Latin America and the Caribbean: Key Issues for the 114th Congress

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Summary

U.S. Interests and Policy

Geographic proximity has ensured strong linkages between the United States and the Latin American and Caribbean region, 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 was substantial continuity in U.S. policy toward the region during the first six years of the Obama Administration, which pursued some of the same basic policy approaches as the Bush Administration. Nevertheless, the Obama Administration made several significant policy changes, including an overall emphasis on partnership and shared responsibility. Moreover, in December 2014, President Obama unveiled a new policy approach toward Cuba that broke with the long-standing U.S. sanctions-based policy and moved toward a policy of engagement.

U.S. policy toward the region is conducted in the context of a Latin America that has become increasingly independent. The region has diversified its economic and diplomatic ties with countries outside the region. Over the past few years, several Latin American regional organizations have been established that do not include the United States, including the Community of Latin American and Caribbean States designed to boost regional integration and cooperation. Nevertheless, the United States still remains very much engaged in the region bilaterally and multilaterally. The policy shift on Cuba was lauded throughout the region and has helped bolster the image of the United States in Latin America.

Congressional Action and Oversight

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. The most significant legislative action on the region in the first session of the 114th Congress was enactment of the Consolidated Appropriations Act, 2016 (P.L. 114-113), also referred to as the FY2016 omnibus appropriations measure, signed into law in December 2015. The law has numerous provisions on foreign aid to the region, including $750 million for ramped-up funding for Central America to address the region’s economic, security, and governance challenges. The FY2016 National Defense Authorization Act (P.L. 114-92), enacted in November 2015, also has provisions regarding increased support for Central America. Earlier in 2015, Congress approved an extension of the Generalized System of Preferences (GSP) through 2017 in the Trade Preferences Extension Act (P.L. 114-27), enacted in June, which benefits some 15 countries in the region. In December 2015, the House also passed H.Res. 536, which expresses support for freedom of the press in the region and condemns violations of press freedom and violence against journalists.

Oversight attention in the first session focused on such issues as U.S. interests in Latin America and the Caribbean; the Administration’s policy shift on Cuba, including issues related to U.S. national security, human rights, U.S. agricultural trade, and U.S. property claims; the Administration’s $1 billion aid request for Central America and the migration crisis in that sub-region; Venezuela’s economic and political crisis, including the human rights situation; an overview of the situation in Haiti; the activities of Iran, China, and Russia in Latin America; energy issues; the status of Colombia’s peace talks; and threats to press freedom in the Americas (see the Appendix for a listing of hearings).

Congress will soon begin consideration of the Administration’s FY2017 foreign aid request for the region. Looking ahead, congressional interest in the region in the second session of the 114th Congress may include Haiti’s second presidential electoral round; the economic downturn in
South America; the difficult political and economic situation in Venezuela; efforts to assist Central American countries contend with economic, security, and governance challenges; the situation in Cuba and the status of U.S.-Cuban relations; and potential consideration of implementing legislation for the proposed Trans-Pacific Partnership (TPP) trade agreement that includes Mexico, Chile, Peru and eight other Pacific countries.

This report provides an overview of U.S. policy toward Latin America and the Caribbean. It begins with an overview of the political and economic environment that affects U.S. relations, and then examines the Obama Administration’s policy toward the region. The report then examines congressional interests in Latin America, looking at selected regional and country issues. For additional information and access to over 30 CRS reports on the region, see the CRS Issues in Focus webpage on “Latin America and the Caribbean.”
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U.S. Policy Toward Latin America and the Caribbean

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

Political and Economic Environment in the Region

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

A Changed Region

The Latin American and Caribbean region has made significant advances over the past three decades in terms of both political and economic development. In the early 1980s, 16 countries in the region were governed by authoritarian regimes, both on the left and the right, but today, all governments with the exception of Cuba are, at least formally, elected democracies. The threat to elected governments from their own militaries has dissipated in most countries.

Free and fair elections have become the norm in most countries in the region, even though some elections have been controversial with allegations of irregularities. In 2015, eight countries completed elections for head of government. Long-ruling parties were voted out of office in St. Kitts and Nevis, Guyana, and Trinidad and Tobago, while incumbents were reelected in Suriname, Belize, and St. Vincent and the Grenadines.

Ahead of its 2015 presidential election, Guatemala became embroiled in massive corruption scandals that led to the arrest of the vice president in August and the resignation of President Otto Pérez Molina in September. The president’s resignation was the result of public outcry against...
corruption in Guatemala, and can be viewed as vindication for the rule of law in the country and the role of the United Nations-backed International Commission Against Impunity in Guatemala. In the aftermath of Pérez Molina’s resignation, the country held two presidential election rounds in September and October. Former actor Jimmy Morales, who had campaigned on a strong anti-corruption platform, won the second round by a large margin, and was inaugurated on January 14, 2016 (see “Guatemala” below).

In Argentina, voters went to the polls in November 2015 and voted for change by electing Mauricio Macri of the opposition Let’s Change coalition representing center-right and center-left parties. In a close race, Macri defeated Daniel Scioli, the candidate of the leftist Peronist party faction of outgoing President Cristina Fernández de Kirchner. Macri’s election ends the 12-year run of so-called Kirchnerismo that helped Argentina emerge from a severe economic crisis in 2001-2002, but also was characterized by protectionist and unorthodox economic policies and at times difficult relations with the United States. Inaugurated on December 10, 2015, President Macri has already begun to usher in market-based economic reform measures, including the beginning of talks to resolve the long-standing dispute with so-called holdout creditors who did not participate in previous debt restructurings. More broadly, more cooperative relations with the United States are expected under the Macri government (see “Argentina” below).

In addition to these elections for head of government, Venezuela held legislative elections in December 2015 in which the opposition coalition known as the Democratic Unity Roundtable, despite significant disadvantages, won a solid victory over ruling United Socialist Party of Venezuela of current President Nicolás Maduro. While the opposition won 112 seats, giving it a two-thirds majority and significant legislative powers, the Maduro government moved to thwart its power in the newly elected National Assembly, including a Supreme Court action blocking three opposition legislators from taking office, which denied the opposition its supermajority (see “Venezuela” below).

**2016 Elections.** Several countries in the region are scheduled to hold elections for head of government in 2016. Haiti held a first presidential round in October, and a second round, originally scheduled for December 2015, is now set for January 24, 2016, although it is questionable whether it will take place as scheduled. The opposition candidate, who had vowed to boycott unless the recommendations of an independent commission were fully implemented, withdrew from the race on January 18. Current President Michel Martelly cannot run in these elections, as Haitian law limits presidents to two non-consecutive terms (see “Haiti” below).

Looking further ahead in the year, presidential elections are scheduled for Peru in April, the Dominican Republic in May, and Nicaragua in November. Current Peruvian President Ollanta Humala, whose popularity has fallen because of corruption allegations against his close allies (including his wife), cannot seek immediate reelection. At this juncture, Keiko Fujimori, the daughter of former President Alberto Fujimori (1990-2000) is leading opinion polls. In the Dominican Republic, following June 2015 approval of a constitutional amendment allowing for immediate reelection, current President Danilo Medina of the Dominican Liberation Party will again run for the presidency, with his chief competitor likely to be Luis Abinader of the Modern Revolutionary Party. In Nicaragua, the National Assembly, dominated by President Daniel Ortega’s Sandinista party, approved constitutional changes in 2014 that eliminated presidential term limits, paving the way for Ortega to seek a fourth term. The political opposition has been holding protests demanding a free, fair, and transparent electoral process for the November 2016 elections. Parliamentary elections are also due by December 2016 in Jamaica (although they are likely to be held sooner) and St. Lucia.

**Challenges to Democracy.** Despite significant improvements in political rights and civil liberties, several countries in the region still face considerable challenges. In a number of
countries, weaknesses remain in the state’s ability to deliver public services, ensure accountability and transparency, advance the rule of law, and ensure citizen safety and security. There are also numerous examples of elected presidents over the past 25 years who left office early amid severe social turmoil, often with economic crises, high-profile corruption, or even the presidents’ own autocratic actions contributing to their ouster. The September 2015 resignation of Guatemalan President Pérez is the most recent example. High-profile corruption scandals in 2015 have also affected the popularity of governments in Brazil, Chile, Honduras, Mexico, Peru, and Venezuela.¹

In 2015, Colombia continued its ongoing peace negotiations with the Revolutionary Armed Forces of Colombia (FARC), which began formally in October 2012 and have raised hopes that the hemisphere’s oldest civil conflict, which dates back to the 1960s, may be resolved in 2016.

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

The human rights group Freedom House compiles an annual evaluation of political rights and civil liberties in which it categorizes countries as free, partly free, and not free. In its 2015 report (covering 2014), 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. Haiti’s political rights rating was downgraded from the previous year because of the failure to hold mandated parliamentary and municipal elections. The report also noted downward trends in Ecuador, Mexico, and Venezuela. In Ecuador, this was because of increased limits on freedom of expression. In Mexico, the report pointed to the disappearance of 43 students in the state of Guerrero as highlighting the extent of corruption among local authorities and the environment of impunity in the country. In Venezuela, the report stressed the government’s repressive response to antigovernment demonstrations, the arrest of opposition supporters, and the failure of the legal system to protect basic due process rights for all detained citizens.² Freedom House’s 2016 report is scheduled to be released in late January 2016.

**Economic Challenges.** While the 1980s were commonly referred to as the lost decade of development as many countries were bogged down with unsustainable public debt, the 1990s brought about a shift from a strategy of import-substituting industrialization to one focused on export promotion, attraction of foreign capital, and privatization of state enterprises. Latin America experienced an economic downturn in 2002 (brought about in part because of an economic downturn in the United States), but recovered with strong growth rates until 2009, when a global economic crisis again affected the region with an economic contraction of about 1.3%. Some countries experienced deeper recession in 2009, especially those more closely integrated with the U.S. economy, such as Mexico, while other countries with more diversified trade and investment partners experienced lesser downturns. The region rebounded in 2010 and

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¹ “Latin America: Anti-Corruption Backlash Grows,” Economic Intelligence Unit ViewsWire, November 13, 2015.
2011, with growth rates of 6.1% and 4.9%, respectively, but growth began to decline after that and registered just 1.3% in 2014.

In its January 2016 economic forecast, the International Monetary Fund (IMF) estimated that economic growth in Latin America and the Caribbean contracted 0.3% in 2015, and is projecting the same for 2016 (see Table 1). The global decline in commodity prices has had an effect on the region’s growth. Economic contractions in Brazil (-3.8%) and Venezuela (-10%) dragged down growth rates for South America and the region as a whole in 2015. According to the IMF, business and consumer confidence in Brazil have been affected by deteriorating political conditions (tied to the fallout from a widespread scandal involving the state oil company, Petrobras) and investment is declining rapidly. The Venezuelan economy is in deep recession because of the rapid decline in the price of oil since mid-2014 and economic mismanagement. Both Colombia and Ecuador have been affected by the drop in oil prices, while both Chile and Peru have been affected by weakness in metal prices. The slowing Chinese economy has also been a drag on Latin American growth. Roughly mirroring the IMF’s forecast, the U.N. Economic Commission for Latin America and the Caribbean (ECLAC) estimated in a December 2015 report that economic growth in the region as a whole contracted 0.4% in 2015, although it projected 0.2% growth in 2015.

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<th>Table 1. Latin America and Caribbean: Real GDP Growth, 2014-2016 (annual percentage change)</th>
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Since the early 2000s, Latin America has made significant progress in combating poverty and inequality. In 2002, almost 44% of the region’s population were considered to be living in poverty, but by 2012 that figure had dropped to 28%, representing 164 million people. Two key factors accounting for this decline were increasing per capita income levels and targeted public expenditures known as conditional cash transfer programs for vulnerable sectors. Brazil and Mexico were pioneers in these targeted programs that have spread to other countries. The poverty rate for the region was unchanged at 28% in 2013 and 2014. In 2014, 167 million people in the region lived in poverty. With economic growth contracting overall in 2015, however, it is likely that poverty levels for the region will increase. Venezuela already was showing increases in poverty in 2013 (rising 6.7 percentage points from 25.4% to 32.1%), and this trend was certain to have continued in 2014 and 2015, with the economic contraction in both years and inflation this year well over 100%.

