

CRS Report for Congress

Honduran-U.S. Relations

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Summary

The Central American nation of Honduras, one of the hemisphere's poorest countries, faces significant challenges in the areas of crime, human rights, and improving overall economic and living conditions. While traditional agricultural exports of coffee and bananas are still important for the economy, nontraditional sectors, especially the maquiladora, or export-processing industry, have grown significantly over the past decade. Among the country's development challenges are a poverty rate over 70%, high infant mortality, and a significant HIV/AIDS epidemic. Despite these challenges, increased public spending on health and education have reaped significant improvements in development indicators over the past decade.

Current President Manuel Zelaya of the Liberal Party won a four-year term in the November 2005 elections. The country has enjoyed 25 years of uninterrupted elected civilian democratic rule. The economy, which grew 6% in 2006 and is forecast to grow 6% in 2007, has benefitted from significant debt reduction by the international financial institutions that is freeing government resources to finance poverty-reduction programs. A key challenge for the government is curbing violent crime and the growth of youth gangs.

The United States has a close relationship with Honduras, characterized by an important trade partnership, a U.S. military presence in the country, and cooperation on a range of transnational issues. Honduras is a party to the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). There has been extensive cooperation on port security, with the largest port in Honduras, Puerto Cortés, included in both the Container Security Initiative and the Secure Freight Initiative. Some 78,000 Hondurans living in the United States who have been provided temporary protected status (TPS) since 1998 when the country was devastated by Hurricane Mitch. In early May 2007, TPS was extended until January 2009. U.S. foreign aid to Honduras amounted to almost \$53 million in FY2006 and an estimated \$46 million in FY2007. The Administration requested \$43 million in regular FY2008 foreign aid funding, and at least \$7.4 million in FY2008 supplemental assistance for Honduras as part of the Administration's Mérida Initiative to boost the region's interdiction capabilities and support a regional anti-gang strategy. The Millennium Challenge Corporation approved a five-year \$215 million compact with Honduras in 2005.

In the 110th Congress, H.Res. 564 (Engel), passed October 2, 2007, recognizes the threat that violence poses to Central America and supports expanded cooperation between the United States and Central America to deal with youth gangs in the region; H.Res. 642 (Solis), passed September 25, 2007, expresses sympathy and support for countries of Central America, the Caribbean, and Mexico afflicted by several devastating hurricanes; House-passed H.R. 2764, the FY2008 State Department, Foreign Operations and Related Agencies Appropriations bill, would provide \$8 million to combat transnational crime and criminal youth gangs, including in Central America; and H.Res. 532 (Gohmert), introduced July 10, 2007, would recognize the energy and economic partnership between the United States and Honduras. This report will be updated to reflect major developments.

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Honduran-U.S. Relations

Political and Economic Conditions

A Central American nation with a population of about 7.4 million, Honduras has enjoyed 25 years of uninterrupted civilian democratic rule since the military relinquished power in 1982 after free and fair elections. With a per capita income of \$1,200 (2006), Honduras is classified by the World Bank as a lower middle income developing economy, and remains one of the poorest countries in the hemisphere.¹ Traditional agricultural exports of coffee and bananas are still important for the Honduran economy, but nontraditional sectors, such as shrimp farming and the maquiladora, or export-processing industry, have grown significantly over the past decade. Among the country's development challenges are an estimated poverty rate over 70%; an infant mortality rate of 31 per 1,000; and chronic malnutrition for one out of three children under five years of age. Honduras also has a significant HIV/AIDS crisis, with an adult infection rate of 1.5% of the population. The Garifuna community (descendants of freed black slaves and indigenous Caribs from St. Vincent) concentrated in northern coastal areas has been especially hard hit by the epidemic. Despite these challenges, the World Bank maintains that increased public spending on health and education has reaped significant improvements in development indicators over the past decade.²

Current President Manuel Zelaya of the Liberal Party won the November 2005 election by the close margin of 49.9% to 46.17%, narrowly defeating his National Party rival Porfirio Lobo Sosa, the head of the Honduran Congress. While the process was deemed free and fair, technical difficulties caused a delay in the official vote count, and resulted in Lobo waiting until December 7, 2005, to concede defeat.

The Liberal and National parties traditionally have been the country's two dominant political parties. Both are considered center-right parties, and there appear to be few major ideological differences between the two. During the 2005 campaign, both candidates broadly supported the direction of the country's market-oriented economic policy, but they emphasized different approaches in dealing with crime perpetrated by youth gangs. Lobo called for tougher action against gangs by reintroducing the death penalty (which was abolished in 1957) and increasing prison sentences for juvenile delinquents, whereas Zelaya opposed the death penalty and

¹ World Bank, World Development Report, 2008.

