" (El Salvador, Guatemala, and Honduras) has surged. Some of the "push" factors why children are migrating include poverty, violence, and the existence of smuggling networks, while some of the "pull" factors include family reunification and the promise of better economic and educational opportunities. Many analysts doubt the northern triangle governments' willingness and ability to address the root causes pushing unaccompanied children to leave despite their pledges to do so. Mexico is also under pressure to better secure its southern border, arrest alien smugglers, and combat Central American transmigration.

Key Policy Issues: As in recent months, during the remainder of the second session, Congress is likely to focus on how to respond to the surge in unaccompanied minors from Central America who have been apprehended on the U.S. Southwest border. Some policymakers favor increasing support to Central America to address root causes prompting this migration and improve governments' capacity to absorb those who are deported, while others favor cutting foreign aid to Central America and Mexico until governments increase their efforts to respond to the phenomenon.

On July 8, 2014, the Administration submitted a FY2014 supplemental appropriations request to Congress to address increased migration from Central America. While the vast majority of the

⁵² Deportation statistics provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement.

\$3.7 billion requested would be used to enforce U.S. immigration policies, \$300 million would be dedicated to programs in Central America.⁵³ The Senate-introduced version of the FY2014 supplemental (S. 2648) would provide the requested foreign aid funds. The House-passed version of the supplemental (H.R. 5230) does not include new funds for Central America, but would allow \$40 million of previously appropriated aid for Central America to be made available for repatriation and reintegration activities.

The FY2015 foreign aid appropriations bills introduced in both houses also include provisions to address the surge in unaccompanied children. The Senate Appropriations Committee's version (S. 2499) would provide \$100 million to address the root causes pushing children to leave Central America and support reintegration programs. The House Appropriations Committee's version (H.R. 5013) would provide \$120 million to help secure the Mexico-Guatemala border and to combat alien smuggling and human trafficking. This funding is over and above what would be provided for by CARSI.

For additional background, CRS Report R43320, *Immigration Legislation and Issues in the 113th Congress*, coordinated by Andorra Bruno; CRS Report R42138, *Border Security: Immigration Enforcement Between Ports of Entry*, by Lisa Seghetti; CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester; CRS Report RL33200, *Trafficking in Persons in Latin America and the Caribbean*, by Clare Ribando Seelke; and CRS Report R43628, *Unaccompanied Alien Children: Potential Factors Contributing to Recent Immigration*, coordinated by William A. Kandel; and CRS Report R43702, *Unaccompanied Children from Central America: Foreign Policy Considerations*, coordinated by Peter J. Meyer.

Trade Policy

The Latin America and Caribbean region is one of the fastest-growing regional trading partners for the United States. The average rate of growth in trade between the United States and the region since 1998 surpasses that of U.S. trade with Asia and the European Union. Despite challenges such as diplomatic tensions or violence in certain countries, economic relations between the United States and most of its trading partners in the region remain strong. The United States accounts for roughly 40% of the region's imports and exports. Most of this trade is with Mexico, which accounts for 60% of U.S. imports from and 54% of U.S. exports to the region. In 2013, total U.S. exports to Latin America and the Caribbean were valued at \$407 billion, while U.S. imports were valued at \$438 billion (see **Appendix A**).

The United States has strengthened economic ties with the region over the past two decades through the negotiation and implementation of free trade agreements (FTAs). Starting with the North American Free Trade Agreement (NAFTA), which entered into force 20 years ago in January 1994, the United States has entered into a total of six FTAs involving 11 countries in the region, including Mexico, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. Some of the largest economies in South America, however, such as Argentina, Brazil, and Venezuela, have resisted the idea of forming trade integration agreements with the United States. As a result, there are numerous other bilateral

⁵³ White House, Office of the Press Secretary, "Fact Sheet: Emergency Supplemental Request to Address the Increase in Child and Adult Migration from Central America in the Rio Grande Valley Areas of the Southwest Border," July 8, 2014.

and plurilateral trade agreements throughout the Western Hemisphere that do not include the United States. In addition to FTAs, the United States extends unilateral trade preferences to some countries in the region through trade preference programs such as the Generalized System of Preferences (GSP) and the Caribbean Basin Trade Partnership Act (CBTPA). In the early 1990s, the United States began extending unilateral trade preferences to certain countries in the Andean region under the Andean Trade Preference Act (ATPA). However, trade preferences for Ecuador, the only remaining designated beneficiary country under ATPA, expired on July 31, 2013; in late June 2013, Ecuador had renounced its participation in the program.

As wages rise in East Asia and productivity increases in countries that have an FTA with the United States, such as Mexico, numerous analysts have proposed that the United States employ trade policy to further hemispheric cooperation and focus on improving regional supply networks. The next possible step toward trade integration may be the proposed Trans-Pacific Partnership (TPP), which could have significant implications for U.S. trade and investment ties with the three Latin American countries participating in the negotiations—Mexico, Chile, and Peru—as well as with Canada and seven other countries in the Pacific involved in the negotiations (other Latin American countries could also join in the future). The proposed TPP may open some issues related to NAFTA and strengthen provisions in areas such as intellectual property rights (IPR) protection, labor rights, and environmental protection.

Key Policy Issues. The TPP negotiations are likely to continue to be of congressional interest, especially in the areas of services trade, IPR protection, worker rights, environmental issues, and regulatory cooperation. Given that only three countries from Latin America are participating in the negotiations, this could raise questions as to whether the United States should consider broadening trade policy efforts to the region as a whole. Another possible issue of interest for Congress is the Pacific Alliance, a trade liberalization initiative among Chile, Colombia, Mexico, and Peru. The United States was granted observer status to the Alliance in July 2013, which will allow it to attend negotiating rounds and also makes it a candidate for full membership. Congress may also be interested in the recent passage of energy reform in Mexico and the implications for U.S. oil imports from Mexico and for investment or business opportunities for U.S. companies. Congress also could consider trade policy with Brazil in an effort to boost U.S. exports, especially now that there is a possibility of trade talks between Mexico and Brazil. (Also see sections on “Brazil” and “Mexico” below.)

For additional background, see CRS Report R42965, *NAFTA at 20: Overview and Trade Effects*, by M. Angeles Villarreal and Ian F. Fergusson; CRS Report R42694, *The Trans-Pacific Partnership (TPP) Negotiations and Issues for Congress*, coordinated by Ian F. Fergusson; CRS Report R41429, *Trade Preferences: Economic Issues and Policy Options*, coordinated by Vivian C. Jones; and CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

Drug Policy

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. Contemporary drug trafficking and transnational crime syndicates in the region have contributed to degradations in citizen security and economic development, often resulting in record levels of violence and drug trafficking-related homicides. Despite significant efforts to combat the drug trade, many governments in Latin America continue to suffer from overtaxed criminal justice systems and overwhelmed law

enforcement and border control agencies. Moreover, extensive government corruption, entrenched by deeply influential criminal kingpins, frustrates efforts to interdict drugs, investigate and prosecute traffickers, and recover illicit proceeds. There is a widespread perception, particularly among many Latin American observers, that continuing U.S. demand for illicit drugs is largely to blame for the Western Hemisphere's ongoing crime and violence problems.

Ongoing struggles to deal with the violent and destabilizing effects of the illicit drug trade, however, have spurred some Latin American leaders and others to explore drug policy alternatives. In 2009, the Latin American Commission on Drugs and Democracy (later renamed the Global Commission on Drug Policy) advocated the decriminalization of drug consumption and treatment of drug addiction as a public health matter as well as a redoubling of law enforcement efforts to crack down on drug trafficking-related organized crime. At the sixth Summit of the Americas held in April 2012, several Latin American presidents criticized current international drug control efforts. As a result, Summit participants tasked the OAS Inter-American Drug Abuse Control Commission (CICAD) to prepare two inter-related reports to evaluate current Latin American drug policies and provide policy options for alternative drug control approaches.

