



# Latin America and the Caribbean: Key Issues for the 113<sup>th</sup> Congress

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## Summary

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

U.S. policy toward the region is conducted in the context of a Latin America that is becoming increasingly independent from the United States. Strong economic growth has increased Latin America's confidence in its ability to solve its own problems. The region has also 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.

Congress plays an active role in policy toward Latin America and the Caribbean. In recent years, legislative and oversight attention have focused on the continued increase in drug trafficking-related violence in Mexico and assistance under the Mérida Initiative; efforts to help Central American and Caribbean countries contend with drug trafficking and violent crime; and continued counternarcotics and security support to Colombia. The 2010 earthquake that devastated Haiti continues to focus attention on the enormous task of disaster recovery and reconstruction. Another area of congressional oversight has been the deterioration of democracy and media freedom in several Latin American countries, especially Venezuela. Congressional concern also has focused on Iran's activities and relations in the region and about the activities of Hezbollah. U.S. sanctions on Cuba, particularly restrictions on travel, remain a contentious issue in the debate over how to support change in one of the world's last remaining communist nations. Other broad issues of congressional interest are relations with Mexico and the status of reforms under the new administration of President Enrique Peña Nieto; prospects for Colombia's peace negotiations and the potential ramifications for U.S. policy; the status of democracy in Venezuela and U.S.-Venezuelan relations in the post-Chávez era; progress on negotiations for the Trans-Pacific Partnership (TPP) that includes three Latin American countries (Chile, Mexico, and Peru); and the operation and activities of the Organization of American States (OAS).

In terms of legislative action to date in the 113<sup>th</sup> Congress, the Senate approved a resolution on Haiti's 2010 earthquake (S.Res. 12) in March 2013; comprehensive immigration reform legislation (S. 744) in June; and a measure to reform the OAS (S. 793) in July. The House approved a measure (H.R. 1613) in June that would provide for implementation of the U.S.-Mexico Trans-boundary Hydrocarbons Agreement. Both houses also approved different versions of an omnibus farm bill (S. 954 in June and H.R. 2642 in July) with cotton provisions related to a trade dispute with Brazil against U.S. cotton subsidies; the House version also addresses an ongoing U.S.-Mexico water dispute. In July, the Appropriations Committees in both houses reported their respective versions of the FY2014 State Department and Foreign Operations appropriations measure (H.R. 2855 and S. 1372), each with numerous provisions on U.S. foreign aid to Latin America and the Caribbean. The Appropriations Committees in each house also reported out their versions of the FY2014 Financial Services and General Government

appropriations measure in July (H.R. 2786 and S. 1371), with different provisions on U.S. travel policy for Cuba.

This report, which will be updated about twice yearly, provides an overview of U.S. policy toward Latin America and the Caribbean, including the Obama Administration's priorities; examines changes in the region's economic and political environment that affect U.S. relations with the region; and analyzes U.S. policy toward the region and various recommendations made by policy analysts and think tanks. The report then examines the role of Congress and congressional interests in Latin America, looking at selected regional and country issues, including key issues that the 113<sup>th</sup> Congress is facing. Appendices provide U.S.-Latin America trade statistics and a listing of hearings focused on Latin America.

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## **U.S. Policy toward Latin America and the Caribbean**

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

### **Four Priorities for the Region**

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

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

The State Department maintains that these policy “priorities are based on the premise that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations” in the hemisphere that can play an important role in dealing with global challenges.<sup>1</sup> The Obama Administration has stressed that its policy approach toward the region is one that emphasizes partnership and shared responsibility, with policy conducted on the basis of mutual respect through engagement and dialogue.<sup>2</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>3</sup> In remarks at the June

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<sup>1</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>2</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 Secretary Roberta Jacobson, who was confirmed by the Senate in March 2012.

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

2012 Organization of American States (OAS) General Assembly meeting in Bolivia, Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson reiterated the commitment of the United States to work with hemispheric nations “in the spirit of genuine and equal partnership to advance liberty and prosperity for all the citizens of the hemisphere.”<sup>4</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. At the end of 2012, an estimated 167 million people in Latin America were living in poverty—28.8% of the region’s population—while 66 million people or 11.4% were living in extreme poverty or indigence. These statistics reflect a significant improvement from 2002, when almost 44% of the region’s population lived in poverty.<sup>5</sup> Moreover, the statistics show a considerable improvement from 2009, when the region faced an uptick in poverty because of the global financial crisis.

In addition to traditional U.S. development assistance programs focusing on health and education, expanding economic opportunity also has involved several innovative programs and initiatives. **The Pathways to Prosperity Initiative**, initially launched in 2008, is designed to help countries learn from each other’s experiences through the exchange of best practices and the goal of promoting inclusive growth, prosperity, and social justice.<sup>6</sup> The Organization of American States’ **Inter-American Social Protection Network** began in 2009 with U.S. support to facilitate an exchange of information on policies, experiences, programs, and best practices in order to reduce social disparities and inequality and reduce extreme poverty.<sup>7</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>8</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.

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>9</sup> The **Women’s**

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

<sup>4</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>5</sup> U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America 2012*, Briefing paper, November 2012.

<sup>6</sup> U.S. Department of State, “Pathways to Prosperity in the Americas, Fact Sheet,” April 18, 2013, available at <http://www.state.gov/p/wha/rls/fs/2013/207824.htm>; also see the website of the Pathways initiative, available at <http://www.pathways-caminos.org/en/Home.html>

<sup>7</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 the website of the Inter-American Social Protection Network at <http://www.socialprotectionet.org/>

<sup>8</sup> U.S. Department of State, “100,000 Strong in the Americas, Fact Sheet,” April 22, 2013, available at <http://www.state.gov/p/wha/rls/fs/2013/207847.htm>

<sup>9</sup> U.S. Department of State, “Small Business Network of the Americas,” Fact Sheet, May 2, 2013, available at (continued...)

**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>10</sup> The **Innovation Fund of the Americas**, launched by USAID, is an initiative to help finance lower cost and more effective solutions to difficult development challenges.

## **Citizen Security**

The policy priority of advancing citizen security reflects one of the most important concerns among Latin Americans. High levels of crime and violence, often associated with drug trafficking, are a significant problem in many countries. The Central America-Mexico corridor is the route for 95% of South American cocaine entering the United States, while murder rates in several Central American and Caribbean countries are among the highest in the world and drug trafficking-related violence in Mexico has risen to unprecedented levels.

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

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

## **Democratic Governance**

The policy priority of strengthening democratic governance has the goal of building on progress that the region has made over the past three decades, not only in terms of regular free and fair elections, but also in terms of respect for political rights and civil liberties. Despite this progress, many countries in the region still face considerable challenges. 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 2013 report, the group ranked just one country as not free: Cuba; 10 countries as partly free—Bolivia, Colombia, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Paraguay, and Venezuela; and the remaining 22 countries of the region as free.<sup>11</sup>

The United States provides foreign aid to support the rule of law and human rights, good governance, political competition, and consensus-building and civil society. Improving and

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<http://www.state.gov/p/wha/rls/fs/2013/208847.htm>

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

<sup>11</sup> Freedom House, "Freedom in the World 2013, Democratic Breakthroughs in the Balance," 2013.



strengthening democratic governance includes support to improve the capacity of state institutions to address citizens' needs through responsive legislative, judicial, law enforcement, and penal institutions, as well as support to nongovernmental organizations working on democracy and human rights issues. It also includes defending press freedoms and democratic rights, such as free and fair elections and the protection of minority rights.

U.S. officials have continued to speak out about human rights abuses in countries such as Cuba and threats to political rights and civil liberties in other countries in the region. Assistant Secretary of State Jacobson has spoken out about the erosion in the full respect for freedom of expression in some countries, and has also contended that hemispheric nations should collectively remain on guard against efforts to weaken the Inter-American human rights system.<sup>12</sup>

## Clean Energy Future

The Obama Administration introduced the **Energy and Climate Partnership of the Americas (ECPA)** in 2009 designed to strengthen inter-American collaboration on clean energy. Many countries in Latin America and the Caribbean are vulnerable to climate change, and struggle with energy security. ECPA includes voluntary bilateral and multi-country initiatives to promote clean energy, advance energy security, and reduce greenhouse gas emissions. Some of the initiatives involve international and regional organizations and the private sector.<sup>13</sup> At the sixth Summit of the Americas in April 2012, President Obama joined with Colombia in **Connecting the Americas 2022**, an initiative with the goal of achieving universal access in the hemisphere to reliable, clean, and affordable electricity.<sup>14</sup>

## Latin America's Economic and Political Environment

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

## A Changed Region

**Political Changes.** The Latin American and Caribbean region has made significant advances over the past three decades in terms of both political and economic development. In the early 1980s, 16 countries in the region were governed by authoritarian regimes, both on the left and the right, but today, all nations with the exception of Cuba are elected democracies. While some elections have been controversial with allegations of irregularities (for example, Venezuela's most recent presidential election), regular free and fair elections have

### Elections in 2013

**Ecuador**—February 17  
**Grenada**—February 19  
**Barbados**—February 21  
**Venezuela**—April 14  
**Paraguay**—April 21  
**Honduras**—November 10  
**Chile**—November 17

<sup>12</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>13</sup> U.S. Department of State, Fact Sheet, "Energy and Climate Partnership of the Americas," May 31, 2012, available at <http://www.state.gov/p/wha/rls/fs/2012/191563.htm>; also see the website of the ECPA at <http://www.ecpamericas.org/>

<sup>14</sup> U.S. Department of State, Fact Sheet, "Connecting the Americas 2022," October 23, 2012, available at <http://www.state.gov/p/wha/rls/fs/2012/199772.htm>

become the norm in most countries in the region. To date in 2013, five nations in the hemisphere have held elections for head of government in 2013, and two more are scheduled (see text box). In many respects, Latin America appears to be moving politically toward the ideological center, focusing on centrist, pragmatic polices while the spread of unstable extremist politics has begun to wane. Such a focus on developing pragmatic and realistic solutions tends to accompany an acceptance of the rules of democracy.<sup>15</sup> In another significant development, Colombia's ongoing peace negotiations with the Revolutionary Armed Forces of Colombia (FARC) potentially could end the hemisphere's oldest civil conflict, which dates back to the 1960s.

