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# Latin America and the Caribbean: Key Issues and Actions in the 114<sup>th</sup> Congress

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## Summary

### U.S. Interests and Policy

Geographic proximity has ensured strong linkages between the United States and the Latin American and Caribbean region, based on diverse U.S. interests, including economic, political, and security concerns. U.S. policy toward the region under the Obama Administration focused on four priorities: promoting economic and social opportunity; ensuring citizen security; strengthening effective democratic institutions; and securing a clean energy future. There was substantial continuity in U.S. policy toward the region during the first six years of the Obama Administration, which pursued some of the same basic policy approaches as the Bush Administration. However, the Obama Administration made several significant policy changes, including an emphasis on partnership and shared responsibility. Moreover, President Obama unveiled a new policy approach of engagement with Cuba in 2014.

U.S. policy toward the region is conducted in the context of an increasingly independent Latin America, which 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. Nevertheless, the United States remains very much engaged in Latin America bilaterally and multilaterally.

### Congressional Action and Oversight

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. In the first session of the 114<sup>th</sup> Congress in 2015, the most significant legislative action was enactment of the Consolidated Appropriations Act, 2016 (P.L. 114-113). The law had numerous provisions on foreign aid to the region, including \$750 million for ramped-up funding to address Central America's economic, security, and governance challenges. The FY2016 National Defense Authorization Act (NDAA; P.L. 114-92) also had provisions regarding increased support for Central America and prohibitions against funding for the closure of the U.S. Naval Station at Guantanamo Bay, Cuba. Also in 2015, Congress approved an extension of the Generalized System of Preferences through 2017 in the Trade Preferences Extension Act (P.L. 114-27) benefitting some 15 countries in the region. Late in 2015, the House passed H.Res. 536, expressing support for freedom of the press in the region.

In the second session, Congress enacted legislation in July 2016 extending targeted sanctions for human rights abuses in Venezuela through 2019 (P.L. 114-194), while in September 2016 the House approved H.Res. 851 on the situation in Venezuela. Also in September, Congress enacted a legislative vehicle (P.L. 114-223) that provided FY2016 supplemental funding to control the spread of the Zika virus in the Americas.

As the 114<sup>th</sup> Congress neared its end in December 2016, Congress completed action on several measures with provisions related to the region. P.L. 114-291 requires the Secretary of State to submit a multiyear strategy for U.S. engagement with the Caribbean. P.L. 114-323, the Department of State Authorities Act, FY2017, established a commission to review U.S. drug control policy in the hemisphere, including an evaluation of counternarcotics assistance programs. P.L. 114-328, the FY2017 NDAA, extends a unified counterdrug and counterterrorism campaign in Colombia for two years; requires a report on U.S. military units that have been assigned to do policing or other law enforcement duties in El Salvador, Guatemala, and Honduras; continues prohibitions on funding for the closure of the U.S. Naval Station at Guantanamo Bay, Cuba; and restricts funding for Cuba's participation in certain joint or multilateral exercises or related security conferences. Congress did not complete action on FY2017 foreign aid appropriations, but it enacted a continuing resolution, P.L. 114-254, in

December that funded most foreign aid programs at the FY2016 level, minus an across-the-board reduction of almost 0.2%, through April 28, 2017. The 115<sup>th</sup> Congress will face completing action on FY2017 foreign aid appropriations.

This report, which will not be updated, provides an overview of U.S. policy toward Latin America and the Caribbean during the 114<sup>th</sup> Congress in 2015 and 2016. It begins with an overview of the political and economic environment affecting U.S. relations and then examines the Obama Administration's policy toward the region. The report then examines congressional interests in the region and legislative action, looking at selected regional and country issues. An **Appendix** provides links to hearings on the region in the 114<sup>th</sup> Congress.

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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 and security 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. In recent years, this 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.

### Political and Economic Environment in the Region

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

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 governments with the exception of Cuba are, at least formally, elected democracies. The threat to elected governments from their own militaries has dissipated in most countries.

Free and fair elections have become the norm in most countries in the region, even though some elections have been controversial with allegations of irregularities. In 2015, eight countries successfully completed elections for head of government. Long-ruling parties were voted out of office in St. Kitts and Nevis, Guyana, Trinidad and Tobago, and Argentina, and incumbents were reelected in Suriname, Belize, and St. Vincent and the Grenadines. In Guatemala, just ahead of its 2015 presidential election, the country became embroiled in massive corruption scandals that led to the arrest of the vice president in August and the resignation of President Otto Pérez Molina in September. The country then held two presidential election rounds in September and October 2015, with former

#### 2015-2016 Head of Government Elections

**St. Kitts and Nevis**—February 16, 2015

**Guyana**—May 11, 2015

**Suriname**—May 25, 2015

**Guatemala**—September 6 / October 25, 2015

**Trinidad and Tobago**—September 7, 2015

**Belize**—November 4, 2015

**Argentina**—October 25 / November 22, 2015

**St. Vincent & Grenadines**—December 9, 2015

**Jamaica**—February 25, 2016

**Peru**—April 10, 2016/June 5, 2016

**Dominican Republic**—May 15, 2016

**St. Lucia**—June 6, 2016

**Nicaragua**—November 6, 2016

**Haiti**—November 20, 2016

actor Jimmy Morales, who had campaigned on a strong anticorruption platform, winning the second round by a large margin (see “Guatemala,” below).

**2016 Elections.** To date in 2016, six countries have held elections for head of government. In a close parliamentary race in **Jamaica** in February, the opposition Jamaica Labour Party, led by Andrew Holness, defeated the incumbent People’s National Party government, led by Prime Minister Portia Simpson Miller. In the **Dominican Republic**, incumbent President Danilo Medina of the center-left Dominican Liberation Party was reelected in a landslide in May. After two presidential rounds in **Peru** in April and June, Pedro Pablo Kuczynski of the centrist Peruvians for Change defeated Keiko Fujimori from the center-right Popular Force by a slim margin. Most recently in June, **St. Lucia** held parliamentary elections in which the opposition United Workers Party, led by Allen Chastanet, defeated the St. Lucia Labour party of Prime Minister Kenny Anthony. In **Nicaragua**, incumbent President Daniel Ortega of the Sandinista party won a third consecutive term in controversial elections held on November 6, 2016, which were criticized by many, including the United States. The State Department characterized the elections as flawed because of the government’s sidelining of opposition candidates, limits imposed on domestic observation at the polls, and other actions that denied democratic space in the electoral process (see “Nicaragua,” below). In **Haiti**, a first presidential round was held in October 2015, but allegations of fraud ultimately led to the election’s nullification. After multiple delays, a new presidential election was held on November 20, 2016, in which Jovenel Moise won almost 56% of the vote and is scheduled to be inaugurated in February 2017 (see “Haiti,” below).

**Challenges to Democracy.** Despite significant improvements 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. There are also numerous examples of elected presidents over the past 25 years who left office early amid severe social turmoil and economic crises, the presidents’ own autocratic actions contributing to their ouster, or high-profile corruption. The September 2015 resignation of Guatemalan President Pérez is the most recent example. In Brazil, a widespread corruption scandal and a sharp economic downturn were key factors leading to the suspension of President Dilma Rousseff from office in April 2016, followed by an impeachment trial by Brazil’s Senate removing her from office in August 2016 (see “Brazil,” below).

The quality of democracy in several countries in the region has eroded 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. A second factor negatively affecting democracy in several countries is the executive’s abuse of power. Elected leaders have sought to consolidate power at the expense of minority rights, leading to a setback in liberal democratic practices. Venezuela stands out in this regard. In recent years, there has also been a deterioration of media freedom in several countries precipitated by the increase in organized crime-related violence and by politically driven attempts to curb critical or independent media.

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 2016 report (covering 2015), the group ranked just one country as not free: Cuba. It ranked 11 countries as partly free—Bolivia, Colombia, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, and Venezuela—and the remaining 21 countries of the Latin American and Caribbean as free. According to the report, the Dominican Republic was downgraded in part because of decreased space for independent media and the implementation of a law preventing Dominicans of Haitian descent and Haitian migrants from exercising their civil

and political rights. Freedom House also noted growing threats to freedom and democracy posed by criminal gangs, political violence, and systemic corruption in the Central American countries of El Salvador, Guatemala, and Honduras. Freedom House maintains that Venezuela deserves special scrutiny because of the resistance of the current government of President Nicolás Maduro to the opposition's victory in December 2015 legislative elections. It notes that the deteriorating political and economic situation in Venezuela is one of the region's most significant challenges (see "Venezuela," below).<sup>1</sup>

Some observers see the ebbing of the so-called pink tide of leftist populist governments in the region as a positive trend. The November 2015 election of a center-right government in Argentina ended the leftist populism known as Kirchnerismo and began to change regional dynamics in Latin America. Despite the Venezuelan government's efforts to thwart the opposition's power, some view the opposition's triumph at the ballot box in December 2015 as the beginning of the end of the populist leftist model of government advanced by former President Hugo Chávez. Along these lines, some observers see the February 2016 defeat of a referendum in Bolivia that would have allowed populist President Evo Morales to seek a third consecutive presidential term as another setback to the pink tide.

A second factor potentially affecting democratic governance is the recent peace agreement between the Colombian government and the leftist Revolutionary Armed Forces of Colombia (FARC). This development has raised hopes that the hemisphere's oldest civil conflict, which dates back to the 1960s, is finally resolved (see "Colombia," below).

**Economic Challenges.** While the 1980s were commonly referred to as the lost decade of development as many countries were bogged down with unsustainable public debt, the 1990s brought about a shift from a strategy of import-substituting industrialization to one focused on export promotion, attraction of foreign capital, and privatization of state enterprises. Latin America experienced an economic downturn in 2002 (brought about in part because of an economic downturn in the United States), but recovered with strong growth rates until 2009, when a global economic crisis again affected the region with an economic contraction of about 1.3%. 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 lesser downturns. The region rebounded in 2010 and 2011, with growth rates of 6.1% and 4.9%, respectively, but growth began to decline after that and registered just 1% in 2014.

In its October 2016 economic forecast, the International Monetary Fund (IMF) projected that economic growth in Latin America and the Caribbean would contract 0.6% in 2016 after no growth in 2015 (see **Table 1**). The global decline in commodity prices and China's economic slowdown have affected the region's economies. In 2015, economic contractions in Brazil (-3.8%) and Venezuela (-6.2%) dragged down growth rates for South America and the region as a whole. According to the IMF, business and consumer confidence appears to have bottomed out in Brazil, although the projection for 2016 is for an economic contraction of 3.3% followed by an increase of 0.5% in 2017. The Venezuelan economy remains in deep recession because of the rapid decline in the price of oil and economic mismanagement; the economy is projected to contract 10% in 2016 and 4.5% in 2017. Ecuador has also been significantly affected by the drop in oil prices, with the economy projected to contract 2.3% in 2016 and 2.7% in 2017.<sup>2</sup>

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<sup>1</sup> Freedom House, "Freedom in the World 2016," January 2016.

<sup>2</sup> International Monetary Fund (IMF), *World Economic Outlook* and *World Economic Outlook Database*, October 2016.

**Table I. Latin America and Caribbean: Real GDP Growth, 2014-2017**  
(annual percentage change)

	2014	2015	2016 Projection	2017 Projection
Mexico	2.2	2.5	2.1	2.3
Brazil	0.1	-3.8	-3.3	0.5
Latin America and the Caribbean	1.0	0.0	-0.6	1.6

**Source:** International Monetary Fund, *World Economic Outlook*, October 2016.

Since the early 2000s, Latin America has made significant progress in combating poverty and inequality. In 2002, almost 44% of the region's population were considered to be living in poverty, but by 2012 that figure had dropped to 28%, representing 164 million people. Two key factors accounting for this decline were increasing per capita income levels and targeted public expenditures known as conditional cash transfer programs for vulnerable sectors. Brazil and Mexico were pioneers in these targeted programs that have spread to other countries. The poverty rate for the region was relatively unchanged at 28.1% in 2013 and 28.2% in 2014. In 2015, however, with several countries experiencing contracting economies, poverty for the region increased to 29.2%, with an estimated 175 million people in the region living in poverty, up from 169 million in 2014.<sup>3</sup> With projections of economic contraction for the region in 2016, poverty levels for the region likely will increase.

### Latin America's Increasing Independence

In recent years, Latin America's relatively sustained political stability and, until recently, steady economic performance (with some exceptions) 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 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 \$262 billion in 2014, before dropping to \$235 billion in 2015.<sup>4</sup> Nevertheless, the United States remains the single largest trading partner for many countries; total U.S. trade with the region amounted to \$867 billion in 2014 and \$797 billion in 2015, more than three times that of China's trade with the region.<sup>5</sup>

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

<sup>3</sup> U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America 2015*, March 2016.

<sup>4</sup> Trade figures cited are drawn from the *Global Trade Atlas*, using trade statistics reported by China.

<sup>5</sup> U.S. trade statistics are drawn from the *Global Trade Atlas*, using statistics reported by the U.S. Department of Commerce.

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 11-member group currently includes Bolivia, Cuba, Ecuador, and Nicaragua, as well as the Caribbean island nations of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Despite its established goals, ALBA was most often associated with the anti-American rhetoric of some of its Latin American members. In the aftermath of President Chávez's death in March 2013, some observers questioned the future of the Venezuelan-founded alliance. Moreover, the precipitous decline in the price of oil since 2014 has further challenged the ability of Venezuela to extend its influence in the region.

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.<sup>6</sup> In 2014, in an attempt to quell political unrest in Venezuela, UNASUR foreign ministers were initially successful in establishing a dialogue between the government and the political opposition, but talks ultimately broke down, and were not restarted.

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. Costa Rica and Panama are candidates for membership. Different from other initiatives described above, the Alliance welcomed the United States as an observer in July 2013.<sup>7</sup>

A region-wide organization established in 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 (OAS), while others maintain that CELAC does not have a permanent staff or secretariat that could compete with the OAS. In January 2015, China hosted the first China-CELAC Forum in which countries agreed to a five-year cooperation plan. Later in January 2015, CELAC held its third summit in Costa Rica. Ecuador hosted the fourth CELAC summit in January 2016.

To some extent, CELAC's establishment reflects a Latin American desire to lessen U.S. influence in the region; however, the United States remains very much engaged in the region bilaterally and multilaterally through the OAS and its numerous affiliated organizations. Moreover, U.S. officials have strongly supported the efforts of OAS Secretary-General Luis Almagro, elected to a five-year term in May 2015, to push for the protection of democracy and human rights in the region.

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<sup>6</sup> Michael Shifter, "The Shifting Landscape of Latin American Regionalism," *Current History*, February 2012; also see Clapper, op. cit.

<sup>7</sup> See CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.

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.

A looming challenge for the United States was how to deal with the seventh Summit of the Americas to be hosted by Panama in April 2015. Cuba had expressed interest in attending the sixth summit, but ultimately was not invited to attend. The United States and Canada had expressed opposition to Cuba's participation. Previous summits had been limited to the hemisphere's democratically elected leaders. Many Latin American countries vowed not to attend the 2015 summit unless Cuba was invited to attend. As a result, Panama announced in August 2014 that it would invite Cuba to the summit, presenting a dilemma for the Obama Administration. In December 2014, however, when President Obama announced a new policy approach toward Cuba, he said that United States was prepared to have Cuba participate in the summit. Cuba ultimately participated in the summit in Panama featuring a historic meeting between President Obama and President Raúl Castro.