The first of these two OAS reports assessed the scope of the drug problem in the Americas. It concluded that there is no single manifestation of the drug problem in the region. For example, it found that health-related consequences of drug consumption were most apparent in end-user countries while criminal activity and related violence predominantly affected drug production and transit countries. As a result, the report suggests that regional responses may benefit from greater policy flexibility that allows for a diversity of approaches tailored to the problems facing individual countries. Such flexibility may include changes in national legislation or international law to permit the decriminalization or legalization of marijuana.

The second OAS report presents four potential scenarios for the future direction of the drug problem in the Americas, depending on the policy decisions taken by regional actors between 2013 and 2025. Collectively, policy options identified include (1) addressing insecurity and weak governance through institutional capacity building in the justice sector; (2) experimenting with alternatives to the current prohibitionist drug control regime, including but not limited to the decriminalization or legalization of marijuana; (3) mitigating drug-related violence and addiction through local community and civic engagement; and (4) allowing drug traffickers to operate freely and with impunity in order to reduce the visibility of drug trafficking-related violence.

The OAS drug reports were highlighted at its most recent General Assembly session in June 2013, where the theme of the conference was "For a Comprehensive Policy Against the World Drug Problem in the Americas." Many stakeholders had hoped that the OAS reports would spur further consideration of alternative drug policy options, including in particular changes in policy approaches to marijuana-related crimes. To date, the Obama Administration's position on this issue remains firmly against national-level policies that would legalize or decriminalize controlled substances, including marijuana. Some countries in Latin America have already begun the process of modifying domestic drug laws to decriminalize and reduce or alter the penalties and consequences of certain aspects of the drug control regime, such as for drug possession and consumption. In an unprecedented move, Uruguay enacted legislation to establish a nationally regulated legal market for domestic, recreational consumption of cannabis in late December 2013. Bolivia has also sought a different approach to counternarcotics policy, including ending its reliance on U.S. antidrug support and decriminalizing certain activities involving coca leaf.

Advocates of counternarcotics policy reform have hailed recent Latin American initiatives as a breakthrough, praising such efforts as overdue, given the perception that existing policies have not translated into enduring counterdrug progress for the region. Others, however, consider the prospect of a growing divide between U.S. and Latin American drug control policy as one of the most serious threats to the integrity of the global drug control regime. Such critics are concerned that variations in national drug control policies could provide criminal elements additional opportunities to exploit gaps in drug enforcement. It remains unclear whether such policy debates may translate into lasting improvements to reduce the production, trafficking, use, and consequences of illegal drug trade.

Key Policy Issues: The future direction of regional debates on drug policy reform may have implications for Congress as it evaluates the Obama Administration's counternarcotics goals in the Western Hemisphere, including counternarcotics and foreign aid budget plans. Congress could also address this issue as it evaluates the distribution of domestic and international drug control funding, and the relative balance of civilian, law enforcement, and military roles in regional anti-drug efforts. The Western Hemisphere Drug Policy Commission Act of 2014, H.R. 4640, reported by the House Committee on Foreign Affairs on June 26, 2014, would establish a commission to review and make recommendations on how to improve U.S. domestic and international drug policies.

For additional information, see CRS Report RL34543, *International Drug Control Policy: Background and U.S. Responses*, by Liana Rosen. Also see: CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; and CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

Terrorism Issues

U.S. attention to terrorism in Latin America intensified in the aftermath of the September 2001 terrorist attacks on New York and Washington, with an increase in bilateral and regional cooperation. In its 2013 *Country Reports on Terrorism* (issued in April 2014), the State Department maintained that the majority of terrorist attacks in the Western Hemisphere were committed by the Revolutionary Armed Forces of Colombia (FARC). The State Department asserted in that Latin American governments made modest improvements in their counterterrorism capabilities and border security, but that for some countries, corruption, weak government institutions, insufficient interagency cooperation, weak or nonexistent legislation, and a lack of resources impeded progress.

Over the past several years, policymakers have been concerned about Iran's increasing activities in Latin America. Concerns center on Iran's attempts to circumvent U.N. and U.S. sanctions, as well as on its ties to the radical Lebanon-based Islamic group Hezbollah. Both Iran and Hezbollah are reported to be linked to two bombings against Jewish targets in Argentina in the early 1990s. A June 2013 State Department report to Congress on Iran's activities in Latin America (submitted pursuant to the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220)) asserted that Iran's influence in the region is waning. Some critics maintain that the State Department is playing down the threat posed by Iran in the region, while others contend that while Iran's involvement in the region is a concern, its level and significance are being exaggerated. As in past years, the State Department's 2013 terrorism report maintained that "there were no known operational cells of either Al Qaeda or Hezbollah in the hemisphere," but noted that "ideological

sympathizers in South America and the Caribbean continued to provide financial and ideological support to those and other terrorist groups in the Middle East and South Asia.”

Cuba has remained on the State Department’s list of state sponsors of terrorism since 1982 pursuant to Section 6(j) of the Export Administration Act. Both Cuba and Venezuela are on the State Department’s annual list of countries determined to be not cooperating fully with U.S. antiterrorism efforts pursuant to Section 40A of the Arms Export Control Act. U.S. officials have expressed concerns over the past several years about Venezuela’s lack of cooperation on antiterrorism efforts, its relations with Iran, and the involvement of senior Venezuelan officials in supporting the drug and weapons trafficking activities of the FARC. In recent years, however, improved Venezuelan-Colombian relations have resulted in closer cooperation between the two countries on antiterrorism and counternarcotics efforts and border security.

Key Policy Issues. The 113th Congress has continued oversight of terrorism concerns in the Western Hemisphere, especially the activities of Iran and Hezbollah. The State Department assessment of Iranian activities in the region was the subject of two House hearings in 2013, and another House hearing on terrorist groups in Latin America was held in February 2014 (see **Appendix B**). In terms of legislative initiatives, two have been introduced so far in the 113th Congress related to Cuba. H.R. 1917 (Rush) would, among its provisions, rescind any determination of the Secretary of State in effect on the date of enactment of the Act that Cuba has repeatedly provided support for acts of international terrorism. H.Res. 262 (King) would call for the immediate extradition or rendering to the United States of all fugitives from justice who are receiving safe harbor in Cuba in order to escape prosecution or confinement for criminal offenses in the United States. The issue of Cuba’s harboring of fugitives wanted in the United States has been mentioned for several years in the State Department’s annual report on terrorism.

For additional information, see CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel.

Organization of American States

Since its foundation in 1948, the Organization of American States (OAS) has served as a forum through which the United States has sought to foster regional cooperation and advance U.S. priorities in the Western Hemisphere. OAS actions reflected U.S. policy for much of the 20th century as other members sought to closely align themselves with the dominant economic and political power in the region. As the other 34 members have developed more independent foreign policies, however, the OAS has become less receptive to U.S. initiatives and more prone to inaction. A number of Members of Congress have expressed concerns about the organization’s direction in recent years. Some assert that the OAS advances policies counter to U.S. interests and argue that the United States should no longer fund the organization. Others assert that the OAS continues to be an important hemispheric institution but worry that administrative and financial problems are preventing it from effectively carrying out its core missions of democracy promotion, human rights protection, economic and social development, and regional security cooperation.