² World Bank, "Honduras Country Brief," September 2006, and "Fighting Malnutrition in Central America," December 19, 2006; U.N. Economic Commission for Latin America and the Caribbean, "Social Panorama of Latin America 2007," Preliminary Version, November 2007. Also see CRS Report RL32713, *Afro-Latinos in Latin America and Considerations for U.S. Policy*, by Clare M. Ribando.

emphasized a more comprehensive approach that would include job creation and training. Zelaya also campaigned for more citizen involvement and transparency in government and promised to increase social programs and combat corruption.

Inaugurated to a four-year term on January 27, 2006, Zelaya succeeded President Ricardo Maduro of the National Party, who was elected in 2001. During his tenure, President Maduro faced enormous challenges in the areas of crime, human rights, and improving overall economic and living conditions in one of the hemisphere's poorest countries, challenges that Zelaya is also facing. In the 2005 legislative elections that were held simultaneously with the presidential elections, Zelaya's Liberal Party won 62 seats in the 128-member Congress, just short of a majority, which has made it more difficult for the Zelaya government to enact its legislative agenda.

In early 2007, public support for the Zelaya government had been firm, with a majority of Hondurans maintaining that President Zelaya was doing a good job. Zelaya's high ratings were buoyed by the strong performance of the economy, his efforts to fulfill campaign pledges of free school enrollment and an increase in teachers' pay, and his efforts to curb rising fuel costs.³

As the year progressed, however, there was a drop in public support for President Zelaya, due in large part to the government's inability to achieve concrete results in reducing crime rates, poverty, and unemployment; preventing fuel prices from rising; and failing to tackle corruption. In May 2007, the government appeared to be on the defensive, as President Zelaya lashed out at media owners for unfair coverage and was especially critical of the media for allegedly sensationalizing violent crime.⁴ The President ordered television and radio stations to broadcast two hours of interviews and conversations with government officials for ten consecutive days in order to counteract what he contended was unfair press coverage. This action, however, was opposed by Honduran press groups as well as by the political

Manuel Zelaya

Born in 1952, José Manuel "Mel" Zelaya Rosales hails from Olancho department in rural eastern Honduras. Zelaya studied civil engineering in college, but left his studies for business, investing in timber and cattle. He owns a ranch in Olancho. Zelaya joined the Liberal Party in 1970, and became party coordinator for the departments of Olancho and Colón in 1980. He was first elected to Congress in 1985 and won three additional terms. He served as head of the Honduran Social Investment Fund from 1994-1997 and again from 1998-2001 in two Liberal Party Administrations. He founded a progressive faction of the Liberal Party, and won the party's presidential primary in February 2005 before winning the general election.

Sources: "Manuel Zelaya," Biography Resource Center Online, Gale, 2006; People Profile Manuel "Mel" Zelaya, *LatinNews.com*, November 15, 2006.

³ "Un 57 Pct de Hondureños Aprueba Gestión Presidente Zelaya," *Reuters*, January 24, 2007; "Honduras Country Report," *Economist Intelligence Unit*, January 2007.

⁴ "Honduran Government Dictates to Media," *LatinNews Daily*, May 25, 2007; "Honduras: Zelaya Accuses Media of Running the Country," *Caribbean and Central America Report*, May 17, 2007.

opposition. As a result, Zelaya was forced to back down somewhat by reducing the amount of government programming that media outlets would be required to broadcast.

Reducing corruption and crime are key challenges that have been testing the Zelaya government. On the corruption front, President Zelaya has pressed for transparency in government and access to public administration, but a new transparency law has been criticized by some observers as having too many loopholes allowing the government to prevent public access to “restricted” documents.⁵ During Zelaya’s first year, several high ranking officials resigned as a result of corruption scandals. More recently, in November 2007, the former director of the state phone company has been charged with the illegal wiretapping of President Zelaya’s phone conversations.⁶ Critics of the government also point to an increase in crime, with over 3,000 murders during 2006, including the assassination of environmentalists and human rights advocates.⁷ In early December 2006, for example, human rights attorney Dionisio Díaz García was killed by unknown assailants in Tegucigalpa. The State Department’s 2006 report on human rights practices in Honduras, issued in March 2007, stated that, despite some positive steps, government corruption, impunity for violators of the law, and gang violence have exacerbated serious human rights violations in the country. (For more, see discussion on “Crime” below.)

Press rights groups have expressed concerns about violence against journalists. In mid-October 2007, a popular radio commentator at Radio Cadenas Voces (RCV), a station highly critical of the Zelaya government, was shot and killed. In early November, the director of RCV left the country with his family after death threats.⁸ In July 2007, journalist Dina Meza, who has been the target of harassment and intimidation, received a special award from Amnesty International for her work focusing on labor rights violations for the online publication *Revistazo.com* published by the Association for a More Just Society (ASJ). Meza had been a colleague of slain human rights lawyer Dionisio Díaz García (noted above), who had been on the way to the Supreme Court to take up a related ASJ case when he was killed.