**Figure I. Map of Latin America and the Caribbean**



**Source:** Map Resources, edited by the Congressional Research Service (CRS).

**Notes:** Although 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).

## Obama Administration's Priorities for the Region

The Obama Administration 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 maintained 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.<sup>8</sup> The Obama Administration stressed that its policy approach toward the region was one emphasizing partnership and shared responsibility, with policy conducted on the basis of mutual respect through engagement and dialogue.<sup>9</sup> 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.”<sup>10</sup> In remarks at the June 2012 OAS General Assembly meeting in Bolivia, then-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.”<sup>11</sup>

In a November 2013 OAS address, Secretary of State John Kerry asserted that “the era of the Monroe Doctrine is over.”<sup>12</sup> 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.”<sup>13</sup>

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<sup>8</sup> 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.

<sup>9</sup> *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 Roberta Jacobson, who was confirmed by the Senate in March 2012.

<sup>10</sup> White House, Office of the Press Secretary, “Remarks of President Barack Obama—As Prepared for Delivery—Summit of the Americas Opening Plenary,” April 14, 2012.

<sup>11</sup> U.S. Department of State, Assistant Secretary of State for Western Hemisphere Affairs Roberta S. Jacobson, “Remarks to the 42<sup>nd</sup> OAS General Assembly,” June 4, 2012.

<sup>12</sup> 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.

<sup>13</sup> U.S. Department of State, Secretary of State John Kerry, “Remarks on U.S. Policy in the Western Hemisphere,” November 18, 2013.

Then-Assistant Secretary of State Jacobson reiterated in a December 2013 address in Miami, FL, 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 involved 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.<sup>14</sup>

In December 2014, President Obama announced major changes in U.S. policy toward Cuba, moving away from the long-standing sanctions-based policy toward a policy emphasizing engagement and moving toward normalization of U.S.-Cuban relations. As part of the policy shift, the Administration eased certain sanctions on travel and commerce with Cuba, removed Cuba from the so-called state sponsors of terrorism list, and reestablished diplomatic relations. Latin American and Caribbean leaders as well as regional organizations such as the Caribbean Community (CARICOM), OAS, and UNASUR hailed the change in U.S. policy. President Obama stated at the April 2015 Summit of the Americas in Panama that the shift in U.S. policy toward Cuba “represents a turning point for our entire region” and noted that this was “the first time in more than a half century that all the nations of the Americas are meeting to address our future together.”<sup>15</sup>

Vice President Joe Biden contended in a May 2016 speech on the Western Hemisphere that the U.S. policy shift on Cuba from isolation to engagement “proved that our promise to listen rather than dictate to the region was more than just words.” He said that many Latin American leaders told him how the change in U.S. policy toward Cuba has enhanced their ability to build partnerships with the United States.<sup>16</sup>

## **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. As noted above, at the end of 2015, an estimated 175 million people in Latin America were living in poverty—29.2% of the region’s population—and 75 million people, or 12.5% of the population, were living in extreme poverty or indigence. Although these statistics reflect a significant improvement from 2002, when almost 44% of the region’s population lived in poverty,<sup>17</sup> poverty began to rise again because of the region’s recent economic downturn.

In addition to traditional U.S. development assistance programs focusing on health and education, expanding economic opportunity also involved several innovative programs and initiatives. **The Pathways to Prosperity Initiative**, initially launched in 2008, is designed to help countries 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 sustainable business practices.<sup>18</sup> The OAS **Inter-American**

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<sup>14</sup> U.S. Department of State, Assistant Secretary of State for Western Hemisphere Affairs, “The Americas: Our Shared Challenges,” December 13, 2013.

<sup>15</sup> White House, Office of the Press Secretary, “Remarks by President Obama at the First Plenary Session of the Summit of the Americas,” April 11, 2015.

<sup>16</sup> U.S. Department of State, Embassy of the United States, Panama, “Excerpts from Remarks by Vice President Joe Biden on the Western Hemisphere,” University of Tampa, Tampa, Florida, May 11, 2016.

<sup>17</sup> U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America 2015*, March 2016.

<sup>18</sup> U.S. Department of State, “Pathways to Prosperity in the Americas, Fact Sheet,” November 26, 2014, available at <http://www.state.gov/p/wha/rls/fs/2014/234442.htm>; also see the website of the Pathways initiative, available at <http://www.pathways-caminos.org/en/Home.html>.

**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.<sup>19</sup> 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.<sup>20</sup> 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.<sup>21</sup>

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.<sup>22</sup> 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.<sup>23</sup> The **Innovation Fund of the Americas**, launched by the U.S. Agency for International Development (USAID), is an initiative to help finance lower cost and more effective solutions to difficult development challenges.<sup>24</sup>

## **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 gangs and drug trafficking, are significant problems in many countries. The Central America-Mexico corridor is the route for the majority of illicit drugs from South America entering the United States. Drug trafficking-related violence in Mexico rose to unprecedented levels, and murder rates in several Central American and Caribbean countries have been among the highest in the world.

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 Colombia to combat both drug trafficking and terrorist groups financed by the drug trade. The Colombia Strategic Development Initiative (CSDI) was begun in 2011 to align U.S. assistance with the follow-up strategy to Plan Colombia designed to develop a functioning state presence in remote, but strategically important, areas. In

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<sup>19</sup> 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 see the website of the Inter-American Social Protection Network at <http://www.socialprotectionnet.org/>.

<sup>20</sup> U.S. Department of State, “Progress in Innovation: 100,000 Strong in the Americas, Fact Sheet,” April 9, 2015, available at <http://www.state.gov/p/wha/rls/fs/240543.htm>; also see the 100,000 Strong in the Americas website, launched in May 2014, available at <http://www.100kstrongamericas.org/>.

<sup>21</sup> See the website of Feed the Future, The U.S. Government’s Global Hunger and Food Security Initiative, available at <http://www.feedthefuture.gov/>.

<sup>22</sup> U.S. Department of State, “Small Business Network of the Americas,” Fact Sheet, April 8, 2015, available at <http://www.state.gov/p/wha/rls/fs/240432.htm>.

<sup>23</sup> U.S. Department of State, “WEAmericas: Women’s Entrepreneurship in the Americas,” April 6, 2015, available at <http://www.state.gov/documents/organization/240759.pdf>.

<sup>24</sup> USAID, “Innovation Fund of the Americas,” Fact Sheet, December 4, 2013, available at <http://www.usaid.gov/news-information/fact-sheets/innovation-fund-americas>.

its FY2017 foreign aid budget request, the Administration began planning for U.S. support to Colombia in a post-peace accord era (also see “Colombia,” below).

U.S. support to combat drug trafficking and reduce crime has also included a series of partnerships with other countries in the region: the **Mérida Initiative**, which began in 2007, and has led to unprecedented bilateral security cooperation with Mexico; the **Central America Regional Security Initiative (CARSI)**, begun in 2008, and the **Caribbean Basin Security Initiative (CBSI)**, begun in 2009. (Also see “Mexico,” “Central America,” and “Caribbean Security and Energy Issues,” below.)

## **Democratic Governance**

The policy priority of strengthening democratic governance has the goal of building on progress that the region 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. The United States provides foreign aid to support the rule of law and human rights, good governance (including anticorruption efforts), 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. The Obama Administration also committed to advance the human rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals as part of its human rights engagement in the hemisphere.<sup>25</sup>

U.S. officials continued to speak out about human rights abuses in countries such as Cuba and Venezuela, threats to political rights and civil liberties in other countries in the region, such as Nicaragua, and the erosion of full respect for freedom of expression in the region. The Administration also contended that hemispheric nations should collectively remain on guard against efforts to weaken the Inter-American human rights system.<sup>26</sup>

U.S. officials also spoke out about the threat that corruption has posed to many countries in the region and the need to strengthen democratic institutions and the rule of law. In April 2016, then-Assistant Secretary for Western Hemisphere Affairs Roberta Jacobson said that without the rule of law being deeply rooted and entrenched throughout the hemisphere, it will be impossible to confront such challenges as climate change, transnational gangs, or authoritarian despots. She noted that President Obama pointed out that corruption siphons billions of dollars that could feed children or build schools or infrastructure and that corruption stifles economic growth, promotes inequality, abets human rights abuses, and fuels organized crime and instability.<sup>27</sup>

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<sup>25</sup> U.S. Department of State, “Engagement on LGBTI Issues in the Western Hemisphere,” fact sheet, July 8, 2015, available at <http://www.state.gov/p/wha/rls/fs/244725.htm>.

<sup>26</sup> 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.

<sup>27</sup> U.S. Department of State, “Anti-Corruption in the Western Hemisphere,” remarks by Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, April 4, 2016.

## Clean Energy Future

In 2009, the Obama Administration introduced the **Energy and Climate Partnership of the Americas (ECPA)**, 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.<sup>28</sup> At the sixth Summit of the Americas in 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.<sup>29</sup> In 2014, the Administration launched a **Caribbean Energy Security Initiative** to promote cleaner and more sustainable energy in the region. In 2015, a clean energy financing facility for the Caribbean and Central America was established. (Also see “Climate Change and Clean Energy” and “Caribbean Security and Energy Issues,” below.)

## Continuity and Change in U.S. Policy

During the Obama Administration’s first six years, there was significant continuity in U.S. policy toward Latin America, with the Administration pursuing some of the same basic policy approaches as the Bush Administration. Nevertheless, the Obama Administration also made several changes, including an overall emphasis on partnership and shared responsibility. At the sixth Summit of the Americas in April 2012, President Obama reemphasized the theme of equal partnership when he said that “in the Americas there are no senior or junior partners, we’re simply partners.”<sup>30</sup>

Like the Bush Administration, the Obama Administration 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 CARS. 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 CBSI, the origin of which, however, dates back to the Bush Administration. Assistance for Colombia became 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 began to decline as the country began 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. In 2015, Congress enacted P.L. 114-27, an extension of the Generalized System of Preferences (GSP) through 2017, benefitting 15 countries in the region. Another trade initiative begun informally under the Bush

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<sup>28</sup> U.S. Department of State, fact sheet, “Energy and Climate Partnership of the Americas,” April 8, 2015, available at <http://www.state.gov/p/wha/rls/fs/240498.htm>; also see the website of the ECPA at <http://www.ecpamericas.org/>.

<sup>29</sup> U.S. Department of State, fact sheet, “Connecting the Americas 2022,” April 9, 2015, available at <http://www.state.gov/p/wha/rls/fs/240497.htm>.

<sup>30</sup> White House, Office of the Press Secretary, “Remarks of President Barack Obama—As Prepared for Delivery—Summit of the Americas Opening Plenary,” April 14, 2012.

Administration and continued by the Obama Administration through formal trade negotiations was the proposed Trans-Pacific Partnership (TPP) trade agreement with Mexico, Chile, Peru, and eight other Pacific countries. TPP trade ministers concluded the agreement in October 2015, and the President released the text of the agreement and notified Congress in November 2015. The 114<sup>th</sup> Congress, however, did not take any action on implementing legislation, and President-elect Trump announced in November 2016 his intention to withdraw from the TPP.<sup>31</sup> The agreement could have had significant implications for U.S. trade and investment ties with the three Latin American countries that are parties to the agreement, as well as with other Latin American countries that could possibly have joined in the future.

Just as the Bush Administration had, the Obama Administration expressed support for comprehensive immigration reform, an especially important issue in U.S. relations with Mexico and Central America. In the absence of congressional action on comprehensive reform, President Obama took executive action in 2012 providing relief from deportation for certain immigrants who arrived in the United States as children. President Obama took further executive action in 2014 that would have provided relief from deportation and work authorizations for more categories of unauthorized migrants, but court challenges prohibited implementation of the initiatives.<sup>32</sup>

In other areas, the Obama Administration made policy changes on Latin America that more clearly differentiated it from the Bush Administration. As described above, the Administration early on put more of an emphasis on partnership and shared responsibility in its policy toward the region. It established numerous partnership programs in such areas as security, energy, and economic and social opportunity. It emphasized policy conducted on the basis of mutual respect through engagement and dialogue.

Perhaps most significantly, as noted above, the Obama Administration announced major changes in Cuba policy in late 2014, moving away from a policy of isolation toward a normalization of relations. The policy shift on Cuba was lauded throughout the region and has changed the dynamics of a long-standing irritant in U.S. relations with Latin America.

Beyond Cuba, the Administration pursued several other policy shifts. While it pressed for dialogue in Venezuela, the Administration also imposed sanctions (including visa restrictions and asset blocking) on current or former Venezuelan officials involved in human rights abuses. In Central America, spurred in part by a surge in 2014 of unaccompanied children and other migrants seeking to enter the United States, the Administration developed a broader approach in 2015 known as the Strategy for Engagement in Central America, which goes beyond security concerns to address economic development and governance issues. In the Caribbean, the Administration also moved beyond security concerns to address the energy needs of countries that are heavily dependent on energy imports, launching a Caribbean Energy Security Initiative (CESI) in 2014 with the goal of promoting a cleaner and sustainable energy future.

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<sup>31</sup> See CRS In Focus IF10000, *TPP: An Overview*, by Brock R. Williams and Ian F. Fergusson.

<sup>32</sup> See CRS Legal Sidebar WSLG1607, *Frequently Asked Questions Regarding the Supreme Court's 4-4 Split on Immigration*, by Kate M. Manuel.

# Congress and Policy Toward Latin America and the Caribbean

## Overview of Action in the 114<sup>th</sup> Congress

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. In the 113<sup>th</sup> Congress, legislative action 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 measures for FY2013 (P.L. 113-6), FY2014 (P.L. 113-76), and FY2015 (P.L. 113-235), which included foreign aid appropriations with numerous provisions on Latin America; a measure requiring an annual report through 2017 on the status of post-earthquake recovery and development efforts in Haiti (P.L. 113-162); and a measure to impose sanctions on those persons responsible for certain human rights abuses in Venezuela (P.L. 113-278).

The most significant legislative action on Latin America and the Caribbean in the first session of the 114<sup>th</sup> Congress was the enactment of the FY2016 omnibus appropriations measure (P.L. 114-113) in December 2015. The law included numerous provisions on foreign aid to the region, including \$750 million for ramped up funding for Central America to address economic, security, and governance challenges. The FY2016 National Defense Authorization Act (P.L. 114-92), enacted in November 2015, also has provisions regarding increased support for Central America as well as prohibitions against funding for the closure of the U.S. Naval Station at Guantanamo Bay, Cuba. Earlier in the year, Congress approved an extension of the Generalized System of Preferences (GSP) through 2017 in the Trade Preferences Extension Act (P.L. 114-27), enacted in June, which benefits some 15 countries in the region. In other action, the House passed H.Res. 536 in December 2015, expressing support for freedom of the press in the region and condemning violations of press freedom and violence against journalists.

In the second session in 2016, Congress took action on several measures related to the region. In July, Congress enacted legislation extending the termination date of the requirement to impose targeted sanctions on individuals for human rights abuses in Venezuela (P.L. 114-194). In September, the House approved H.Res. 851, also related to Venezuela, which among its provisions expressed profound concern about the humanitarian situation, urged the release of political prisoners, and called for the Venezuelan government to hold a presidential recall referendum in 2016. Also in September, Congress enacted a legislative vehicle (P.L. 114-223, Division B) that provided FY2016 supplemental funding to control the spread of the Zika virus in the Americas.