Key Policy Issues: The 113th Congress has maintained considerable interest in the OAS, and has adopted legislation designed to strengthen the organization. On October 2, 2013, President Obama signed into law the OAS Revitalization and Reform Act of 2013 (P.L. 113-41), which had been passed by both houses of Congress in September 2013. The measure expresses support for the OAS, asserts that the organization could carry out its mission more effectively by

implementing certain management and programmatic reforms, and directs the Secretary of State to develop a strategy to ensure the proposed changes are adopted. It also directs the Secretary of State to submit the strategy to Congress within 180 days of enactment, and provide quarterly briefings on the implementation of the proposed reforms.

The 113th Congress has also continued to demonstrate support for the Inter-American Commission on Human Rights (IACHR), an autonomous OAS institution. The report (S.Rept. 113-195) accompanying the Senate version of the FY2015 Department of State Foreign Operations, and Related Programs Appropriations Act (S. 2499) “recognizes the essential role of the IACHR in providing justice for victims of human rights violations and protecting fundamental freedoms in many Latin American countries.” The bill would provide \$2 million for the IACHR, including \$500,000 for the Office of the Special Rapporteur for Freedom of Expression. In addition, a provision of the Countering ALBA Act of 2013 (H.R. 1687), introduced in April 2013, would direct the U.S. Permanent Representative to the OAS to use the voice, vote, and influence of the United States to protect and strengthen the IACHR.

For additional information, see CRS Report R42639, *Organization of American States: Background and Issues for Congress*, by Peter J. Meyer.

Selected Country and Sub-Regional Issues

Argentina

U.S.-Argentine relations generally have been strong since the country’s return to democracy in 1983, although at times there have been tensions in the bilateral relationship. While the United States and Argentina have a bilateral investment treaty in place, Argentina had taken actions in recent years that had dampened the investment climate. Over the past year, however, the government of President Cristina Fernández has taken several positive measures that could eventually lead to an improvement in the investment climate. These include settling outstanding international arbitral awards (including some \$300 million owed to two U.S. companies in October 2013); engaging with the International Monetary Fund to improve the country’s reporting of its economic growth and inflation data (revised data were released in March 2014); and reaching an agreement with the Paris Club group of official creditors in May 2014 to repay some \$9.7 billion (including some \$600 million owed to the U.S. government).⁵⁴ In June 2014, the IMF indicated that Argentina to date had met steps required to improve the quality of its reporting on inflation and growth, although the IMF will continue to monitor additional steps to be taken by Argentina.⁵⁵

Despite these positive developments, Argentina is currently in the midst of a confrontation with private creditor holdouts who did not participate in the government’s 2005 and 2010 debt restructurings. In 2001, Argentina had defaulted on \$81.8 billion of sovereign debt, but the restructurings resolved 92% of the debt, although with large haircuts on the amount owed. The remainder was largely held by hedge funds and subject to court-ordered judgments and attachment orders. U.S. federal court rulings in 2012 ordered Argentina to pay some litigating

⁵⁴ U.S. Department of State, *2014 Investment Climate Statement – Argentina*, June 2014; Martin Hutchinson, “Playing Nice Starts to Pay Off for Argentina,” *Reuters News*, May 29, 2014.

⁵⁵ IMF, “Statement by the IMF Executive Board on Argentina,” Press Release, June 6, 2014.

private creditor holdouts the full value of their claim, \$1.3 billion. Argentina had asked the U.S. Supreme Court to review the case, but in mid-June 2014, the Supreme Court declined to take the case and let the lower court rulings stand.

Pursuant to those rulings, Argentina was ordered not to make payments on its bonds issued as a result of the 2005 and 2010 restructurings without paying the litigating holdouts in full. Argentina is concerned about triggering a clause in its restructured bonds that specifies that Argentina cannot offer the holdouts a better deal than those provided in the 2005 and 2010 restructurings; it fears that paying the holdouts in full or giving them a better deal would unleash a flood of lawsuits from those who had accepted the terms of the previous debt restructurings. A U.S. Federal court judge had ordered Argentina and the litigating holdouts to meet with a court-appointed mediator until the two sides could come to an agreement. The U.S. court had blocked Argentina's payment of \$539 million for the restructured bonds that was due on June 30, 2014, because Argentina did not pay the litigating holdouts at the same time. With a one-month grace period for the payment on the restructured bonds, Argentina's new deadline was July 30, 2014, but it did not make the payment and the government once again went into default. The default will prolong the inability of Argentina to access the international credit markets and make a difficult domestic economic situation even worse.

In terms of the broader political picture in Argentina, President Fernández, from the leftist wing of the Peronist party (Justicialista Party, PF), was elected twice in 2007 and 2011 (her deceased husband, former President Néstor Kirchner, had served 2003 to 2007), but she is ineligible to run for a third term in 2015. Her government has been lauded for its efforts to bring to justice former members of the military and police for killings, disappearance, and torture committed during the era of military rule, but there has also been criticism of the government regarding press freedom because of its efforts to compel a major media company to sell some of its assets; the government maintains that its actions have been designed to create more competition in the media market. The government is facing declining support largely because of a difficult economic situation marked by an economic recession, with a projected GDP decline of 1.2% in 2014, and high inflation, projected to be almost 36% by year's end.⁵⁶

Key Policy Issues: Congress has maintained an interest in Argentina because of defaulted debt owed to private creditors and the U.S. government as well as the treatment of U.S. investors in the country. Some Members of Congress also have expressed concern about the state of democracy and Argentina's difficult economic situation and its current macroeconomic policy framework.

For background information, see the following two archived reports: CRS Report R41029, *Argentina's Defaulted Sovereign Debt: Dealing with the "Holdouts"*, and CRS Report R43022, *Argentina's Post-Crisis Economic Reform: Challenges for U.S. Policy*.

Brazil

U.S. policy toward Brazil remains in flux as officials adjust to the country's increasingly global reach. Brazil enjoyed strong economic growth from 2004 to 2010 and is now the world's seventh-largest economy. The country has utilized its economic clout to exert more influence on global matters. As a result, the United States and Brazil increasingly engage on international issues in

⁵⁶ "Argentina, Country Report," *Economist Intelligence Unit*, August 2014.

addition to bilateral concerns. The changing relationship has occasionally frustrated U.S. policymakers as the two multicultural democracies' shared values have not always translated into common approaches to international affairs. Some analysts assert that the independent foreign policies and occasionally divergent national interests of Brazil and the United States will inevitably lead to disputes, but that the countries can maintain a constructive partnership through transparent and respectful engagement. Such engagement has proven more challenging, however, since press reports disclosed that the National Security Agency (NSA) intercepted Brazilian communications, including those of President Dilma Rousseff and the state-owned oil company, Petrobras. The reports led Brazil to indefinitely postpone a state visit that Rousseff was scheduled to make in October 2013, and contributed to a general cooling of relations.

Key Policy Issues: The 113th Congress has expressed interest in several aspects of U.S.-Brazil relations, though commercial ties have received particular attention. In June 2013, the House Committee on Ways and Means, Subcommittee on Trade held a hearing examining the opportunities and challenges of the U.S.-Brazil trade and investment relationship (see **Appendix B**). The hearing witnesses generally agreed with one another that there is considerable room for growth in commercial relations, and called for Brazil and the United States to work together to address barriers to trade and investment. As part of the farm bill reauthorization (P.L. 113-79), signed into law on February 7, 2014, Congress approved modifications to the U.S. cotton program that could help resolve a long-running trade dispute with Brazil.