Despite significant improvement in political rights and civil liberties, some 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. While the threat to elected governments in the region from their own militaries has dissipated in most countries, there are numerous examples of elected presidents over the past 20 years who left office early amid severe social turmoil, often with economic crises, high-profile corruption, or even the presidents' own autocratic actions contributing to their ousters.

In recent years, the quality of democracy in several countries in the region has been eroded by two key factors or trends. One factor is increased organized crime and violence. 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 crime and violence.<sup>16</sup> A second trend that has negatively affected democracy in the region is the executive's abuse of power in several countries that has led to a setback in liberal democratic practices, with elected leaders seeking to consolidate power at the expense of minority rights. The rule of President Hugo Chávez stands out in this regard.

Some academics see the growth of leftist populism in the region in such countries as Venezuela, Ecuador, Bolivia, and Nicaragua as a threat to democracy because of the tough treatment of political opponents and the dismantling of institutional checks and balances. They contend that a type of competitive or electoral authoritarianism is taking hold in these countries, in which democratic institutions exist but abuse by the incumbent skews the playing field against opponents.<sup>17</sup> There has also been a deterioration of media freedom in several countries in the region precipitated by two factors: the increase in drug trafficking-related violence (such as in Mexico) and politically driven attempts to curb critical or independent media (such as in Venezuela and Ecuador).

**Economic Changes.** The region has also undergone a significant economic transformation. While the 1980s were commonly referred to as the lost decade of development as many countries became bogged down with unsustainable public debt, the 1990s brought about a shift from a strategy of import-substituting industrialization to one focused on export promotion, attraction of

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<sup>15</sup> Michael Shifter, "Latin America, A Surge to the Center," *Journal of Democracy*, January 2011.

<sup>16</sup> For example, see Emily Edmonds-Poli, *The Effects of Drug-War Related Violence on Mexico's Press and Democracy*, Wilson Center, Mexico Institute and University of San Diego, Trans-border Institute, April 2013.

<sup>17</sup> See Kurt Weyland, "Latin America's Authoritarian Drift, The Threat from the Populist Left," *Journal of Democracy*, July 2013. Also see Sebastián Mazzuca, "The Rise of Rentier Populism," *Journal of Democracy*, April 2013; Steven Levitsky and James Loxton, "Populism and Competitive Authoritarianism in the Andes," *Democratization*, January 2013; and *Latin American Populism in the Twenty-First Century*, ed. Carlos de la Torre and Cynthia J. Arnson (Washington, D.C.: Woodrow Wilson Center Press; Baltimore, The Johns Hopkins University Press, 2013).

foreign capital, and privatization of state enterprises. Latin America experienced an economic downturn in 2002 (brought about in part because of an economic downturn in the United States), but recovered with strong growth rates until 2009, when a global economic crisis again affected the region with an economic contraction of about 2%.<sup>18</sup> 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 5.6% and 4.3% respectively, while growth slowed to 3.0% in 2012.<sup>19</sup>

For 2013, Latin America's economic forecast is again for 3.0% growth, according to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC), down from a previous ECLAC forecast of 3.8% growth. The slower forecast for the region is due to slower than expected growth in Brazil and Mexico and an easing of high growth rates in some countries (Chile, Panama, and Peru). Economic growth prospects for a number of countries in the region, however, including Venezuela (which has increased the state's role and control of the economy) and several Caribbean countries, are less promising, with much lower forecasts than the regional average.<sup>20</sup>

As noted above, Latin America has made significant progress in combating poverty and inequality. Two key factors accounting for this decline are increasing per capita income levels and targeted public expenditures known as conditional cash transfer programs for vulnerable sectors. Brazil and Mexico were pioneers in these targeted programs that have spread to other countries. In terms of income distribution, while Latin America is still the most unequal region in the world, inequality has declined in many countries since 2002, and there has been a clear downward trend in income concentration in the region over the past decade.<sup>21</sup> Rising growth and income levels and progress in poverty reduction also have helped expand Latin America's middle class by about 50% over the past decade, according to the World Bank. Now more than 150 million people in the region (about 30% of total population) are considered in the middle class.<sup>22</sup>

### **Latin America's Increasing Independence**

Latin America's strong economic performance in recent years has increased the region's confidence in solving its own problems, and has lessened the region's dependency on the United States. The region's growing ideological diversity in recent years has also been a factor in the region's increased independence from the United States, as has Brazil's rising regional and global influence.

Latin American and Caribbean countries have diversified their economic and diplomatic ties with countries outside the region. China, for example, has become a major trading partner for many countries in the region, ranking as one of the top two export and import markets. Total Chinese

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<sup>18</sup> Sidney Weintraub, "An Economic Storm Hits Latin America," *Current History*, February 2009.

<sup>19</sup> U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean, 2013*, July 2013.

<sup>20</sup> Ibid.

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

<sup>22</sup> World Bank, *Economic Mobility and the Rise of the Latin American Middle Class*, by Francisco H.G. Ferreira et al, 2013.

trade with the region grew from almost \$18 billion in 2002 to about \$259 billion in 2012.<sup>23</sup> (Nevertheless, the United States remains the single largest trading partner for many countries; total U.S. trade with the region amounted \$845 billion in 2012, more than three times that of China's trade with the region.)<sup>24</sup>

Several Latin American regional integration organizations have been established in the past few years, a reflection of both the region's increasing independence and its growing internal cooperation. In December 2011, 33 hemispheric nations—excluding the United States and Canada—met in Caracas to establish the Community of Latin American and Caribbean States (CELAC) 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 OAS, while others maintain that CELAC does not have a permanent staff or secretariat that could compete with the OAS. CELAC held its first summit in Santiago, Chile, on January 27-28, 2013 (preceded by a CELAC summit with the European Union), in which Cuban President Raúl Castro assumed the presidency of the organization for a year.

Some observers contend that CELAC's establishment reflects declining U.S. influence in Latin America, but the United States still remains very much engaged in the region bilaterally and multilaterally through the OAS and its numerous affiliated organizations. In addition, the Summit of the Americas process 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. The next summit is scheduled to be hosted by Panama in 2015, and several Latin American leaders have pledged that they will not attend if Cuba is not invited; such a scenario could be a significant policy dilemma for the Obama Administration.

Another new 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>25</sup>

The Venezuelan-led Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas), was launched by President Hugo Chávez in 2004 with the goals of promoting regional integration and socioeconomic reform and alleviating poverty. In addition to Venezuela, this nine-member group currently includes Bolivia, Cuba, Ecuador, and

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<sup>23</sup> Trade figures cited are drawn from the *Global Trade Atlas*, using trade statistics reported by China.

<sup>24</sup> U.S. trade statistics are drawn from the *Global Trade Atlas*, using statistics reported by the U.S. Department of Commerce.

<sup>25</sup> Michael Shifter, "The Shifting Landscape of Latin American Regionalism," *Current History*, February 2012; Testimony of James R. Clapper, Director of National Intelligence, before the Senate Select Committee on Intelligence, January 31, 2012, "Worldwide Threat Assessment of the U.S. Intelligence Community," available at <http://intelligence.senate.gov/120131/clapper.pdf>

Nicaragua, as well as the Caribbean island nations of Dominica, Antigua and Barbuda, St. Vincent and the Grenadines, and most recently St. Lucia, which became a member in July 2013. Some observers maintain that ALBA has lost its initial energy. Director of National Intelligence James Clapper maintained in January 2012 congressional testimony that ALBA was “created in part to spread Chávez’s influence in the region” but “is only muddling through.”<sup>26</sup> In the aftermath of President Chávez’s death in March 2013, some observers question the future of the Venezuelan-founded alliance.

There has been strong reaction among Latin American governments to the case of Edward Snowden, wanted on espionage charges for releasing classified information about U.S. National Security Agency surveillance programs. Venezuela announced on July 5, 2013, that it would offer asylum to Snowden; Bolivia and Nicaragua also reportedly agreed to take him, and Ecuador has said that it would consider granting him asylum if he could reach Ecuadorian territory.<sup>27</sup> On August 1, 2013, Russia granted temporary asylum to Snowden for one year, but some observers maintain that Snowden could eventually end up in Latin America. There would likely be a significant negative effect on U.S. bilateral relations with any Latin American country that might grant Snowden asylum, as evidenced by the U.S. reaction to Russia’s decision to grant him temporary asylum.