Honduras was devastated by Hurricane Mitch in 1998, which killed more than 5,000 people and caused billions of dollars in damage. The gross domestic product declined by 1.4% in 1999, and the country felt the effects of the storm for several years, with roads and bridges washed out, the agricultural sector hard hit, and scores of orphaned children, many of whom joined criminal gangs. Spurred on by substantial U.S. foreign assistance, however, the economy rebounded by 6% in 2000,

⁵ Thelma Meja, “Corruption: Honduras Grapples with Murky Transparency Law,” *Global Information Network*, February 23, 2007.

⁶ “Honduras: Zelaya at Centre of Spying Row,” *LatinNews.com*, Weekly Report, November 15, 2007.

⁷ “Honduras: Rocky First Year for Zelaya,” *Central America Report*, February 17, 2007.

⁸ “Head of Radio Cadenas Voces Flees the Country in Fear for His Life,” *Reporters Without Borders*, November 2, 2007.

and has remained positive ever since. More recently, the economy registered growth rates of 4.1% in 2005, 6% in 2006, and the forecast for 2007 is 6% as well.⁹

Figure 1. Map of Honduras



Adapted by CRS. Map Resources. (3/2007)

Honduras has signed two poverty reduction and growth facility (PRGF) agreements with the International Monetary Fund (IMF) since 1999 that have imposed fiscal and monetary targets on the government to maintain firm macroeconomic discipline and to develop a comprehensive poverty reduction strategy. The most recent PRGF agreement, which expired in February 2007, made Honduras eligible for about \$1 billion in debt relief under the IMF and World Bank's Highly Indebted Poor Countries (HIPC) Initiative. The Honduran government has faced the dilemma of balancing the IMF's calls for reducing public expenditures and the public's demands for increased spending. The government is negotiating a new economic program with the IMF to replace the expired PRGF agreement. Under a likely Policy Support Instrument, the IMF would provide advice and support as well as more flexibility in setting fiscal targets that it would allow it to increase expenditure on healthcare and education, but would not have access to a credit line

⁹ "Honduras: Country Report," *Economist Intelligence Unit*, November 2007.

as under the PRGF.¹⁰ The Inter-American Development Bank (IDB) also announced a debt forgiveness program in late 2006 for its poorest members, including Honduras, which will benefit from a reduction of \$1.4 billion in foreign debt, freeing government resources to finance poverty-reduction programs.¹¹ In October 2007, an IMF staff mission expressed some concern about the country's rising fiscal deficit.¹²

Since Honduras is an energy importer, its energy import bill has risen considerably with the rise in world oil prices, amounting to more than \$1 billion in 2006. In late November 2007, the Zelaya government began talks with Venezuela about its potential participation in PetroCaribe, a program in which Venezuela provides oil at preferential discounted rates to Caribbean countries.

Issues in U.S.-Honduran Relations

The United States has had close relations with Honduras over many years, characterized by significant foreign assistance, an important trade relationship, a U.S. military presence in the country, and cooperation on a range of transnational issues. The bilateral relationship became especially close in the 1980s when Honduras returned to democratic rule and became the lynchpin for U.S. policy in Central America. At that time, the country became a staging area for U.S.-supported excursions into Nicaragua by anti-Sandinista opponents known as the *contras*.

Today, overall U.S. policy goals for Honduras include a strengthened democracy with an effective justice system that protects human rights and promotes the rule of law, and the promotion of sustainable economic growth with a more open economy and improved living conditions. The United States also cooperates with Honduras to deal with such transnational issues as narcotics trafficking, money laundering, the fight against terrorism, illegal migration, and trafficking in persons, and supports Honduran efforts to protect the environment and combat HIV/AIDS. There are some 800,000 to 1 million Hondurans residing in the United States, who sent some \$2.4 billion in remittances to Honduras in 2006, or about one fourth of the country's gross domestic product.¹³

Economic Linkages

U.S. trade and investment linkages with Honduras have increased since the early 1980s, and will likely increase further with the implementation of the Dominican

¹⁰ Ibid

¹¹ "Honduras: Country Report," *Economist Intelligence Unit*, April 2007; Nestor Ikeda, "Inter-American Development Bank Forgives Debt of 5 Nations," *Associated Press*, March 17, 2007.

¹² "Honduras: IMF Accuses Government of Extravagance," *Latin American Economic and Business Report*, October 25, 2007.