The 113th Congress is also considering several other measures related to Brazil. The Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744), which was passed by the Senate in June 2013, includes a provision that would require U.S. consular missions to explore options for expanding visa processing capacity in Brazil. In June 2014, the House and Senate Appropriations Committees reported out their respective FY2015 foreign aid appropriations bills (H.R. 5013 and S. 2499), both of which include funding for conservation programs in the Brazilian Amazon. According to the accompanying reports (H.Rept. 113-499 and S.Rept. 113-195), H.R. 5013 would provide \$10.5 million for such programs and S. 2499 would provide \$10 million. H.Rept. 113-499 also recognizes the work being done under the U.S.-Brazil Joint Action Plan to Eliminate Racial and Ethnic Discrimination and Promote Equality and states that H.R. 5013 includes funding to continue the initiative. Two other bills, introduced in February 2013, are designed to pressure Brazil to amend its constitution and allow the extradition of Brazilian nationals; H.R. 571 would suspend foreign assistance to Brazil and H.R. 572 would suspend the issuance of visas to Brazilian nationals.

For additional information, see CRS Report RL33456, *Brazil: Political and Economic Situation and U.S. Relations*, by Peter J. Meyer and CRS Report R43336, *Status of the WTO Brazil-U.S. Cotton Case*, by Randy Schnepf.

Caribbean Basin Security Initiative (CBSI)

Because of their geographic location, many Caribbean nations are transit countries for illicit drugs from South America and the Caribbean destined for the U.S. and European markets. Currently, of the 15 countries in the Caribbean region, President Obama identified 4—the Bahamas, the Dominican Republic, Haiti, and Jamaica—as major drug-producing or drug-transit countries in September 2013 pursuant to annual legislative drug certification requirements. Many other Caribbean nations, particularly in the Eastern Caribbean, are also vulnerable to drug trafficking and associated crimes. Homicide rates in several Caribbean countries have increased in recent

years because of gangs and organized crime, competition between drug trafficking organizations, and the availability of firearms.

In 2009, the Obama Administration developed the Caribbean Basin Security Initiative (CBSI) through a process of dialogue with Caribbean countries with the goal of reducing illicit trafficking in the Caribbean, advancing public safety and security, and promoting social justice. U.S. funding for the program from FY2010 through FY2014 amounted to an estimated \$327 million with assistance in the following five areas: maritime and aerial security cooperation; law enforcement capacity building; border/port security and firearms interdiction; justice sector reform; and crime prevention and at-risk youth.

Key Policy Issues: For FY2015, the Obama Administration requested almost \$57 million for the CBSI. The House and Senate Appropriations Committees reported out their respective FY2015 foreign aid appropriations bills (H.R. 5013 and S. 2499) in June 2014. The report to the House bill (H.Rept. 113-499) recommended not less than the FY2014 level of assistance for the CBSI, or almost \$64 million. It also would require a State Department report on CBSI funding on a country-by-country basis for FY2010 through FY2014. The report to the Senate bill (S.Rept. 113-195) did not include a specific funding level for the CBSI, but indicated its support for the CBSI. Nevertheless, the Senate report also indicated that CBSI assistance should be made available only for governments that the Secretary of State determines demonstrate a clear and convincing commitment to punishing corruption and reforming their security forces. In terms of oversight, the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, held hearings examining the status of the CBSI in June 2013 and April 2014 (see **Appendix B**).

Central America Regional Security Initiative (CARSI)

In recent years, U.S. policymakers have expressed significant concerns about security and human rights conditions in Central America. Countries in the region—particularly the “northern triangle” countries of El Salvador, Guatemala, and Honduras—have long struggled to deal with rising levels of crime and violence, which analysts have linked to inter-related factors such as widespread social exclusion and weak and corrupt security and justice sector institutions. These problems have been compounded by transnational criminal organizations seeking to control Central American territory in order to transport illicit narcotics from producers in South America to consumer markets in the United States and Europe. The U.S. government has sought to assist countries in the region through the Central America Regional Security Initiative (CARSI). The initiative provides partner nations with equipment, training, and technical assistance to support immediate law enforcement operations, build long-term institutional capacity, and address underlying socioeconomic challenges. Congress appropriated \$803.6 million for CARSI between FY2008 and FY2014.

Key Policy Issues: Security and human rights concerns in Central America have continued to receive congressional attention during the 113th Congress. The House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere held a hearing that examined the effectiveness of CARSI in June 2013, and the Tom Lantos Human Rights Commission held a hearing that examined the human rights situation in Honduras in July 2013 (see **Appendix B** for links to the hearings). The 113th Congress has also continued to appropriate funding for security programs in Central America.

The House and Senate Appropriations Committees reported out their respective FY2015 foreign aid appropriations bills (H.R. 5013 and S. 2499) in June 2014. According to the accompanying

report to the House bill (H.Rept. 113-499), H.R. 5013 would provide \$170 million for CARSI in FY2015, which is \$40 million above the Administration's request. The bill would also provide \$10 million for a multifaceted anti-human trafficking program in Guatemala, \$5 million for the International Commission Against Impunity in Guatemala (CICIG), and \$3 million for Guatemalan police units dealing with sexual assaults. The bill would not maintain the human rights conditions on security aid to Guatemala and Honduras that have been enacted in recent years.

While S. 2499 would not designate a specific funding level for CARSI, the accompanying report (S.Rept. 113-195) notes continued support for the initiative and states that the bill would provide \$4 million for CICIG and \$3 million for sexual assault units of the Guatemalan police. The report also expresses concerns that "corrupt and abusive police and military forces, impunity, and a lack of political will to address these problems have limited the effectiveness" of CARSI, and directs that assistance "be made available only for governments that the Secretary of State determines demonstrate a clear and convincing commitment to punishing and reforming their security forces." Additionally, the bill would slightly alter human rights conditions on security aid to Guatemala and would impose more stringent human rights conditions on security aid to Honduras.

For additional information, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke; CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke; CRS Report RS21655, *El Salvador: Political and Economic Conditions and U.S. Relations*, by Clare Ribando Seelke; CRS Report R42580, *Guatemala: Political, Security, and Socio-Economic Conditions and U.S. Relations*, by Maureen Taft-Morales; CRS Report RL34027, *Honduras: Background and U.S. Relations*, by Peter J. Meyer; and CRS Report R43620, *Panama: Background and U.S. Relations*, by Mark P. Sullivan and Andrew Lee.

Colombia

A key U.S. ally in the region, Colombia has endured an internal armed conflict for half a century. Drug trafficking has helped to perpetuate Colombia's conflict by funding both left-wing and right-wing armed groups. Over the years, Colombia and the United States forged a close partnership focused initially on counternarcotics and later counterterrorism. Building on that cooperation, the U.S.-Colombia partnership has broadened to include development, human rights, and trade.

The Colombian government, in close cooperation with the United States through a strategy known as Plan Colombia, has reestablished government control over much of its territory, reduced poverty and homicide rates, and made significant headway in combating drug trafficking and terrorist activities. Colombia has substantially improved citizen security and economic stability, but some observers continue to raise concerns about human rights conditions in the country. Between FY2000 and FY2014, Congress provided Colombia more than \$9 billion in assistance to carry out Plan Colombia and its follow-on strategies. This support is gradually being reduced as programs are turned over to Colombian control.