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4 For countries other than Mexico and Brazil, see IMF, *World Economic Outlook*, October 2015.
Latin America’s Increasing Independence

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

Latin American and Caribbean countries have diversified their economic and diplomatic ties with countries outside the region. China, for example, has become a major trading partner for many countries in the region, ranking as one of the top two export and import markets. Total Chinese trade with the region grew from $17 billion in 2002 to almost $262 billion in 2014.7 (Nevertheless, the United States remains the single largest trading partner for many countries; total U.S. trade with the region amounted to $866 billion in 2014, more than three times that of China’s trade with the region.)8

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

The Venezuelan-led Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas) was launched by President Hugo Chávez in 2004 with the goals of promoting regional integration and socioeconomic reform and alleviating poverty. In addition to Venezuela, this 11-member group currently includes Bolivia, Cuba, Ecuador, and Nicaragua, as well as the Caribbean island nations of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Despite its established goals, ALBA is most often associated with the anti-American rhetoric of some of its Latin American members. Some observers maintain that ALBA has lost its initial energy. In the aftermath of President Chávez’s death in March 2013, some observers questioned the future of the Venezuelan-founded alliance. Moreover, the precipitous decline in the price of oil since 2014 has further challenged the ability of Venezuela to extend its influence in the region.

Another regional organization is the 12-member Union of South American Nations (UNASUR), established in 2008 (largely because of Brazil’s influence) to promote political, economic, and security coordination in South America. It has served as a forum for dispute resolution. For example, the organization played a role in defusing tensions between Colombia and Venezuela in 2008, and helped resolve internal political conflicts in Bolivia in 2008 and Ecuador in 2010. Some analysts, however, have raised questions about UNASUR’s overall efficacy, financial support, and ability to develop specialized capabilities and programs.9 In 2014, in an attempt to quell political unrest in Venezuela, UNASUR foreign ministers were initially successful in establishing a dialogue between the government and the political opposition, but talks ultimately broke down, and were not restarted.

A regional trade integration arrangement, the Pacific Alliance, first emerged in 2011 with the primary goal of facilitating the flow of goods, services, capital, and people among its members. The Alliance currently includes Chile, Colombia, Mexico, and Peru. Costa Rica and Panama are

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7 Trade figures cited are drawn from the Global Trade Atlas, using trade statistics reported by China.
8 U.S. trade statistics are drawn from the Global Trade Atlas, using statistics reported by the U.S. Department of Commerce.
candidates for membership. Different from other initiatives described above, the Alliance welcomed the United States as an observer in July 2013.\(^{10}\)

A region-wide organization established in 2011, the Community of Latin American and Caribbean States (CELAC) consists of 33 hemispheric nations, but excludes the United States and Canada. CELAC’s goal is to boost regional integration and cooperation. While some observers have concerns that CELAC could be a forum for countries that have tense or difficult relations with the United States, others point out that strong U.S. partners in the region are also members. Some observers have predicted that CELAC could diminish the role of the Organization of American States (OAS), while others maintain that CELAC does not have a permanent staff or secretariat that could compete with the OAS. In early January 2015, China hosted the first China-CELAC Forum in which countries agreed to a five-year cooperation plan, while later in the month, CELAC held its third summit in Costa Rica. Ecuador is scheduled to host the fourth CELAC summit in late January 2016.

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

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

\(^{10}\) See CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.
Obama Administration’sPriorities 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. 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. 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.” In remarks at the June 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.”

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

Assistant Secretary of State Jacobson reiterated in a December 2013 address in Miami, FL, that “the administration is committed to sustained, productive engagement in the Americas.” She emphasized that the various partnership initiatives between the United States and Latin America

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12 Ibid.; and U.S. Department of State, Arturo Valenzuela, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, “U.S. Foreign Policy in the Obama Era,” October 9, 2010. The same general policy approach has continued under current Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, who was confirmed by the Senate in March 2012.
14 U.S. Department of State, Assistant Secretary of State for Western Hemisphere Affairs Roberta S. Jacobson, “Remarks to the 42nd OAS General Assembly,” June 4, 2012.
15 U.S. Department of State, Secretary of State John Kerry, “Remarks on U.S. Policy in the Western Hemisphere,” November 18, 2013. In an address to Congress in December 1823, President James Monroe warned European powers not to interfere in the affairs of the Western Hemisphere. This policy eventually became known as the Monroe Doctrine and emerged in the early 1900s as a foundation of U.S. foreign policy.
involve U.S. officials sitting down with regional counterparts to understand their priorities and needs and discussing the ways in which the United States might support them.\textsuperscript{17}

In December 2014, President Obama announced major changes in U.S. policy toward Cuba, moving away from the long-standing sanctions-based policy toward a policy emphasizing engagement and moving toward normalization of U.S.-Cuban relations. He announced that diplomatic relations, which had been severed in 1961, would be restored and that travel, commerce, and the free flow of information to and from Cuba would be increased. As part of the policy shift, the Administration eased certain sanctions on travel and commerce with Cuba in January 2015, removed Cuba from the so-called state sponsors of terrorism list in May 2015, and reestablished diplomatic relations in July 2015. Latin American and Caribbean leaders as well as regional organizations such as the Caribbean Community (CARICOM), OAS, and UNASUR hailed the change in U.S. policy.

**Economic and Social Opportunity**

The policy priority of expanding economic opportunity focuses on one of the key problems facing Latin America: lingering poverty and inequality. As noted above, at the end of 2014, an estimated 167 million people in Latin America were living in poverty—28% of the region’s population—while 71 million people or 12% 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,\textsuperscript{18} but there is concern that poverty will again begin to rise with the region’s recent economic downturn.

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 collaboration in order to empower small business, facilitate trade and regional competitiveness, build a modern and inclusive workforce, and encourage sustainable business practices.\textsuperscript{19} 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.\textsuperscript{20} 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.\textsuperscript{21} 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.\(^{22}\)

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.\(^{23}\) The **Women’s Entrepreneurship in the Americas (WEAmericas)** program is a public-private partnership designed to increase women’s economic participation and address barriers to women starting and expanding small and medium enterprises.\(^{24}\) 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.\(^{25}\)

### Citizen Security

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

U.S. support in this area includes a series of partnerships to help countries combat drug trafficking and reduce crime such as the **Mérida Initiative** for Mexico, the **Central America Regional Security Initiative (CARI)**, 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 United States provides foreign aid to support the rule of law and human rights, good governance, political competition, and economic development.

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and consensus-building and civil society. Improving and strengthening democratic governance includes support to improve the capacity of state institutions to address citizens’ needs through responsive legislative, judicial, law enforcement, and penal institutions, as well as support to nongovernmental organizations working on democracy and human rights issues. It also includes defending press freedoms and democratic rights, such as free and fair elections and the protection of minority rights. The Administration has also committed to advance the human rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals as part of its human rights engagement in the hemisphere.\(^\text{26}\)

U.S. officials, such as Assistant Secretary of State Jacobson, have continued to speak out about human rights abuses in countries such as Cuba and Venezuela, threats to political rights and civil liberties in other countries in the region, and the erosion of full respect for freedom of expression in the region. The Administration has also contended that hemispheric nations should collectively remain on guard against efforts to weaken the Inter-American human rights system.\(^\text{27}\)

**Clean Energy Future**

In 2009, the Obama Administration introduced the *Energy and Climate Partnership of the Americas (ECPA)*, which is 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.\(^\text{28}\) 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.\(^\text{29}\) (Also see “Climate Change and Clean Energy” below.)

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

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

Like the Bush Administration, the Obama Administration provided significant anti-drug and security support to Colombia and significant support to Mexico and Central America to combat

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\(^{27}\) 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.


\(^{30}\) White House, Office of the Press Secretary, “Remarks of President Barack Obama—As Prepared for Delivery—Summit of the Americas Opening Plenary,” April 14, 2012.
drug trafficking and organized crime through the Mérida Initiative and the Central American Regional Security Initiative (CARI). Assistance to Mexico, however, has shifted toward more support for rule of law programs (including police, judicial, and penal reform) and programs to help communities withstand the pressures of crime and violence. In anticipation of a potential “balloon effect” of drug trafficking shifting to the Caribbean region, the Obama Administration also established the Caribbean Basin Security Initiative (CBSI), the origin of which, however, dates back to the Bush Administration. Assistance for Colombia became more evenly balanced between enhancing rule of law, human rights, and economic development programs on the one hand, and continuing efforts on security and drug interdiction on the other. Overall U.S. assistance levels to Colombia began to decline as the country began taking over responsibility for programs once funded by the United States.

On trade matters, implementing bills for FTAs with Colombia and Panama that were negotiated under the Bush Administration ultimately were introduced and enacted into law in October 2011 (P.L. 112-42 and P.L. 112-43) after extensive work by the Obama Administration to resolve outstanding congressional concerns related to both agreements. 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) trade agreement with Mexico, Chile, Peru, and eight other Pacific countries. TPP trade ministers concluded the agreement in early October 2015, and the President released the text of the agreement and notified Congress on November 5, 2015. Congress needs to approve implementing legislation before the agreement can take effect in the United States. The agreement could have significant implications for U.S. trade and investment ties with the three Latin American countries that are parties to the agreement as well as other Latin American countries that could possibly join in the future.

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. In the absence of congressional action on comprehensive reform, President Obama took executive action in 2012 providing relief from deportation for certain immigrants who arrived in the United States as children. President Obama took further executive action in November 2014 that would provide relief from deportation and work authorizations for more categories of unauthorized migrants, although the expansion is on hold pending legal challenges.

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

Perhaps most significantly, the Obama Administration announced major changes in Cuba policy in late 2014, moving away from a policy of isolation toward a normalization of relations. In implementing this policy, the Administration eased certain sanctions on travel and commerce with Cuba in January and September 2015, removed Cuba from the so-called state sponsors of terrorism list in May 2015, and reestablished diplomatic relations in July 2015. The policy shift on Cuba was lauded throughout the region and has changed the dynamics of a long-standing irritant in U.S. relations with Latin America. President Obama stated at the April 2015 Summit of

31 See CRS In Focus IF10000, The Trans-Pacific Partnership (TPP) Agreement, by Brock R. Williams and Ian F. Fergusson.
the Americas in Panama that the shift in U.S. policy toward Cuba “represents a turning point for our entire region” and noted that this was “the first time in more than a half century that all the nations of the Americas are meeting to address our future together.”

Beyond Cuba, the Administration has pursued several other policy shifts. It moved to engage Venezuela in dialogue to explore areas of cooperation and reduce tensions in bilateral relations. At the same time, the Administration has imposed sanctions (including visa restrictions and asset blocking) on current or former Venezuelan officials involved in human rights abuses. In Central America, spurred in part by a surge in 2014 of unaccompanied children and other migrants seeking to enter the United States, the Administration developed a broader approach that goes beyond security concerns to address economic development and governance issues. In the Caribbean, the Administration also moved beyond security concerns to address the energy needs of countries that are heavily dependent on energy imports, launching a Caribbean Energy Security Initiative (CESI) in 2014 with the goal of promoting a cleaner and sustainable energy future in the Caribbean. The Administration also hosted a Caribbean Energy Security Summit in Washington, DC, in January 2015.

Congress and Policy Toward Latin America and the Caribbean

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. In the 113th Congress, legislative action included a measure directing the Secretary of State to develop a strategy for adoption of proposed reforms at the Organization of American States (P.L. 113-41); approval of the U.S.-Mexico Transboundary Hydrocarbons Agreement (a provision in P.L. 113-67); the 2014 farm bill (P.L. 113-79), with provisions modifying the U.S. cotton program related to a trade dispute with Brazil and requiring State Department reports on a U.S.-Mexico water dispute in the Rio Grande Basin; omnibus appropriations measures for FY2013 (P.L. 113-6), FY2014 (P.L. 113-76), and FY2015 (P.L. 113-235), which included foreign aid appropriations with numerous provisions on Latin America; a measure requiring an annual report through 2017 on the status of post-earthquake recovery and development efforts in Haiti (P.L. 113-162); and a measure to impose sanctions on those persons responsible for certain human rights abuses in Venezuela (P.L. 113-278).