Revelations about the U.S. surveillance program not only rankled leftist populist Latin American governments that have had adversarial relations with the United States in recent years and often spout anti-U.S. rhetoric, but it also raised concerns among other countries that have close relations with the United States such as Colombia, Chile, and Brazil. For Latin American countries that have made transitions to democracy from military dictatorships, the issue of spying and surveillances is very sensitive, and raises memories of past U.S. support for military dictatorships in the region.<sup>28</sup> Many Latin American leaders were also incensed over the treatment of Bolivian President Evo Morales, whose plane, after leaving Moscow, was denied fly-over permission by several European countries in early July 2013 because of the suspicion that Snowden was on board; many believed that U.S. pressure was behind the airspace denial.<sup>29</sup>

## **Continuity and Change in U.S. Policy**

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

Like the Bush Administration, the Obama Administration has provided significant anti-drug and security support to Colombia and significant support to Mexico and Central America to combat drug trafficking and organized crime through the Mérida Initiative and CARSI. Assistance to

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<sup>26</sup> Ibid.

<sup>27</sup> In mid-2012, Ecuador provided asylum to WikiLeaks founder Julian Assange at the Ecuadorian Embassy in London, where he remains; Assange is wanted for questioning by Sweden on charges of sexual assault and could eventually face charges in the United States for the dissemination of classified information. For more on Ecuador, see CRS Report R43135, *Ecuador: Political and Economic Conditions and U.S. Relations*, by June S. Beittel.

<sup>28</sup> Jim Wyss, “Amid Growing Spying Scandal, U.S. Allies in Region Join Chorus of Discontent,” *Miami Herald*, July 10, 2013; Peter Hakim, “Column – Why Latin America (Hearts) Snowden,” *Reuters News*, July 17, 2013.

<sup>29</sup> “William Neuman and Alison Smale, “Barring of Bolivian Plane Infuriates Latin America as Snowden Case Widens,” *New York Times*, July 4, 2013.

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

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 after extensive work by the Obama Administration to resolve outstanding congressional concerns related to both agreements. Another trade initiative begun informally under the Bush Administration and continued by the Obama Administration through formal trade negotiations is the proposed Trans-Pacific Partnership (TPP) free trade agreement, which involves negotiations with Mexico, Chile, and Peru and eight other Pacific countries. A framework for a TPP agreement was announced in November 2011, and the current goal to reach an agreement by October 2013. In July 2013, the United States became an observer to the Pacific Alliance, a regional integration initiative formed by Chile, Colombia, Mexico, and Peru.

Just as the Bush Administration had, the Obama Administration has expressed support for comprehensive immigration reform, an especially important issue in U.S. relations with Mexico and Central America. Reform efforts were stymied in 2007 when the Senate failed to invoke cloture and limit debate on two comprehensive reform measures, and Congress did not return to consideration of such measures. In January 2013, however, a bipartisan group of Senators announced their efforts to draft comprehensive reform legislation for passage this summer. The bipartisan framework, which led to Senate passage of a comprehensive bill in June 2013, includes a pathway for citizenship for some 11 million undocumented immigrants living in the United States, including an estimated 6.7 million from Mexico.

In other areas, the Obama Administration has made policy changes on Latin America that have more clearly differentiated it from the Bush Administration. Early on, the Administration put more of an emphasis on partnership and shared responsibility in its policy toward the region. The Administration increased and sustained higher levels of development assistance to the region even in recent years as overall U.S. assistance to the region has declined. The Administration has also implemented several changes in Cuba policy by lifting restrictions on family travel, easing restrictions on other types of purposeful travel, and restarting semi-annual talks with Cuba (although talks have not been held since January 2011). At the same time, the Administration has continued the long-standing U.S. policy of maintaining economic sanctions on Cuba and speaking out about the poor human rights situation on the island.

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

fostering a convergence of basic values and interests that can and should define relationships that are bright, cooperative, and productive for decades to come.”<sup>30</sup>

On the other hand, a number of analysts have urged the Administration to articulate a strategic vision and more cohesive policy approach toward Latin America.<sup>31</sup> In looking at President Obama’s first term, some analysts contend that as problems have arisen in the region, U.S. responses have been reactive rather than proactive, and can be characterized “as improvised and lacking a sense of strategic direction.”<sup>32</sup> Center for Strategic and International Studies (CSIS) senior associate Howard Wiarda argues that a “coherent, mature policy for the region” needs to be articulated, although he contends that the United States has accomplished a great deal at individual country-level policies in terms of democracy, development, modernization, and in fostering good bilateral relations.<sup>33</sup> Peter Hakim of the Inter-American Dialogue has described U.S. policy toward Latin America as adrift, with a growing separation of the United States from Latin America and a shrinking U.S. vision for Latin America. He contends that while U.S. leaders regularly affirm the importance of the region to the United States, they have not been able to devise a strategy to effectively exploit what former U.S. Secretary of State Hillary Clinton described as the “power of proximity.”<sup>34</sup>

Many policy analysts and think tanks across the political spectrum have called for the Administration to elevate U.S. relations with both Brazil and Mexico, the two economic powerhouses of the region. Many advocate a deepening and broadening of U.S. relations with Brazil in the areas of defense and security, trade, energy, and also multilateral issues given Brazil’s rising global profile. With regard to Mexico, many argue that the Obama Administration should, in addition to continuing strong security cooperation, seize the opportunity to work with a new government in Mexico in deepening economic relations, including energy cooperation, and engaging Mexico on global issues.<sup>35</sup> On immigration, in particular, many Latin America policy analysts have called for U.S. efforts to fix its immigration system as a means of improving relations not only with Mexico, but with the region overall. Michael Shifter of the Inter-American Dialogue maintains that meaningful immigration reform would be welcomed throughout Latin

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<sup>30</sup> William McIlhenny, “Get the Story Right: Time for Stories of Fading U.S. Interest to Fade,” *Americas Quarterly*, AQ Web Exclusive, November 26, 2012.

<sup>31</sup> *Shifting the Balance, Obama and the Americas*, ed. Abraham F. Lowenthal, Theodore J. Piccone, and Lawrence Whitehead (Washington, D.C.: Brookings Institution Press, 2011), p. 21.

<sup>32</sup> Laurence Whitehead and Detlef Nolte, “The Obama Administration and Latin America: A Disappointing First Term,” *GIGA Focus*, German Institute of Global and Area Studies, Number 6, 2012.

<sup>33</sup> Howard J. Wiarda, “Recommendations for a New Administration: Base Hemispheric Relations on Opportunities, Not Threats,” CSIS, November 26, 2012.

<sup>34</sup> Peter Hakim, “The Incredibly Shrinking Vision: U.S. Policy in Latin America,” *Política Exterior* (Madrid), July 5, 2012.

<sup>35</sup> Wiarda, *op. cit.*; Andrew Selee and Christopher Wilson, “A New Agenda with Mexico,” Wilson Center, November 2012; Duncan Wood, “Recommendations for a New Administration: Safeguarding Progress with Mexico,” CSIS, December 10, 2012; Peter Hakim and Sergio Muñoz Bata, “A Second Term Agenda for Latin America,” *Infolatam*, January 22, 2013; James M. Roberts and Ray Walser, “Latin America and the Caribbean: A Wish List for 2013,” Issue Brief, Heritage Foundation, January 7, 2013; Roger F. Noriega and José R. Cárdenas, “An Action Plan for US Policy in the Americas,” American Enterprise Institute, December 2012; Johanna Mendelson Forman, with Alek Suni, “Recommendations for a New Administration: Building a Dynamic U.S.-Brazil Partnership,” CSIS, December 19, 2012; and “A More Ambitious Agenda, A Report of the Inter-American Dialogue’s Commission on Mexico-U.S. Relations, Inter-American Dialogue,” February 2013.

America, especially in Mexico, “where the issue has long been a source of tension in the bilateral relationship.”<sup>36</sup>

Think tanks and policy analysts have made numerous other recommendations for U.S. policy toward the region.<sup>37</sup> With regard to drug policy, there are calls for the United States to reevaluate its anti-drug strategy, pointing to efforts by some Latin American leaders and others to explore drug policy alternatives. While some stress the need to sustain a strong international drug control regime focused on eradication and interdiction, others appear to emphasize the need for more efforts to address U.S. domestic drug addiction and consumption. With regard to Cuba, some argue for moving away from the sanctions-based approach toward Cuba, while others contend that sanctions should be maintained as long as the government continues its harsh human rights violations. With regard to democracy promotion, some analysts argue that U.S. engagement with the region should include a more vibrant democracy promotion component, especially in countries facing challenges; others contend that the United States already has strong democracy and human rights programs; and some question the efficacy of such programs.

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<sup>36</sup> Michael Shifter, “Will Obama Kick the Can Down the Road?” *Revista Ideele* (Peru), December 27, 2012.

<sup>37</sup> In addition to the various reports cited in footnote 31, also see Stephen Johnson, “Recommendations for a New Administration: Interests, Policies, and Challenges in the Americas,” CSIS, November 21, 2012; Anton Edmunds, “Recommendations for a New Administration: Be a Good Neighbor to the Caribbean,” CSIS, December 26, 2012; Phillip McLean, “Recommendations for a New Administration: Move Beyond the Drug Focus in the Andes,” CSIS, January 3, 2013; and Cynthia J. Arnson, “Setting Priorities for U.S. Policy in Latin America,” Wilson Center, January 2013.