President Juan Manuel Santos, inaugurated for a second four-year term in August 2014, won in a heated runoff race in June advocating a peace platform. In his first term, he launched peace negotiations with the country's main leftist insurgent group, the Revolutionary Armed Forces of Colombia (FARC). During the campaign, President Santos announced that exploratory talks had

also begun with Colombia's second largest guerrilla group, the National Liberation Army (ELN). In legislative elections held in March, former President Álvaro Uribe (2002-2010), a harsh critic of Santos and the peace negotiations, won a seat in the Colombian Senate. In the new Congress, Santos's "national unity" coalition of parties retained a majority in the lower house and has a working majority in the Senate. Nevertheless, Santos now faces a divided Congress with Uribe and his right-leaning Democratic Center party leading the opposition.

Prospects for concluding the peace talks with the FARC remain uncertain although they have progressed half way through a six-point negotiating agenda. There are five substantive topics—land and rural development; political participation; ending the armed conflict including reinsertion of rebel forces into civilian life; illegal drug trafficking; victims' reparations—and a final procedural point, terms for implementing the final agreement, including its ratification and verification. With the caveat that no agreement is final until an entire agreement is concluded, negotiators have resolved issues of land and rural development (May 2013), the FARC's political participation after disarmament (November 2013), and illegal drugs and drug trafficking (May 2014). In mid-August 2014, as negotiators wrestled with the challenging issue of reparation and justice for conflict victims, victim representatives joined the talks. The final substantive topic—how to end the conflict—may be the most controversial. The 2014 elections demonstrated that the Colombian people remain deeply ambivalent about the scope of punishment and forgiveness for FARC crimes, the delicate issue of extradition, and other aspects of disarmament and reintegration. Nearly 220,000 have perished, most of them civilians, and some five million have been displaced in the course of the armed conflict, according to Colombia's National Center for Historical Memory.

Key Policy Issues. The 113th Congress has maintained a strong interest in Colombia's progress in security, counternarcotics, human rights, and trade. In October 2011, the U.S. Congress approved implementing legislation for the U.S.-Colombia Free Trade Agreement, which went into force on May 15, 2012, and will eventually eliminate most tariffs and barriers to bilateral trade. Members of Congress are monitoring Colombia's peace negotiations and may consider how U.S. assistance will shift in the event a peace accord is signed. Members may also want to consider what role the United States should continue to play in Colombia's ongoing struggle with drug trafficking and illegal armed groups.

Regarding oversight of continued U.S. foreign aid to Colombia, key issues include funding levels for Plan Colombia's follow-on strategies, continuing allegations of human rights abuses, assistance to Colombia for security training in third countries, and the future of cooperation to support a potential peace agreement and demobilization of guerilla forces. Proposed FY2015 foreign operations appropriation bills in the House (H.R. 5013) and the Senate (S. 2499) appear to either fully fund or exceed the Obama Administration's request of approximately \$281 million. The proposed House measure appears to restore FY2014's higher funding levels for Colombian assistance from State Department accounts.

For additional information, see CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel; and CRS Report RL34470, *The U.S.-Colombia Free Trade Agreement: Background and Issues*, by M. Angeles Villarreal.

Cuba

Cuba remains a one-party communist state with a poor record on human rights. The country's political succession in 2006 from the long-ruling Fidel Castro to his brother Raúl was characterized by a remarkable degree of stability. In February 2013, Castro was reappointed to a

second five-year term as President (until 2018, when he would be 86 years old), and selected 52-year old former Education Minister Miguel Díaz-Canel as his First Vice President, making him the official successor in the event that Castro cannot serve out his term. Raúl Castro has implemented a number of gradual economic policy changes over the past several years, including an expansion of self-employment. Few observers, however, expect the government to ease its tight control over the political system. While the government reduced the number of political prisoners in 2010-2011, the number has increased since 2012; moreover, short-term detentions and harassment have increased significantly over the past several years.

Congress has played an active role in shaping policy toward Cuba, including the enactment of legislation strengthening and at times easing various U.S. economic sanctions. While U.S. policy has consisted largely of isolating Cuba through economic sanctions, a second policy component has consisted of support measures for the Cuban people, including U.S. government-sponsored broadcasting (Radio and TV Martí) and support for human rights and democracy projects. The Obama Administration has continued this similar dual-track approach. While the Administration has lifted all restrictions on family travel and remittances, eased restrictions on other types of purposeful travel, and moved to reengage Cuba on several bilateral issues, it has also maintained most U.S. economic sanctions in place. On human rights, the Administration welcomed the release of many political prisoners in 2010 and 2011, but it has also criticized Cuba's continued harsh repression of political dissidents through thousands of short-term detentions and targeted violence. The Administration has continued to call for the release of U.S. government subcontractor Alan Gross, detained in 2009 and subsequently sentenced to 15 years in prison, and maintains that Gross's detention remains an impediment to more constructive relations.

Key Policy Issues: Strong interest in Cuba is continuing in the 113th Congress with attention focused on economic and political developments, especially the human rights situation, and U.S. policy toward the island nation, including sanctions. The continued imprisonment of Alan Gross remains a key concern for many Members. In March 2013, Congress completed action on full-year FY2013 appropriations with the approval of H.R. 933 (P.L. 113-6), and in January 2014, it completed action on an FY2014 omnibus appropriations measure, H.R. 3547 (P.L. 113-76)—both of these measures continued funding for Cuba democracy and human rights projects and Cuba broadcasting (Radio and TV Martí). Both the House and Senate versions of the FY2014 Financial Services and General Government appropriations measure, H.R. 2786 and S. 1371, had provisions that would have tightened and eased travel restrictions respectively, but none of these provisions were included in the FY2014 omnibus appropriations measure (P.L. 113-76).

For FY2015, the Administration is requesting \$20 million for Cuba democracy projects (the same being provided for FY2014) and \$23.130 million for Cuba broadcasting. (\$3.9 million less than in FY2014). The House Appropriations Committee reported out its foreign aid appropriations bill, H.R. 5013 (H.Rept. 113-499), on June 27, 2014, which would make available \$20 million “to promote democracy and strengthen civil society in Cuba,” and provide not less than \$28.266 million for Cuba broadcasting. The Senate Appropriations Committee reported out its version, S. 2499 (S.Rept. 113-195), on June 19, 2014, which would provide up to \$10 million for Cuba democracy programs and an additional \$5 million for programs to provide technical and other assistance to support the development of private businesses in Cuba; the Senate measure would also provide \$23.130 million for Cuba broadcasting.

With regard to U.S. sanctions on Cuba, the House version of the FY2015 Financial Services and General Government Appropriation bill, H.R. 5016 (H.Rept. 113-508), approved July 16, 2014,

has a provision that would prohibit the use of any funds in the Act “to approve, license, facilitate, authorize or otherwise allow” people-to-people travel.

Several other initiatives on Cuba have been introduced in the 113th Congress. Several would lift or ease U.S. economic sanctions on Cuba: H.R. 214 and H.R. 872 (overall embargo); H.R. 871 (travel); and H.R. 873 (travel and agricultural exports). H.R. 215 would allow Cubans to play organized professional baseball in the United States. H.R. 1917 would lift the embargo and extend nondiscriminatory trade treatment to the products of Cuba after Cuba releases Alan Gross from prison. Identical initiatives, H.R. 778/S. 647 would modify a 1998 trademark sanction; in contrast, H.R. 214, H.R. 872, H.R. 873, and H.R. 1917 each have a provision that would repeal the sanction. H.Res. 121 would honor the work of Cuban blogger Yoani Sánchez. H.Res. 262 would call for the immediate extradition or rendering of all U.S. fugitives from justices in Cuba.

For additional information, see CRS Report R43024, *Cuba: U.S. Policy and Issues for the 113th Congress*, by Mark P. Sullivan; and CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan.