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

32 White House, Office of the Press Secretary, “Remarks by President Obama at the First Plenary Session of the Summit of the Americas,” April 11, 2015.
In the second session in 2016, Congress will soon be considering the Administration’s FY2017 request for foreign assistance. Congress also could potentially consider implementing legislation for the proposed Trans-Pacific Partnership agreement that could have implications for U.S. trade and investment ties with Mexico, Chile, and Peru and eight other Pacific countries that are party to the agreement.

Oversight attention in the 114th Congress to date has focused on such issues as U.S. interests in Latin America and the Caribbean; the Administration’s policy shift on Cuba, including issues related to U.S. national security, human rights, U.S. agricultural trade, and U.S. property claims; the Administration’s $1 billion aid request for Central America and the migration crisis in that sub-region; Venezuela’s economic and political crisis; an overview of the situation in Haiti; the activities of Iran in Latin America; energy issues; the status of Colombia’s peace talks; threats to press freedom in the Americas; Chinese and Russian engagement in the region; and the human rights situation in both Cuba and Venezuela. (See the Appendix for a listing of hearings.)

Regional Issues

U.S. Foreign Aid

Although many Latin American and Caribbean nations have made significant development progress 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, education, health, environmental protection, citizen security, and counternarcotics. Others no longer require traditional development assistance but continue to receive low levels of aid, usually targeted toward strengthening security capabilities.

The Obama Administration’s FY2016 foreign aid budget request would increase assistance to Latin America for a second consecutive year and reverse reductions in aid to the region that have occurred since FY2011. The Administration requested nearly $2 billion to be provided through the State Department and the U.S. Agency for International Development (USAID), which is a 26% increase over the estimated FY2015 level. The requested increase in assistance is almost entirely attributable to the Administration’s proposal to provide over $1 billion in aid to Central America to promote prosperity, security, and good governance and to address the root causes of migration from the sub-region. In addition to State Department and USAID funding, some countries in Latin America and the Caribbean receive assistance through U.S. agencies such as the Department of Defense, the Inter-American Foundation, the Millennium Challenge Corporation, and/or the Peace Corps.

<table>
<thead>
<tr>
<th>Table 2. U.S. Assistance to Latin America and the Caribbean: FY2011-FY2016</th>
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<tr>
<td>(appropriations in billions of U.S. dollars)</td>
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<td>FY2011</td>
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<td>$1.86</td>
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Key Policy Issues: The 114th Congress recently concluded its consideration of foreign assistance appropriations for FY2016. Although the House and Senate Appropriations Committees had reported out their respective FY2016 State Department, Foreign Operations, and Related Programs appropriations bills (H.R. 2772 and S. 1725) in June and July 2015, neither measure
received floor consideration. Instead, after several continuing resolutions, Congress included foreign aid funding in the Consolidated Appropriations Act, 2016 (P.L. 114-113), also known as the FY2016 omnibus appropriations measure, which the President signed into law on December 18, 2015. The legislation includes $32.9 billion for bilateral economic assistance and international security assistance worldwide. This global funding level is 2.8% higher than the Administration’s FY2016 request and about 1% lower than the FY2015 estimated level.

It is currently unclear how much foreign assistance will be directed to Latin America and the Caribbean in FY2016, since, for the most part, appropriations levels for individual countries and programs are not specified in the legislation or the accompanying explanatory statement. The appropriations levels that are specified differ from the Administration’s request in several respects. The legislation provides $250 million less than was requested for Central America and $50 million less than was requested for Haiti. It also appears to provide slightly more assistance than was requested for Colombia, Mexico, and the Caribbean Basin Security Initiative (CBSI). Given these funding levels it appears as though the region will receive less assistance than the Administration requested for FY2016 but more than it received in FY2015.

In the coming months, Congress will continue to oversee the implementation of foreign aid programs in Latin America and the Caribbean and begin to consider the Obama Administration’s FY2017 foreign assistance request for the region.

For additional information, see CRS Report R44113, *U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2016 Appropriations*, by Peter J. Meyer; and CRS Insight IN10237, *President Obama’s $1 Billion Foreign Aid Request for Central America*, by Peter J. Meyer and Clare Ribando Seelke.

**Migration Issues**

Latin America is the leading source of both legal and illegal migration to the United States. Mexico, El Salvador, Cuba, Guatemala, and the Dominican Republic are among the top 10 countries of birth for the U.S. foreign-born population. Factors that have fueled Latin American migration to the United States have included family ties, poverty and unemployment, political and economic instability, natural disasters, proximity, and crime and violence.

Since the mid-1990s, increased border enforcement has made unauthorized entry into the United States more difficult and expensive. This has prompted more migrants to rely on alien smugglers (coyotes), many of whom collude with Mexican criminal groups, to transit Mexico and cross the U.S.-Mexico border. During the journey, migrants have been vulnerable to kidnapping, human trafficking, and other abuses. There is also evidence that those lacking legal status have been victims of human trafficking in the United States as well.

Latin American governments have supported the enactment of comprehensive immigration reform in the United States that would normalize the status of illegal immigrants and create guest worker programs to facilitate legal circular migration. In the absence of comprehensive reform, governments welcomed President Obama’s 2012 executive action that provided relief from removal (deportation) for certain immigrants who arrived to the country as children. They also supported Obama’s 2014 executive action that would have given more categories of unauthorized

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immigrants in the United States relief from deportation and work authorizations. That expansion is on hold pending legal challenges.\textsuperscript{34}

Immigration policy has already received attention in the 114th Congress. While the House and Senate may take up discrete immigration measures that impact Latin America, the prospects for comprehensive immigration reform appear unlikely. Congress has evaluated U.S., country, and regional efforts to respond to the unprecedented flows of unaccompanied child migrants and families emigrating from Central America that occurred in mid-2014.\textsuperscript{35}

El Salvador, Haiti, Honduras, and Nicaragua have advocated for extensions of their eligibility for temporary protected status (TPS) and Guatemala has requested inclusion in the program. TPS is a discretionary, humanitarian benefit granted to eligible nationals after the Department of Homeland Security (DHS) determines that a country has been affected by ongoing armed conflict, natural disaster, or other extraordinary conditions that limit the country’s ability to accept the return of its nationals from the United States.\textsuperscript{35} Eligibility for TPS currently expires for Honduras and Nicaragua in July 2016, El Salvador in September 2016, and Haiti in July 2017.\textsuperscript{35}

Another issue in U.S. relations with Latin America and the Caribbean is removals (deportations). In FY2015, DHS deported 235,413 individuals worldwide, some 94% of whom were returned to Mexico and the “northern triangle” countries of Central America (El Salvador, Guatemala, and Honduras).\textsuperscript{36} Mexico remains concerned about the safety of Mexican deportees arriving into dangerous localities. Caribbean and Central American countries are concerned about the effect of U.S. deportations of those with criminal records on levels of crime and violence in their countries. Officials from across the region have called on the United States to provide better information on deportees with criminal records, which DHS has begun to do for certain countries, and to provide reintegration assistance to help governments support returning nationals.

As emigration from Mexico has declined, Congress has expressed concern as illegal emigration of both families and unaccompanied children from Central America’s northern triangle countries surged through mid-2014 before declining somewhat due to Mexico’s increased enforcement. The mixed migration flows of children and families appear to have increased again since late 2015. Many analysts argue that long-term reductions will require policymakers in the countries of origin and the international community to take steps to address the poor security and socioeconomic conditions causing Central Americans to abandon their homes.

Congress has also monitored how several Central American governments and Mexico are working to resolve a humanitarian situation involving Cuban migrants attempting to emigrate to the United States who have been stranded in Costa Rica since Nicaragua closed its border to them in mid-November 2015. In late December 2015, Central American countries agreed to a pilot program to fly some 8,000 Cubans in Costa Rica to El Salvador where they would then proceed through Guatemala to Mexico by bus. Once in Mexico, they would reportedly be given some 20 days to transit the country to the United States. The first such flight to El Salvador took place on


\textsuperscript{35} DHS deemed Honduras and Nicaragua to be eligible for TPS in 1999 in response to devastation from Hurricane Mitch; El Salvador to be eligible in 2001 following a series of earthquakes, and Haiti to be eligible in 2011 following a 2010 earthquake. See CRS Report RS20844, \textit{Temporary Protected Status: Current Immigration Policy and Issues}, by Lisa Seghetti, Karma Ester, and Ruth Ellen Wasem.

January 12, 2016. Another 3,000 Cubans are in Panama, and reportedly a similar approach could be used for those migrants.37

Congress is overseeing the resolution of a serious dispute between the Dominican Republic and Haiti regarding the citizenship status of some 200,000 Dominicans of Haitian descent, as well as undocumented migrants in the Dominican Republic now that a program to regularize the status of those people ended in June 2015. In 2013, a Dominican Constitutional Tribunal ruling called into question the legal status of people of Haitian descent who were born in the Dominican Republic to undocumented parents. At issue is how the Dominican government is determining the status of those affected by the ruling, whether individuals will be rendered stateless (not considered to be a citizen of any state under national law), and how the Dominican government is conducting deportations to Haiti, a country ill-equipped to receive displaced people.

Key Policy Issues: The Obama Administration requested $1 billion in FY2016 foreign assistance to help the Central American governments address the root causes of emigration from the region through a whole-of-government “U.S. Strategy for Engagement in Central America.” The FY2016 omnibus appropriations measure (P.L. 114-113) provides “up to” $750 million to implement the new U.S. strategy, including up to $68 million for El Salvador, $128 million for Guatemala, $98 million for Honduras, and $349 million for CARSI. The act places numerous conditions on the aid for Central America: 75% of aid to the “central governments” of those countries is subject to withholding requirements. Oversight of the conditions under which those funds are distributed is likely to be a key congressional interest this session.

For additional information, see CRS Report R43702, Unaccompanied Children from Central America: Foreign Policy Considerations, coordinated by Peter J. Meyer; CRS Insight IN10237, President Obama’s $1 Billion Foreign Aid Request for Central America, by Peter J. Meyer and Clare Ribando Seelke; CRS In Focus IF10215, Mexico’s Recent Immigration Enforcement Efforts, by Clare Ribando Seelke; CRS Insight IN10317, The Dominican Republic: Tensions with Haiti over Citizenship and Migration Issues, by Clare Ribando Seelke, Rhoda Margesson, and Maureen Taft-Morales; CRS Report RL33200, Trafficking in Persons in Latin America and the Caribbean, by Clare Ribando Seelke; and CRS Report R43926, Cuba: Issues for the 114th Congress, by Mark P. Sullivan.

Trade Policy

The Latin American and Caribbean region is one of the fastest-growing regional trading partners for the United States. Despite challenges such as diplomatic tensions or violence in certain countries, economic relations between the United States and most of its trading partners in the region remain strong. The United States accounts for roughly 40% of the Latin America and Caribbean region’s imports and 30% of its exports. Most of this trade is with Mexico, which accounts for 57% of U.S. imports from the region and 66% of U.S. exports to the region. In 2014, total U.S. exports to Latin America and the Caribbean were valued at $423.3 billion while U.S. imports were valued at $444.8 billion (see Table 3).

The United States has strengthened economic ties with Latin America and the Caribbean over the past two decades through the negotiation and implementation of free trade agreements (FTAs). Starting with the North American Free Trade Agreement (NAFTA), which entered into force in January 1994, the United States has entered into six FTAs involving 11 countries, including

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Mexico, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Peru. The United States recently concluded trade negotiations for a Trans-Pacific Partnership agreement, a proposed free trade agreement among 12 countries, which include Chile, Mexico, and Peru. Some of the largest economies in South America, however, such as Argentina, Brazil, and Venezuela, have resisted the idea of forming comprehensive free trade agreements with the United States. As a result, there are numerous other bilateral and plurilateral trade agreements throughout the Western Hemisphere that do not include the United States. In addition to FTAs, the United States has extended unilateral trade preferences to some countries in the region through trade preference programs such as the Caribbean Basin Trade Partnership Act (CBTPA) and the Generalized System of Preferences (GSP). GSP was renewed on June 29, 2015, under the Trade Preferences Extension Act (P.L. 114-27), which authorizes GSP through December 31, 2017. Most countries in the region also belong to the World Trade Organization (WTO) and are engaged in WTO multilateral trade negotiations.