## **Congress and Policy toward Latin America and the Caribbean**

Congress plays an active role in policy toward Latin America and the Caribbean. Legislative and oversight attention to the region during the 112<sup>th</sup> Congress focused on the increase in drug trafficking-related violence in Mexico and U.S. assistance to Mexico under the Mérida Initiative; efforts to help Central American and Caribbean countries contend with drug trafficking and violent crime; and continued counternarcotics and security support to Colombia. The 2010 earthquake that devastated Port-au-Prince, Haiti, continued to focus congressional attention on the enormous task of disaster recovery and reconstruction. As in past years, U.S. sanctions on Cuba, particularly restrictions on travel and remittances, remained a contentious issue in the debate over how to support change in one of the world's last remaining communist nations. Another area of congressional oversight was the deterioration of democracy in several Latin American countries, especially Nicaragua and Venezuela. Congressional concern also increased about Iran's growing relations in the region, especially with Venezuela, and about the activities of Hezbollah.

Many of these same issues have continued to be the focus of congressional attention in the 113<sup>th</sup> Congress. Hearings on Latin America have focused on a variety of topics, including an overview of U.S. interests and policy in the Western Hemisphere; energy security issues centering on Mexico and Canada; the posture of the U.S. Northern and Southern Commands; U.S. security cooperation with Mexico under the Mérida Initiative, with Central America under CARSI, and with the Caribbean under CBSI; U.S.-Brazil trade and investment relations; Iranian activities in Latin America and U.S. policy; and human rights in Honduras (see **Appendix B**).

Legislative action to date in the 113<sup>th</sup> Congress has focused on comprehensive immigration reform (S. 744), Haiti's recovery and reconstruction (S.Res. 12), reform of the OAS (S. 793), and implementation of a trans-boundary hydrocarbons agreement with Mexico (H.R. 1613). Both houses approved separate versions of an omnibus farm bill (S. 954 and H.R. 2642) with provisions relating to a trade dispute with Brazil over U.S. cotton subsidies; the House version also addresses an ongoing U.S.-Mexico water dispute in the Rio Grande Basin. FY2014 foreign aid appropriations legislation has been reported in each chamber (H.R. 2855 and S. 1372) with numerous provisions on Latin America. FY2014 Treasury Department appropriations legislation has also been reported in each house (H.R. 2786 and S. 1371) with different provisions on U.S. policy on travel to Cuba.

Other broad issues of congressional interest in the 113<sup>th</sup> Congress include challenges to democracy in the region, including media freedom; relations with Mexico, and the status of reforms, under the new administration of President Enrique Peña Nieto; the status of democracy in Venezuela and U.S.-Venezuelan relations in the post-Chávez era; prospects for Colombia's peace negotiations with the FARC and the potential ramifications for U.S. policy and foreign aid; whether and how to strengthen relations with Brazil; progress on negotiations for the Trans-Pacific Partnership (TPP) that includes three Latin American countries (Chile, Mexico, and Peru); and the operation and activities of the OAS.

Figure I. Map of Latin America and the Caribbean



Source: Map Resources, edited by CRS.

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

## Regional Issues

### U.S. Foreign Aid

Although many Latin American and Caribbean nations have made significant development progress in recent years, foreign aid remains an important tool for advancing U.S. policy priorities in the hemisphere. Current aid programs reflect the diversity of the region. Some nations receive a broad range of U.S. assistance, with projects in areas such as democracy promotion, economic reform, basic education, human health, environmental protection, citizen security, and counternarcotics. Others have largely outgrown U.S. assistance but continue to receive low levels of aid, usually targeted toward strengthening security capabilities. Absolute assistance levels for the region have declined each year since FY2010. In FY2012, the United States provided about \$1.88 billion of aid to Latin American and Caribbean nations through the U.S. Agency for International Development (USAID) and the State Department. Some countries in the region received additional assistance through the Department of Defense, the Inter-American Foundation, the Millennium Challenge Corporation, and the Peace Corps.

**Key Policy Issues:** In 2012, the Obama Administration requested some \$1.7 billion in FY2013 foreign aid for the region through the State Department and USAID. Final action on FY2013 appropriations was not completed until March 2013 when the 113<sup>th</sup> Congress approved the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6). That measure generally provided funding at FY2012-enacted levels, but country level allocations of FY2013 assistance are still unavailable as a result of the late approval of the measure and because of the budget sequestration process.

Congress now faces consideration of the Administration's FY2014 request for foreign aid, which ultimately will influence the amount of foreign aid available for specific countries and programs in Latin America and the Caribbean. For FY2014, the Administration has requested almost \$1.58 billion in assistance for Latin America and the Caribbean through State and USAID, including most foreign aid funding accounts with the exception of food aid (P.L. 480). The request represents a cut of some \$300 million in assistance to the region, or about 16%, compared to that provided in FY2012. In terms of legislative action, the House version of the FY2014 State Department and Foreign Operations appropriations measure, H.R. 2855, was reported by the House Appropriations Committee on July 30, 2013 (H.Rept. 113-185), while the Senate version, S. 1372, was reported by the Senate Appropriations Committee on July 25, 2013 (S.Rept. 113-81). Both bills and reports have numerous provisions and conditions on assistance to various countries and programs for Latin American and Caribbean countries. In the report to the House bill, the House Appropriations Committee supports the Administration's request for security assistance to Mexico, Colombia, Central America, and the Caribbean, including counternarcotics and law enforcement efforts and assistance for rule of law and judicial reform activities. Compared to the House bill, the Senate version has stronger human rights and other conditions on assistance to certain countries, including Colombia, Mexico, Guatemala, Haiti, and Honduras.

For additional information, see CRS Report R43043, *The FY2014 State and Foreign Operations: Budget Request and Congressional Action*, by Susan B. Epstein, Alex Tiersky, and Marian L. Lawson; and CRS Report R42582, *U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2013 Appropriations*, by Peter J. Meyer and Mark P. Sullivan.

## **Trade Policy**

The Latin America and Caribbean region is one of the fastest-growing regional trading partners for the United States. The average rate of growth in trade between the United States and the region since 1998 surpasses that of U.S. trade with Asia and the European Union. Despite challenges such as diplomatic tensions or violence in certain countries, economic relations between the United States and most of its trading partners in the region remain strong. The United States accounts for roughly 40% of the region's imports and exports. Most of this trade is with Mexico, which accounts for 60% of U.S. imports from and 54% of U.S. exports to the region. In 2012, total U.S. exports to Latin America and the Caribbean were valued at \$398 billion, while U.S. imports were valued at \$448 billion (see **Appendix A**).

The United States has strengthened economic ties with the region over the past two decades through the negotiation and implementation of free trade agreements (FTAs). Starting with the North American Free Trade Agreement (NAFTA), which entered into force in 1994, the United States has entered into a total of six FTAs involving 11 countries in the region, including Mexico, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. Some of the largest economies in South America, however, such as Argentina, Brazil, and Venezuela, have resisted the idea of forming trade integration agreements with the United States. As a result, there are numerous other bilateral and plurilateral trade agreements throughout the Western Hemisphere that do not include the United States. In addition to FTAs, the United States extends unilateral trade preferences to some countries in the region through trade preference programs such as the Generalized System of Preferences (GSP) and the Caribbean Basin Trade Partnership Act (CBTPA). In the early 1990s, the United States also extended unilateral trade preferences to certain countries in the Andean region under the Andean Trade Preference Act (ATPA). However, trade preferences for Ecuador, the only remaining designated beneficiary country under ATPA, expired on July 31, 2013; in late June 2013, Ecuador had renounced its participation in the program.

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

**Key Policy Issues.** The TPP negotiations are likely to continue to be of congressional interest in 2013, especially in the areas of services trade, IPR protection, worker rights, environmental issues, and regulatory cooperation. Given that only three countries from Latin America are participating in the negotiations, this could raise questions as to whether the United States should consider broadening trade policy efforts to the region as a whole. Another possible issue of interest for Congress is the Pacific Alliance, a trade liberalization initiative among Chile, Colombia, Mexico, and Peru. The United States has been recently granted observer status to the Alliance, which will allow it to attend negotiating rounds and also makes it a candidate for full membership. Congress may also be interested in the possible upcoming energy reform in Mexico and the implications for U.S. oil imports from Mexico and for investment opportunities for U.S.

companies. Congress also could consider trade policy with Brazil in an effort to boost U.S. exports, especially now that there is a possibility of trade talks between Mexico and Brazil. (Also see sections on “Brazil” and “Mexico” below.)

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

## **Drug Policy**

Latin America and the Caribbean feature prominently in U.S. counternarcotics policy due to the region’s role as a source and transit zone for several illicit drugs destined for U.S. markets—cocaine, marijuana, methamphetamine, and opiates. Contemporary drug trafficking and transnational crime syndicates in the region have contributed to degradations in citizen security and economic development, often resulting in record levels of violence and drug trafficking-related homicides. Despite significant efforts to combat the drug trade, many governments in Latin America continue to suffer from overtaxed criminal justice systems and overwhelmed law enforcement and border control agencies. Moreover, extensive government corruption, entrenched by deeply influential criminal kingpins, frustrates efforts to interdict drugs, investigate and prosecute traffickers, and recover illicit proceeds. There is a widespread perception, particularly among many Latin American observers, that continuing U.S. demand for illicit drugs is largely to blame for the Western Hemisphere’s ongoing crime and violence problems.

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

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

The second OAS report presents four potential scenarios for the future direction of the drug problem in the Americas, depending on the policy decisions taken by regional actors between 2013 and 2025. Collectively, policy options identified include (1) addressing insecurity and weak governance through institutional capacity building in the justice sector; (2) experimenting with

alternatives to the current prohibitionist drug control regime, including but not limited to the decriminalization or legalization of marijuana; (3) mitigating drug-related violence and addiction through local community and civic engagement; and (4) allowing drug traffickers to operate freely and with impunity in order to reduce the visibility of drug trafficking-related violence.