Haiti

Three years into President Michel Martelly’s five-year term, Congress and the donor community have expressed growing concern about his commitment to the democratic process due to Haiti’s failure to hold legislative elections that are already two and a half years overdue. The Haitian government took some steps to move the process forward, and scheduled elections for October 26, 2014, but they are unlikely to occur on schedule, as the Senate has failed to pass the necessary electoral law amendments. Saying they lack confidence in the provisional electoral council that is to oversee the elections, some opposition members refuse to vote for the bill, and several major opposition parties are boycotting the elections. If the elections do not occur before January 2015, the parliament will lack a quorum and Martelly could rule by decree, increasing already-high political tensions and the likelihood of more popular protests.

Four and a half years after the January 2010 earthquake that devastated its capital, Haiti continues to make progress in its overall recovery effort, but enormous challenges remain. Criticism abounds that reconstruction aid and efforts are moving too slowly, contributing to mounting public frustration with international donors and the government. A cholera epidemic broke out in late 2010. Scientific studies link its introduction to inadequate sanitation at a U.N. peacekeepers’ camp. Victims filed a class action suit against the U.N. in a U.S. federal court in October 2013, seeking establishment of a U.N. standing claims commission to address claims for harm, and compensation for victims, including \$2.2 billion for the Haitian government to eradicate cholera. Citing diplomatic immunity, the U.N. says that it will not compensate cholera victims. In March 2014, the independent expert on the situation of human rights in Haiti issued a report disagreeing with that position. He instead said that full reparation should be provided and that those responsible should be punished.

To enhance citizen security, donors have encouraged Haiti to focus on further strengthening the Haitian National Police. Some 2,000 new officers were graduated from the police academy in 2012-2013. Despite opposition at home and abroad, Martelly has taken steps to re-create an army. Ecuador trained 41 Haitian military recruits last year to work on engineering projects. The opposition-controlled Parliament would have to vote to reconstitute the army, which was abolished in 1995 after decades of gross violations of human rights and repeated coups.

The main priorities for U.S. policy regarding Haiti are to strengthen fragile democratic processes, continue to improve security, and promote economic development. Other issues include the cost and effectiveness of U.S. aid; protecting human rights; combating narcotics-, arms-, and human-trafficking; and alleviating poverty. Congress shares these concerns. The Obama Administration granted Temporary Protected Status to Haitians living in the United States at the time of the earthquake, and has since extended it.

Key policy issues. The pressing issue for the remainder of the 113th Congress will be to see that Haiti's overdue elections are held soon in a free, fair, and transparent manner. Another concern is the impact for Haiti of a September 2013 court ruling in the Dominican Republic that could render some 200,000 Dominicans, mostly of Haitian descent, stateless. If the Dominican Republic were to render those people stateless and send them to Haiti, the impact on Haiti could be enormous. Beginning in June 2014, Dominicans of Haitian descent were given 18 months to apply for a process that could lead to naturalization. Haiti and the Dominican Republic are in talks to resolve remaining issues.

About 65 members of Congress called on the U.N. to “acknowledge its legal responsibility” for the cholera outbreak and “fully fund the Cholera Elimination Plan” of the Haitian government. Some reports criticizing labor practices in Haitian factories, including at the U.S.-funded Caracol Industrial Park, may renew Congressional concern over the alleged widespread underpayment of workers and unsafe working conditions.

In July 2014, both Houses approved S. 1104, the Assessing Progress in Haiti Act of 2014, and the measure was signed into law on August 8, 2014 (P.L. 113-162). The law directs the Secretary of State to coordinate and transmit to Congress a three-year strategy for Haiti that includes specific steps and benchmarks for assistance, and to report to Congress annually through December 31, 2017, on the status of specific aspects of post-earthquake recovery and development efforts in Haiti.

The FY2015 foreign aid appropriations bills (H.R. 5013 and S. 2499) would condition aid to Haiti. The House version would prohibit assistance to the central government of Haiti until the Secretary of State certifies that Haiti “is taking steps” to hold free and fair parliamentary elections and to seat a new Haitian Parliament. The Senate version would prohibit aid until those elections were held and a new Parliament seated. Both would further condition aid on the Haitian government's respecting judicial independence; combating corruption; improving governance and financial transparency. The Senate version would also require that the government be selecting judges in a transparent manner and making reforms to improve the investment climate. Both bills would also prohibit the obligation or expenditure of funds for Haiti except as provided through the regular notification procedures of the Committees on Appropriations; but would allow Haiti to purchase defense articles and services under the Arms Export Control Act for its Coast Guard.

For background information, see CRS Report R42559, *Haiti under President Martelly: Current Conditions and Congressional Concerns*, by Maureen Taft-Morales.

Mexico

Congress has maintained significant interest in Mexico and played an important role in shaping U.S.-Mexico relations. President Enrique Peña Nieto of the centrist Institutional Revolutionary Party (PRI) assumed the Mexican presidency on December 1, 2012 after 12 years of rule by the conservative National Action Party (PAN). Since his inauguration, President Peña Nieto has

sought to enact bold structural reforms and broaden relations with the United States beyond security issues.

President Peña Nieto's 19 months in office have brought mixed results. On the one hand, the economy has faltered (economic growth fell from 3.7% in 2012 to 1.2% in 2013) and significant security challenges remain. On the other hand, Peña Nieto's "Pact for Mexico" agreement with the PAN and leftist Party of the Democratic Revolution (PRD) facilitated the passage of historic financial, education, telecommunications, and political reforms. These reform efforts culminated in the December 20, 2013 promulgation of a series of energy reforms that will open up Mexico's hydrocarbons and electricity sectors to private investment. After some delays, secondary legislation implementing all of those reforms has been enacted.

As Mexico has experienced a domestic shift in power, U.S.-Mexican relations have also evolved. President Obama and Vice President Biden have embraced President Peña Nieto's desire to bolster economic ties and focus on issues beyond security, including education, during several visits to Mexico, including President Obama's participation in the February 2014 North American Leaders' Summit. U.S.-Mexican security cooperation has continued under the Mérida framework, albeit with a new focus on judicial reform, prevention, and securing Mexico's southern border. The Peña Nieto government is working with U.S. and Central American officials to address the recent surge in child migrants through its territory, but has urged U.S. policymakers not to militarize the U.S.-Mexico border. Water disputes have continued in the border region. The July 2014 announcement of the first oil lease sale in the Gulf of Mexico region covered by the bilateral Trans-Boundary Hydrocarbons Agreement signed in February 2012 and Mexican approval of energy reforms are likely to create opportunities for energy cooperation.

Key Policy Issues: A range of issues in U.S.-Mexican relations have received congressional attention during the 113th Congress. The Senate passed S. 744 in June 2013, a comprehensive immigration reform bill that includes additional funding for border security; in contrast, House committees have approved a series of discrete immigration measures, including H.R. 1417, which would require new border security metrics. In December 2013, Congress approved the U.S.-Mexico Transboundary Hydrocarbons Agreement that is intended to facilitate joint development of oil and natural gas in part of the Gulf of Mexico (P.L. 113-67). Congress has continued oversight of the Mérida Initiative and provided \$194 million in Mérida assistance to Mexico in the FY2014 Consolidated Appropriations Act, P.L. 113-76, subject to human rights conditions, along with funding for additional customs inspectors and infrastructure at the border. The Obama Administration asked for \$115 million for Mérida and \$137 million in total aid to Mexico in its FY2015 foreign aid budget request. The House Appropriations Committee's version of the FY2015 foreign aid appropriations bill, H.R. 5013 (H.Rept. 113-499), would provide more than \$200 million in aid to Mexico and another \$120 million in Western Hemisphere Regional aid for Mexico and Central America to address border security, alien smuggling, and other migration issues. The Senate Appropriations Committee's version, S. 2499, did not specify an amount of funding for Mexico, but did include human rights conditions for security assistance.