As the 114<sup>th</sup> Congress neared its end in December 2016, Congress completed action on several additional measures with provisions on Latin America and the Caribbean. P.L. 114-291 requires the Secretary of State, in coordination with the Administrator of USAID, to submit a multiyear strategy for U.S. engagement with the Caribbean. P.L. 114-323, the FY2017 Department of State Authorities Act, in Title VI established a Western Hemisphere Drug Policy Commission to conduct a comprehensive review of U.S. drug control policy in the Western Hemisphere, including an evaluation of counternarcotics assistance programs. The FY2017 National Defense Authorization Act (NDAA), P.L. 114-328 (S. 2943), signed into law by the President on December 23, has several provisions on the region, including those extending a unified

counterdrug and counterterrorism campaign in Colombia for two years (Section 1013); continuing a prohibition on use of funds for realigning forces at or the closure of the U.S. Naval Station and Guantanamo Bay, Cuba (Section 1035); requiring the Secretaries of Defense and State to submit a joint report on military units that have been assigned to do policing or other law enforcement duties in El Salvador, Guatemala, and Honduras, and detailing U.S. government assistance for those units (Section 1069); and restricting FY2017 funding for Cuba's participation in certain joint or multilateral exercises or related security conference between the U.S. and Cuban governments (Section 1286).

With regard to FY2017 foreign aid appropriations, Congress did not complete action on stand-alone legislation, although committee-reported House and Senate bills H.R. 5912 and S. 3117 had numerous provisions on assistance to the region. Instead, Congress enacted a continuing resolution (P.L. 114-254) in December funding most foreign aid programs at the FY2016 level, minus an across-the-board reduction of almost 0.2%, through April 28, 2017. The 115<sup>th</sup> Congress will face completing action on FY2017 foreign aid appropriations.

Oversight attention in the 114<sup>th</sup> Congress focused on such issues as U.S. interests in Latin America and the Caribbean; the Administration's policy shift on Cuba, including issues related to U.S. national security, human rights, U.S. trade, U.S. property claims, security concerns surrounding the resumption of regular air service with Cuba, and U.S. agricultural trade with Cuba; the Administration's aid request for Central America and the migration crisis in that subregion; Venezuela's economic and political crisis; an overview of the situation in Haiti; the activities of Iran in Latin America; energy issues; the status of Colombia's peace talks; threats to press freedom in the Americas; Chinese and Russian engagement in the region; the human rights situation in both Cuba and Venezuela; the Zika epidemic in the hemisphere; U.S. engagement with the Caribbean; and the democratic setback in Nicaragua. (See the **Appendix** for a listing of hearings.)

## **Regional Issues**

### **U.S. Foreign Aid**

Although many Latin American and Caribbean nations have made significant development progress over the past two decades, foreign aid remains an important tool for advancing U.S. policy priorities in the hemisphere. Current aid programs reflect the diverse needs of the countries of the region. Some nations receive a broad range of U.S. assistance, with projects in areas such as democracy promotion, economic reform, education, 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.

The Obama Administration's FY2017 foreign aid budget request included \$1.74 billion for Latin America and the Caribbean to be provided through the State Department and USAID, which is roughly equal to the amount that Congress appropriated for the region in FY2016. Aid to the region has increased each year since FY2014 but remains below what was provided in FY2012. In recent years, the vast majority of U.S. assistance for the region has been dedicated to implementing a new U.S. Strategy for Engagement in Central America and ongoing programs in Colombia, Haiti, and Mexico. In addition to State Department and USAID funding, some countries in Latin America and the Caribbean receive assistance through U.S. agencies such as the Department of Defense (DOD), the Inter-American Foundation, the Millennium Challenge Corporation, and/or the Peace Corps.

**Table 2. U.S. Assistance to Latin America and the Caribbean: FY2011-FY2016**

(appropriations in billions of U.S. dollars)

FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 (Est.)	FY2017 (Req.)
1.86	1.82	1.68	1.46	1.58	1.74	1.74

**Source:** CRS Correspondence with USAID Budget Office, June 2016.

**Key Policy Issues:** The Senate and House Appropriations Committees reported out their respective FY2017 State Department, Foreign Operations, and Related Programs appropriations bills, S. 3117 and H.R. 5912, in June and July 2016; however, those measures never received floor consideration. Instead, Congress opted to fund foreign aid programs through a series of stopgap measures. On December 10, 2016, President Obama signed into law a continuing resolution (P.L. 114-254) that will fund most foreign aid programs at the FY2016 level, minus an across-the-board reduction of 0.1901% (hereafter referred to as almost 0.2%), until April 28, 2017. The measure replaced a previous continuing resolution (P.L. 114-223) that funded most foreign aid programs at the FY2016 level, minus an across-the-board reduction of 0.496%, between October 1, 2016, and December 9, 2016. P.L. 114-223 also included \$145.5 million in supplemental FY2016 appropriations for global health assistance to address the Zika virus outbreak. All of the supplemental global health assistance was allocated to Latin America and the Caribbean to provide targeted support to those affected by the Zika virus. The incoming 115<sup>th</sup> Congress will need to complete action on FY2017 appropriations for the balance of the fiscal year.

The 114<sup>th</sup> Congress enacted two other legislative measures that affect U.S. foreign aid to Latin America and the Caribbean. As noted above, in December 2016, President Obama signed into law P.L. 114-323, which among its provisions established a Western Hemisphere Drug Policy Commission. The new commission will conduct a comprehensive review of U.S. drug control policy in the hemisphere, including an evaluation of counternarcotics assistance programs, such as the Colombia Strategic Development Initiative, the Merida Initiative, the Caribbean Basin Security Initiative (CBSI), and the Central America Regional Security Initiative (CARSI).

As noted above, the FY2017 NDAA, P.L. 114-328, enacted in December 2016, modified and codified a number of authorities that allow DOD to provide security assistance to foreign nations. Among its provisions, the law extended DOD's authority to support a unified counterdrug and counterterrorism campaign in Colombia for two years; mandated that DOD submit an annual budget request for all security cooperation programs; and required DOD to develop an assessment, monitoring, and evaluation framework for security cooperation programs.

In addition to these legislative initiatives, the 114<sup>th</sup> Congress held several oversight hearings that examined the implementation and effectiveness of foreign aid programs in Latin America and the Caribbean (see **Appendix** for hearings).

For additional information, see CRS Report R44647, *U.S. Foreign Assistance to Latin America and the Caribbean: Trends and FY2017 Appropriations*, by Peter J. Meyer.

## Migration Issues

Latin America is a 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 10 countries of origin for the U.S. foreign-born population. Factors that have fueled Latin American migration to

the United States have included familial ties, poverty and unemployment, political and economic instability, natural disasters, proximity, and crime and violence.

Since the mid-1990s, increased border enforcement has made unauthorized entry into the United States more difficult and expensive. This has prompted 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. During the journey, migrants have been vulnerable to kidnapping, human trafficking, and other abuses.

Latin American governments have supported the enactment of comprehensive immigration reform in the United States that would normalize the status of illegal immigrants and create guest worker programs to facilitate circular migration. The House and the Senate considered immigration measures on a variety of issues in the 114<sup>th</sup> Congress, but comprehensive immigration reform was not on the agenda.<sup>33</sup> In the absence of comprehensive reform, governments welcomed President Obama's 2012 executive action that provided relief from removal (deportation) for certain immigrants who arrived to the country as children.<sup>34</sup>

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. Eligibility for TPS currently is scheduled to expire for Haiti in July 2017, for Honduras and Nicaragua in January 2018, and for El Salvador in March 2018.

Latin America and the Caribbean is also the top destination for U.S. removals (deportations). In FY2015, DHS deported 235,413 individuals worldwide, some 94% of whom were returned to Mexico and the "northern triangle" countries of Central America (El Salvador, Guatemala, and Honduras).<sup>35</sup> Mexico remains concerned about the safety of Mexican deportees arriving into dangerous localities. Caribbean and Central American countries are concerned about the effect of U.S. deportations of those with criminal records on their countries. These countries have asked the U.S. government to provide better information on deportees with criminal records and to provide reintegration assistance to help support returning nationals. DHS has begun to provide criminal history information to certain countries, and USAID has provided reception and reintegration assistance to the northern triangle countries. Mexico and Central American governments are providing increased consular services to their citizens living in the United States, including referrals to legal services for those facing deportation.

As illegal emigration from Mexico has declined, illegal emigration of both families and unaccompanied children from Central America's northern triangle countries surged in mid-2014 and has remained at elevated levels since then. Migration flows of children and families declined somewhat in 2015 due to Mexico's increased immigration enforcement but resurged in 2016. Analysts maintain that sustainable reductions in those flows, which include asylum-seekers,

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<sup>33</sup> CRS Report R44230, *Immigration Legislation and Issues in the 114th Congress*, coordinated by Andorra Bruno.

<sup>34</sup> Latin American governments also supported the President Obama's 2014 executive action that would have given more categories of unauthorized immigrants in the United States relief from deportation and work authorizations. In November 2015, the U.S. Court of Appeals for the Fifth Circuit affirmed a lower court decision that barred implementation of the 2014 executive action.

<sup>35</sup> DHS, Bureau of Immigration and Customs Enforcement (ICE), *ICE Enforcement and Removal Operations Report: FY2015*, December 22, 2015. FY2016 removal figures have yet to be released.

would require the countries of origin and the international community to take steps to address the poor security and socioeconomic conditions causing Central Americans to migrate.

Over the past several years, the number of undocumented Cubans entering the United States by land has increased significantly, with a majority entering through the U.S. southwest border. Although this route is not new for Cubans, the Cuban government's 2013 relaxation of its exit rules for citizens and concerns that the United States might change its immigration policy for Cubans have prompted a large increase in the number of Cubans making the overland journey. In the past year, thousands of Cubans became stranded in Central American transit countries due to changes in visa and migration policies of those governments. These developments required Mexico and Central American governments to negotiate ways for the Cubans to pass through the region and on to the U.S. southwestern border.

The Dominican government has taken steps to address the citizenship status and rights of people of Haitian descent and undocumented individuals living in the Dominican Republic through implementation of a naturalization law and regularization plan. The U.S. government and others are seeking to ensure that the naturalization and regularization plans benefit all who should qualify and that deportations are conducted transparently. U.S. humanitarian and protection assistance is being provided through U.N. and other entities.

**Key Policy Issues:** The 114<sup>th</sup> Congress provided foreign assistance to help address some of the factors fueling migration from Central America, to support Mexico's migration management and border security efforts, and to support migration-related programs implemented by the U.N. High Commissioner for Refugees and the International Organization for Migration (see "Central America" and "Mexico" sections, below). Congress held a hearing on border security challenges in the Western Hemisphere, including the rise in African, Asian, and Haitian migration to the southwestern border that has occurred this year. Congress also conducted oversight of State Department assistance that is being implemented by DHS to bolster country and regional responses to migration challenges, and of the Central American Minors (CAM) in-country refugee/parole processing program established by the Obama Administration in late 2014. Legislation was introduced in both houses, the Secure the Northern Triangle Act (S. 3106 and H.R. 5850), which would have authorized foreign assistance to address migration push factors in Central America, increased efforts against alien smuggling, and provided legal aid to Central American asylum seekers in the United States.

For additional information, see CRS Report R43702, *Unaccompanied Children from Central America: Foreign Policy Considerations*, coordinated by Peter J. Meyer; CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: Background and FY2017 Budget Request*, by Peter J. Meyer and Clare Ribando Seelke; CRS Report R44020, *In-Country Refugee Processing: In Brief*, by Andorra Bruno; CRS In Focus IF10215, *Mexico's Recent Immigration Enforcement Efforts*, by Clare Ribando Seelke; CRS Insight IN10317, *The Dominican Republic: Tensions with Haiti over Citizenship and Migration Issues*, by Clare Ribando Seelke, Rhoda Margesson, and Maureen Taft-Morales; CRS Report RL33200, *Trafficking in Persons in Latin America and the Caribbean*, by Clare Ribando Seelke; and CRS Report R43926, *Cuba: Issues for the 114<sup>th</sup> Congress*, by Mark P. Sullivan.

## **Trade Policy**

The Latin American and Caribbean region is one of the fastest-growing regional trading partners for the United States. Despite challenges such as diplomatic tensions 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 Latin American and

Caribbean region’s imports and 30% of its exports. Most of this trade is with Mexico, which accounted for 72% of U.S. imports from the region and 61% of U.S. exports to the region in 2015. In 2015, total U.S. exports to Latin America and the Caribbean were valued at \$388.3 billion while U.S. imports were valued at \$412.3 billion (see **Table 3**).

The United States has strengthened economic ties with Latin America and the Caribbean 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 in January 1994, the United States has entered into six FTAs involving 11 countries, including Mexico, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. The United States concluded trade negotiations for a Trans-Pacific Partnership agreement, a proposed free trade agreement among 12 countries, which include Chile, Mexico, and Peru. Some of the largest economies in South America, however, such as Argentina, Brazil, and Venezuela, have resisted the idea of forming comprehensive free trade agreements with the United States. As a result, there are numerous other bilateral and plurilateral trade agreements throughout the Western Hemisphere that do not include the United States. In addition to FTAs, the United States has extended unilateral trade preferences to some countries in the region through trade preference programs such as the Caribbean Basin Trade Partnership Act (CBTPA) and the Generalized System of Preferences (GSP). GSP was renewed in June 2015, under the Trade Preferences Extension Act (P.L. 114-27), which authorizes GSP through December 31, 2017. Most countries in the region also belong to the World Trade Organization (WTO) and are engaged in WTO multilateral trade negotiations.

**Table 3. U.S. Trade with Key Trading Partners in Latin America and the Caribbean, 2008-2015**

(in millions of U.S. dollars)

Partner Country	2008	2009	2010	2011	2012	2013	2014	2015
U.S. Exports								
Mexico	151,539	128,998	163,665	198,289	215,875	225,954	240,331	235,745
Brazil	32,910	26,175	35,418	43,019	43,771	44,106	42,434	31,651
Colombia	11,439	9,458	12,068	14,336	16,357	18,371	20,068	16,287
Total LAC	289,384	238,845	302,241	367,301	399,059	410,370	424,287	388,278
World	1,300,136	1,056,932	1,278,495	1,482,508	1,545,821	1,578,517	1,621,172	1,502,572
U.S. Imports								
Mexico	215,915	176,537	229,986	262,874	277,594	280,556	295,739	296,408
Brazil	30,459	20,074	23,958	31,737	32,123	27,541	30,021	27,468
Venezuela	51,401	28,094	32,707	43,257	38,724	31,998	30,220	15,564
Total LAC	375,890	284,665	361,412	437,165	449,385	438,985	445,994	412,283
World	2,100,141	1,557,876	1,913,857	2,207,954	2,276,267	2,267,987	2,356,366	2,248,232

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

**Notes:** Provides statistics on top three countries followed by ITC totals with Latin America and the Caribbean.

As 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 appeared to be the proposed Trans-Pacific Partnership (TPP) trade agreement, which potentially could have significant implications for U.S. trade and investment ties with Mexico, Chile, and Peru, as well as with Canada and seven other countries in the Pacific (other Latin American countries could possibly join in the future). The proposed TPP would have altered some rules governing trade related to NAFTA and provided updated provisions in areas such as intellectual property rights (IPR) protection, investment, services trade, worker rights, and the environment. Central American and other countries in the region were concerned that it could weaken their relative trade competitiveness, especially in the apparel and textiles industries.