Table 3. U.S. Trade with Key Trading Partners in Latin America and the Caribbean (LAC), 2007-2014
(in millions of U.S. dollars)

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<tr>
<td>U.S. Exports</td>
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</tr>
<tr>
<td>Mexico</td>
<td>151,539</td>
<td>128,998</td>
<td>163,665</td>
<td>198,289</td>
<td>215,875</td>
<td>226,070</td>
<td>240,249</td>
</tr>
<tr>
<td>Brazil</td>
<td>32,910</td>
<td>26,175</td>
<td>35,418</td>
<td>43,019</td>
<td>43,771</td>
<td>44,093</td>
<td>42,429</td>
</tr>
<tr>
<td>Colombia</td>
<td>11,439</td>
<td>9,458</td>
<td>12,068</td>
<td>14,336</td>
<td>16,357</td>
<td>18,369</td>
<td>20,107</td>
</tr>
<tr>
<td>Total LAC</td>
<td>289,884</td>
<td>238,845</td>
<td>302,241</td>
<td>367,301</td>
<td>399,059</td>
<td>410,430</td>
<td>424,267</td>
</tr>
<tr>
<td>World</td>
<td>1,300,136</td>
<td>1,056,932</td>
<td>1,278,495</td>
<td>1,482,508</td>
<td>1,545,821</td>
<td>1,578,439</td>
<td>1,620,532</td>
</tr>
<tr>
<td>U.S. Imports</td>
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<td></td>
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</tr>
<tr>
<td>Mexico</td>
<td>215,915</td>
<td>176,537</td>
<td>229,986</td>
<td>262,874</td>
<td>277,594</td>
<td>280,555</td>
<td>294,074</td>
</tr>
<tr>
<td>Brazil</td>
<td>30,459</td>
<td>20,074</td>
<td>23,958</td>
<td>31,737</td>
<td>32,123</td>
<td>27,631</td>
<td>30,537</td>
</tr>
<tr>
<td>Venezuela</td>
<td>51,401</td>
<td>28,094</td>
<td>32,707</td>
<td>43,257</td>
<td>38,724</td>
<td>31,997</td>
<td>30,219</td>
</tr>
<tr>
<td>Total LAC</td>
<td>375,980</td>
<td>284,665</td>
<td>361,412</td>
<td>437,165</td>
<td>449,385</td>
<td>439,073</td>
<td>444,765</td>
</tr>
<tr>
<td>World</td>
<td>2,100,141</td>
<td>1,557,876</td>
<td>1,913,857</td>
<td>2,207,954</td>
<td>2,276,267</td>
<td>2,268,370</td>
<td>2,347,685</td>
</tr>
</tbody>
</table>


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

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 TPP, which could have significant implications for U.S. trade and investment ties with Mexico, Chile, and Peru, as well as with Canada and seven other countries in the Pacific (other Latin American countries could possibly join in the future). The proposed TPP would alter some rules governing trade related to NAFTA and provide updated provisions in areas such as intellectual property rights (IPR) protection, investment, services trade, worker rights, and the environment. Central American and other countries in the region are concerned that it could weaken their relative trade competitiveness, especially in the apparel and textiles industries.
Key Policy Issues. Congress will likely monitor a range of trade-related issues during the 114th Congress. The proposed TPP is likely to receive considerable congressional attention, especially in the areas of worker rights, IPR protection, the environment, services trade, investment, regulatory cooperation, and rules-of-origin provisions. Congress may also consider the possible effects of a TPP on Central America. Given that three countries from Latin America are taking part in the negotiations, policymakers may consider whether the United States should broaden trade policy efforts to the region as a whole. Another issue of interest is the Pacific Alliance, a trade liberalization initiative among Chile, Colombia, Mexico, and Peru. The United States was granted observer status to the Alliance in July 2013, allowing it to attend negotiating rounds and participate in other Pacific Alliance activities. Energy reform in Mexico and the implications for U.S. oil imports from Mexico and for U.S. business and investment opportunities are also likely to be of interest to Congress (also see “Mexico” below.)


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. For example, at the sixth Summit of the Americas held in April 2012, several Latin American presidents criticized current international drug control efforts. As a result, Summit participants tasked the OAS Inter-American Drug Abuse Control Commission (CICAD) to prepare two interrelated reports to evaluate current Latin American drug policies and provide policy options for alternative drug control approaches.38

38 The first of these two OAS reports assessed the scope of the drug problem in the Americas, and suggested that regional responses may benefit from greater policy flexibility that allows for a diversity of approaches tailored to the problems facing individual countries. Such flexibility may include changes in national legislation or international law to permit the decriminalization or legalization of marijuana. The second report presented several potential scenarios for the future direction of the drug problem in the Americas, depending on the policy decisions taken by regional actors between 2013 and 2025. The OAS drug reports were also highlighted at its General Assembly session in June 2013. See OAS, “Declaration of Antigua Guatemala ‘For a Comprehensive Policy Against the World Drug Problem in the Americas,’” press release, June 7, 2013, http://www.oas.org/en/media_center/press_release.asp?sCodigo=S-010.
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. Some are looking to the April 2016 U.N. General Assembly Special Session (UNGASS) on illicit drugs as a major opportunity to assess the current global drug control regime. To date, the Obama Administration has discouraged national-level policy changes that would legalize or decriminalize controlled substances. U.S. officials, however, have posited that there is flexibility in the international drug control regime to allow participating governments to explore reform.\(^39\) In the 2015 presidential determination on major drug transit or major illicit drug producing countries, released on September 14, 2015, President Obama recognized international pressures to consider alternative policy approaches:

The United States shares the view of the international community that the U.N. drug-control conventions are resilient enough to unify countries that often hold divergent views about the international narcotics problem, while at the same time providing a framework upon which to build the best solutions to it. The U.N. drug-control conventions allow sovereign nations the flexibility to develop and adapt the most appropriate policies and programs in keeping with their own national circumstances, while also achieving the conventions’ aims.\(^40\)

Some countries in Latin America have already begun the process of modifying domestic drug laws to decriminalize and reduce or alter the penalties and consequences of certain aspects of the drug control regime, such as for drug possession and consumption as well as for drug supply reduction. In an unprecedented move, Uruguay enacted legislation to establish a nationally regulated legal market for domestic, recreational consumption of cannabis in late December 2013. Bolivia has also sought a different approach to counternarcotics policy, including ending its reliance on U.S. antidrug support and decriminalizing certain activities involving coca leaf. In a major reversal that ends a central tenet of U.S.-supported counternarcotics activities in Colombia, the Colombian government announced in May 2015 the end of its campaign of aerial eradication.\(^41\) The decision to halt such spraying, which had been implemented with substantial U.S. support since the 1990s, followed a March 2015 World Health Organization announcement that the herbicide used to eradicate coca crops “probably” causes cancer in humans.

**Key Policy Issues:** Because of the region’s role as a source and transit zone, U.S. counternarcotics policy will continue to be a major aspect of U.S. relations with Latin America and the Caribbean. The 114th Congress is engaging in regional debates on drug policy reform, particularly as it evaluates the Obama Administration’s counternarcotics goals in the Western Hemisphere, including counternarcotics and foreign aid budget plans as well as the distribution of domestic and international drug control funding, and the relative balance of civilian, law enforcement, and military roles in regional anti-drug efforts. Additional areas of congressional oversight may focus on evaluating the U.S. positions at the April 2016 UNGASS on drugs and the drug policy implications associated with ongoing peace discussions with Colombia’s FARC (also see section on “Colombia” below.)

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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 antiterrorism cooperation. Compared to other parts of the world, the potential threat emanating from terrorism is low in most countries in Latin America. Most terrorist acts occur in the Andean region of South America, committed by two Colombian guerrilla groups—the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN)—and one Peruvian guerrilla group, the Shining Path (SL). All three of these groups have been designated by the State Department as Foreign Terrorist Organizations (FTOs). As noted below, the Colombian government has been conducting peace talks with the FARC since 2012, and a final agreement could be reached in 2016 (see “Colombia” section below). For a number of years, there also has been U.S. concern about Iran’s increasing activities in the region as well as Hezbollah, the radical Lebanon-based Islamic group with close ties to Iran. Both are reported to be linked to the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people in Buenos Aires.

The United States employs various policy tools to counter terrorism in the region, including sanctions, antiterrorism assistance and training, law enforcement cooperation, and multilateral cooperation through the Organization of American States. In addition to sanctions against U.S.-designated FTOs in the region, the United States has imposed an arms embargo on Venezuela since 2006 because it has been determined by the Department of State to not be fully cooperating with U.S. antiterrorism efforts. The United States has also imposed sanctions on several current and former Venezuelan officials for assisting the FARC, on several Venezuelan companies for their connections to Iran, and on individuals and companies in Latin America for providing support to Hezbollah. As noted below, the Administration appointed a U.S. Special Envoy to the Colombian government’s peace talks with the FARC in February 2015, demonstrating U.S. support for the peace process. Cuba had been on the State Department’s so-called list of state sponsors of terrorism since 1982, but in May 2015, the Administration rescinded Cuba’s designation as part of its overall policy shift on Cuba.

Over the past several years, Congress has introduced legislation and held oversight hearings pertaining to terrorism issues in the Western Hemisphere. The 112th 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.”

Key Policy Issues: The 114th Congress has continued its oversight of terrorism concerns in the Western Hemisphere, including the activities of Iran and Hezbollah, with a House hearing held in March 2015. With regard to legislative initiatives, S.Res. 167 (Rubio), introduced in May 2015, would express concern about Iran’s activities in the Western Hemisphere; call for a swift, transparent, and internationally backed investigation into the tragic death in January 2015 of the AMIA special prosecutor in Argentina; and urge the President to continue to monitor Iran’s activities in Latin America and the Caribbean. Congress did not take any action to block the Administration’s rescission of Cuba’s designation as a state sponsor of terrorism.Introduced in January 2015 before the rescission, H.R. 274 (Rush) would have rescinded any determination of
the Secretary of State that Cuba has provided support for acts of international terrorism. H.Res. 181 (King), introduced in March 2015, 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. For a number of years, the State Department has noted in its annual terrorism report Cuba’s harboring of fugitives wanted in the United States. (Also see sections on “Argentina” and “Cuba” below.)

For additional information, see CRS Report RS21049, Latin America: Terrorism Issues, by Mark P. Sullivan and June S. Beittel; CRS Report R43816, Argentina: Background and U.S. Relations, by Mark P. Sullivan and Rebecca M. Nelson; CRS Report R43813, Colombia: Background and U.S. Relations, by June S. Beittel; CRS Insight IN10372, Colombian Peace Talks Breakthrough: A Possible End-Game?, by June S. Beittel; and CRS Report R43926, Cuba: Issues for the 114th Congress, by Mark P. Sullivan.

Organization of American States

The Organization of American States (OAS) is the oldest multilateral regional organization in the world. Since its foundation in 1948, the OAS has served as a forum through which the United States has sought to foster regional cooperation and advance U.S. priorities in the Western Hemisphere. OAS actions reflected U.S. policy for much of the 20th century as other members sought to closely align themselves with the dominant economic and political power in the region. This has changed to a certain extent over the past 15 years as Latin American and Caribbean governments have adopted more independent foreign policies. While the core pillars of the organization’s mission—democracy promotion, human rights protection, economic and social development, and regional security cooperation—still generally align with U.S. policy toward the region, the OAS has become less receptive to U.S. initiatives and more prone to inaction.