U.S.-Mexican energy cooperation and the recent reforms that Mexico has enacted have generated congressional interest, as has how Mexico's participation in the Trans Pacific Partnership (TPP) negotiations may impact U.S.-Mexico economic relations, especially in the context of the 20th anniversary of the North American Free Trade Agreement (NAFTA).

Potential oversight questions that Congress might consider include: How is security cooperation under the Mérida Initiative evolving? On the border, how are security concerns being balanced

against bilateral efforts to promote economic dynamism? What are the prospects for economic growth in Mexico and how might the recent enactment of fiscal and energy reforms in Mexico affect U.S. businesses? How can Mexico help the United States confront the surge in unauthorized migration from Central America?

For additional information, see: CRS Report R42917, *Mexico: Background and U.S. Relations*, by Clare Ribando Seelke; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal; CRS Report R43313, *Mexico's Oil and Gas Sector: Background, Reform Efforts, and Implications for the United States*, coordinated by Clare Ribando Seelke; and CRS Report R43312, *U.S.-Mexico Water Sharing: Background and Recent Developments*, by Nicole T. Carter, Clare Ribando Seelke, and Daniel T. Shedd.

Venezuela

While historically the United States has had close relations with Venezuela, a major oil supplier, friction in bilateral relations rose over the past decade under the leftist populist government of President Hugo Chávez, who died in March 2013 after battling cancer for almost two years. After Chávez's death, Venezuela held presidential elections in April 2013 in which acting President Nicolás Maduro, who had been serving as Chávez's vice president, defeated opposition candidate Henrique Capriles by a margin of just 1.49%, with the opposition alleging significant irregularities. Venezuela's December 2013 municipal elections demonstrated mixed results for the ruling United Socialist Party of Venezuela (PSUV) and the opposition Democratic Unity Roundtable (MUD).

In 2014, the Maduro government is facing significant challenges, including deteriorating economic conditions (with high inflation and shortages of consumer goods) and high rates of crime and violence. Most significantly, in February, student-led street protests erupted into violence with protestors attacked by Venezuelan security forces and militant pro-government civilian groups. While the protests largely had dissipated by June, 42 people were killed on both sides of the conflict, more than 800 were injured, and more than 3,000 were arrested (while most have been released, 75 were still being held as of August 2014, according to the Venezuelan human rights group *Foro Penal*). A major opposition figure, Leopoldo López, was arrested in February two opposition mayors were imprisoned in March. Diplomatic efforts to deal with the crisis at the OAS were frustrated in March. UNASUR was successful in getting the government and a segment of the opposition to begin talks in April, but the talks broke down in May because of a lack of progress.

U.S. policymakers and Members of Congress have been concerned in recent years about the deterioration of human rights and democratic conditions in Venezuela as well as the Venezuelan government's lack of cooperation on anti-drug and counterterrorism efforts and its relations with Iran. The United States has imposed financial sanctions on eight current or former Venezuelan officials for allegedly helping the Revolutionary Armed Forces of Colombia with drug and weapons trafficking. The United States has also imposed sanctions on three Venezuelan companies for support to Iran and on several Venezuelan individuals for supporting Hezbollah. Despite tensions in relations, the Obama Administration has maintained that the United States remains committed to seeking constructive engagement with Venezuela.

The Obama Administration strongly criticized the Venezuelan government's heavy-handed response to the student-led protests in 2014, and called on the government to engage in meaningful dialogue with the opposition. In late July 2014, the State Department announced that it was imposing visa restrictions on Venezuelan officials considered to be responsible for human rights violations in the government's crackdown on the protests; reportedly 24 high-ranking officials were sanctioned.⁵⁷

In recent years, developments in Venezuela and U.S. relations with the country have largely been oversight issues for Congress. Congress has also appropriated funding for democracy projects in Venezuela through the annual foreign aid appropriations measure: for FY2014, an estimated \$4.3 million is being provided through P.L. 113-76; and for FY2015, the Administration has requested \$5 million.

Key Policy Issues: To date in the 113th Congress, three resolutions have been approved regarding the political and human rights situation in Venezuela. S.Res. 213, approved by the Senate in October 2013, condemned violence and intimidation against the country's political opposition and called for dialogue. In March 2014, two resolutions were approved in the aftermath of Venezuela's crackdown on protests in 2014: H.Res. 488, approved by the House, and S.Res. 365, approved by the Senate.

There has also been action on legislation that would impose targeted sanctions (visa restrictions and asset blocking) on those responsible for human rights abuses associated with the protests. H.R. 4587, passed by the House (voice vote) on May 28, 2014, would impose targeted sanctions on individuals responsible for carrying out or ordering human rights abuses associated with the protests and authorize \$5 million for assistance to civil society in Venezuela. S. 2142, approved by the Senate Foreign Relations Committee on May 20, 2014, would impose targeted sanctions on those responsible for significant acts of violence or serious human rights abuses associated with the protests, or more broadly, anyone that has directed or ordered the arrest or prosecution of a person primarily because of the person's legitimate exercise of freedom of expression or assembly; the measure would also authorize \$15 million in support of civil society in Venezuela. Both H.R. 4587 and S. 2142 include provisions providing presidential waiver authority for the sanctions. As noted above, in late July 2014, the State Department imposed visa restrictions on 24 high-ranking Venezuelan officials responsible for human rights violations associated with the protests.

For further information, see CRS Report R43239, *Venezuela: Background and U.S. Relations*, by Mark P. Sullivan. For additional background, see the following archived reports: CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*; and CRS Report R40938, *Venezuela: Issues for Congress, 2009-2012*.

⁵⁷ U.S. Department of State, "Visa Restrictions Against Human Rights Abusers in Venezuela," Press Statement, July 30, 2014; William Neuman, "U.S. Bars Travel by Top Venezuelan Officials," *New York Times*, July 31, 2014.

Appendix A. U.S. Trade with Latin America and the Caribbean, 2007-2013

Table A-I. U. S. Imports from Latin America and the Caribbean (LAC) 2007-2013
(U.S. \$ Millions)

Partner Country	2007	2008	2009	2010	2011	2012	2013	2013/2012 % Change
Mexico	210,714	215,942	176,654	229,986	262,874	277,594	280,529	1.06
Venezuela	39,910	51,424	28,059	32,707	43,257	38,724	31,997	-17.37
Brazil	25,644	30,453	20,070	23,958	31,737	32,123	27,634	-13.98
Colombia	9,434	13,093	11,323	15,659	23,114	24,622	21,626	-12.17
Costa Rica	3,942	3,938	5,612	8,697	10,115	12,046	11,914	-1.10
Ecuador	6,135	9,048	5,273	7,451	9,622	9,484	11,490	21.15
Chile	8,999	8,196	5,949	7,017	9,076	9,367	10,384	10.87
Peru	5,272	5,812	4,223	5,243	6,605	6,418	8,122	26.54
Trinidad & Tobago	8,790	9,030	5,180	6,613	8,113	8,158	6,494	-20.40
Argentina	4,487	5,822	3,890	3,803	4,503	4,350	4,644	6.74
Total LAC	345,458	375,763	284,726	361,363	436,506	448,370	438,498	-2.20
World	1,956,962	2,103,641	1,559,625	1,913,857	2,207,954	2,276,302	2,268,321	-0.35

Source: U.S. Department of Commerce statistics as presented by *Global Trade Atlas*, August 20, 2014.