**Key Policy Issues:** During the 114<sup>th</sup> Congress, the proposed TPP was of congressional interest, especially in the areas of worker rights, IPR protection, the environment, services trade, investment, regulatory cooperation, and rules-of-origin provisions. Congress also took an interest in the possible effects of a TPP on Central America. Given that three countries from Latin America are parties to the TPP, some policymakers considered options on whether the United States should broaden trade policy efforts to the region as a whole. Another issue of congressional interest was 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, allowing it to attend negotiating rounds and participate in other Pacific Alliance activities. Energy reform in Mexico and the implications for U.S. oil imports from Mexico and for U.S. business and investment opportunities were also of interest to Congress (also see “Mexico,” below.)

Looking ahead, President-elect Trump announced in November 2016 his intention to withdraw from the TPP. The President-elect also has stated his desire to examine the ramifications of withdrawing from NAFTA once he is in office.

For additional background, see CRS In Focus IF10047, *North American Free Trade Agreement (NAFTA)*, by M. Angeles Villarreal; CRS Report R42965, *The North American Free Trade Agreement (NAFTA)*, by M. Angeles Villarreal and Ian F. Fergusson; CRS Report R44489, *The Trans-Pacific Partnership (TPP): Key Provisions and Issues for Congress*, coordinated by Ian F. Fergusson and Brock R. Williams; CRS In Focus IF10000, *TPP: An Overview*, by Brock R. Williams and Ian F. Fergusson and CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.

## **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. Heroin abuse and opioid-related deaths in the United States have grown in recent years, raising questions among policymakers about how to address foreign sources of opioids—particularly Mexico, which has experienced an uptick in recent years in the cultivation of opium poppy and the production of heroin. Policymakers are also considering the effect of Colombia’s widely anticipated peace accord with the Revolutionary Armed Forces of Colombia (FARC), an organization that has long played a significant role in Latin American drug trafficking.

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 have spurred some Latin American leaders and others to explore drug policy alternatives.<sup>36</sup> Many Latin American stakeholders hoped that the April 2016 U.N. General Assembly Special Session on illicit drugs would spur further consideration of alternative drug policy options, including in particular changes in policy approaches to marijuana-related crimes. 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 as well as for drug supply reduction.

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. In a major reversal that ends a central tenet of U.S.-supported counternarcotics activities in Colombia, the Colombian government announced in May 2015 the end of its campaign of aerial eradication.<sup>37</sup> The decision to halt such spraying, which had been implemented with substantial U.S. support since the 1990s, followed a March 2015 World Health Organization announcement that the herbicide used to eradicate coca crops "probably" causes cancer in humans.

**Key Policy Issues:** Because of the region's role as a source and transit zone, U.S. counternarcotics policy will continue to be a major aspect of U.S. relations with Latin America and the Caribbean. The 114<sup>th</sup> Congress was engaged in regional debates on drug policy reform, particularly as it evaluated the Obama Administration's counternarcotics goals in the Western Hemisphere, including counternarcotics and foreign aid budget plans as well as 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. As noted above, Congress enacted P.L. 114-323 in December 2016, which, among its provisions, established a drug policy commission directed to review and report on U.S. foreign policy efforts and programs in the hemisphere to combat drug trafficking, abuse, and related consequences.

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

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<sup>36</sup> For example, 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 interrelated 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 and suggested 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 report presented several 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. The OAS drug reports were also highlighted at its General Assembly session in June 2013. See OAS, "Declaration of Antigua Guatemala 'For a Comprehensive Policy Against the World Drug Problem in the Americas,'" press release, June 7, 2013, [http://www.oas.org/en/media\\_center/press\\_release.asp?sCodigo=S-010](http://www.oas.org/en/media_center/press_release.asp?sCodigo=S-010).

<sup>37</sup> William Neuman, "Defying U.S., Colombia Halts Aerial Spraying of Crops Used to Make Cocaine," *New York Times*, May 14, 2015.

*and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke; and CRS In Focus IF10400, *Heroin Production in Mexico and U.S. Policy*, by Clare Ribando Seelke and Liana W. Rosen.

## **Terrorism Issues**

Compared to other parts of the world, the potential threat emanating from terrorism is low in most countries in Latin America. Most terrorist acts occur in the Andean region of South America, committed by two Colombian guerrilla groups—the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN)—and one Peruvian guerrilla group, the Shining Path (SL). All three of these groups have been designated by the U.S. State Department as Foreign Terrorist Organizations (FTOs). The FARC, however, has been engaged in peace negotiations with the Colombian government since 2012, culminating in a peace accord signed in September 2016. Although the accord was narrowly rejected by a national plebiscite in early October, both sides hammered out a new peace accord in November 2016, which was ratified by Colombia’s Congress at the end of that month. Negotiations between the Colombian government and the smaller ELN had several false starts in 2016, although to date formal talks with the government have not started. The Shining Path has been significantly diminished because of Peruvian military operations.

For a number of years, there also has been U.S. concern about Iran’s increasing activities in the region as well as those of Hezbollah, the radical Lebanon-based Islamic group with close ties to Iran. Both are reported to be linked to the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people in Buenos Aires. More recently, U.S. concerns have included financial and ideological support in South America and the Caribbean for the Islamic State (also known as the Islamic State of Iraq and the Levant, ISIL/ISIS), including the issue of individuals from the region leaving to fight with the Islamic State.

The United States employs various policy tools to counter terrorism in the region, including sanctions, antiterrorism assistance and training, law enforcement cooperation, and multilateral cooperation through the Organization of American States (OAS). In addition to sanctions against U.S.-designated FTOs in the region, the United States has imposed an arms embargo on Venezuela since 2006 because the Department of State has determined that Venezuela is not fully cooperating with U.S. antiterrorism efforts. The United States has also imposed sanctions on several current and former Venezuelan officials for assisting the FARC and on numerous individuals and companies in Latin America for providing support to Hezbollah. Cuba had been on the State Department’s so-called list of state sponsors of terrorism since 1982, but in May 2015, the Obama Administration rescinded Cuba’s designation as part of its overall policy shift on Cuba.

Over the past several years, Congress has introduced legislation and held oversight hearings pertaining to terrorism issues in the Western Hemisphere. The 112<sup>th</sup> Congress enacted the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220) 2012, which required the Administration to conduct an assessment and present “a strategy to address Iran’s growing hostile presence and activity in the Western Hemisphere.” An unclassified portion of the 2013 report contended that Iranian influence was waning.

**Key Policy Issues:** The 114<sup>th</sup> Congress continued oversight of terrorism concerns in the Western Hemisphere, with House hearings on the activities of Iran and Hezbollah, the peace agreement in Colombia, border security management and concerns, and terrorist financing in South America (see **Appendix**). As noted above, a provision in the FY2017 NDAA, P.L. 114-328 (Section 1013),

enacted in December 2016, extended a unified counterdrug and counterterrorism campaign in Colombia for two years.

Several legislative initiatives were introduced but ultimately not approved or considered. The House passed H.R. 4482 in April 2016, which would have required the Secretary of Homeland Security to prepare a southwestern border threat analysis and strategic plan, including efforts to detect and prevent terrorists and instruments of terrorism from entering the United States. With regard to the AMIA bombing and Iran, two Senate resolutions were introduced: S.Res. 167 would have called for an internationally backed investigation into the January 2015 death of the AMIA special prosecutor in Argentina, Alberto Nisman, and urged the President to continue to monitor Iran's activities in Latin America and the Caribbean, and S.Res. 620 would have, among its provisions, encouraged Argentina to investigate and prosecute those responsible for the AMIA bombing and the death of Nisman. Several initiatives dealt with Cuba's harboring of U.S.-wanted fugitives, an issue that had been noted for many years in the State Department's annual terrorism report.

For additional information, see CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel; CRS Report R43926, *Cuba: Issues for the 114th Congress*, by Mark P. Sullivan; CRS Insight IN10591, *Colombia Adopts Revised Peace Accord: What Next?*, by June S. Beittel; CRS Report R43816, *Argentina: Background and U.S. Relations*, by Mark P. Sullivan and Rebecca M. Nelson.

## **Organization of American States**

The OAS is the oldest multilateral regional organization in the world. Since its foundation in 1948, the 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 20<sup>th</sup> century, as other members sought to closely align themselves with the dominant economic and political power in the region. This dynamic has changed to a certain extent over the past 15 years, as Latin American and Caribbean governments have adopted more independent foreign policies. Although the core pillars of the organization's mission—democracy promotion, human rights protection, economic and social development, and regional security cooperation—still generally align with U.S. policy toward the region, the OAS has become less receptive to U.S. initiatives and more prone to inaction. The organization also has struggled to obtain the funding it needs to carry out its mandates.

As OAS decisions have begun to reflect the increasing independence of the organization's member states, U.S. policymakers occasionally have expressed concerns about the direction of the organization. Some Members of Congress have asserted that the OAS is failing in its mission to support democracy and human rights, and they have argued that the U.S. government should use its influence in the organization, including funding, to compel stronger action on those issues. Others contend that the OAS remains an important forum for advancing U.S. relations with the other nations of the hemisphere and that U.S. policy should seek to strengthen the organization so it can more effectively carry out its mission.

**Key Policy Issues:** The 114<sup>th</sup> Congress continued to appropriate funding for the OAS and oversee U.S. policy at the organization. The FY2016 Consolidated Appropriations Act (P.L. 114-113) provided funding for the U.S. assessed contribution to the OAS, which accounts for nearly 60% of all membership dues paid to the organization. It also provided a \$2.3 million voluntary contribution for OAS development assistance programs and a \$4.1 million voluntary contribution for the OAS Fund for Strengthening Democracy, which included \$2 million for the Inter-American Commission on Human Rights (IACHR). Congress passed a continuing resolution

(P.L. 114-254) in December 2016 that will fund most foreign operations in FY2017 at the FY2016 level, minus an across-the-board reduction of about 0.2%, until April 28, 2017.

The Senate Appropriations Committee's FY2017 foreign operations appropriations bill, S. 3117, would have increased assistance to the OAS, but it never received floor consideration. According to the bill's report, S.Rept. 114-290, the bill would have provided at least \$16.5 million for voluntary contributions to the OAS: \$1 million for OAS development assistance programs, \$4 million for the OAS Fund for Strengthening Democracy, \$7 million for the IACHR (which was facing a budget crisis), and \$4.5 million for a recently established OAS Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH). S.Rept. 114-290 also noted the budgetary challenges faced by the OAS and urged the Secretary-General to "develop a 5-point financial plan that emphasizes the comparative advantages of the OAS in supporting democracy, monitoring electoral processes, and protecting human rights."

The 114<sup>th</sup> Congress took action on several other legislative measures that included provisions related to the OAS. As noted above, Congress enacted P.L. 114-323 in December 2016, which established a drug policy commission to conduct a comprehensive review of U.S. counternarcotics policy in the hemisphere. The law directed the new commission to consult with the OAS's Inter-American Drug Abuse Control Commission (CICAD) as it carries out its work. In December 2015, the House adopted H.Res. 536, which urged countries in the Western Hemisphere to uphold the principles outlined in the Inter-American Democratic Charter and to implement recommendations from the IACHR's Office of the Special Rapporteur for Freedom of Expression. In September 2016, the House passed the Nicaraguan Investment Conditionality Act (H.R. 5708), which, among its provisions, directed the U.S. Permanent Representative to the OAS to use the voice, vote, and influence of the United States to advocate for OAS electoral observation missions to Nicaragua in 2016 and 2017.

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

## **Climate Change and Clean Energy**

Latin America and the Caribbean face numerous risks from climate change, according to many sources. Paradoxically, these countries have contributed only a modest portion of the world's carbon dioxide (CO<sub>2</sub>) emissions, the primary component of greenhouse gases. The region generates only an estimated 7% of the world's greenhouse gases—10% if emissions from forest and land degradation are included.<sup>38</sup> This is in part due to the region's clean energy matrix. Some countries are endowed with abundant water resources, such as rivers and glaciers, and produce hydroelectric power. Still, Brazil, Ecuador, Bolivia, and other nations have high rates of deforestation that release carbon dioxide to the atmosphere.

Tourism and agriculture are important sources of income in the region. Increased erosion and projected increases in severe weather events, such as more violent storms and flooding, and predicted sea-level rise could undermine coastal tourism. As global temperatures increase, Latin America may face more frequent crop declines or failures, risks to livestock productivity, declining biodiversity, lower fish catches, coral reef die-offs, and other threats to livelihoods. More widespread risk from certain diseases has been forecast. Three mosquito-borne illnesses have spread from Latin America and the Caribbean to the United States in recent years, including

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<sup>38</sup> World Resources Institute, CAIT Climate Data Explorer 2.0, data extracted August 4, 2015. Estimates represent total GHG emissions excluding Land-Use Change and Forestry (LULUCF), and total GHG emissions including LULUCF, respectively, in 2012. See <http://cait.wri.org/>.

an epidemic of Zika virus infections in 2016 (see “Zika Virus” section, below). Severe drought struck parts of Brazil and Central America in 2015 and Bolivia and Venezuela in 2016.

The December 2014 U.N. climate conference, known as COP 20,<sup>39</sup> held in Lima, Peru, drew attention to the challenge of climate change in the Western Hemisphere. Latin American countries have showcased advances in low-carbon energy production, such as solar, wind, or biofuels. Brazil has made significant headway over the past decade in reducing deforestation in the Amazon—protecting the earth’s largest trap for CO<sub>2</sub>.<sup>40</sup> Mexico has been a regional and global leader during the administrations of Felipe Calderón (2006-2012) and Enrique Peña Nieto (2012-present). In March 2015, Mexico was the first developing country in the world to submit its climate change pledge—or an Intended Nationally Determined Contribution (INDC)—for the U.N. climate conference to be held in Paris in December 2015. The Twenty-First Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) lasted from November 30 through December 12, 2015 and produced the so-called Paris Agreement.

With nearly worldwide attendance, the COP21 conference convened delegations from 195 countries. At the end of the conference, the delegates announced that the agreement they had hammered out pledged nations to reduce their greenhouse gas emissions and cooperate on a common goal of adapting to climate change, and they also agreed on ways to provide financial and other support. The agreement went into force on November 4, 2016, after more than 72 states (representing more than 56% of global CO<sub>2</sub> emissions), deposited their instruments of ratification. The Paris Agreement aims at ambitious goals of greenhouse gas emission reduction and mitigation through voluntary pledges and will depend on country peer pressure to realize those goals.

How Latin America and the Caribbean nations address climate change in 2017 and beyond may depend on the perceived risks and benefits of low-carbon growth. A single “regional” viewpoint is unlikely given the diversity of political perspectives, geographies, and fragmentation of efforts between regional organizations. On the other hand, there is significant consensus in Latin America that climate change is an important policy issue, according to a 2016 Pew Center study of respondents globally.<sup>41</sup> Additionally, the harsh effects of the 2015-2016 stronger-than-usual El Niño weather phenomena has led to floods in some countries and droughts in other parts of the region, such as Central America and Bolivia. Some observers maintain that sustainable growth and prosperity can be achieved with low CO<sub>2</sub>-emissions development, but how Latin American and Caribbean nations will balance projected lower growth rate—and even contraction—with progress on climate concerns remains to be seen.

“Securing a clean energy future” was one of four pillars of the Obama Administration’s policy approach in Latin America and the Caribbean. The Administration’s Energy and Climate Partnership of the Americas (ECPA) was one avenue for achieving this goal. ECPA promoted clean energy technologies, built hemispheric partnerships, and developed new clean energy initiatives among governments, private industry, and civil society. After 40 different initiatives and projects launched under ECPA, new U.S. assistance concluded in FY2014, but existing projects continued through the end of FY2016. In October 2015, U.S. Secretary of State John Kerry launched a \$10 million clean energy initiative for Central America and the Caribbean. The

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<sup>39</sup> The 20<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change, which entered into force in 1994.