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

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

**Key Policy Issues:** The future direction of regional debates on drug policy reform may have implications for the 113<sup>th</sup> Congress as it evaluates the Obama Administration’s counternarcotics goals in the Western Hemisphere, including counternarcotics and foreign aid budget plans. The 113<sup>th</sup> Congress may also address this issue as it evaluates the distribution of domestic and international drug control funding, and the relative balance of civilian, law enforcement, and military roles in regional anti-drug efforts.

For additional information, see CRS Report RL34543, *International Drug Control Policy: Background and U.S. Responses*, by Liana Sun Wyler; and CRS Report R41215, *Latin America and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs*, coordinated by Clare Ribando Seelke.

## **Terrorism Issues**

U.S. attention to terrorism in Latin America intensified in the aftermath of the September 2001 terrorist attacks on New York and Washington, with an increase in bilateral and regional cooperation. In its 2012 *Country Reports on Terrorism* (issued in May 2013), the State Department maintained that the threat of a transnational terrorist attack remained low for most countries in the hemisphere. It reported that the majority of terrorist attacks in the hemisphere were committed by the Revolutionary Armed Forces of Colombia (FARC). With regard to Mexico, the State Department maintained that “international terrorist organizations do not have a

known operational presence in Mexico and no terrorist group targeted U.S. citizens in or from Mexican territory.”

Cuba has remained on the State Department’s list of state sponsors of terrorism since 1982 pursuant to Section 6(j) of the Export Administration Act. Both Cuba and Venezuela are on the State Department’s annual list of countries determined to be not cooperating fully with U.S. antiterrorism efforts pursuant to Section 40A of the Arms Export Control Act. U.S. officials have expressed concerns over the past several years about Venezuela’s lack of cooperation on antiterrorism efforts, its relations with Iran, and potential support for Colombian terrorist groups, although improved Venezuelan-Colombian relations have resulted in closer cooperation on antiterrorism and counter-narcotics efforts and border security.

Over the past several years, policymakers have been concerned about Iran’s increasing activities in Latin America. Concerns center on Iran’s attempts to circumvent U.N. and U.S. sanctions, as well as on its ties to the radical Lebanon-based Islamic group Hezbollah. Both Iran and Hezbollah are reported to be linked to two bombings against Jewish targets in Argentina in the early 1990s. The 112<sup>th</sup> Congress enacted the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220) in December 2012, which required the Administration within 180 days to conduct an assessment and present “a strategy to address Iran’s growing hostile presence and activity in the Western Hemisphere.” In June 2013, the State Department submitted the required report to Congress. While most of it was classified, an unclassified annex stated that “Iranian influence in Latin America and the Caribbean is waning.” Critics maintain that the State Department is playing down the threat posed by Iran in the region, while others contend that while Iran’s involvement in the region is a concern, its level and significance are being exaggerated. As in past years, the State Department 2012 terrorism report maintains that there are no known operational cells of either Al Qaeda or Hezbollah in the hemisphere, but noted that “ideological sympathizers in South America and the Caribbean continued to provide financial and ideological support to those and other terrorist groups in the Middle East and South Asia.”

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

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

## **Organization of American States**

Since its foundation in 1948, the Organization of American States (OAS) has served as a forum through which the United States has sought to foster regional cooperation and advance U.S. priorities in the Western Hemisphere. OAS actions reflected U.S. policy for much of the 20<sup>th</sup>

century as other members sought to closely align themselves with the dominant economic and political power in the region. As the other 34 members have developed more independent foreign policies, however, the OAS has become less receptive to U.S. initiatives and more prone to inaction. A number of Members of Congress have expressed concern about the organization's direction in recent years. Some assert that the OAS advances policies counter to U.S. interests and argue that the United States should no longer fund the organization. Others assert that the OAS continues to be an important hemispheric institution but worry that administrative and financial problems are preventing it from effectively carrying out its core missions of democracy promotion, human rights protection, economic and social development, and regional security cooperation. They argue that reforms may be necessary to ensure the organization's continued relevance.

**Key Policy Issues:** The 113<sup>th</sup> Congress has continued to track developments at the OAS, and is currently considering legislation designed to address some Members' concerns. In July 2013, the Senate adopted the OAS Revitalization and Reform Act of 2013 (S. 793) by unanimous consent. The measure expresses support for the OAS, asserts that the organization could be strengthened by implementing certain management and programmatic reforms, and directs the Secretary of State to develop a strategy to secure the adoption of those reforms. An effort by several Latin American nations to weaken the Inter-American Commission on Human Rights (IACHR) led several Members to speak out in defense of the institution. A provision of the Countering ALBA Act of 2013 (H.R. 1687), introduced in April 2013, would direct the U.S. Permanent Representative to the OAS to use the voice, vote, and influence of the United States to protect and strengthen the IACHR.

In addition to these measures, Congress provides funding for the OAS through the annual State Department, Foreign Operations, and Related Programs appropriations. For FY2014, the Senate Appropriations Committee report to the Senate bill (S.Rept. 113-81 to S. 1372) recommends a \$2 million U.S. voluntary contribution to the IACHR, with not less than \$0.5 million for the Office of the Special Rapporteur for Freedom of Expression. The report also directs the U.S. Mission to the OAS to work with other OAS member states to encourage the OAS Permanent Council to conduct a transparent accounting of current staffing and adopt personnel practices that establish transparent, merit-based human resource standards.

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

## **Selected Country and Sub-Regional Issues**

### **Argentina**

The United States and Argentina have had a long history of economic cooperation, but economic relations have become increasingly tense since the 2001 financial crisis that led to a default on \$81.8 billion of sovereign debt. Argentina has restructured this debt twice, and although this resolved 92% of outstanding debt, it left the remainder held largely by hedge funds subject to court-ordered judgments and attachment orders. Some \$1.3 billion of holdout debt is being litigated in the federal courts and a federal judge has ordered Argentina to pay these bondholders in full. The Second Circuit Court of Appeals suspended this order while reviewing the appeal, and Argentina also filed a special appeal with the Supreme Court of the United States in June 2013. The final determination of this case could have broader implications for both the other holdout



creditors and those that settled earlier with Argentina. In addition, Argentina owes the Paris Club countries, including the United States, over \$6 billion of principal and past due interest that was also part of the 2001 default.

U.S. firms also have cases against Argentina before the World Bank's International Centre for the Settlement of Investment Disputes (ICSID). They are related to post-crisis changes in utility contracts and regulations that caused losses to U.S. firms and investors, which Argentina has declined to honor. Argentina has increased export taxes and import restrictions (contrary to world trading rules and hurting U.S. business), raised capital controls (managing inflows and outflows and discouraging profit repatriation to the United States), and limited dollar exchanges (to ensure government access to dollars when inflation encourages capital flight). The government has also expropriated majority Spanish holdings of YPF, the largest petroleum firm in the country, raising broader foreign investor concerns. The International Monetary Fund (IMF) has warned Argentina that it must begin to report inflation and economic growth data accurately or face sanctions, and Argentina has also declined to submit to an Article IV review of its economy, a requirement of all IMF members.

**Key Policy Issues:** Given the breadth of issues involved, the 113<sup>th</sup> Congress may follow developments in Argentina, particularly if the economy continues to struggle under its current macroeconomic policy framework. Congress may also review new or earlier measures taken against Argentina, including the Obama Administration's 2012 decision to decertify Argentina as eligible for benefits under Generalized System of Preferences (GSP) because of Argentina's failure to adhere to ICSID judgments involving U.S. companies. The United States also has filed trade restriction cases against Argentina in the World Trade Organization (WTO), and Argentina has responded in kind. With regard to the debt issue, the 110<sup>th</sup>, 111<sup>th</sup>, and 112<sup>th</sup> Congresses introduced versions of the Judgment Evading Foreign States Accountability Act, which would have cited Argentina for ignoring multiple judgments and would have required that such "judgment evaders" be prohibited from issuing debt in the United States and that any future debt offerings carry a warning label. Similar legislation has not been introduced in the 113<sup>th</sup> Congress.

For additional information, see CRS Report R41029, *Argentina's Defaulted Sovereign Debt: Dealing with the "Holdouts"*, by J. F. Hornbeck and CRS Report R43022, *Argentina's Post-Crisis Economic Reform: Challenges for U.S. Policy*, by J. F. Hornbeck.

## **Brazil**

U.S. policy toward Brazil remains in flux as officials adjust to the country's increasingly global reach. Brazil enjoyed strong economic growth from 2004 to 2010 and is now the world's seventh-largest economy. The country has utilized its newfound economic clout to consolidate its power in South America and exert more influence on global matters. As a result, the United States and Brazil increasingly engage on international issues in addition to bilateral concerns. The changing relationship has occasionally frustrated U.S. policymakers as the two multicultural democracies' shared values have not always translated into common approaches to international affairs. Some analysts assert that the independent foreign policies and occasionally divergent national interests of Brazil and the United States will inevitably lead to disputes, but that the countries can maintain a constructive partnership through transparent and respectful engagement. To this end, Brazil and the United States have established at least 25 bilateral dialogues designed to improve collaboration on issues such as defense, energy, and trade.