Notes: Provides statistics on top 10 countries followed by total U.S. imports from Latin America and the Caribbean.

Table A-2. U.S. Exports to Latin America and the Caribbean (LAC), 2007-2013
(U.S. \$ Millions)

Partner Country	2007	2008	2009	2010	2011	2012	2013	2013/2012 % Change
Mexico	135,918	151,220	128,892	163,665	198,289	215,907	226,079	4.71
Brazil	24,172	32,299	26,095	35,418	43,019	43,807	44,119	0.71
Colombia	8,558	11,437	9,451	12,068	14,336	16,357	18,392	12.44
Chile	8,148	11,857	9,346	10,907	15,993	18,772	17,515	-6.70
Venezuela	10,201	12,610	9,315	10,645	12,383	17,518	13,204	-24.63
Panama	3,669	4,887	4,293	6,066	8,252	9,829	10,564	7.48
Argentina	5,856	7,536	5,569	7,392	9,899	10,257	10,354	0.95
Peru	4,120	6,183	4,919	6,750	8,342	9,349	10,102	8.05
Ecuador	2,936	3,450	3,938	5,409	6,078	6,693	7,665	14.52
Costa Rica	4,580	5,680	4,700	5,178	6,099	7,236	7,224	-0.17
Total LAC	241,830	287,015	237,381	301,421	365,596	396,732	407,472	2.71
World	1,148,199	1,287,442	1,056,043	1,278,495	1,482,508	1,545,703	1,579,593	2.19

Source: U.S. Department of Commerce statistics, as presented by *Global Trade Atlas*, August 20, 2014.

Notes: Provides statistics on top 10 countries followed by total U.S. exports to Latin America and the Caribbean.

Appendix B. Hearings in the 113th Congress

Table B-I. Congressional Hearings in the 113th Congress on Latin America and the Caribbean

Committee and Subcommittee	Date	Title
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	February 28, 2013	Overview of U.S. Interests in the Western Hemisphere: Opportunities and Challenges
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	March 14, 2013	U.S. Energy Security: Enhancing Partnerships with Mexico and Canada
House Foreign Affairs Committee, Subcommittee on Terrorism, Nonproliferation, and Trade	March 20, 2013	Hezbollah's Strategic Shift: A Global Terrorist Threat
House Armed Services Committee	March 20, 2013	The Posture of the U.S. Northern Command and U.S. Southern Command
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	April 11, 2013	Energy Opportunities in Latin America and the Caribbean
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	May 23, 2013	U.S.-Mexico Security Cooperation: An Overview of the Mérida Initiative 2008-Present
House Committee on Ways and Means, Subcommittee on Trade	June 12, 2013	U.S.-Brazil Trade and Investment Relationship: Opportunities and Challenges
Senate Foreign Relations Committee, Subcommittee on the Western Hemisphere and Global Narcotics Affairs	June 18, 2013	Security Cooperation in Mexico: Examining the Next Steps in the U.S. Mexico Security Relationship
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 19, 2013	Regional Security Cooperation: An Examination of the Central American Regional Security Initiative (CARSI) and the Caribbean Basin Security Initiative (CBSI)
House Committee on Homeland Security Subcommittee on Oversight and Management Efficiency	July 9, 2013	Threat to the Homeland: Iran's Extending Influence in the Western Hemisphere
Senate, Tom Lantos Human Rights Commission	July 25, 2012	Human Rights in Honduras
Joint Hearing, House Foreign Affairs Committee, Subcommittee on Middle East and North Africa and Subcommittee on the Western Hemisphere	August 1, 2013	Examining the State Department's Report on Iranian Presence in the Western Hemisphere 19 Years after AMIA Attack
House Foreign Affairs Committee, Subcommittee on Western Hemisphere	September 10, 2013	Challenges to Democracy in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 26, 2013	A Closer Look at Cuba and its Recent History of Proliferation
House Foreign Affairs Committee	October 9, 2013	Haiti: Is U.S. Aid Effective?

Committee and Subcommittee	Date	Title
Tom Lantos Human Rights Commission	October 24, 2013	Creating Peace and Finding Justice in Colombia
House Committee on Homeland Security, Subcommittee on Border and Maritime Security	November 19, 2013	What Does a Secure Maritime Border Look Like?
Tom Lantos Human Rights Commission	November 20, 2013	The Global Gender-Based Violence Threat
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	December 9, 2013	Improving Security and Facilitating Commerce with Mexico at America's Southern Border
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	January 15, 2014	NAFTA at Twenty: Accomplishments, Challenges, and the Way Forward
House Foreign Affairs Committee, Subcommittee on Terrorism, Nonproliferation and Trade	February 4, 2014	Terrorist Groups in Latin America: The Changing Landscape
House Foreign Affairs Committee	March 13, 2014	Advancing U.S. Interests Abroad: The FY2015 Foreign Affairs Budget
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	March 25, 2014	U.S. Disengagement from Latin America: Compromised Security and Economic Interests
House Committee on Homeland Security	April 2, 2014	Taking Down the Cartels: Examining United States- Mexico Cooperation
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	April 9, 2014	Advancing U.S. Interests in the Western Hemisphere: The FY2015 Foreign Affairs Budget
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	April 29, 2014	Confronting Transnational Drug Smuggling: An Assessment of Regional Partnerships
Senate Foreign Relations Committee	May 8, 2014	Assessing Venezuela's Political Crisis: Human Rights Violations and Beyond
House Foreign Affairs Committee	May 20, 2014	The Future of U.S.-Mexico Relations
House Homeland Security	June 24, 2014	Dangerous Passage: The Growing Problem of Unaccompanied Children Crossing the U.S. Border
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 25, 2014	Children Migrating from Central America: Solving a Humanitarian Crisis
House Homeland Security, Field Hearing	July 3, 2014	Crisis on the Texas Border: Surge of Unaccompanied Minors
Senate Homeland Security and Governmental Affairs Committee	July 9, 2014	Challenges at the Border: Examining and Addressing the Root Causes Behind the Rise in Apprehensions at the Southern Border (Part I)
Senate Foreign Relations Committee	July 17, 2014	Dangerous Passage: Central America in Crisis and the Exodus of Unaccompanied Minors

Committee and Subcommittee	Date	Title
Senate Committee on Homeland Security and Governmental Affairs	July 16, 2014	Challenges at the Border: Examining and Addressing the Root Causes Behind the Rise in Apprehensions at the Southern Border (Part 2)
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 23, 2014	U.S. – Dominican Republic Relations: Bolstering Economic Growth and Energy Independence
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 30, 2014	Building Prosperity in Latin America: Investor Confidence in the Rule of Law

Source: Prepared by Anne Leland, Information Research Specialist, CRS.

Notes: The listed hearings are linked to PDF documents of the committee prints or committee webpages on the hearings, where available. See also hearing information at: House Foreign Affairs Committee Subcommittee on the Western Hemisphere at <http://foreignaffairs.house.gov/subcommittees/western-hemisphere>; House Committee on Homeland Security at <http://homeland.house.gov/legislation>; Senate Foreign Relations Committee, at <http://www.foreign.senate.gov/hearings/>

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Acknowledgments

Former CRS Information Research Specialist Dini R. Robinson prepared the original trade tables in Appendix A. Former CRS Specialist in International Trade and Finance J. F. Hornbeck prepared the original section on Argentina.