<sup>40</sup> Some recent data, using new remote sensing methods, suggest that deforestation rates did not fall as much as previously estimated.

<sup>41</sup> Richard Wike, “What the World Thinks About Climate Change in 7 Charts,” Pew Research Center, April 19, 2016.

effort targeted the private sector to increase financial assistance and investment in clean energy projects.<sup>42</sup> (Also see “Caribbean Security and Energy Issues” below.)

**Key Policy Issues:** Western Hemisphere countries received \$71.4 million in foreign assistance under the Administration’s Global Climate Change Initiative (adaptation, clean energy, and sustainable landscapes) in FY2015 and an estimated \$70.5 million in FY2016. The FY2017 request was for \$70.7 million. Members of the 114<sup>th</sup> Congress had some interest in these programs and how they worked for nations in the region, and how the U.S. policy framework toward climate and energy related to the pledges or INDCs of Latin American countries announced in Paris.

For additional information, see CRS Insight IN10590, Paris Climate Change Agreement to Enter into Force November 4, by Jane A. Leggett.

## **Zika Virus**

During the second session, the 114<sup>th</sup> Congress considered how the United States should respond to the spread of the Zika virus throughout the Western Hemisphere. The Zika virus is a mosquito-borne illness that has no treatment or vaccine and can cause microcephaly—a severe birth defect—and other neurological complications. The number of people in the Western Hemisphere affected by Zika is unknown, but nearly all countries in Latin America and the Caribbean have recorded cases of the virus. Brazil has registered the most confirmed cases of Zika in Latin America, as well as the vast majority of Zika-associated microcephaly.

Zika responses in the region have been led by Brazil and Colombia, multilateral organizations such as the World Health Organization (WHO)/Pan American Health Organization (PAHO), and the U.S. government. Health experts have expressed some concerns about the capacity of some health systems—particularly in Central America and the Caribbean—to prevent, diagnose, and care for Zika cases and associated complications, particularly among pregnant women.

In February 2016, the Obama Administration submitted an emergency request for almost \$1.9 billion in supplemental funding to respond to the Zika outbreak, including \$526 million for international efforts. In April, the Administration announced that it would reprogram \$589 million in unobligated funds for efforts to address the Zika outbreak. USAID has reprogrammed \$215 million of that funding—including a \$78 million transfer to the Centers for Disease Control and Prevention (CDC)—for international efforts. USAID is prioritizing vector control, behavioral and social change communication to help prevent the spread of Zika, and the delivery of maternal and reproductive health services. It is also incentivizing innovations and research. USAID is focusing on Haiti, Guatemala, El Salvador, Honduras, and the Dominican Republic. The CDC is engaging in joint research on Zika with Brazil, Colombia, and other countries; working to develop a Zika vaccine; and supporting other countries’ surveillance, diagnostic, and treatment capabilities.

**Key Policy Issues:** In May 2016, both the House and the Senate passed supplemental appropriations measures (H.R. 5243) and (S.Amdt. 3900 to H.R. 2577) for Zika response but never agreed to a conference agreement on the Zika supplemental request. In September 2016, Congress enacted a FY2017 continuing resolution (P.L. 114-223) that funded most foreign aid programs between October 1, 2016, and December 9, 2016; the measure also became the vehicle for Congress to provide \$145.5 million in supplemental FY2016 appropriations for global health

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<sup>42</sup> U.S. Agency for International Development (USAID), “Secretary Kerry Announces USAID-Funded Clean Energy Initiative,” October 20, 2015.

assistance to help governments in the region support those who have been affected by the Zika virus outbreak.<sup>43</sup>

For more information, see CRS Report R44545, *Zika Virus in Latin America and the Caribbean: U.S. Policy Considerations*, coordinated by Clare Ribando Seelke, and CRS Report R44460, *Zika Response Funding: Request and Congressional Action*, coordinated by Susan B. Epstein.

## **Selected Country and Subregional Issues**

### **Argentina**

Argentina, a South American country with a population of almost 43 million, has had a vibrant democratic tradition since its military relinquished power in 1983. Current President Mauricio Macri—the leader of the center-right Republican Proposal (PRO) and the candidate of the Let’s Change coalition representing center-right and center-left parties—won the 2015 presidential race and was inaugurated in December 2015. He succeeded two-term President Cristina Fernández de Kirchner, from the center-left faction of the Peronist party known as the Front for Victory (FPV), who was first elected in 2007 (succeeding her husband, Néstor Kirchner, who served one term). In a close race, Macri defeated the FPV’s Daniel Scioli. Macri’s election ends the 12-year run of so-called Kirchnerismo that helped Argentina emerge from a severe economic crisis in 2001-2002 but also was characterized by protectionist and unorthodox economic policies and at times difficult relations with the United States.

Argentina has Latin America’s third-largest economy and is endowed with vast natural resources. Agriculture has traditionally been a main economic driver, but the country also has a diversified industrial base and a highly educated population. In 2001-2002, a severe economic crisis precipitated by unsustainable debt led to the government defaulting on nearly \$100 billion in foreign debt owed to private creditors, the International Monetary Fund (IMF), and foreign governments. Subsequent Argentine administrations resolved more than 90% of the country’s debt owed to private creditors through two debt restructurings offered in 2005 and 2010; repaid debt owed to the IMF in 2006; and, in May 2014, reached an agreement to repay foreign governments, including the United States.

Reaching a settlement with the private creditors that did not participate in the exchanges—the “holdouts”—was a more protracted process. Macri made it a priority to resolve the 15-year standoff with private creditors, and, in February 2016, the Argentine government reached an agreement with the major remaining holdouts. In April 2016, the government successfully issued \$16.5 billion in new government bonds and paid \$9.3 billion to holdout creditors, effectively resolving the default.

U.S.-Argentine relations generally have been characterized by robust commercial relations and cooperation in such issues as nonproliferation, human rights, education, and science and technology. Under the Kirchner governments, however, there were periodic tensions in relations. Macri’s election brought to power a government that has demonstrated a commitment to improved relations with the United States.

The Obama Administration moved forward swiftly with engaging the new government on a range of bilateral issues and pursuing cooperation on various regional and global challenges.

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<sup>43</sup> USAID, “Newly Approved Funding for Zika Sustains and Scales Up Current USAID Response Efforts,” press release, November 15, 2016.

Demonstrating the significant change in relations, President Obama traveled to Argentina in March 2016 for a state visit that increased cooperation in such areas as trade and investment, renewable energy, climate change, and citizen security. President Obama also announced a comprehensive effort to declassify additional U.S. documents from the era of military rule in Argentina in which thousands were killed. Secretary of State John Kerry traveled to Argentina in August 2016 to launch a High-Level Dialogue with Argentina to serve as a mechanism to ensure sustained engagement on bilateral issues and approaches toward regional and global challenges, including respect for democracy and human rights in the Americas.

**Key Policy Issues:** U.S.-Argentine relations have largely been an oversight issue for Congress. In the aftermath of Macri's election, key Members of Congress urged the Obama Administration to prioritize relations with Argentina. Over the years, an interest of Congress has been progress in the investigation and prosecution of those responsible for the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA), which killed 85 people, and more recently in the investigation into the January 2015 death of the special prosecutor in the AMIA investigation, Alberto Nisman. With regard to trade, some Members of Congress have attempted to block the lifting of U.S. import restrictions on fresh beef and lemon imports from Argentina.

Two Senate resolutions were introduced on Argentina in the 114<sup>th</sup> Congress but not considered. As noted above, S.Res. 167 would have called for an internationally backed investigation into the death of the AMIA special prosecutor. S.Res. 620 would have supported the partnership between Argentina and the United States, encouraged the State Department to coordinate an interagency strategy to increase cooperation with Argentina, commended President Macri for far-reaching economic reforms and praised the government for resolving its dispute with international creditors, and encouraged the government to investigate and prosecute those responsible for the AMIA bombing and the death of Nisman.

For additional information, see CRS Report R43816, *Argentina: Background and U.S. Relations*, by Mark P. Sullivan and Rebecca M. Nelson; CRS Insight IN10378, *Argentina Votes for Change in 2015 Presidential Election*, by Mark P. Sullivan; and CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel.

## **Brazil**

As a large country with tremendous natural resources, Brazil has long held potential to become a world power. Its rise to prominence has been hindered by setbacks, however, including an extended period of military rule (1964-1985) and uneven economic performance. Brazil gradually consolidated liberal democracy following its political transition, and implemented economic reforms in the 1990s that laid the foundation for stronger growth. A boom in international demand for Brazilian commodities during the first decade of this century fueled a period of rapid economic expansion, which contributed to, and was reinforced by, the growth of Brazil's middle class. In addition to providing the Brazilian government with the resources necessary to address long-standing social disparities, this economic growth strengthened Brazil's international stature.

After more than a decade of advancements, Brazil is once again facing economic and political crises. The economy, which began to slow in 2011 with the end of the global commodity boom, contracted by an estimated 3.8% in 2015 and is expected to contract by 3.3% in 2016.<sup>44</sup> Some Brazilians who joined the middle class during the boom years have fallen back into poverty as

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<sup>44</sup> International Monetary Fund, *World Economic Outlook Database, October 2016*, October 4, 2016.

unemployment has climbed to nearly 12%.<sup>45</sup> At the same time, a sprawling corruption investigation involving the diversion of public sector funds to bribes and electoral campaigns has implicated prominent business leaders and government officials. The Brazilian Congress seized upon citizen discontent to impeach President Dilma Rousseff and permanently remove her from office in August 2016. Although President Michel Temer, who served as vice president under Rousseff, has pushed forward far-reaching policy reforms, the Brazilian economy has shown few signs of recovery. Political stability also has remained elusive, as corruption allegations against Temer and other high-profile politicians have continued to roil Brazil's political class.

The United States traditionally has enjoyed robust economic and political relations with Brazil. The Obama Administration considered Brazil a "major global player" and an "indispensable partner" on issues ranging from international development to climate change.<sup>46</sup> Nevertheless, the relationship has been strained from time to time as the countries' independent foreign policies and occasionally divergent national interests have led to disagreements. Press reports in 2013 about alleged National Security Agency (NSA) activities in Brazil contributed to a particularly frosty period in relations, but bilateral cooperation gradually resumed, paving the way for President Rousseff's official visit to the White House in June 2015.

There has been considerable continuity in U.S.-Brazilian relations over the past year despite the change in government in Brazil. Bilateral dialogues, which facilitate policy coordination, continued throughout the impeachment process against President Rousseff. In the aftermath of Rousseff's removal, the Obama Administration expressed confidence that the process had been carried out in accordance with Brazil's constitutional framework and pledged to continue working with the Brazilian government on issues of mutual concern.

**Key Policy Issues:** The 114<sup>th</sup> Congress approved two legislative measures that directly influenced U.S.-Brazil relations. As part of the Trade Preferences Extension Act of 2015 (P.L. 114-27), Congress renewed the Generalized System of Preferences (GSP) program, which provides non-reciprocal, duty-free tariff treatment to certain products imported from Brazil and other designated developing countries. In the Consolidated Appropriations Act, 2016 (P.L. 114-113), Congress authorized reforms to the International Monetary Fund (IMF) that had been pending since 2010 and provided greater voting power to Brazil and other emerging economies. The law also provided foreign assistance for Brazil, including \$10.5 million to support conservation programs in the Brazilian Amazon. For FY2017, a continuing resolution, P.L. 114-254, is funding most foreign aid programs at the FY2016 level, minus an across-the-board reduction of about 0.2%, until April 28, 2017.

A few other measures related to Brazil were introduced in the 114<sup>th</sup> Congress. H.Res. 815, introduced in July 2016, would have expressed the sense of Congress that governments, including the Brazilian government, should inform travelers about the Zika virus and take steps to prevent its transmission. Two other bills were designed to pressure Brazil to amend its constitution to allow the extradition of Brazilian nationals; H.R. 2784 would have suspended foreign assistance to Brazil, and H.R. 2785 would have suspended the issuance of visas to Brazilian nationals, until it changes its extradition policies.

In addition to considering legislation, several Members of the 114<sup>th</sup> Congress spoke out about developments in Brazil. Some Members raised concerns about the precautions taken to prevent

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<sup>45</sup> Instituto Brasileiro de Geografia e Estatística, "PNAD Contínua: Taxa de Desocupação Fica Em 11,8% no Trimestre Encerrado em Outubro de 2016," press release, November 29, 2016.

<sup>46</sup> White House, Office of the Press Secretary, "Remarks by President Obama and President Rousseff of Brazil in Joint Press Conference," June 30, 2015.

the spread of Zika as Brazil prepared to host the Summer Olympics in August 2016. Others raised concerns about the impeachment process in Brazil, which they asserted was a threat to democracy.

For additional information, see CRS Insight IN10471, *Brazil in Crisis*, by Peter J. Meyer; CRS Report RL33456, *Brazil: Background and U.S. Relations*, by Peter J. Meyer; CRS In Focus IF10447, *U.S.-Brazil Trade Relations*, by M. Angeles Villarreal; CRS Report R44545, *Zika Virus in Latin America and the Caribbean: U.S. Policy Considerations*, coordinated by Clare Ribando Seelke; and CRS Report R44575, *The 2016 Olympic Games: Health, Security, Environmental, and Doping Issues*, coordinated by L. Elaine Halchin and John W. Rollins.

## **Caribbean Security and Energy Issues**

Because of their geographic location, many Caribbean nations are transit countries for illicit drugs destined for the U.S. and European markets. Currently, of the 16 countries in the Caribbean region, President Obama identified four—the Bahamas, Belize, the Dominican Republic, Haiti, and Jamaica—as major drug-producing or drug-transit countries in September 2016, pursuant to annual legislative drug certification requirements.<sup>47</sup> 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 FY2016 amounted to an estimated \$444 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. The House Appropriations Committee version of the FY2016 foreign aid appropriations measure, H.R. 2772, would have provided about \$8 million in additional assistance for the CBSI above the Administration's request of \$53.5 million, whereas the Senate Appropriations Committee version, S. 1725, would have provided \$9 million less. Ultimately, Congress provided \$57.7 million for the CBSI in FY2016, as set forth in the explanatory statement to the FY2016 omnibus appropriations measure, P.L. 114-113, about \$4.2 million above the amount requested.

Many Caribbean nations depend on energy imports and over the last decade have participated in Venezuela's PetroCaribe program, in which they purchase Venezuelan oil under preferential financing terms. In 2014, the Obama Administration launched a Caribbean Energy Security Initiative (CESI), which has the goal of promoting a cleaner and more sustainable energy future in the Caribbean. The initiative includes a variety of U.S. activities to facilitate cleaner energy sources, develop collaborative networks on clean energy, finance clean energy projects, increase energy efficiency, and expand access to electricity, information, and technology. The report to S. 1725 (S.Rept. 114-79) recommended \$5 million for the CESI in FY2016. Ultimately, the explanatory statement to the FY2016 omnibus measure, P.L. 114-113, measure provided \$2 million for the program.

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<sup>47</sup> Belize is located in Central America but is a member of the Caribbean Community (CARICOM).