**Key Policy Issues:** The 113<sup>th</sup> Congress has maintained considerable interest in Brazil, with trade relations receiving particular attention. In June 2013, the House Committee on Ways and Means, Subcommittee on Trade, held a hearing examining the opportunities and challenges of the U.S.-Brazil trade and investment relationship (see **Appendix B**). The 113<sup>th</sup> Congress is also considering modifications to the U.S. cotton program that could help resolve a long-running trade dispute with Brazil. The WTO has authorized the Brazilian government to impose retaliatory measures against the United States, such as higher tariffs on U.S. goods and the suspension of intellectual property rights obligations, unless Congress makes sufficient changes to the program as part of the farm bill reauthorization. The Senate approved its version of the farm bill reauthorization, S. 954, in June 2013, and the House approved its version, H.R. 2642, in July. Other measures being considered in the 113<sup>th</sup> Congress include two bills designed to pressure Brazil to amend its constitution and allow the extradition of Brazilian nationals; H.R. 571 would suspend foreign assistance to Brazil and H.R. 572 would suspend the issuance of visas to Brazilian nationals.

For additional information, see CRS Report RL33456, *Brazil-U.S. Relations*, by Peter J. Meyer.

## **Caribbean**

Because of their geographic location, many Caribbean nations are transit countries for illicit drugs from South America and the Caribbean destined for the U.S. and European markets. Currently, of the 15 countries in the Caribbean region, President Obama identified 4—the Bahamas, the Dominican Republic, Haiti, and Jamaica—as major drug-producing or drug-transit countries in September 2012 pursuant to annual legislative drug certification requirements. Many other Caribbean nations, particularly in the Eastern Caribbean, are also vulnerable to drug trafficking and associated crimes. Homicide rates in several Caribbean countries have increased in recent years because of gangs and organized crime, competition between drug trafficking organizations, and the availability of firearms.

In 2009, the Obama Administration developed the Caribbean Basin Security Initiative (CBSI) through a process of dialogue with Caribbean countries with the goal of reducing illicit trafficking in the Caribbean, advancing public safety and security, and promoting social justice. U.S. funding for the program from FY2010 through FY2012 amounted to \$203 million with assistance in the following five areas: maritime and aerial security cooperation; law enforcement capacity building; border/port security and firearms interdiction; justice sector reform; and crime prevention and at-risk youth.

**Key Policy Issues:** For FY2013, the Obama Administration requested an additional \$59 million for the CBSI. As noted above, while Congress completed action on FY2013 foreign aid appropriations in March 2013 (P.L. 113-6), FY2013 figures for the CBSI are still unavailable. For FY2014, the Administration has requested \$63.5 million for the CBSI. In legislative action, both the House and Senate versions of the FY2014 foreign aid appropriations measure, H.R. 2855 and S. 1372, as approved by the Appropriations Committees, expressed support for CBSI funding. However, the report to the Senate bill (S.Rept. 113-81) expressed concern that funding should only be made available for governments that demonstrated a commitment to punishing corruption and reforming their security forces. The report to the House bill (H.Rept. 113-185) also would require a State Department report on CBSI funding on a country-by-country basis for FY2010 through FY2014.

In terms of oversight, the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, held a hearing on the CBSI in June 2013 examining the status of the program (see **Appendix B**). Oversight questions for congressional consideration include what have been the results to date of three years of assistance under the CBSI? To what extent has U.S. support to Caribbean countries under the CBSI helped reduce drug trafficking and high homicide rates in the region? To what extent are Caribbean countries themselves investing in CBSI-related activities? Some observers have also called for a broader emphasis on economic development and trade in Caribbean beyond a focus on security-related issues.

For additional information, see CRS Report R41215, *Latin America and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs*, coordinated by Clare Ribando Seelke.

## **Central America**

U.S. policymakers have expressed significant concerns about security and human rights conditions in Central America. Countries in the region—particularly El Salvador, Guatemala, and Honduras—have struggled for years to deal with rising levels of crime and violence, which analysts have linked to inter-related factors such as widespread social exclusion and weak and corrupt security and justice sector institutions. These problems have been compounded by transnational criminal organizations seeking to control Central American territory in order to transport illicit narcotics from producers in South America to consumer markets in the United States and Europe. The U.S. government has sought to assist countries in the region through the Central America Regional Security Initiative (CARSI). The initiative provides partner nations with equipment, training, and technical assistance to support immediate law enforcement operations, build long-term institutional capacity, and address underlying socioeconomic challenges. Congress appropriated \$496.5 million for CARSI between FY2008 and FY2012.

**Key Policy Issues:** Security and human rights concerns in Central America have remained a focus of congressional attention during the 113<sup>th</sup> Congress. In terms of continued funding for CARSI, in 2012, the Obama Administration requested \$107.5 million for the program for FY2013. As noted above, while Congress completed action on FY2013 foreign aid appropriations in March 2013 (P.L. 113-6), FY2013 figures for CARSI are still unavailable. For FY2014, the Administration has requested \$161.5 million for CARSI. In legislative action, both the House and Senate versions of the FY2014 foreign aid appropriations measure, H.R. 2855 and S. 1372, as approved by the Appropriations Committees, expressed support for CARSI. However, the report to the Senate bill (S.Rept. 113-81) expressed concern that funding should only be made available for governments that demonstrated a commitment to punishing corruption and reforming their security forces. The report to the House bill (H.Rept. 113-185) also would require a State Department report on CARSI funding on a country-by-country basis for FY2010 through FY2014.

In terms of oversight, the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, held a hearing on CARSI in June 2013 examining the status of the program and the effectiveness of the assistance. In late July 2013, the Tom Lantos Human Rights Commission held a hearing on human rights in Honduras. The hearing examined the deteriorating security and human rights conditions in Honduras as well as the role of U.S. policy. (See **Appendix B** for links to the hearings.) Oversight questions for Congress include: What has been accomplished with the nearly \$500 million in CARSI funds appropriated thus far? To what extent are Central American nations undertaking the fiscal and policy reforms necessary to consolidate gains and sustain efforts? Are additional conditions on U.S. assistance or a greater focus on sequencing aid efforts

necessary in order to ensure that the United States does not end up assisting police and military forces that are engaged in corruption and human rights abuses?

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

## **Colombia**

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

The Colombian government, in close cooperation with the United States through a strategy known as Plan Colombia, has reestablished government control over much of its territory, reduced poverty, and made significant headway in combating drug trafficking and terrorist activities. Colombia has substantially improved citizen security and economic stability, but some observers continue to raise concerns about human rights conditions in the country. Between FY2000 and FY2013, Congress provided Colombia more than \$9 billion in assistance to carry out Plan Colombia and its follow-on strategies. This support is gradually being reduced as programs are turned over to Colombian control.

President Juan Manuel Santos, elected in 2010 from a center-right party, has governed with the backing of almost 90% of the Colombian Congress in a "national unity" coalition. In his first two years in office, President Santos launched a number of reforms and expanded trade relations with the United States, Colombia's largest trade partner, and others. In late August 2012, he announced that exploratory peace talks were underway with the country's main leftist insurgent group, the Revolutionary Armed Forces of Colombia (FARC). Formal peace negotiations with the FARC began in Norway in October 2012, and moved to Cuba in November 2012, where they are ongoing. In May 2013, the FARC and government negotiators announced their agreement on land and rural development, the first of five substantive issues they have agreed to address. Talks continued on schedule in late July 2013 in their 12<sup>th</sup> round despite tensions caused by rural unrest in the Catatumbo region, the FARC's kidnapping of an American citizen, and continued security force casualties during FARC attacks as the talks have proceeded without a ceasefire. President Santos has urged both parties to the peace talks to complete the process by November 2013 before campaigns officially begin for congressional and presidential elections scheduled for March and May of 2014.

**Key Policy Issues.** The 113<sup>th</sup> Congress has maintained a strong interest in Colombia's progress in security, counternarcotics, human rights, and trade. In October 2011, the U.S. Congress approved implementing legislation for the U.S.-Colombia Free Trade Agreement, which went into force on May 15, 2012, and will eventually eliminate most tariffs and barriers to bilateral trade. Members of Congress are monitoring Colombia's peace negotiations and their effect on security conditions

within the country, and may consider how U.S. assistance will shift in the event a peace accord is signed. Members may also want to consider what role the United States should continue to play in Colombia's ongoing struggle with drug trafficking and illegal armed groups. Regarding oversight of continued U.S. foreign aid to Colombia, key issues include funding levels for Plan Colombia's follow-on strategies, continuing allegations of human rights abuses, assistance to Colombia for security training in third countries, and the future of counternarcotics policies such as aerial eradication and alternative development.

The Obama Administration requested roughly \$323 million for foreign assistance to Colombia from State Department accounts for FY2014, which appears to have broad support in the House and Senate Appropriations Committees. Both the House and Senate versions of the FY2014 foreign aid appropriations measure, H.R. 2855 and S. 1372, are likely to fully fund the request. However the Senate bill exceeds the request slightly in funding in the Economic Support Fund account and includes \$6.5 million set aside for human rights activities. The Senate bill retains a certification requirement similar to current law on a range of human rights issues before the State Department can obligate the last 25% of the funds in the Foreign Military Financing account. The House measure requires the human rights certification on somewhat different criteria but does not link it with a hold-back of funds to the Colombian military. In addition, both the Senate and House measures include funding to Colombia for labor and environmental capacity building in light of its free trade agreement with the United States, which came into effect in May 2012.

For additional information, see CRS Report RL32250, *Colombia: Background, U.S. Relations, and Congressional Interest*, by June S. Beittel; CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel; and CRS Report RL34470, *The U.S.-Colombia Free Trade Agreement: Background and Issues*, by M. Angeles Villarreal.