As OAS decisions have begun to reflect the increasing independence of its member states, U.S. policymakers occasionally have expressed concerns about the direction of the organization. Some Members of Congress assert that the OAS, as it currently operates, advances policies that run counter to U.S. interests and that the United States should withhold funding until the organization changes. Others maintain that the OAS remains an important forum for advancing U.S. relations with the other nations of the hemisphere and that U.S. policy should seek to strengthen the organization so it can more effectively carry out its mission.

Key Policy Issues: The 114th Congress has continued to track developments at the OAS. The Senate Appropriations Committee, in the report (S.Rept. 114-79) accompanying its FY2016 foreign operations appropriations bill (S. 1725), expressed concern that the OAS “has been negatively impacted by inadequate leadership and has taken on too many activities without sufficient resources.” It also noted, however, that the organization has recently elected a new Secretary General and recognized “the comparative advantage of the OAS in promoting democracy, monitoring electoral processes, and protecting fundamental rights.” The Consolidated Appropriations Act, 2016 (P.L. 114-113 ) provides funding for the U.S. assessed contribution to the organization. It also provides a $2.3 million voluntary contribution for OAS development assistance programs and a $4.1 million voluntary contribution for the OAS Fund for Strengthening Democracy, which includes $2 million for the Inter-American Commission on Human Rights.

As Members of Congress continue to exercise oversight of U.S. policy toward the OAS, they may track the extent to which the organization is implementing the management and programmatic reforms Congress recommended in the OAS Revitalization and Reform Act of 2013 (P.L. 113-
41). They also may examine the direction of the organization under the new Secretary General, Luis Almagro, who took office for a five-year term in May 2015.

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

Climate Change and Clean Energy

Latin America and the Caribbean face numerous risks from climate change, according to many sources. Paradoxically, these countries have contributed only a modest portion of the world’s carbon dioxide (CO₂) emissions, the primary component of greenhouse gases. The region generates only an estimated 7% of the world’s greenhouse gases—10% if emissions from forest and land degradation are included. This is in part due to the region’s clean energy matrix. Some countries are endowed with abundant water resources, such as rivers and glaciers, and produce hydroelectric power. Still, Brazil, Ecuador, Bolivia, and other nations have high rates of deforestation that release carbon dioxide to the atmosphere.

Tourism and agriculture are important sources of income in the region. Increased erosion and projected increases in severe weather events, such as more violent storms and flooding, and predicted sea-level rise could undermine coastal tourism. As global temperatures increase, Latin America may face more frequent crop declines or failures, risks to livestock productivity, declining biodiversity, lower fish catches, coral reef die-offs, and other threats to livelihoods. Peru is home to about 70% of the world’s tropical glaciers. The accelerated retreat of glaciers may endanger rural Peruvians with flooding and, later, water shortages; disrupt hydropower generation; and affect urban drinking water supplies that depend on glacier or snow melt for renewal. More widespread risk from certain diseases, such as malaria and dengue, is an expected consequence of changing precipitation or weather patterns that affect the vectors that carry diseases.

The December 2014 U.N. climate conference, known as COP 20, held in Lima, Peru, drew attention to the challenge of climate change in the Western Hemisphere. Latin American countries have showcased advances in low-carbon energy production, such as solar, wind, or biofuels. In Chile, the government has a goal to have 30% of its power come from renewable energy sources by 2030 and has imposed a carbon tax on power generators. Brazil has made significant headway over the past decade in reducing deforestation in the Amazon—protecting the earth’s largest trap for CO₂. Mexico has been a regional and global leader during the administrations of Felipe Calderón (2006-2012) and Enrique Peña Nieto (2012-present). In March 2015, Mexico was the first developing country in the world to submit its climate change pledge—or an Intended Nationally Determined Contribution (INDC)—for the U.N. climate conference to be held in Paris at year’s end. The Twenty-First Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) lasted from November 30 through December 12, 2015.

With nearly worldwide attendance, the COP21 conference convened delegations from 195 countries. The delegates announced on December 12, 2015, that they had hammered out a Paris

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


44 Some recent data, using new remote sensing methods, suggest that deforestation rates did not fall as much as previously estimated.
agreement in which nations pledged to reduce their greenhouse gas emissions and cooperate on a common goal of adapting to climate change, and also agreed on ways to provide financial and other support (see CRS Insight below). The agreement is open for signature between April 2016 and April 2017. Some observers note that the agreement had aimed at ambitious goals of greenhouse gas emission reduction and mitigation through voluntary pledges, and will depend on country peer pressure to realize those goals.

How Latin America and the Caribbean nations address climate change in 2016 and beyond may depend on the perceived risks and benefits of low-carbon growth. A single “regional” viewpoint is unlikely given the diversity of political perspectives, geographies, and fragmentation of efforts between regional organizations. On the other hand, there is significant consensus in Latin America that climate change is an important policy issue, according to a 2015 Pew Center study of respondents from 40 countries. Additionally, the harsh effects of the 2015-2016 stronger-than-usual El Niño weather phenomena has led to floods in several South American countries in December 2015 and January 2016 and droughts in other parts of the region, further heightening concern. Some observers maintain that sustainable growth and prosperity can be achieved with low CO2-emissions development, but how Latin American and Caribbean nations will balance projected lower growth rates with progress on climate concerns remains to be seen.

“Securing a clean energy future” is one of four pillars of the Obama Administration’s policy approach in Latin America and the Caribbean. The Administration’s Energy and Climate Partnership of the Americas (ECPA) is one avenue for achieving this goal. ECPA promotes clean energy technologies, builds hemispheric partnerships, and develops new clean energy initiatives among governments, private industry, and civil society. After 40 different initiatives and projects launched under ECPA, new U.S. assistance concluded in FY2014, but existing projects will continue through FY2016. In October 2015, U.S. Secretary of State John Kerry launched a $10 million clean energy initiative for Central America and the Caribbean that had originally announced by President Obama in April 2015. The effort is targeted at the private sector to increase financial assistance and spark investment in clean energy projects while reducing dependence on external carbon-based fuel sources. (Also see “Caribbean Security and Energy Issues” below.)

**Key Policy Issues:** For FY2015, the Obama Administration’s Global Climate Change Initiative (adaptation, clean energy, and sustainable landscapes) for Western Hemisphere countries received an estimated $71.4 million, and the request for the region in FY2016 is $75.5 million. The 114th Congress may choose to monitor the effectiveness of these programs and assess how such initiatives have worked. Some Members may wish to consider how U.S. policy toward climate and energy issues meshes with the pledges or INDCs of Latin American countries announced in Paris.

For additional information, see CRS Insight IN10413, *Climate Change Pact Agreed in Paris*, by Jane A. Leggett.

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45 The study found that 74% of Latin Americans consider climate change a serious problem, with countries, such as Brazil, above 80%. James Painter, “COP21: Por qué a América Latina le Preocupa Tanto el Cambio Climático,” *BBC Mundo*, December 1, 2015.

Selected Country and Sub-Regional Issues

Argentina

Argentina, a South American country with a population of almost 42 million, has had a vibrant democratic tradition since its military relinquished power in 1983. Current President Mauricio Macri of the Let’s Change coalition representing center-right and center-left parties was inaugurated on December 10, 2015, succeeding Cristina Fernández de Kirchner of the leftist Peronist party faction known as the Front for Victory (FPV). In a close race, Macri (the outgoing two-term mayor of Buenos Aires) defeated the FPV’s Daniel Scioli (the outgoing two-term governor of Buenos Aires province) in a second presidential round on November 22, 2015. Macri’s election ends the 12-year run of so-called Kirchnerismo that helped Argentina emerge from a severe economic crisis in 2001-2002, but also was characterized by protectionist and unorthodox economic policies and at times difficult relations with the United States.

Macri is the leader of the center-right Republican Proposal (PRO) party. During the 2015 presidential campaign he moved more to the center so as not to alienate those Argentines supportive of the government’s social programs. As part of an attempt to expand his base, Macri supported protests by farm groups who opposed the government’s imposition of export taxes.

Argentina has Latin America’s third-largest economy and is endowed with vast natural resources. Agriculture has traditionally been a main economic driver, but the country also has a diversified industrial base and a highly educated population. In 2001-2002, a severe economic crisis precipitated by unsustainable debt led to the government defaulting on nearly $100 billion in foreign debt owed to private creditors, the International Monetary Fund (IMF), and foreign governments. Subsequent Argentine administrations resolved more than 90% of the country’s debt owed to private creditors through two debt restructurings offered in 2005 and 2010; repaid debt owed to the IMF in 2006; and, in May 2014, reached an agreement to repay foreign governments, including the United States. U.S. Court rulings in 2014 increased pressure on Argentina to reach an agreement with private creditors who chose not to participate in the 2005 and 2010 debt restructuring offers. These court rulings also interfered with Argentina’s ability to make payments on the restructured bonds. The unresolved debt issues have made it difficult for Argentina to access international credit markets and to emerge from its current economic slowdown.

Macri’s election brings to power a government that is likely to be more committed to maintaining constructive bilateral relations with the United States. U.S.-Argentine relations generally are characterized by robust commercial relations and cooperation in such issues as nonproliferation, human rights, education, and science and technology. At times, however, there were tensions in relations under the Kirchner governments, including over the U.S. judicial case regarding the holdout creditors who did not participate in previous debt restructurings. During the campaign, Macri vowed to resolve the long-standing dispute. The first formal meeting between the government and the holdout creditors occurred on January 13, 2016, and the government reportedly will present a settlement proposal in late January.

On other issues, Macri has expressed similar views as the United States regarding concerns about human rights problems in the Americas. He has been particularly critical of the Venezuelan government’s repression of its political opponents. A continued interest of the U.S. Congress is progress in the investigation and prosecution of those responsible for the 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) that killed 85 people. Both Iran and Hezbollah are alleged to be linked to the bombing. The Macri government announced that it would not file an appeal against an Argentine court ruling that declared unconstitutional a 2013 agreement with
Iran to jointly investigate the AMIA bombing. The government also notified INTERPOL, the International Criminal Police Organization, that the Red Notices (international wanted person notices) issued in 2007 for five Iranians suspected of involvement in the AMIA bombing should remain in effect.

**Key Policy Issues:** The 114th Congress will likely continue to maintain an interest in Argentina because of defaulted debt owed to private creditors. Progress in the investigation and prosecution of those responsible for the 1994 AMIA bombing will also likely remain a congressional concern, as well as investigation into the mysterious death of Argentina’s special prosecutor in the AMIA case, Alberto Nisman, in January 2015. Among its provisions, S.Res. 167 (Rubio), introduced in May 2015, would call for a swift, transparent, and internationally backed investigation into Nisman’s death. (Also see “Terrorism Issues” above.)


**Brazil**

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

After more than a decade of advancements, Brazil is once again facing economic and political crises. The economy, which began to slow in 2011 with the end of the global commodity boom, contracted by an estimated 3.8% in 2015. Unemployment and the cost of living have begun to rise, two of the three major credit ratings agencies have stripped Brazil of its investment grade status, and the economy is expected to contract by 3.5% in 2016, according to the IMF. The deteriorating economic situation has weakened President Dilma Rousseff’s political standing, which was already fragile as a result of a major corruption scandal that has implicated numerous officials from the governing coalition. Just a year into her second four-year term, Rousseff has lost the support of many nominally allied legislators, including the head of the Chamber of Deputies, who has initiated impeachment proceedings against her for allegedly violating the country’s fiscal responsibility law. While it appears as though Rousseff still has enough support in the Brazilian Congress to hold onto the presidency, political paralysis is likely to inhibit efforts to address the economic downturn. Brazil has scaled back its international ambitions as it has focused on domestic challenges, and the country’s international influence is likely to further erode as a result of the ongoing crises.