In January 2015, Vice President Biden hosted a Caribbean Energy Security Summit in Washington, DC; representatives from regional governments, regional and multilateral development banks, the Caribbean Community (CARICOM), and the OAS reiterated their commitment to support a cleaner and more sustainable energy future in the Caribbean. In April 2015, President Obama met with Caribbean leaders in a U.S.-Caribbean Community Summit in Jamaica, where part of the summit focused on improving energy security, reducing energy costs, and combating climate change. The President announced the launch of a Clean Energy Finance Facility for the Caribbean and Central America to encourage investment in clean energy projects. He also announced a task force of representatives from the United States, governments in the region, and regional institutions. Secretary of State John Kerry announced the opening of the facility in October 2015. Vice President Biden hosted a follow-up U.S.-Caribbean-Central American Energy Summit in May 2016 in Washington, DC, and the above-noted task force issued a report addressing energy security issues, which urged countries to diversify their energy sources.

**Key Policy Issues:** Concern about drug trafficking through the Caribbean sustained congressional interest in the CBSI program. For FY2017, the Administration requested \$48.4 million for the CBSI, a 16% reduction from FY2016. The House Appropriations Committee report to accompany the House version of the FY2017 foreign aid appropriations bill (H.Rept. 114-693 to H.R. 5912) would provide \$57.7 million for the CBSI, the same amount appropriated in FY2016, whereas the Senate Appropriations Committee’s report to accompany the Senate version of the bill (S.Rept. 114-290 to S. 3117) would provide \$53.6 million. In addition to the CBSI, the Senate report would also provide \$2 million for the Caribbean Energy Security Initiative. Congress did not complete action on these bills, but in December 2016, it enacted a FY2017 continuing resolution (P.L. 114-254) that funded most foreign aid programs at the FY2016 level, minus an across-the-board reduction of almost 0.2%, through April 28, 2017.

In December 2016, Congress enacted P.L. 114-291, the United States-Caribbean Strategic Engagement Act of 2016—which has the objective of increasing engagement with the Caribbean. The measure requires the Secretary of State, in coordination with the USAID Administrator, to submit a multiyear strategy to Congress for U.S. engagement with the Caribbean region. Among other requirements, the strategy is to encourage Caribbean efforts to improve energy security and to partner with Caribbean governments to improve citizen security, reduce drug trafficking, strengthen the rule of law, and improve the effectiveness and sustainability of the CBSI. The bill also requires a report evaluating the CBSI and making recommendations to make the program more effective. As noted above, Congress also approved P.L. 114-323 in December 2016, which among its provisions established a new commission to review U.S. drug control policy in the Western Hemisphere, including an evaluation of the CBSI.

The House Western Hemisphere Subcommittee held oversight hearings on energy security in May 2015 and June 2016 that examined challenges for the Caribbean. The subcommittee also held a hearing on the Caribbean in July 2016 examining U.S. engagement with the region (see **Appendix**).

## **Central America**

U.S. policymakers have expressed significant concerns about conditions in Central America over the past decade. Countries in the region—particularly the “northern triangle” countries of El Salvador, Guatemala, and Honduras—have long struggled to deal with high levels of crime and violence that analysts have linked to interrelated factors such as widespread social exclusion and weak and corrupt security and justice sector institutions. Security conditions have deteriorated further as transnational criminal organizations have fought to control Central American territory

in order to transport illicit narcotics from producers in South America to consumers in the United States. From FY2008-FY2016, Congress appropriated an estimated \$1.5 billion of assistance through the Central America Regional Security Initiative (CARSI) to strengthen law enforcement, build institutional capacity, and address underlying socioeconomic challenges in Central America. While USAID's CARSI-funded crime prevention programs have produced statistically significant improvements in the communities where they are located, violence levels remain elevated throughout the northern triangle.

Policymakers had begun to reevaluate U.S. efforts in Central America even before the United States experienced a sharp increase in the number of unaccompanied children and other migrants and asylum seekers from the region arriving at the southern border in 2014. The Obama Administration launched a new whole-of-government "U.S. Strategy for Engagement in Central America" that places greater emphasis on fostering prosperity and improving governance while continuing to address security concerns in the region. The governments of El Salvador, Guatemala, and Honduras—with support from the Inter-American Development Bank—are carrying out complementary efforts under their "Plan of the Alliance for Prosperity in the Northern Triangle."

Many analysts are skeptical that leaders in the region are committed to far-reaching structural changes, especially in light of recent corruption scandals that have implicated top officials. While all three governments have begun to implement some reforms, serious challenges remain, as demonstrated by escalating levels of violence in El Salvador, assassinations of human rights defenders in Honduras, rising poverty in Guatemala, and increasing numbers of migrants and asylum-seekers from the region arriving at the U.S. border.

**Key Policy Issues:** The 114<sup>th</sup> Congress continued to express concerns about conditions in Central America and appropriated funding to support development and security efforts in the region. The Consolidated Appropriations Act, 2016 (P.L. 114-113), provided \$750 million to implement the Administration's Central America strategy but placed numerous conditions on the aid. It withheld 75% of assistance for the "central governments of El Salvador, Guatemala, and Honduras" until the Secretary of State could certify that the governments were "taking effective steps" to address 16 concerns, including improving border security, combating corruption, protecting human rights, and resolving commercial disputes. Congress enacted a continuing resolution (P.L. 114-254) in December 2016 that will continue funding most foreign aid programs in FY2017 at the FY2016 level, minus an across-the-board reduction of about 0.2%, until April 28, 2017. Funding provided through the continuing resolution is subject to the same conditions as were enacted in FY2016.

The FY2016 NDAA, P.L. 114-92, expressed the sense of the Congress that "the stability and security of Central American nations have a direct impact on the stability and security of the United States." The measure asserted that the United States should prioritize efforts to address security threats in the region and called on the Department of Defense to increase its efforts to prevent illicit trafficking into the United States, build partner capacity, support inter-agency activities that address instability, and promote respect for human rights in the region. It also authorized \$30 million above the FY2016 request for U.S. Southern Command operational support for Central America. The FY2017 NDAA, P.L. 114-328, requires the Secretaries of Defense and State to submit a joint report on military units that have been assigned to do policing or other law enforcement duties in El Salvador, Guatemala, and Honduras, and detail U.S. government assistance for those units.

As noted above, Congress also approved P.L. 114-323 in December 2016, which, among its provisions, established a drug policy commission charged with reviewing U.S. drug control policy in the Western Hemisphere, including an evaluation of CARSI.

Several other legislative initiatives related to Central America were introduced in the 114<sup>th</sup> Congress. H.R. 439 and H.R. 530, introduced in January 2015, sought to condition aid to northern triangle countries on those countries' efforts to prevent unauthorized migration to the United States. S. 3106 and H.R. 5850, introduced in June 2016 and July 2016, aimed to provide a coordinated regional response to violence and humanitarian concerns in the northern triangle. H.R. 5474, introduced in June 2016, would have suspended security assistance to Honduras until the Secretary of State certified that the Honduran government had met a number of human rights conditions.

For additional information, see CRS Report R43702, *Unaccompanied Children from Central America: Foreign Policy Considerations*, coordinated by Peter J. Meyer; CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: Background and FY2017 Budget Request*, by Peter J. Meyer and Clare Ribando Seelke; 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 In Focus IF10394, *Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by M. Angeles Villarreal; CRS Report R43616, *El Salvador: Background and U.S. Relations*, by Clare Ribando Seelke; and CRS Report RL34027, *Honduras: Background and U.S. Relations*, by Peter J. Meyer.

## **Colombia**

Colombia is the third-most-populous country in Latin America, with roughly 48 million inhabitants. A key U.S. ally in the region, Colombia has endured an internal armed conflict for half a century. In July 2016, the Colombian Constitutional Court approved a plebiscite to allow Colombian voters to decide the fate of a peace accord negotiated between the government of President Juan Manuel Santos and the country's largest insurgent group, the Revolutionary Armed Forces of Colombia (FARC). After nearly four years of negotiations and some 50 rounds of talks, which began in Norway in October 2012 and then, as planned, moved to Havana, Cuba, a peace accord was signed on September 26, 2016, in a public ceremony.

In a surprise loss, the first accord—known at the Cartagena Agreement—was rejected in the peace plebiscite held a week later on October 2, 2016, by a margin of only 54,000 votes out of 13 million ballots cast. In late November 2016, the Santos government and the FARC signed a second accord, which the government maintained responded to criticisms of the “No” campaign leaders who objected to the first accord. On November 30, 2016, the Colombian Congress approved the second accord, and the fast-track mechanism that would have allowed rapid implementation of the Cartagena Agreement was upheld to apply to the second accord by the Colombian Constitutional Court on December 13, 2016.

The leftist FARC have fought the Colombian government for decades with financing derived from extortion, drug trafficking, and other illicit activities. Some observers consider the FARC to have morphed from a leftist rural insurgency to essentially the country's largest drug trafficking organization. Other analysts maintain that favorable conditions existed for both sides to reach a peace settlement rather than to continue hostilities, although the negotiations took far longer than originally anticipated. Critics, however, have raised concerns that the Santos Administration gave away too many concessions to the FARC in the final agreement.

The U.S. Congress remains deeply interested in the political future of Colombia, as the country has become one of the United States' closest allies in Latin America. Congress has expressed that interest by its continued investment in Colombia's security and stability. Over the years, the U.S.-Colombian relationship has broadened from counternarcotics to include humanitarian concerns;

justice reform and human rights; and economic development, investment, and trade. However, Colombia is and has long been a major source country of cocaine and heroin, and drug trafficking has helped to perpetuate civil conflict by funding both left-wing and right-wing armed groups. Colombia, in close collaboration with the United States, through a broad strategy known as Plan Colombia begun in 2000, made significant progress in reestablishing government control over much of its territory, combatting drug trafficking and terrorist activities, and reducing poverty. Between FY2000 and FY2016, the U.S. Congress appropriated more than \$10 billion in assistance to carry out Plan Colombia and its follow-on strategies.

Even with the peace accord completed with the FARC, two other illegal armed groups persist: the National Liberation Army (ELN), whose armed combatants are estimated to number fewer than 2,000, and the criminal groups that sprang up following the demobilization of Colombia's right-wing paramilitaries, who officially demobilized a decade ago. Some of these actors have signaled an interest in taking over former FARC territory and criminal activities in a post-accord environment. However, the ELN has been in preparatory peace talks with the Santos Administration for more than a year, and both parties anticipate they may start formal peace talks in 2017.

Precise costs of the government-FARC peace accord's implementation remain elusive but may exceed \$30 billion over the next decade. With the tightening of U.S. foreign aid budgets and increasing nationalization of Plan Colombia-related programs since 2008, U.S. foreign assistance to Colombia has been on the decline. President Obama proposed a new "post-peace accord" approach to U.S.-Colombian cooperation, called Peace Colombia (sometimes referred to in Spanish as *Paz Colombia*) totaling \$450 million of support, \$391 million of which the Obama Administration requested in its FY2017 congressional budget justification.

President Santos has continued the market-oriented, economic policies of prior administrations. During his first term, the U.S. Congress approved the U.S.-Colombia Free Trade Agreement, which went into force in April 2012. The United States is Colombia's top trade partner. Colombia has become an increasingly attractive location for foreign direct investment. After several years of annual growth exceeding 4%, one of the strongest and steadiest expansion rates in the region, Colombia's growth rate declined to 3.1% in 2015 and is projected to slow to slightly below 2% in 2016. The decline is largely attributed to lower earnings from energy exports. Colombia's uneven development, high levels of rural poverty, and concentrated land ownership have contributed to its half century of internal conflict.

**Key Policy Issues:** In December 2016, Congress enacted a continuing resolution (P.L. 114-254) that funded foreign assistance to Colombia at slightly below the FY2016 level (\$300 million) through April 28, 2017, after the 115<sup>th</sup> Congress takes office. Members of the U.S. Congress may want to assess if Peace Colombia or another type of post-accord program can help Colombia to secure a sustainable peace. According to Secretary of State John Kerry, effectively implementing the peace accord in Colombia would meet regional goals to stabilize the region and offer a return on a prior U.S. investment in Plan Colombia. However, some observers, weighing the global demands for U.S. assistance, could determine that Colombia, as an upper-middle-income country with considerable capacity, may be able to undertake such reconstruction activities on its own.

For additional information, see CRS Report R43813, *Colombia: Background and U.S. Relations*, by June S. Beittel; CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel; 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 2013, Raúl began his second and final five-year term, which is scheduled to end in February 2018, when he would be 86 years of age. Castro has implemented a number of market-oriented economic policy changes over the past several years. An April 2016 Cuban Communist Party congress endorsed the current gradual pace of Cuban economic reform. Few observers expect the government to ease its tight control over the political system. While the government has released most long-term political prisoners, 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. U.S. policy over the years has consisted largely of isolating Cuba through economic sanctions, while a second policy component has consisted of support measures for the Cuban people, including U.S. government-sponsored broadcasting and support for human rights and democracy projects.

In December 2014, President Obama announced a major shift in U.S. policy toward Cuba, moving away from a sanctions-based policy toward one of engagement and a normalization of relations. The President maintained that the United States would continue to raise concerns about democracy and human rights in Cuba, but he emphasized that the United States could do more through engagement than isolation. The policy change included talks to restore diplomatic relations (relations were reestablished in July 2015); a review of Cuba's designation as a state sponsor of international terrorism (Cuba's designation was rescinded in May 2015); and an increase in travel, commerce, and the flow of information to Cuba. In order to implement this third step, the Treasury and Commerce Departments eased the embargo regulations five times (most recently in October 2016) in such areas as travel, remittances, trade, telecommunications, and financial services. The overall embargo, however, remains in place, and can only be lifted with congressional action or if certain conditions in Cuba are met, including that a democratically elected government is in place. With the goal of advancing the normalization process, President Obama visited Cuba in March 2016, the first visit of a U.S. President to Cuba in almost 90 years.

The outlook for U.S. policy toward Cuba under President-elect Trump is uncertain. Statements from the President-elect, including in the aftermath of Fidel Castro's death in late November 2016, suggest that he might reverse some of the policy changes of the Obama Administration.

**Key Policy Issues:** The Obama Administration's shift in Cuba policy spurred strong interest in Congress. Some Members lauded the initiative as in the best interest of the United States and a better way to support change in Cuba, while others criticized the President for not obtaining more concessions from Cuba to advance human rights and protect U.S. interests. In the 114<sup>th</sup> Congress, numerous legislative initiatives were introduced on both sides of the policy debate. In 2015, five FY2016 House appropriations bills had Cuba provisions that would have blocked some of the Administration's policy changes and introduced new economic sanctions, and one Senate appropriations bill had provisions that would have eased certain economic sanctions. Ultimately, none of these provisions were included in the FY2016 omnibus appropriations measure, P.L. 114-113.

In 2016, three House FY2017 appropriations measures (Commerce, H.R. 5393; Financial Services, H.R. 5485; and Homeland Security, H.R. 5634) had provisions that would have blocked some of the Cuba policy changes, and one FY2017 Senate appropriations measure (Financial Services, S. 3067) would have lifted certain sanctions, including restrictions on travel and financing for agricultural exports. The Senate version of the FY2017 foreign aid appropriations

bill, S. 3117, would have funded additional personnel costs for the U.S. Embassy in Cuba and the Administration's \$15 million request for democracy programs, whereas the House version, H.R. 5912, would have prohibited assistance for expanding the U.S. diplomatic presence in Cuba and provided \$30 million for democracy programs. Ultimately, in December 2016, Congress enacted a continuing resolution (P.L. 114-254), without any of the Cuba provisions noted above, which funded foreign aid appropriations through April 28, 2017, at the FY2016 level minus a reduction of about 0.2%.