## **Cuba**

Since the early 1960s, U.S. policy has consisted largely of isolating Cuba through economic sanctions. A second policy component has consisted of support measures for the Cuban people, including U.S. government-sponsored broadcasting (Radio and TV Martí) and support for human rights and democracy activists. In light of Fidel Castro's official departure as head of government in 2008, and the economic policy changes that have been made by the government of Raúl Castro, many observers called for a reexamination of policy. Two broad approaches have been at the center of debate. The first is to maintain the dual-track policy of isolating the Cuban government while providing support to the Cuban people. The second approach advocates lifting economic sanctions and focusing largely on increasing engagement with Cuba with the goal of changing attitudes in the Cuban government and society.

Since taking office, the Obama Administration has essentially followed the first approach. While the Administration has lifted all restrictions on family travel and remittances, eased restrictions on other types of purposeful travel, and moved to reengage Cuba on several bilateral issues, it has also maintained U.S. economic sanctions. The Administration welcomed the release of many political prisoners in 2010 and 2011, but it has also criticized Cuba's continued repression of political dissidents through thousands of short-term detentions and targeted violence. The Administration has continued to call for the release of U.S. government subcontractor Alan Gross, detained in 2009 and sentenced to 15 years in prison in March 2011. His continued detention has been a major impediment toward improved relations.

**Key Policy Issues:** Strong interest in Cuba is continuing in the 113<sup>th</sup> Congress with attention focused on the human rights situation and U.S. sanctions. The continued imprisonment of Alan Gross remains a key concern for many Members. To date in the 113<sup>th</sup> Congress, eight Cuba-specific initiatives have been introduced. Several would lift or ease U.S. economic sanctions on Cuba: H.R. 214 and H.R. 872 (overall embargo); H.R. 871 (travel); and H.R. 873 (travel and agricultural exports). H.R. 215 would allow Cubans to play organized professional baseball in the United States. H.R. 1917, among its provisions, would lift the embargo and extend nondiscriminatory trade treatment to the products of Cuba after Cuba releases Alan Gross from prison. Identical initiatives, H.R. 778/S. 647 would modify a 1998 trademark sanction; in contrast, H.R. 214, H.R. 872, H.R. 873, and H.R. 1917 each have a provision that would repeal the trademark sanction. H.Res. 121 would honor the work of Cuban blogger Yoani Sánchez in challenging the oppression of the Castro regime.

For FY2014, the House version of the foreign aid appropriations measure, H.R. 2855 (H.Rept. 113-185) would provide that \$20 million in Economic Support Fund (ESF) aid (\$5 million more than the Administration's request) be transferred to the National Endowment for Democracy "to promote democracy and strengthen civil society in Cuba." The Senate version of the bill, S. 1372 (S.Rept. 113-81), would provide that ESF aid appropriated for Cuba only be made available "for humanitarian assistance and to support the development of private business." H.R. 2855 would also provide \$28.266 million for Cuba broadcasting (Radio and TV Martí), while S. 1372 would provide \$23.804 million, the same amount as the Administration's request.

In terms of Cuba sanctions, the House version of the FY2014 Financial Services and General Government appropriations measure, H.R. 2786 (H.Rept. 113-172), has a provision that would prohibit FY2014 funding used "to approve, license, facilitate, authorize, or otherwise allow" people-to-people travel to Cuba, which the Obama Administration authorized in 2011. In contrast, the Senate version of the measure, S. 1371 (S.Rept. 113-80), would expand the current general license for professional research and meetings in Cuba to allow U.S. groups to sponsor and organize conferences in Cuba, but only if specifically related to disaster prevention, emergency preparedness, and natural resource protection.

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

## **Haiti**

Three years after an earthquake devastated its capital, Haiti is making some progress in its overall recovery effort, but enormous challenges remain. Criticism abounds that reconstruction aid and efforts are moving too slowly. That perception among Haitians has added to mounting public frustration with international donors and the government. According to the United Nations, international public donors have disbursed just over half of the \$5.3 billion pledged for recovery projects between 2010 and 2012. While donors acknowledge the problems, they also point out the difficulty of operating in an environment like Haiti, where obstacles to more effective distribution of funds include the limited capacity within the Haitian government, which was considerably diminished by the earthquake, and political fragility. A cholera epidemic that broke out in late 2010 diverted early recovery efforts and continues to require substantial resources.

In addition, weak coordination among the donors and between donors and the Haitian government were exacerbated by the demise of an international foreign aid-coordinating

mechanism (that had limited results), and the failure of the Haitian government to replace it with a domestic one for about a year, until late 2012. Concerns about corruption also make donors wary. Officials in Haiti and the Dominican Republic have been investigating corruption allegations linked to President Martelly, triggering protests against the president, but Martelly has denied the charges. By the end of 2012, the Haitian government had turned its focus to further strengthening the Haitian National Police. Plans for re-creating an army, as initially proposed by President Martelly, appear to be on the back burner, and envision a limited, emergency response role if one were to be revived. The inability of the executive, legislative, and judicial branches to agree on the composition of an electoral council to organize already-overdue elections is contributing to political tensions.

The main priorities for U.S. policy regarding Haiti are to strengthen fragile democratic processes, continue to improve security, and promote economic development. Other issues include the cost and effectiveness of U.S. aid; protecting human rights; combating narcotics-, arms-, and human-trafficking; and alleviating poverty. The Obama Administration granted Temporary Protected Status to Haitians living in the United States at the time of the earthquake, and in December 2012 extended it for another 18 months.

**Key policy issues:** The key interest for the 113<sup>th</sup> Congress regarding Haiti may continue to be how U.S. aid to Haiti can be disbursed and utilized most effectively. Congress may want to explore issues regarding U.S. aid programs, including the following: How can Haitian institutions of governance and rule of law be further strengthened in a context of political gridlock between the Haitian executive and parliament? Should more aid be transferred directly to local institutions, and if so, how can donors do so while addressing concerns about capacity and corruption? What lessons learned since the earthquake might improve aid implementation? Another issue will likely include how best to continue to improve security in Haiti. Some Members of Congress may continue to express concern about basic human rights, including the problem of gender-based violence. They may also want to see that overdue legislative and local elections are held soon in a free, fair, and transparent manner.

Current legislative initiatives introduced in the 113<sup>th</sup> Congress focused on Haiti include: S.Res. 12, approved in March 2013, which urges the President to continue reconstruction and development efforts and ensure close monitoring of U.S. aid program implementation; H.R. 1525 (Haitian migration); H.R. 1749 and S. 1104 (requiring a GAO report measuring progress in post-earthquake recovery and development); H.Res. 31 (earthquake anniversary); H.Res. 61 (gender-based violence); and H.Res. 224 (Haitian-American heritage month). In terms of FY2014 foreign aid appropriations legislation (H.R. 2285 and S. 1372), the Senate Appropriations Committee version of the bill would prohibit assistance to the central government of Haiti until the Secretary of State certifies that Haiti has held free and fair parliamentary elections, is respecting judicial independence, and is taking effective steps to combat corruption and improve governance.

For background information, see CRS Report R42559, *Haiti Under President Martelly: Current Conditions and Congressional Concerns*, by Maureen Taft-Morales; CRS Report R41689, *Haiti's National Elections: Issues, Concerns, and Outcome*, by Maureen Taft-Morales; and CRS Report R41023, *Haiti Earthquake: Crisis and Response*, by Rhoda Margesson and Maureen Taft-Morales.

## **Mexico**

Congress has maintained significant interest in Mexico and played an important role in shaping U.S.-Mexico bilateral relations. Recently, the centrist Institutional Revolutionary Party (PRI) that governed Mexico from 1929 to 2000 retook the presidency after 12 years of rule by the conservative National Action Party (PAN). PRI President Enrique Peña Nieto, a former governor of the state of Mexico, took office on December 1, 2012, pledging to enact bold structural reforms and broaden relations with the United States beyond security issues. U.S. policymakers are closely following what the return of a PRI government portends for Mexico's domestic policies and relations with the United States.

President Peña Nieto has announced a reformist agenda with specific proposals under five broad pillars: reducing violence; combating poverty; boosting economic growth; reforming education; and fostering social responsibility. He signed a "Pact for Mexico" with the leaders of the PAN and leftist Party of the Democratic Revolution (PRD) that has already paved the way for the enactment of education and telecommunications reform. President Peña Nieto plans to introduce legislation in September that would reform Mexico's tax code and modernize the country's energy sector by paving the way for private investment in *Petróleos Mexicanos* (PEMEX).

As Mexico has experienced a domestic shift in power, U.S.-Mexican relations have also evolved. During his visit to Mexico in May 2013, President Obama embraced President Peña Nieto's desire to bolster economic ties and focus on issues beyond security, including education. U.S.-Mexican security cooperation has continued under the Mérida framework, albeit with some friction caused by limits put on U.S. involvement in some law enforcement and intelligence operations. If implemented, the Trans-Boundary Hydrocarbons Agreement signed in February 2012 on managing oil resources in the Gulf of Mexico could create new opportunities for energy cooperation. The Peña Nieto government has supported efforts to enact comprehensive immigration reform in the United States, but urged U.S. policymakers not to militarize the U.S.-Mexico border.