The United States has traditionally enjoyed robust economic and political relations with Brazil. The Obama Administration considers Brazil a “major global player” and an “indispensable

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partner” on issues ranging from international development to climate change. Bilateral ties have been strained from time to time, however, as the countries’ independent foreign policies and occasionally divergent national interests have led to disagreements. Press reports in 2013 about alleged National Security Agency (NSA) activities in Brazil contributed to a particularly frosty period in relations; however, cooperation has improved over the past year. In June 2015, the Brazilian Congress approved two pending defense cooperation agreements and a tax information exchange agreement that meets the requirements of the Foreign Account Tax Compliance Act (FATCA, P.L. 111-147). Likewise, President Rousseff, who had postponed a state visit in the aftermath of the NSA revelations, traveled to the United States and met with President Obama.

**Key Policy Issues:** The 114th Congress has approved two legislative measures that will influence U.S.-Brazil relations. As part of the Trade Preferences Extension Act of 2015 (P.L. 114-27), Congress renewed the Generalized System of Preferences (GSP) program, which provides non-reciprocal, duty-free tariff treatment to certain products imported from Brazil and other designated developing countries. In the Consolidated Appropriations Act, 2016 (P.L. 114-113), Congress authorized reforms to the IMF that had been pending since 2010 and will provide greater voting power to Brazil and other emerging economies. The law also provides foreign assistance for Brazil, including $10.5 million to support conservation programs in the Brazilian Amazon. Two other bills introduced in 2015 are designed to pressure Brazil to amend its constitution to allow the extradition of Brazilian nationals; H.R. 2784 would suspend foreign assistance to Brazil, and H.R. 2785 would suspend the issuance of visas to Brazilian nationals, until it changes its extradition policies.

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

**Caribbean Security and Energy Issues**

Because of their geographic location, many Caribbean nations are transit countries for illicit drugs destined for the U.S. and European markets. Currently, of the 15 countries in the Caribbean region, President Obama identified four—the Bahamas, the Dominican Republic, Haiti, and Jamaica—as major drug-producing or drug-transit countries in September 2015, 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 FY2015 amounted to an estimated $386 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. For FY2016, the Administration requested $53.5 million for the CBSI to support a range of bilateral and regional programs to reduce the trafficking movement of narcotics, firearms, and criminals; strengthen law enforcement, the judicial sector, and security services; and reduce the drivers of crime and violence in at-risk communities.

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48 White House, Office of the Press Secretary, “Remarks by President Obama and President Rousseff of Brazil in Joint Press Conference,” June 30, 2015.
Many Caribbean nations are heavily dependent on energy imports and over the last decade have participated in Venezuela’s PetroCaribe program, in which they purchase Venezuelan oil under preferential financing terms. In 2014, the Obama Administration launched a Caribbean Energy Security Initiative (CESI), which has the goal of promoting a cleaner and sustainable energy future in the Caribbean. The initiative includes a variety of U.S. activities to improve governance; facilitate cleaner energy sources; develop collaborate networks on clean energy; finance clean energy projects; increase energy efficiency; and expand access to electricity, information, and technology.\(^{49}\) In January 2015, Vice President Biden hosted a Caribbean Energy Security Summit in Washington, DC, with representatives from regional governments, regional and multilateral development banks, the Caribbean Community (CARICOM), and the OAS reiterating their commitment to support a cleaner and more sustainable energy future in the Caribbean.\(^{50}\) In April 2015, President Obama met with Caribbean leaders in a U.S.-Caribbean Community Summit in Jamaica, where part of the summit focused on improving energy security, reducing energy costs, and fighting climate change. The President announced the launch of a Clean Energy Finance Facility for the Caribbean and Central America to encourage investment in clean energy projects in the Caribbean and Central America.\(^{51}\)

**Key Policy Issues:** Concern about increased drug trafficking through the Caribbean will likely sustain congressional interest in the CBSI program and about its effectiveness. The House Appropriations Committee version of the FY2016 foreign aid appropriations measure, H.R. 2772, would have provided additional about $8 million in additional assistance for the CBSI above the Administration’s request, while the Senate Appropriations Committee version, S. 1725, would have provided $9 million less. Ultimately, Congress provided $57.7 million for the CBSI in FY2016, as set forth in the explanatory statement to the FY2016 omnibus appropriations measure, P.L. 114-113, about $4.2 million above the amount requested. The House Western Hemisphere Subcommittee held an oversight hearing in April 2015 on energy issues that touched on challenges for the Caribbean (see Appendix). The report to S. 1725 (S.Rept. 114-79) recommended $5 million for the CESI in FY2016, while ultimately the explanatory statement to the FY2016 omnibus measure, P.L. 114-113, measure provided $2 million for the program.

**Central America**

U.S. policymakers have expressed significant concerns about conditions in Central America over the past decade. Countries in the region—particularly the “northern triangle” countries of El Salvador, Guatemala, and Honduras—have long struggled to deal with high levels of crime and violence that analysts have linked to interrelated factors such as widespread social exclusion and weak and corrupt security and justice sector institutions. Security conditions have deteriorated further as transnational criminal organizations have fought to control Central American territory in order to transport illicit narcotics from producers in South America to consumers in the United States. From FY2008-FY2015, Congress appropriated nearly $1.2 billion of assistance through the Central America Regional Security Initiative (Carsi) to strengthen law enforcement, build institutional capacity, and address underlying socioeconomic challenges. While USAID’s CARSI-funded crime prevention programs have produced statistically significant improvements in the

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communities where they are located, violence levels remain elevated throughout the northern triangle and have escalated significantly in El Salvador.

Policymakers had begun to reevaluate U.S. efforts in Central America even before the United States experienced a sharp increase in the number of unaccompanied children and other migrants and asylum seekers from the region arriving at the southern border in 2014. The Obama Administration drafted a new whole-of-government “U.S. Strategy for Engagement in Central America” that places greater emphasis on fostering prosperity and improving governance while continuing to address security concerns. The Administration requested over $1 billion in foreign assistance to implement the strategy in FY2016. The governments of El Salvador, Guatemala, and Honduras have pledged to allocate nearly $18 billion over the next five years to carry out complementary efforts under their “Plan of the Alliance for Prosperity in the Northern Triangle.” Although many analysts are skeptical that leaders in the region are committed to structural changes, especially in light of recent corruption scandals that led to the resignation of the President of Guatemala and have implicated high-level officials in El Salvador and Honduras, all three governments have begun to implement some reforms.

**Key Policy Issues:** The 114th Congress has continued to express concerns about conditions in Central America and has appropriated additional funding to support security and development efforts in the region. The FY2016 National Defense Authorization Act (P.L. 114-92), signed into law in November 2015, expresses the sense of the Congress that “the stability and security of Central American nations have a direct impact on the stability and security of the United States.” The measure asserts that the United States should prioritize efforts to address security threats in the region and calls on the Department of Defense to increase its efforts to prevent illicit trafficking into the United States, build partner capacity, support inter-agency activities that address instability, and promote respect for human rights in the region. It also authorizes $30 million above the FY2016 request for U.S. Southern Command operational support for Central America.

The Consolidated Appropriations Act, 2016 (P.L. 114-113), signed into law in December 2015, includes $750 million to implement the Administration’s new Central America strategy, which is $250 million less than the Administration requested but $180 million more than Central America received in FY2015. The measure provides about $68 million in bilateral assistance for El Salvador, $128 million for Guatemala, and $98 million for Honduras. It also provides $349 million for CARSI, including a $7.5 million contribution to the International Commission Against Impunity in Guatemala (CICIG). The act allows the Administration to use additional CARSI funds to support similar anti-corruption commissions in El Salvador and Honduras, if they are established.

The appropriations measure places numerous conditions on the aid for Central America. Prior to obligation of the funds, the Secretary of State is required to provide the Appropriations Committees a multi-year spending plan that specifies the proposed purposes, objectives, indicators to measure progress, and implementation timeline of the assistance. The act also requires 25% of the funds for the “central governments of El Salvador, Guatemala, and Honduras” to be withheld until the Secretary of State can certify that the governments are “taking effective steps” to deter emigration, combat human smuggling and trafficking, improve border security, and receive and reintegrate citizens repatriated from the United States. Another 50% of the funds for the “central governments of El Salvador, Guatemala, and Honduras” must be withheld until the Secretary of State can certify the governments are “taking effective steps” to address 12 other concerns, including combating corruption, protecting human rights, increasing government revenues, and resolving commercial disputes with U.S. entities. In addition, the act requires the Secretary of State to periodically review and report on the progress that the
Salvadoran, Guatemalan, and Honduran governments are making in meeting those requirements and directs the Secretary to suspend assistance if progress is insufficient.


**Colombia**

Colombia is the third-most-populous country in Latin America, with roughly 47 million inhabitants. A key U.S. ally in the region, Colombia has endured an internal armed conflict for half a century. Drug trafficking has fueled the violence by funding both left-wing and right-wing armed groups. In the late 1990s, some analysts feared Colombia would become a failed state. The Colombian government defied that prediction, however, through a security strategy known as Plan Colombia carried out in the past 16 years in part through close cooperation with the United States.

Focused initially on counternarcotics, and later counterterrorism, the partnership of Plan Colombia has broadened to include sustainable development, human rights, trade, regional security, and many other areas of cooperation. Many analysts maintain that much of the success of Plan Colombia was due to the strength of Colombia’s leaders and Colombians’ commitment to rebuilding their own security. For example, the government instituted a security tax. The government’s long-term strategy has moved from defeating insurgents in combat and consolidating the government’s gains with its “whole-of-government” approach, to a new stage of preparing for an anticipated post-conflict period. Colombia has achieved significant gains in citizen security and economic stability. Despite its progress, many observers continue to raise concerns about human rights conditions in the country.

Current President Juan Manuel Santos, first elected in 2010, launched peace talks in 2012 with the Revolutionary Armed Forces of Colombia (FARC), the country’s main leftist insurgent group and Latin America’s best-financed guerrilla organization. Although previous negotiations with the FARC had failed, this effort has endured over three years and more than 45 rounds of talks. By the end of 2015, negotiators had resolved four topics in a six-point agenda. In September 2015, negotiators announced that both teams had reached a mutually-agreed deadline for signature on a final accord of March 23, 2016, and in December 2015 they announced that a breakthrough on transitional justice and victims’ reparations had been finalized. The remaining issues to be settled include the terms for a bilateral ceasefire and other steps to definitively end the conflict, and how the accord will be approved and verified. If the negotiating teams meet the spring 2016 deadline—a goal that many see as ambitious—a plebiscite potentially would be held sanctioning the accord. The FARC, however, has objected to this method to ratify the deal.

President Santos won reelection in a closely fought runoff in June 2014 by making completion of peace talks his central campaign promise. In 2016, the chance that the Colombian public may approve a peace deal has raised expectations of the potential benefits of ending the half-century
armed conflict. Former President Álvaro Uribe (2002-2010)—an ardent opponent of the peace process under Santos’s leadership—was elected to the Colombian Senate in 2014. Uribe, his followers, and other opponents of an accord make the likely outcome of the plebiscite unclear. Many observers warn that several elements need to fall into place for a sustainable peace to take hold. These include bringing the second largest insurgent group into formal peace talks and weakening the criminal groups that sprang up following the demobilization of Colombia’s paramilitaries a decade ago, who might try to take control of former FARC territory and criminal activities in a post-accord setting.

President Santos has continued the market-oriented, economic policies of prior administrations. During his first term, the U.S. Congress approved the U.S.-Colombia Free Trade Agreement, which went into force in April 2012. The United States is Colombia’s top trade partner. Colombia has become an increasingly attractive location for foreign direct investment. After several years of annual growth exceeding 4%, one of the strongest and steadiest expansion rates in the region, Colombia’s growth rate declined to less than 3% in 2015 by most estimates. The decline is largely attributed to lower earnings from energy exports. Colombia’s uneven development, high levels of rural poverty, and concentrated land ownership have contributed to internal conflict. Precise costs of any post-peace accord development remain uncertain.

Colombia and the United States have one of the closest partnerships in the Western Hemisphere. Between FY2000 and FY2016, the U.S. Congress appropriated more than $10 billion to fund Plan Colombia and its follow-on programs. However, since FY2008, with the tightening of foreign aid budgets and increasing nationalization of Plan Colombia-related programs, U.S. foreign assistance has been on the decline. In the FY2016 omnibus appropriations measure (P.L. 114-113), assistance to Colombia from foreign aid accounts of the U.S. State Department amounted to about $300 million, nearly identical to the estimate for FY2015. Projected assistance in FY2016 for the Department of Defense is almost $59 million.