With regard to the U.S. Naval Station at Guantanamo Bay, Cuba, the FY2016 NDAA, P.L. 114-92, and the FY2016 omnibus appropriations measure, P.L. 114-113, Division J, had provisions prohibiting FY2016 funding to close the naval station. The FY2016 NDAA also prohibited funding to modify a 1934 treaty in such a way that constructively closes the naval station. These provisions were continued in the FY2017 military construction appropriations measure (Division A of P.L. 114-223) and the FY2017 NDAA, P.L. 114-328. The FY2017 NDAA also prohibits FY2017 Department of Defense funding to invite, assist, or otherwise assure the participation of Cuba in certain joint or multilateral exercises.

Numerous other freestanding bills introduced in the 114<sup>th</sup> Congress would have lifted or eased sanctions, whereas other bills would have increased restrictions on engagement with Cuba.

For additional information, see CRS Report R43926, *Cuba: Issues for the 114th Congress*, by Mark P. Sullivan; CRS In Focus IF10045, *Cuba: President Obama's New Policy Approach*, by Mark P. Sullivan; CRS Insight IN10616, *Fidel Castro's Death: Implications for Cuba and U.S. Policy*, by Mark P. Sullivan; CRS Insight IN10466, *President Obama's Historic Visit to Cuba*, by Mark P. Sullivan; CRS Report R43888, *Cuba Sanctions: Legislative Restrictions Limiting the Normalization of Relations*, by Dianne E. Rennack and Mark P. Sullivan; CRS Report RL31139, *Cuba: U.S. Restrictions on Travel and Remittances*, by Mark P. Sullivan; CRS Report R44119, *U.S. Agricultural Trade with Cuba: Current Limitations and Future Prospects*, by Mark A. McMinimy; CRS Legal Sidebar WSLG1586, *House Approves Measure to Prevent Return of GTMO to Cuba without Congress's Say So*, by Jennifer K. Elsea; and CRS Report R44137, *Naval Station Guantanamo Bay: History and Legal Issues Regarding Its Lease Agreements*, by Jennifer K. Elsea and Daniel H. Else.

## **Guatemala**

In what many observers see as a remarkable step forward for its democratic development, Guatemala's judicial system investigated government corruption, leading to the resignation and arrest of its president and vice-president in 2015. Guatemala then proceeded lawfully and peacefully to form an interim government and hold elections, and transferred power to a newly elected president, Jimmy Morales, in January 2016. In addition to corruption, some of the greatest challenges President Morales faces include high levels of crime, impunity, and poverty. Guatemala's income inequality is among the most extreme in Latin America.

Morales presented his General Government Policy for 2016-2020 in February 2016. The pillars of this plan are zero tolerance for corruption; modernization of the state; food security and nutrition; overall health and quality education; promotion of micro, small, and medium enterprises (MSMEs); tourism and housing construction; and the environment and natural resources. In his first months in office, Morales' administration has been developing tax reform policies. He has also placed experienced professionals in key finance, tax, and economic positions. His Health Minister tendered his resignation in July 2016, however, reportedly saying the government was not resolving the health care crisis, in which hospitals have severe shortages of medicine and other supplies.

Some observers have criticized the Morales Administration for failing to transfer allocated funds to certain elements of the government. In 2016, the Guatemalan Finance Ministry did not transfer funds to direct cash transfer programs that support some of Guatemala's poorest people until more than midway through the year. According to Attorney General Thelma Aldana, the lack of funding for her Public Ministry limits her office's ability to do its work. The Public Ministry has been aggressively investigating corruption, human rights, and other cases. Aldana believes that a threat made against was a response by organized crime to her efforts to dismantle corruption networks.

In 2015, Aldana and the U.N.-backed International Commission against Impunity in Guatemala (CICIG) uncovered a corruption ring at the national tax agency leading to the resignations and arrests of then-President Otto Perez Molina and his vice president. Since then, authorities have arrested and charged more than 200 officials at all levels for corruption. In March 2016, the Public Ministry successfully prosecuted the first case for sexual violence committed during the civil war.

In March 2016, a judge seized and made public previously unknown documents detailing information about military counterinsurgency objectives, operations, and campaigns from 1983 to 1990. Since the Peace Accords were signed in 1996, the Guatemalan army has repeatedly denied that such documents existed. President Morales generated controversy by planning to revive a traditional army parade that has been suspended for almost a decade out of respect for the memory of victims of the 1960-1996 civil war. (A 1998 truth and reconciliation report documented over 54,000 cases of human rights violations, 90% of which it said were committed by the army and amounted to genocide of the indigenous population.) At a scaled-down version of the parade, Morales lauded the military as an exemplary institution. The Public Ministry is currently investigating Edgar Ovalle, one of the president's top advisors and a former military officer, for his role in military operations where massacres occurred during the 1980s. In December 2016, a court barred Ovalle, who is currently a legislator, from leaving the country while the investigation is ongoing.

**Key Policy Issues:** While many see the corruption charges as a crisis, others—including many within the Guatemalan government—also see them as an opportunity to make the government more honest and accountable. Congress has approved aid to strengthen Guatemalan institutions as well as placed conditions on aid based on human rights and other concerns for years, and has supported CICIG. As noted above in the section on “Central America,” the FY2016 omnibus appropriations measure (P.L. 114-113) provided up to \$750 million to Guatemala, El Salvador, and Honduras to address root causes of migration to the United States. Congress conditioned the release of part of the aid package on those governments taking effective steps to combat corruption, prosecute security forces for human rights violations, and other actions. In December 2016, a bipartisan group of Members of Congress wrote Attorney General Aldana and the Attorneys General of El Salvador and Honduras lauding their work fighting corruption and organized crime and pledging to push for continued assistance to their offices in coming years.

For additional information, see CRS Report R43702, *Unaccompanied Children from Central America: Foreign Policy Considerations*, coordinated by Peter J. Meyer; and CRS In Focus IF10371, *U.S. Strategy for Engagement in Central America: Background and FY2017 Budget Request*, by Peter J. Meyer and Clare Ribando Seelke.

## **Haiti**

Haiti has been without an elected president since February 2016, but a newly elected president, Jovenel Moïse, is scheduled to take office on February 7, 2017. In 2015, after the Haitian

government failed to complete a cycle of elections, including a second round of presidential voting at the end of the year, former President Michel Martelly ended his term without an elected successor to take his place. The legislature named an interim president, Jocelerme Privert, to ensure that second-round presidential elections took place in April 2016 and a new president was installed in May. Privert established a verification commission to investigate opposition party charges of electoral fraud; the commission called for the first round of the presidential election to be re-held. Meanwhile, Privert's term expired on June 14, and the Haitian legislature repeatedly failed to vote on extending his mandate or appointing another provisional president. The Obama Administration said it would continue to recognize Privert until another official is named. The electoral commission scheduled new elections for October 2016; because of Hurricane Matthew, they were postponed until November 20.

Haiti re-held presidential elections on November 20, 2016. Preliminary results showed Jovenel Moise of the Bald Head Party (PHTK, former President Michel Martelly's party) winning with almost 56% of the vote. Voter turnout was 21%. The next three candidates filed complaints, but after a formal appeals process, the provisional electoral council (CEP) confirmed Moise's first-round victory, and he is expected to be inaugurated on February 7, 2017. Runoff elections for some parliamentary and local elections will be held on January 29, 2017.

January 12, 2016, marked the sixth anniversary of the earthquake that devastated Haiti's 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.

The United Nations Stabilization Mission in Haiti (MINUSTAH) has helped restore order since 2004. The mission has facilitated elections, initiated efforts against gangs and drug trafficking with the Haitian National Police, and responded to natural disasters. MINUSTAH has been criticized because of sexual abuse by some of its forces and scientific findings that its troops apparently introduced cholera to the country. The U.N. says it will not compensate cholera victims, citing diplomatic immunity. MINUSTAH has also been decreasing its number of troops on the island. Consequently, for the first time, the Haitian National Police had primary responsibility for election security in 2015.

To enhance citizen security, donors have encouraged Haiti to focus on further strengthening the Haitian National Police. Despite opposition at home and abroad, former President Martelly took steps to recreate an army, which was abolished in 1995 after decades of gross violations of human rights and repeated coups.

The Dominican Republic ended its "immigrant regularization" process in June 2015. Since then tens of thousands of Dominican-born people of Haitian descent have relocated to Haiti, some out of fear of or intimidation by Dominican communities or authorities, increasing bilateral tensions. The Dominican Republic extended the period of registration to regularize the migration status of migrants for one year in July 2016. (Also see "Migration Issues," above.)

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 continued U.S. aid; protecting human rights; combating narcotics, arms, and human trafficking; and alleviating poverty. Congress shares these concerns. The United States contributed \$33 million for the electoral cycle that began in 2015, assuming three rounds of elections—a legislative first round, a simultaneous legislative second round and presidential first round, and a presidential second round. The State Department announced in early July 2016 that it would not provide any additional funding for the electoral process but that this did not "signal a

reduction in U.S. support for the people or development of Haiti.”<sup>48</sup> The Haitian government has said it will find the funds needed to hold the elections.

The Obama Administration granted TPS to Haitians living in the United States at the time of the 2010 earthquake, and has extended it on a yearly basis since then. The DHS began to implement the Haitian Family Reunification Parole Program in early 2015 for Haitian relatives of U.S. citizens or permanent residents. Because this program expedites reunification only for those scheduled to receive their entry visas within two years, only a small portion of all Haitians approved for residency will benefit from the program.

The Assessing Progress in Haiti Act of 2014 (P.L. 113-162) 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 State Department submitted its first two reports in January of 2015 and 2016.

**Key Policy Issues:** In the FY2016 omnibus appropriations measure (P.L. 114-113), Congress focused on the strengthening of Haitian democratic institutions and concerns over corruption and transparency in Haiti. The law prohibits assistance to the central government of Haiti unless the Secretary of State certifies that Haiti “is taking effective steps” to hold free and fair parliamentary elections and seat a new Haitian Parliament; strengthen the rule of law, including by selecting judges in a transparent manner; respect judicial independence; improve governance by implementing reforms to increase transparency and accountability; combat corruption; and increase government revenues and expenditures on public services. The State Department has stated that it does not provide any direct assistance to the Haitian government.

For the remainder of the 114<sup>th</sup> Congress, congressional attention focused on Haiti’s completion of its long-overdue elections cycle, and monitoring political tensions and their possible impact on development and stability. A long-standing interest of Congress has been the promotion of Haiti’s economic development.

For background information, see CRS In Focus IF10440, *Haiti: Elections Re-held, Final Results Expected December 29*, by Maureen Taft-Morales; CRS In Focus IF10502, *Haiti: Cholera, the United Nations, and Hurricane Matthew*, by Maureen Taft-Morales and Tiaji Salaam-Blyther ; and CRS Report R42559, *Haiti Under President Martelly: Current Conditions and Congressional Concerns*, by Maureen Taft-Morales.

## **Mexico**

Congress has maintained interest in Mexico, a top trade partner and energy supplier with which the United States shares a nearly 2,000-mile border and strong cultural, familial, and historical ties. Economically, the United States and Mexico are heavily interdependent, and the U.S. economy could benefit if Mexico is able to regain currency stability, fully implement the reforms its legislature has enacted, and attract greater investment. Similarly, security conditions in Mexico affect U.S. national security, particularly along the U.S.-Mexican border.

President Enrique Peña Nieto, former governor of the state of Mexico, is in the fifth year of his six-year term and is ineligible for reelection. During 2013, President Peña Nieto shepherded structural reforms through a fragmented Mexican Congress by forming an agreement among his Institutional Revolutionary Party (PRI), the conservative National Action Party (PAN), and the

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<sup>48</sup> U.S. Department of State, Daily Press Briefing, July 7, 2016.

leftist Party of the Democratic Revolution (PRD). The reforms addressed a range of issues, including education, telecommunications, politics, access to finance, and energy. Some of Peña Nieto's reforms have been implemented, including an energy reform that paved the way for Mexico's recent tender of eight deepwater oil and gas fields. Despite that development, many of the reforms, particularly education reforms opposed by some teachers unions, have stalled.

President Peña Nieto's approval rating has remained low since 2014 (24% in November 2016), as his government has faced economic and security challenges, become embroiled in scandals, and failed to solve high-profile human rights cases. Problems in the energy sector, as well as global uncertainty, have contributed to the depreciation of Mexico's currency and led to budget cuts. The June 2016 adoption of a new criminal justice system has been overshadowed by rising homicides that are approaching levels not seen since 2012. President Peña Nieto, his wife, and his former finance minister became embroiled in conflict-of-interest scandals in 2014; in addition, several outgoing PRI governors have been charged with corruption. The government has been unable to resolve high-profile human rights cases, such as the case of 43 students who were forcibly abducted and murdered in Guerrero in September 2014.

U.S.-Mexican relations have remained strong despite periodic tensions and the emergence of immigration and trade as divisive issues in the U.S. elections. Both countries have prioritized bolstering economic ties, modernizing the border, and promoting educational exchanges through High-Level Economic Dialogues among Cabinet officials started in 2013. Those issues also figured prominently during the June 2016 North American Leaders Summit hosted by Canadian Prime Minister Justin Trudeau and a July 2016 White House meeting between Presidents Obama and Peña Nieto. Mexico, Canada, and the United States participated in negotiations for the Trans-Pacific Partnership agreement (TPP), a proposed free-trade agreement with nine other Asia-Pacific countries that was signed on February 4, 2016.<sup>49</sup> Bilateral energy cooperation has accelerated, both in hydrocarbons and renewables. Water-sharing has advanced in the Colorado River Basin, but the uneven pace of Mexico's deliveries in the Rio Grande Basin has been a source of ongoing tension.

Security cooperation has continued under the framework of the Mérida Initiative, a foreign aid program for which Congress has provided some \$2.6 billion since FY2008. The focus of the Mérida Initiative is on justice sector reform and securing Mexico's southern border, an area where Mexico has stepped up efforts to stop migrants attempting to transit through the country on their way to the United States. Bilateral efforts have also focused on combating opium cultivation in Mexico and heroin and fentanyl production and trafficking.

**Key Policy Issues:** The 114<sup>th</sup> Congress considered legislation affecting U.S.-Mexican trade and security cooperation. The FY2016 Consolidated Appropriations Act (P.L. 114-113) ended the U.S. crude oil export ban, which could enhance bilateral energy trade. In response to threats by Mexico and Canada to impose retaliatory tariffs for U.S. country-of-origin labeling on meat products, the FY2016 omnibus appropriations measure ended the labeling requirements.

Congress continued funding and engaging in oversight of the Mérida Initiative, including in hearings examining the adequacy of bilateral efforts against opium production and heroin trafficking (see **Appendix**). P.L. 114-113 provided \$161.2 million in FY2016 assistance for Mexico and carried forward reporting FY2015 requirements from P.L. 113-235 related to Mexico's water deliveries in the Rio Grande Valley. President Obama's FY2017 aid request for Mexico, which totaled \$133.5 million, included \$129 million for the Mérida Initiative. The House

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<sup>49</sup> CRS In Focus IF10000, *TPP: An Overview*, by Brock R. Williams and Ian F. Fergusson.

Appropriations Committee's version of the FY2017 foreign operations measure, H.R. 5912, would have provided \$157.5 million for Mexico, some \$24 million above the request. The Senate Appropriations Committee's version, S. 3117, would have fully funded the request, with \$3 million in Foreign Military Financing subject to withholding requirements. The Senate bill also included reporting requirements related to the adequacy of Mexico's water deliveries in the Rio Grande Valley. As noted above, Congress approved a FY2017 continuing resolution, P.L. 114-254, in December 2016 that is funding foreign aid to Mexico at the FY2016 level, minus an across-the-board reduction of almost 0.2%, until April 28, 2017.