**Key Policy Issues:** This year, immigration and border security have been at the center of the congressional agenda. The Senate passed S. 744 in June 2013, a comprehensive immigration reform bill that includes additional funding for border security; the House has passed a series of discrete immigration measures. The House passed legislation in June 2013, H.R. 1613, which would provide for implementation of the U.S.-Mexico Trans-boundary Hydrocarbons Agreement; the Senate has yet to do so. Language included in the July 2013 House-passed version of the 2013 farm bill, H.R. 2642, addresses an ongoing U.S.-Mexico water dispute in the Rio Grande Basin. Congress has continued oversight of the Mérida Initiative and is now examining the Obama Administration's FY2014 budget request for Mérida. Both the House and Senate Appropriations Committees-reported versions of the FY2014 foreign aid appropriation measure, H.R. 2855 and S. 1372, support efforts to address organized crime and drug trafficking; the Senate bill, however, would continue to tie 15% of funding under the International Narcotics Control and Law Enforcement (INCLE) and Foreign Military Financing (FMF) to certain human rights efforts by Mexico.

U.S.-Mexican energy cooperation and the prospects for reforming PEMEX have generated congressional interest, as has how Mexico's participation in the Trans Pacific Partnership (TPP) negotiations may impact U.S.-Mexico economic relations, especially in the context of the North American Free Trade Agreement (NAFTA).



Potential oversight questions that Congress might consider include: How is security cooperation under the Mérida Initiative evolving to reflect Mexico's prioritization of violence reduction? On the border, how are security concerns being balanced against bilateral efforts to promote economic dynamism? What are the prospects for economic growth in Mexico and how would the enactment of fiscal and energy reform in Mexico affect U.S. businesses?

For additional information, see CRS Report R42917, *Mexico's Peña Nieto Administration: Priorities and Key Issues in U.S.-Mexican Relations*, by Clare Ribando Seelke; CRS Report R41349, *U.S.-Mexican Security Cooperation: The Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin Finklea; and CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

## **Venezuela**

While historically the United States has had close relations with Venezuela, a major supplier of foreign oil, friction in bilateral relations rose over the past decade under the populist government of President Hugo Chávez, who died in March 2013 after battling cancer for almost two years. First elected in 1998, Chávez had won reelection to another six-year term in October 2012, capturing about 55% of the vote compared to 44% for opposition candidate Henrique Capriles. After Chávez's death, Venezuela held presidential elections in April 2013 in which acting President Nicolás Maduro, who had been serving as Chávez's vice president, won by less than 2% of the vote. Opposition candidate Henrique Capriles has challenged the election results. In both of those presidential elections, the incumbent candidate benefited from the use of state resources for his campaign.

Among the concerns of U.S. policymakers in recent years has been the deterioration of human rights and democratic conditions, Venezuela's significant military arms purchases, lack of cooperation on anti-terrorism efforts, limited bilateral anti-drug cooperation, and Venezuela's relations with Cuba and Iran. In late 2010, Venezuela revoked an agreement for U.S. Ambassador-designate Larry Palmer to serve in Caracas; the United States responded by revoking the diplomatic visa of the Venezuelan Ambassador to the United States. In September 2012, President Obama issued the eighth annual determination (as part of the annual narcotics certification process) that Venezuela had "failed demonstrably" to meet its obligations under international counternarcotics measures. The State Department maintains that individual members of the Chávez government and security forces were credibly reported to have engaged in or facilitated drug trafficking activities. The United States has imposed financial sanctions on seven Venezuelan government and military officials for allegedly helping the Revolutionary Armed Forces of Colombia (FARC) with drug and weapons trafficking. The United States has also imposed sanctions on three Venezuelan companies for alleged support to Iran and on several Venezuelan individuals for providing financial support to Hezbollah.

Despite these tensions, the Obama Administration has maintained that the United States remains committed to seeking constructive engagement with Venezuela. In early June 2013, Secretary of State John Kerry met with Venezuelan Foreign Minister Elías Jaua in Guatemala on the sideline of an OAS General Assembly meeting. Secretary Kerry expressed hope that the two countries could move quickly to the appointment of ambassadors, and said that the two countries had agreed to continue high level dialogue. Efforts to engage with Venezuela, however, have been complicated by the Maduro government's strong rhetoric. In early July 2013, President Maduro publicly offered political asylum to Edward Snowden, accused of leaking classified information regarding National Security Agency programs. On July 19, Venezuela announced that it was

halting efforts to improve relations in response to comments by the Obama Administration's nominee for U.N. Ambassador Samantha Power that she would contest the "crackdown on civil society being carried out in countries like Cuba, Russia, Iran, and Venezuela." President Maduro subsequently indicated on July 23 that he would be willing to resume dialogue with the United States if it changed its "imperialist attitude toward Latin America" and "its permanent aggression toward Venezuela."

**Key Policy Issues:** The 113<sup>th</sup> Congress is continuing oversight on the status of human rights and democracy in Venezuela as well as on drug trafficking and terrorism concerns, including the extent of Venezuela's relations with Iran. Of particular interest is the future of U.S.-Venezuelan relations in the aftermath of President Chávez's death in March 2013. To date, two legislative initiatives have been introduced: S.Res. 213 would express support for the free and peaceful exercise of representative democracy in Venezuela and condemn violence and intimidation against the country's political opposition; H.R. 1687 would, among other provisions, provide for the imposition of visa and financial sanctions against certain listed officials of four governments belonging to the Bolivarian Alliance for the Americas (ALBA)—Bolivia, Ecuador, Nicaragua, and Venezuela. Congress also faces consideration of the FY2014 foreign aid appropriations measure (H.R. 2855, S. 1372); the Administration's request included \$5 million to support civil society efforts to build and protect democratic freedoms and protect human rights.

For further information, see CRS Report RS21049, *Latin America: Terrorism Issues*, Latin America: Terrorism Issues, which has a section on Venezuela's relations with Iran. For additional background, see CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*, by Mark P. Sullivan, and CRS Report R40938, *Venezuela: Issues for Congress*, by Mark P. Sullivan.

## Appendix A. U.S. Trade with Latin America and the Caribbean, 2006-2012

**Table A-1. U. S. Imports from Latin America and the Caribbean (LAC) 2006-2012**

Partner Country	U.S. \$ Millions							% Change
	2006	2007	2008	2009	2010	2011	2012	2012/2011
Mexico	198,253	210,714	215,942	176,654	229,986	262,874	277,570	5.59
Venezuela	37,134	39,910	51,424	28,059	32,707	43,257	38,724	-10.48
Brazil	26,367	25,644	30,453	20,070	23,958	31,737	32,123	1.22
Colombia	9,266	9,434	13,093	11,323	15,659	23,114	24,620	6.51
Costa Rica	3,844	3,942	3,938	5,612	8,697	10,119	12,042	19.00
Ecuador	7,094	6,135	9,048	5,273	7,451	9,622	9,485	-1.43
Chile	9,565	8,999	8,196	5,949	7,017	9,076	9,371	3.25
Trinidad & Tobago	8,362	8,790	9,030	5,180	6,613	8,113	8,158	0.56
Peru	5,880	5,272	5,812	4,223	5,243	6,605	6,418	-2.83
Honduras	3,717	3,912	4,041	3,319	3,933	4,501	4,648	3.26
Total LAC	331,874	345,458	375,763	284,726	361,363	436,510	448,337	2.71
World	1,853,938	1,956,962	2,103,641	1,559,625	1,913,857	2,208,055	2,275,320	3.05

**Source:** U.S. Department of Commerce, Census Bureau, *Global Trade Atlas*, August 2013.

**Notes:** Provides statistics on top 10 countries followed by total U.S. imports from Latin America and the Caribbean. Prepared by Dindi R. Robinson, CRS Information Research Specialist.

**Table A-2. U.S. Exports to Latin America and the Caribbean (LAC), 2006-2012**

Partner Country	U.S. \$ Millions							% Change
	2006	2007	2008	2009	2010	2011	2012	2012/2011
Mexico	133,722	135,918	151,220	128,892	163,665	198,069	215,931	9.02
Brazil	18,887	24,172	32,299	26,095	35,418	42,938	43,806	2.02
Chile	6,586	8,148	11,857	9,346	10,907	15,979	18,766	17.44
Venezuela	9,002	10,201	12,610	9,315	10,645	12,358	17,516	41.75
Colombia	6,709	8,558	11,437	9,451	12,068	14,321	16,355	14.20
Argentina	4,776	5,856	7,536	5,569	7,392	9,881	10,268	3.91
Panama	2,660	3,669	4,887	4,293	6,066	8,247	9,835	19.25
Peru	2,927	4,120	6,183	4,919	6,750	8,335	9,345	12.11
Costa Rica	4,132	4,580	5,680	4,700	5,178	6,058	7,231	19.35
Dominican Republic	5,351	6,084	6,594	5,269	6,579	7,318	6,974	-4.70
Total LAC	221,217	241,830	287,015	237,381	301,421	365,110	396,714	8.66
World	1,025,967	1,148,199	1,287,442	1,056,043	1,278,495	1,480,290	1,545,709	4.42

**Source:** U.S. Department of Commerce, Census Bureau, *Global Trade Atlas*, August 2013.

**Notes:** Provides statistics on top 10 countries followed by total U.S. exports to Latin America and the Caribbean. Prepared by Dindi R. Robinson, CRS Information Research Specialist.

## Appendix B. Hearings in the 113<sup>th</sup> Congress

**Table B-I. Congressional Hearings in the 113<sup>th</sup> Congress on Latin America and the Caribbean**

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

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

**Notes:** The listed hearings are linked to pdf documents of the committee prints or committee webpages on the hearings. Also see hearing info at: House Foreign Affairs Committee Subcommittee on the Western Hemisphere at <http://foreignaffairs.house.gov/subcommittees/western-hemisphere/>; and Senate Foreign Relations Committee, at <http://www.foreign.senate.gov/hearings/>.

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