**Key Policy Issues:** If a peace accord is concluded, Members of Congress may have to consider whether aid should be increased or be distributed differently. For some observers, building a sustainable peace in Colombia may require U.S. support for land restitution, aid to conflict victims, and efforts to fully bring the Colombian government into formerly-lawless areas. Such support, according to this view, would complete prior U.S. investment in Plan Colombia. On the other hand, some observers, weighing the global demands for U.S. assistance, could determine that Colombia, as a middle income country with considerable capacity, could undertake such reconstruction activities on its own.


**Cuba**

Cuba remains a one-party communist state with a poor record on human rights. The country’s political succession in 2006 from the long-ruling Fidel Castro to his brother Raúl was characterized by a remarkable degree of stability. In 2013, Raúl began his second and final five-year term, which is scheduled to end in February 2018, when he would be 86 years old. Castro has implemented a number of market-oriented economic policy changes over the past several years. A 2011 party congress laid out numerous economic goals that, if implemented, could significantly alter Cuba’s state-dominated economic model; another party congress is expected in
April 2016 that would likely focus on progress in implementing the 2011 guidelines and future economic measures. Few observers, however, expect the government to ease its tight control over the political system. While the government has released most long-term political prisoners, short-term detentions and harassment have increased significantly over the past several years, reflecting a change of tactics in repressing dissent.

Congress has played an active role in shaping policy toward Cuba, including the enactment of legislation strengthening and at times easing various U.S. economic sanctions. U.S. policy over the years has consisted largely of isolating Cuba through economic sanctions, while a second policy component has consisted of support measures for the Cuban people, including U.S. government-sponsored broadcasting and support for human rights and democracy projects.

In December 2014, President Obama announced a major shift in U.S. policy toward Cuba, moving away from a sanctions-based policy toward one of engagement and a normalization of relations. The policy change included talks to restore diplomatic relations (relations were reestablished on July 20, 2015); a review of Cuba’s designation as a state sponsor of international terrorism (Cuba’s designation was subsequently rescinded on May 29, 2015); and an increase in travel, commerce, and the flow of information to Cuba. In order to implement this third step, the Treasury and Commerce Departments eased the embargo regulations in January and September 2015 in such areas as travel, remittances, trade, telecommunications, and financial services. The overall embargo, however, remains in place, and can only be lifted with congressional action or if certain conditions in Cuba are met, including that a democratically elected government is in place. The President maintained that the United States would continue to raise concerns about democracy and human rights in Cuba, but emphasized that the United States could do more through engagement than isolation.

**Key Policy Issues:** The Obama Administration’s shift in Cuba policy has spurred strong interest in Congress. Some Members lauded the initiative as in the best interest of the United States and a better way to support change in Cuba, while others criticized the President for not obtaining more concessions from Cuba to advance human rights and protect U.S. interests. In the 114th Congress, several hearings have been held, and numerous legislative initiatives have been introduced.

Numerous bills would lift or ease sanctions: H.R. 274, H.R. 403, and H.R. 735 (overall embargo and other economic restrictions); H.R. 634, H.R. 664, and S. 299 (travel restrictions); H.R. 635 (agricultural and medical exports and travel); S. 491 and S. 1543/H.R. 3238 (certain embargo restrictions); S. 1049 (financing of agricultural sales); S. 1389/H.R. 3055 (telecommunications); H.R. 3306 (energy resources and technologies); and H.R. 3687 (agricultural exports and investment). Other bills would increase restrictions on engagement with Cuba: S. 1388 and H.R. 2466 would require a plan for resolving U.S. property claims before the President could ease restrictions on travel and trade; S. 1489 and H.R. 2937 would prohibit financial transactions with the Cuban military and interior ministries, associated entities, and senior members.

Regarding action on FY2016 appropriations measures, the Senate version of the FY2016 Financial Services appropriations bill, S. 1910, had three Cuba provisions that would have eased sanctions on Cuba related to agricultural exports, travel, and shipping. In contrast, five FY2016 House appropriations bills—H.R. 2577, Transportation, Housing and Urban Development; H.R. 2578, Commerce, Justice, and Science; H.R. 2772, State Department and Foreign Operations; H.R. 2995, Financial and General Government; and H.R. 3128, Homeland Security—had Cuba provisions that would have blocked some of the Administration’s Cuba policy changes (related to travel, trade, and increased funding for the U.S. diplomatic mission in Havana) and would have introduce new economic sanctions. Ultimately none of these provisions easing or tightening sanctions was included in the FY2016 omnibus appropriations measure, P.L. 114-113. The omnibus, however, funds Cuba democracy programs ($20 million) and Cuba broadcasting
($27.14 million), has provisions regarding U.S. diplomatic facilities in Cuba (similar to provisions in S. 1705 and H.R. 4127), and prohibits FY2016 funding for the closure of the U.S. Naval Station at Guantánamo Bay (similar to the FY2016 defense authorization measure, P.L. 114-92, which also prohibits such FY2016 funding).

Among other bills: H.R. 570 would cease Radio and TV Martí broadcasting; H.R. 738 would allow Cuban nationals to play professional baseball in the United States; H.Res. 181 would call for the extradition of U.S. fugitives from justice; H.R. 1782 would express the sense of Congress that U.S.-Cuban relations should not change until the Cuban government ceases human rights violations; S. 1999 would authorize certain oil spill prevention and response measures; H.R. 3818 would repeal the Cuban Adjustment Act; and H.R. 4247 would provide that certain Cubans are ineligible to receive refugee assistance. Identical bills S. 757/H.R. 1627 would modify a trademark sanction, while H.R. 274, H.R. 403, H.R. 635, and H.R. 735 would repeal the sanction.


Guatemala

In what many observers see as a remarkable step forward for its democratic development in 2015, Guatemala’s judicial system investigated government corruption, leading to the resignation and arrest of its president and vice-president. Guatemala then proceeded lawfully and peacefully to form an interim government, hold elections, and transfer power to a newly elected president.

A national election process was already underway when, beginning in April 2015, revelations of mass corruption led to the arrest of the vice president and other government officials, the resignation or firing of multiple members of the president’s cabinet, impeachment proceedings against the president, and mass protests calling for his resignation and an end to corruption and impunity. In an unprecedented action, the Guatemalan Congress lifted the president’s immunity from prosecution on September 1 so that he could be investigated for corruption, as requested by Guatemalan Attorney General (AG) Thelma Aldana and the United Nations-backed International Commission Against Impunity in Guatemala (CICIG).

President Otto Pérez Molina resigned under pressure on September 2, 2015. The court ordered him held in prison until the expected conclusion of an investigation in January 2016. The next day Congress accepted Pérez’s resignation and swore in Vice President Alejandro Maldonado, a former judge, as president.

During those five months of scandals and arrests of officials, an outsider candidate went from under 1% in polls to winning the presidential elections by a landslide. Former comedian Jimmy Morales framed his lack of political experience as an asset. He emerged ahead of traditional politicians, some of whom were also being investigated, in the September 6 national elections, to face former First Lady Sandra Torres in a runoff on October 25, 2015. Torres ran popular social programs while her then-husband, Alvaro Colom, was president, but was widely associated with the political elite. Morales won 67.4% of the vote to Torres’s 32.6%.
President Morales, who has a degree in business administration, was sworn in on January 14, 2016, along with a new legislature. Morales’s party, the National Convergence Front (FCN), won only 11 of 158 seats. Before the legislature was sworn in, the AG requested legal action against retired army colonel Edgar Ovalle, a legislator-elect with the FCN, for alleged civil war-era human rights violations.

**Key Policy Issues:** While many see the corruption charges as a crisis, others—including many within the Guatemalan government—also see them as an opportunity to make the government more honest and accountable. Congress has approved aid to strengthen Guatemalan institutions as well as placed conditions on aid based on human rights and other concerns for years, and has supported CICIG. As noted above in the section on “Central America,” the FY2016 omnibus appropriations measure (P.L. 114-113) provides up to $750 million to Guatemala, El Salvador, and Honduras to address root causes of migration to the United States. Congress conditioned the release of part of the aid package on those governments taking effective steps to combat corruption, prosecute security forces for human rights violations, and other actions, and so will watch to see if Morales, whose party was founded by former military officers, is willing to pursue such prosecutions.

For additional information, see CRS Insight IN10354, *Guatemala: One President Resigns; Another Elected, to Be Inaugurated January 14*, by Maureen Taft-Morales; and CRS Insight IN10237, *President Obama’s $1 Billion Foreign Aid Request for Central America*, by Peter J. Meyer and Clare Ribando Seelke.

### Haiti

Throughout President Michel Martelly’s five-year term, which began in May 2011, Haiti has found itself in a prolonged political crisis due to the government’s failure to hold a series of long overdue elections. Although some elections were held in 2015, the crisis continued into 2016.

The government failed to hold Senate elections by the end of 2012, leaving the Senate without one-third of its members. Thousands of Haitians took to the streets to protest the lack of elections. When the terms for another third of the Senate as well as the entire 99-seat Chamber of Deputies expired on January 12, 2015, the legislature was immediately dissolved, and Martelly began ruling by decree. A new Provisional Electoral Council (CEP) organized legislative elections in August, which were marred by violence, and runoff legislative, presidential, and local elections in October 2015.

A group of eight presidential candidates have led protests alleging fraud, but have failed to file legal complaints. Martelly acquiesced to their demand and formed an independent commission to investigate the October elections. The commission concluded the elections were marred by irregularities benefitting several candidates. It called for social sectors to investigate and, if necessary, remove their representatives on the CEP accused of corruption, political dialogue, and a closer examination of the CEP’s plan for “the responsibility for irregularities often equated with massive fraud.” It did not call for the elections to be reheld, and the newly-elected legislature was convened on January 11, 2016.

Runoff presidential elections originally scheduled for December 27, 2015, were postponed until January 24, 2016. Jovenel Moïse, the candidate for Martelly’s party (the Haitian Bald Head party) and a political novice, is supposed to face Jude Celestin, the government’s construction chief under the Préval administration. Celestin has said that he would not participate unless the commission’s recommendations were enacted. He officially withdrew on January 18, and several CEP members resigned, calling into question whether the January 24 election will actually take place. The opposition has called for an interim government. Although Martelly’s term does not
end until May 14, he said he would step down on February 7 to return the country to the constitutional electoral calendar. If he does so without an elected successor, the constitution calls for the prime minister, currently Evans Paul, to take over and elections to be held within 60-120 days.

January 12, 2016, marked the sixth anniversary of the earthquake that devastated Haiti’s capital. Haiti continues to make progress in its overall recovery effort, but enormous challenges remain. Criticism abounds that reconstruction aid and efforts are moving too slowly, contributing to mounting public frustration with international donors and the government.

The United Nations Stabilization Mission in Haiti (MINUSTAH) has helped restore order since 2004. The mission has facilitated elections, combated gangs and drug trafficking with the Haitian National Police, and responded to natural disasters. MINUSTAH has been criticized because of sexual abuse by some of its forces and scientific findings that its troops apparently introduced cholera to the country. The U.N. says it will not compensate cholera victims, citing diplomatic immunity. As of June 30, 2015, MINUSTAH had decreased its military troops from 5,021 to 2,338, leaving peacekeeping troops in only 4 of Haiti’s 10 departments. Consequently, for the first time, the Haitian National Police had primary responsibility for election security.

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

The Dominican Republic ended its “immigrant regularization” process in June 2015. Since then tens of thousands of Dominican-born people of Haitian descent have relocated to Haiti, some out of fear of or intimidation by Dominican communities or authorities, increasing bilateral tensions. (Also see “Migration Issues” above.)