For additional information, see CRS Report R42917, *Mexico: Background and U.S. Relations*, by Clare Ribando Seelke; CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; CRS In Focus IF10400, *Heroin Production in Mexico and U.S. Policy*, by Clare Ribando Seelke and Liana W. Rosen; CRS In Focus IF10215, *Mexico's Recent Immigration Enforcement Efforts*, by Clare Ribando Seelke; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal; CRS Report R43312, *U.S.-Mexico Water Sharing: Background and Recent Developments*, by Nicole T. Carter, Clare Ribando Seelke, and Daniel T. Shedd; and CRS Report R43313, *Mexico's Oil and Gas Sector: Background, Reform Efforts, and Implications for the United States*, coordinated by Clare Ribando Seelke.

## **Nicaragua**

Nicaragua began to establish a democratic government in the early 1990s after its civil war ended. Its institutions remained weak, however, and since the late 1990s they have become increasingly politicized. Current President Daniel Ortega was a Sandinista (*Frente Sandinista de Liberación Nacional*, FSLN) leader when the FSLN overthrew the Somoza dictatorship in 1979. He was elected president in 1984. An electorate weary of war between the government and U.S.-backed contras denied him reelection in 1990. After three failed attempts, he won reelection in 2006 and again in 2011. Ortega has slowly consolidated Sandinista—and his own—control over national institutions. He won a third consecutive term in the November 6, 2016 presidential elections. The Sandinista-controlled Supreme Court issued rulings that prevented any major opposition force from running against Ortega and the FSLN. Although the constitution prohibits relatives of a sitting president from running for office, the court also ruled that Ortega's wife, Rosario Murillo, could run as his vice president. Many observers say that Murillo has been a de facto co-leader of the country and that this election set her up to succeed her husband. Ortega initially banned international election observers but then allowed limited observation by the Organization of American States and other groups. As in previous elections at all levels in recent years, opposition figures and international analysts strongly questioned the legitimacy of this election.

Until recently, the United States and some other countries have responded in critical but measured terms to Ortega becoming more authoritarian. Perhaps the principal reason is that Ortega has been pragmatic in international relations, balancing his antagonistic stance against the United States and parts of Europe with cooperation on issues of mutual importance and pursuing macroeconomic policies that enable his government to maintain working relationships with multilateral financial institutions. Another reason some countries may not want to press Nicaragua on these issues is that Nicaragua is more stable and less violent than most of its Central American neighbors. In addition, there is no clear alternative to Ortega. The opposition is divided and so far has been unable to present a coherent alternative to Ortega's governance plans and

programs. Since his election in 2006, Ortega has instituted many social-welfare programs to help the country's poor population, substantially reducing poverty and contributing to his popularity. For many Nicaraguans, populist measures that have improved their standard of living have appeared to outweigh Ortega's authoritarian tendencies. Controversy and conflict have been growing, however, over Ortega's decision to grant a 100-year concession for an inter-oceanic canal through Nicaragua to a private Chinese company. A broad array of Nicaraguan civil society has protested against the canal with concerns over corruption and potential damage to indigenous communities and the environment.

In August 2016, the State Department expressed grave concern over the actions of the Nicaraguan government and Supreme Court to limit democratic space in advance of the presidential and legislative elections and called on the government to take steps to ensure fair and transparent elections and allow opposition parties to operate independently.<sup>50</sup> On November 7, 2016, the State Department said that Nicaragua's "flawed presidential and legislative electoral process ... precluded the possibility of a free and fair election on November 6."<sup>51</sup>

**Key Policy Issues:** The United States and Nicaragua cooperate on issues such as free trade and counternarcotic efforts. Currently, Nicaragua benefits from being part of the U.S. Strategy for Engagement in Central America. Tensions rose in June 2016 when Nicaragua expelled three U.S. officials. Other U.S. concerns include violations of human rights, including restriction on citizens' rights to vote, government harassment of civil society groups, arbitrary arrests and killings by security forces, and corruption. The Administration and some Members of Congress have expressed concern about Nicaragua's relationship with Russia, especially recent military purchases. In September 2016, the House approved the Nicaraguan Investment Conditionality Act (NICA) of 2016, H.R. 5708, to oppose certain loans at international financial institutions for the government of Nicaragua unless it was taking effective steps to hold free, fair, and transparent elections.

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

## Venezuela

Although historically the United States has had close relations with Venezuela, a major oil supplier, friction in bilateral relations increased under the leftist, populist government of President Hugo Chávez (1999-2013), 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 Chávez's vice president, narrowly defeated Henrique Capriles of the opposition Democratic Unity Roundtable (MUD), with the opposition alleging significant irregularities. In 2014, the Maduro government violently suppressed protests, with at least 43 people killed on both sides of the conflict, and imprisoned a major opposition figure, Leopoldo López, along with two opposition mayors.

In December 2015, the MUD initially won a two-thirds supermajority in elections for the National Assembly, a major defeat for Chavismo and the ruling United Socialist Party of Venezuela (PSUV). The Maduro government subsequently thwarted the opposition-controlled legislature's power by preventing three MUD representatives from taking office (denying the

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<sup>50</sup> U.S. Department of State, "Concerns Regarding Nicaraguan Democracy and Elections," press statement, August 1, 2016.

<sup>51</sup> U.S. Department of State, "Nicaraguan Elections," press statement, November 7, 2016.

opposition a supermajority) and using the Supreme Court to block bills approved by the legislature, including an amnesty law that would have freed political prisoners.

For much of 2016, opposition efforts were focused on recalling President Maduro through a national referendum, but the government slowed down the referendum process and suspended it indefinitely in October. In late October, after an appeal by Pope Francis, the government and most of the opposition (with the exception of Leopoldo López's Popular Will party) agreed to talks mediated by the Vatican, along with the former presidents of the Dominican Republic, Spain, and Panama and the head of the Union of South American Nations. Some opposition activists strongly criticized the dialogue as a way for the government to avoid taking any real actions, such as releasing all political prisoners. A round of talks planned for early December was suspended until January 2017, and many observers are pessimistic about the future of the dialogue.

Since mid-2014, the rapid decline in the price of oil has hit Venezuela hard, with a contracting economy (projected -8.0% in 2016), high inflation (projected 2016 year-end inflation of 720%), declining international reserves, and increasing poverty—all exacerbated by the Maduro government's economic mismanagement. The economic situation has increased poverty, with increasing shortages of food and medicines and high rates of violent crime.

U.S. policymakers and Members of Congress have had concerns for more than a decade about the deterioration of human rights and democratic conditions in Venezuela and the government's lack of cooperation on antidrug and counterterrorism efforts. After a 2014 government-opposition dialogue failed, the Administration imposed visa restrictions and asset-blocking sanctions on Venezuelan officials involved in human rights abuses.

The Obama Administration continued to speak out about the democratic setback and poor human rights situation, called repeatedly for the release of political prisoners, expressed deep concern about the humanitarian situation, and strongly supported dialogue. The Administration also supported the efforts Organization of American States Secretary General Luis Almagro to focus attention on Venezuela's democratic setback.

**Key Policy Issues:** Over the past several years, developments in Venezuela and U.S. relations with the country have largely been oversight issues for Congress, but the 113<sup>th</sup> Congress enacted legislation—the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278) in December 2014—to impose targeted sanctions on those responsible for certain human rights abuses. In July 2016, the 114<sup>th</sup> Congress enacted legislation (P.L. 114-194) to extend the Venezuela sanctions through December 2019. In September 2016, the House approved H.Res. 851, which expressed profound concern about the humanitarian situation, urged the release of political prisoners, and called for the Venezuelan government to hold the recall referendum this year. In the Senate, a similar but not identical resolution, S.Res. 537, was reported by the Senate Foreign Relations Committee in December 2016.

For more than a decade, Congress also has appropriated funding for democracy and human rights programs in Venezuela through the annual foreign aid appropriations measure: \$4.3 million was provided in each of FY2014 and FY2015 and an estimated \$6.5 million in FY2016. The FY2017 request was for \$5.5 million. The report to the House version of the foreign aid appropriations bill, H.R. 5912 (H.Rept. 114-693), would have provided \$8 million in democracy funding for Venezuela, whereas the report to the Senate version of the bill, S. 3117 (S.Rept. 114-290), would fully fund the Administration's request for \$5.5 million, but noted that additional funds would be made available if further programmatic opportunities in Venezuela arose. As previously noted, the 114<sup>th</sup> Congress did not complete action on FY2017 appropriations but approved a continuing resolution (P.L. 114-254) in December 2016 providing funding through April 28, 2017, at the

FY2016 level, minus an across-the-board reduction of almost 0.2%. Several congressional hearings in the 114<sup>th</sup> Congress also focused on the situation in Venezuela (see **Appendix**).

For further information, see CRS In Focus IF10230, *Venezuela: Political Situation and U.S. Policy Overview*, by Mark P. Sullivan; and CRS Report R43239, *Venezuela: Background and U.S. Relations*, by Mark P. Sullivan.

## **Outlook**

Many of the key U.S. interests involving economic, political, and security concerns discussed in this report will likely ensure continued congressional attention to Latin America and the Caribbean in the 115<sup>th</sup> Congress, which begins in 2017. Looking ahead, congressional oversight for the new Congress could include attention to the ongoing political, economic, and humanitarian crisis in Venezuela; implementation of the peace accord in Colombia; challenges for Haiti's newly elected government; security and economic development concerns in Central America's northern triangle; and Nicaragua in the aftermath of flawed elections in 2016. The next Congress will need to complete action on full-year FY2017 appropriations legislation; the current continuing resolution (P.L. 114-254) funds foreign aid funding through April 28, 2017.

Policy toward the region under the incoming Trump Administration at this juncture is uncertain. However, some changes are possible in relations with Mexico (focusing more on border security), policy toward Cuba (potentially reversing some of the Obama Administration's executive actions), and trade policy toward the region, given that the President-elect announced his intention to withdraw from the proposed Trans-Pacific Partnership trade agreement and to examine the ramifications of withdrawing from NAFTA.

## Appendix. Hearings in the 114<sup>th</sup> Congress

**Table A-1. Congressional Hearings in the 114<sup>th</sup> Congress on Latin America and the Caribbean**

<b>Committee and Subcommittee</b>	<b>Date</b>	<b>Title</b>
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	February 3, 2015	The Strategic Importance of the Western Hemisphere: Defining U.S. Interests in the Region
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	February 3, 2015	Understanding the Impact of U.S. Policy Changes on Human Rights and Democracy in Cuba
House Foreign Affairs Committee	February 4, 2015	Cuba: Assessing the Administration's Sudden Shift
House Foreign Affairs Committee, Subcommittee on the Africa, Global Health, Global Human Rights, and International Organizations	February 5, 2015	Human Rights in Cuba: A Squandered Opportunity
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	February 26, 2015	The President's New Cuba Policy and U.S. National Security
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	March 17, 2015	Deepening Political and Economic Crisis in Venezuela: Implications for U.S. Interests and the Western Hemisphere
Joint Hearing, House Foreign Affairs Committee, Subcommittee on the Western Hemisphere and Subcommittee on the Middle East and North Africa	March 18, 2015	Iran and Hezbollah in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	March 24, 2015	Oversight of the State Department and Agency for International Development Funding Priorities for the Western Hemisphere
House Appropriations Committee, Subcommittee on State, Foreign Operations, and Related Programs	March 24, 2015	Budget Hearing—Assistance to Central America
Senate Homeland Security and Governmental Affairs Committee	March 25, 2015	Securing the Border: Understanding and Addressing the Root Causes of Central American Migration to the United States
Senate Agriculture, Nutrition, and Forestry Committee	April 21, 2015	Opportunities and Challenges for Agriculture Trade with Cuba
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	April 30, 2015	Migration Crisis: Oversight of the Administration's Proposed \$1 Billion Request for Central America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	May 14, 2015	Energy Revolution in the Western Hemisphere: Opportunities and Challenges for the U.S.

<b>Committee and Subcommittee</b>	<b>Date</b>	<b>Title</b>
Senate Foreign Relations Committee	May 20, 2015	U.S. Cuban Relations—The Way Forward
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 18, 2015	The Future of Property Rights in Cuba
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 24, 2015	Colombia: Peace with the FARC?
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transitional Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	July 15, 2015	Overview of U.S. Policy Towards Haiti Prior to the Elections
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 23, 2015	Pursuing North American Energy Independence: Mexico's Energy Reforms
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 29, 2015	Threats to Press Freedom in the Americas
Joint Hearing, House Foreign Affairs Committee, Subcommittee on the Western Hemisphere and Subcommittee on Asia and the Pacific	September 10, 2015	China's Advance in Latin America and the Caribbean
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 17, 2015	Challenges to Religious Freedom in the Americas
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	October 22, 2015	Russian Engagement in the Western Hemisphere
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	November 6, 2015	Deplorable Human Rights Violations in Cuba and Venezuela
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	December 9, 2015	Year in Review: U.S. Policy Toward a Changing Western Hemisphere
Joint Hearing, House Foreign Affairs Subcommittee on the Western Hemisphere. Africa, Global Health, Global Human Rights	February 10, 2016	The Global Zika Epidemic
House Foreign Affairs Committee, Subcommittee on the Terrorism, Nonproliferation, and Trade	March 15, 2016	Trade with Cuba: Growth and Opportunities
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	March 22, 2016	Potential Terrorist Threats: Border Security Challenges in Latin America and the Caribbean
Senate Foreign Relations Committee	April 19, 2016	Central America and the Alliance for Prosperity: Identifying U.S. Priorities and Assessing Progress

<b>Committee and Subcommittee</b>	<b>Date</b>	<b>Title</b>
Senate Foreign Relations Committee Subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	April 26, 2016	Review of Resources, Priorities and Programs in the FY2017 State Department Budget Request
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	April 27, 2016	Examining FY2017 Funding Priorities in the Western Hemisphere
House Homeland Security Committee, Transportation Security Subcommittee	May 17, 2016	Flying Blink: What Are the Security Risks of Resuming U.S. Commercial Air Service to Cuba?
Senate Foreign Relations Committee Subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	May 26, 2016	Cartels and the U.S. Heroin Epidemic: Combating Drug Violence and Public Health Crisis
House Financial Services Committee, Task Force to Investigate Terrorism Financing	June 8, 2016	The Enemy in our Backyard: Examining Terror Funding Streams from South America
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 9, 2016	The Impact of Low Oil Prices on Energy Security in the Americas
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	June 22, 2016	Venezuela's Crisis: Implications for the Region
House Foreign Affairs Subcommittee on Africa, Global Health, Global Human Rights, and International Organizations	July 13, 2016	The Castro Regime's Ongoing Violations of Civil and Political Rights
Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues	July 13, 2016	Zika in the Western Hemisphere: Risks and Response
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	July 14, 2016	The Strategic Importance of Building a Stronger U.S.-Caribbean Partnership
House Agriculture Committee	September 14, 2016	American Agriculture Trade with Cuba
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 15, 2016	Nicaragua's Democratic Collapse
House Foreign Affairs Committee, Subcommittee on the Western Hemisphere	September 15, 2016	Markup on H.Res. 851 and H.R. 5708

**Source:** Prepared by Nese F. DeBruyne, Information Research Specialist, CRS.

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

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