The main priorities for U.S. policy regarding Haiti are to strengthen fragile democratic processes, continue to improve security, and promote economic development. Other issues include the cost and effectiveness of U.S. aid; protecting human rights; combating narcotics-, arms-, and human-trafficking; and alleviating poverty. Congress shares these concerns. The Obama Administration granted TPS to Haitians living in the United States at the time of the earthquake, and has extended it on a yearly basis since then. The DHS began to implement the Haitian Family Reunification Parole Program in early 2015 for Haitian relatives of U.S. citizens or permanent residents. Because this program expedites reunification only for those scheduled to receive their entry visas within two years, only a small portion of all Haitians approved for residency will benefit from the program. The Administration and other donors had been working with the CEP to improve the process for the January 24 elections, and have urged Haitian institutions and political actors to work to ensure that a new president takes office by the constitutionally-mandated date of February 7, with hopes that political tensions and instability will be reduced. That has now come into question.

The Assessing Progress in Haiti Act of 2014 (P.L. 113-162) directs the Secretary of State to coordinate and transmit to Congress a three-year strategy for Haiti that includes specific steps and benchmarks for assistance, and to report to Congress annually through December 31, 2017, on the status of specific aspects of post-earthquake recovery and development efforts in Haiti. The State Department submitted its first report in January 2015.

Key Policy Issues: In 2016, Congress will likely continue to press Haiti to complete its long overdue elections cycle and a peaceful transfer of power, while monitoring political tensions and their possible impact on development and stability. Congress will likely continue to focus on promoting economic development and examining labor practices in Haitian factories.
Congress will continue to focus on the strengthening of Haitian democratic institutions and remains concerned over corruption and transparency in Haiti, as evidenced by the FY2016 omnibus appropriations measure (P.L. 114-113). The law prohibits assistance to the central government of Haiti unless the Secretary of State certifies that Haiti “is taking effective steps” to hold free and fair parliamentary elections and seat a new Haitian Parliament; strengthen the rule of law, including by selecting judges in a transparent manner; respect judicial independence; improve governance by implementing reforms to increase transparency and accountability; combat corruption; and increase government revenues and expenditures on public services.

For background information, see CRS Report R42559, Haiti Under President Martelly: Current Conditions and Congressional Concerns, by Maureen Taft-Morales; and CRS Insight IN10317, The Dominican Republic: Tensions with Haiti over Citizenship and Migration Issues, by Clare Ribando Seelke, Rhoda Margesson, and Maureen Taft-Morales.

**Mexico**

Congress has maintained significant interest in neighboring Mexico, a close ally and top trade partner. President Enrique Peña Nieto of the centrist Institutional Revolutionary Party (PRI) assumed the Mexican presidency on December 1, 2012, after 12 years of rule by the conservative National Action Party (PAN). Peña Nieto enacted structural reforms during his first year in office, but has struggled to address human rights abuses, corruption, and impunity. The July 2015 escape of Joaquin “El Chapo” Guzmán, a top drug trafficker, from a Mexican prison proved to be a major setback to the government that had apprehended him in February 2014. El Chapo’s January 8, 2016, recapture has restored some credibility to the government, however, it is under pressure to extradite him to the United States (where he faces multiple charges) as quickly as possible.

President Peña Nieto’s first three years in office have brought mixed results for Mexico. During 2013, Peña Nieto’s “Pact for Mexico” agreement with the PAN and the leftist Party of the Democratic Revolution (PRD) facilitated the passage of significant financial, education, telecommunications, and energy reforms. Still, the economy faltered (GDP growth fell from 3.7% in 2012 to 1.2% in 2013), and some types of violent crime—including kidnapping and extortion—increased. Implementation of the aforementioned reforms has occurred over the course of the past two years, but low oil prices have limited interest in Mexico’s energy sector. Security improvements in some areas of the country have been overshadowed by the government’s inability to resolve emblematic cases, including the case of 43 students who were forcibly abducted—and likely murdered—in Guerrero in September 2014.

U.S.-Mexican relations have remained strong despite periodic tensions and the impasse in the U.S. Senate over a vote to confirm a new U.S. Ambassador to Mexico. President Obama has embraced Peña Nieto’s desire to bolster economic ties and focus on issues such as border trade facilitation and educational exchanges. Those issues figured prominently during a January 2015 presidential meeting. Now that Mexico is opening its energy industry to private investment, energy cooperation has accelerated. U.S.-Mexican rule-of-law cooperation has continued under the Mérida Initiative framework; its focus is on justice sector reform and securing Mexico’s southern border, an area where Mexico has stepped up efforts to combat illegal migration.

**Key Policy Issues:** The 114th Congress has considered legislation affecting U.S.-Mexico trade, energy cooperation, and security cooperation. Congress enacted legislation giving President Obama trade promotion authority (P.L. 114-26), which likely helped advance negotiations for a Trans-Pacific Partnership (TPP) trade agreement that would alter the provisions governing bilateral trade. Implementation of Mexico’s energy reforms has generated legislative proposals to speed up energy infrastructure development, including cross-border natural gas pipelines, as was
approved by the House on January 21, 2015 (H.R. 161). The Consolidated Appropriations Act, 2016 (P.L. 114-113) ended the U.S. crude oil export ban, which could enhance the bilateral energy trade. In response to Mexico and Canada's threats to impose retaliatory tariffs for U.S. country-of-origin labeling on meat products, P.L. 114-113 also ended the labeling requirements. Congress has continued oversight of the Mérida Initiative, a bilateral security effort for which it appropriated $2.4 billion from FY2008 through FY2015, including an estimated $143.6 million in P.L. 113-235. Members of Congress are likely to put pressure on the Mexican government and the Obama Administration to secure “El Chapo” Guzmán’s extradition to the United States as soon as possible.

The FY2016 request for Mexico was for $140 million, including $119 million for the Mérida Initiative. The Consolidated Appropriations Act, 2016 (P.L. 114-113) provides at least $147.5 million for Mexico, including $139 million in accounts that have funded the Mérida Initiative. The final amount destined for the Mérida Initiative is as yet unclear, however. The law places human rights withholding requirements on FMF rather than Mérida Initiative assistance. The act carries forward reporting requirements from P.L. 113-235 related to the adequacy of Mexico’s water deliveries in the Rio Grande Valley as per a 1944 treaty.


**Venezuela**

While historically the United States has had close relations with Venezuela, a major oil supplier, friction in bilateral relations rose under the leftist populist government of President Hugo Chávez (1999-2013), who died in March 2013 after battling cancer for almost two years. After Chávez’s death, Venezuela held presidential elections in April 2013 in which acting President Nicolás Maduro, who had been serving as Chávez’s vice president, defeated Henrique Capriles of the opposition Democratic Unity Roundtable (MUD) by a slim margin, with the opposition alleging significant irregularities. Venezuela’s December 2013 municipal elections demonstrated mixed results for the ruling United Socialist Party of Venezuela (PSUV) and the MUD.

In 2014 and 2015, the Maduro government faced enormous challenges. High rates of crime and violence fueled student-led street protests in February 2014 that were violently suppressed by Venezuelan security forces and militant pro-government civilian groups. The government arrested and imprisoned a major opposition figure, Leopoldo López, along with two opposition mayors (one mayor was released in January 2015 and the other was placed under house arrest in August 2015, while López remains imprisoned). While the protests largely dissipated by June 2014, at least 43 people were killed on both sides of the conflict and more than 800 injured. The Union of South America Nations initiated a government/opposition dialogue in April 2014, but the talks broke down because of a lack of progress. Since mid-2014, the rapid decline in the price of oil since has hit Venezuela hard, with a contracting economy, high inflation, declining international reserves, and increasing poverty. The Maduro government once again cracked down on the opposition in February 2015, arresting the mayor of metropolitan Caracas, Antonio Ledezma.
In a major turn of events, the opposition MUD prevailed in the country’s December 6, 2015, legislative elections over the ruling PSUV. The MUD won a total of 112 seats in the 167-member unicameral National Assembly, a two-thirds majority, compared to 55 for the PSUV. The election was a major defeat for Chavismo. A two-thirds majority provides the opposition with extensive powers, including the submission of bills directly to national referendum, approval and amendment of organic laws, removal of Supreme Court Justices in cases of serious misconduct, and the ability to convene a Constituent Assembly to rewrite the constitution. This is in addition to the powers conveyed by a simple and a three-fifths majority, which include a major role in the government’s budget, the ability to remove ministers and the vice president from office, and powers to overturn enabling laws that give the president decree powers.

In the aftermath of the opposition’s electoral win, however, the Maduro government took actions to thwart the power of the incoming legislature. The outgoing PSUV-controlled Assembly pushed through a number of new laws, including measures giving the executive branch control over public financing without needing the approval of the Assembly. In order to secure control of the Supreme Court, the government also confirmed 13 new magistrates in the 32-member court even though the terms of the current justices were not up until the end of 2016. Most significantly, in late 2015, the Supreme Court’s electoral chamber blocked four newly-elected members of the Assembly (including three from the MUD) from taking office, with President Maduro alleging vote buying and fraud in those races. The Supreme Court’s action reduced the opposition’s seats in the Assembly to 109, and appeared to deprive it of its two-thirds majority (although some observers have contended that with 109 out of 163 seats, the opposition still has a two-thirds majority). OAS Secretary General Luis Almagro strongly criticized the Supreme Court’s action, maintaining that “it is essential to respect the sovereign will of the people” as expressed at the ballot box.

Venezuela’s opposition called the Supreme Court’s action a “judicial coup,” and went forward with swearing in the three contested opposition legislators on January 6, 2016. The Supreme Court responded by ruling on January 11 that any actions taken by the Assembly would be void until the three opposition legislators were removed from office. On January 13, the contested opposition legislators ultimately agreed to give up their seats temporarily pending an investigation into the charges of electoral irregularities.

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

In response to the Venezuelan government’s heavy-handed response to the protests in 2014, the Obama Administration strongly criticized the government’s actions and called for dialogue. After dialogue between the government and the opposition failed, the Administration imposed visa restrictions on more than 50 current or former Venezuelan officials involved in human rights abuses. In March 2015, President Obama issued an executive order setting forth the authority for

additional sanctions and imposed financial sanctions on seven Venezuelan officials for responsibility for human rights abuses. In the lead up to Venezuela’s December 2015 legislative elections, the Administration continued to speak out about the poor human rights situation and efforts by the government to disadvantage the opposition.

**Key Policy Issues:** Over the past several years, developments in Venezuela and U.S. relations with the country have largely been oversight issues for Congress, but the 113th Congress enacted legislation—the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278) in December 2014—to impose targeted sanctions on those responsible for certain human rights abuses. For more than a decade, Congress also has appropriated funding for democracy and human rights programs in Venezuela through the annual foreign aid appropriations measure: $4.3 million was provided in FY2014, an estimated $3.3 million in FY2015, and the FY2016 request was for $5.5 million. In 2016, Congress is likely to continue to monitor the human rights situation, with some Members wanting the Administration to impose additional sanctions on Venezuelan officials responsible for human rights violations.


**Outlook**

The key U.S. interests involving economic, political, and security concerns discussed in this report will likely continue to sustain congressional attention to Latin America and the Caribbean in the 114th Congress. The April 2015 Summit of the Americas stirred congressional interest, particularly with the participation of Cuba and the meeting between Presidents Obama and Castro. Final action on FY2016 foreign aid appropriations legislation in the FY2016 omnibus (P.L. 114-113) in December 2015 set forth congressional prerogatives on assistance to the region and policy toward several countries. In particular, the measure provided $750 million of the Administration’s $1 billion aid request for Central America. Congress will soon begin consideration of the Administration’s FY2017 foreign aid request for the region. Looking ahead, congressional interest in the region may include Haiti’s upcoming elections; the difficult political and economic situation in Venezuela; the economic downturn in South America; efforts to assist Central American countries contend with economic, security, and governance challenges; the situation in Cuba and the status of U.S.-Cuban relations; and potential consideration of implementing legislation for the proposed Trans-Pacific Partnership (TPP) trade agreement that includes Mexico, Chile, Peru, and eight other Pacific countries.
### Appendix. Hearings in the 114th Congress

#### Table A-1. Congressional Hearings in the 114th Congress on Latin America and the Caribbean

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

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