¹³ U.S. Department of State, "Background Note: Honduras," June 2007; Inter-American Development Bank, The Multilateral Investment Fund (MIF), "Remittances to Latin America and the Caribbean 2006."

Republic-Central America-United States Free Trade Agreement (CAFTA-DR) that entered into force with Honduras in April 2006. In 1984, Honduras became one of the first beneficiaries of the Caribbean Basin Initiative (CBI), the one-way U.S. preferential trade arrangement providing duty-free importation for many goods from the region. In the late 1980s, Honduras benefitted from production-sharing arrangements with U.S. apparel companies for duty-free entry into the United States of certain apparel products assembled in Honduras. As a result, maquiladoras or export-assembly companies flourished, most concentrated in the north coast region. The passage of the Caribbean Basin Trade Partnership Act in 2000 (CBTPA), which provided Caribbean Basin nations with NAFTA-like preferential tariff treatment, further boosted Honduran maquiladoras.

The United States is by far Honduras' largest trading partner, and is the destination of about two-thirds of Honduran exports and the origin of about half of its imports. Honduras is the second largest Latin American exporter of apparel to the United States after Mexico. In 2006, U.S. exports to Honduras amounted to about \$3.7 billion, with knit and woven apparel inputs accounting for a substantial portion. U.S. imports from Honduras amounted to about \$3.7 billion, with knit and woven apparel (assembled products from the maquiladora sector) accounting for the lion's share. Other Honduran exports to the United States include bananas, seafood, electrical wiring, gold, tobacco, and coffee. In terms of investment, the stock of U.S. foreign direct investment in Honduras amounted to \$517 million in 2006, concentrated largely in the manufacturing sector.¹⁴ More than 150 U.S. companies operate in Honduras, with investments in the maquila or export assembly sector, fruit production, tourism, energy generation, shrimp farming, animal feed production, telecommunications, fuel distribution, cigar manufacturing, insurance, brewing, food processing, furniture manufacturing, and numerous U.S. restaurant franchises.¹⁵ In the 110th Congress, H.Res. 532 (Gohmert), introduced July 10, 2007, would recognize the energy and economic partnership between the United States and Honduras.

During consideration of CAFTA-DR, Honduras viewed the agreement as a way to make the country more attractive for investment and as a way to protect its apparel benefits under the Caribbean Basin Trade Partnership Act, which was set to in September 2008. Honduran officials also viewed the CAFTA-DR as an important tool in helping transform the country's agricultural sector. Nevertheless, there are concerns about the adverse effects of opening the Honduran market to U.S. agricultural products, especially for several sensitive products such as corn, rice, beef, poultry, and pork. Most significantly, Honduran officials are concerned about the loss of jobs in some sectors, which could lead to social unrest if not addressed properly through long-term investment in the agricultural sector.

One of the controversial issues in the CAFTA-DR debate in the United States was how labor provisions would be handled. The agreement has provisions that

¹⁴ United States Trade Representative, *2007 National Trade Estimate Report on Foreign Trade Barriers*; U.S. Department of Commerce, Bureau of Economic Analysis, "Survey of Current Business," September 2007.

¹⁵ U.S. Department of State, "Background Note: Honduras," June 2007.

provide for the enforcement of domestic laws, establish a cooperative approach with the International Labor Organization (ILO) to improve working conditions, and build local capacity to improve labor rights. Opponents argue that the agreement should have had provisions enforcing international standards, maintaining that Central American countries have a history of non-enforcement of inadequate domestic laws. In April 2005, Honduras and other Central American countries endorsed a work plan with the goals of strengthening enforcement of labor laws in the region. In March 2006, the U.S. Department of Labor announced that it would be providing \$5 million in support of an International Labor Organization program to promote labor justice under DR-CAFTA and evaluate its progress.¹⁶ Honduras has received criticism for its poor labor conditions. According to the State Department's 2006 human rights report, issued in March 2007, there was credible evidence that blacklisting occurred in the maquiladoras because of employees' union activities.

U.S. Foreign Assistance

The United States has provided considerable foreign assistance to Honduras over the past two decades. In the 1980s, the United States provided about \$1.6 billion in economic and military aid as the country struggled amid the region's civil conflicts. In the 1990s, U.S. assistance to Honduras began to wane as regional conflicts subsided and competing foreign assistance needs grew in other parts of the world. Hurricane Mitch changed that trend as the United States provided almost \$300 million in assistance to help the country recover from the 1998 storm. As a result of the new influx of aid, total U.S. assistance to Honduras for the 1990s amounted to around \$1 billion. With Hurricane Mitch funds expended by the end of 2001, U.S. foreign aid levels to Honduras again began to decline.

Recent foreign aid funding to Honduras amounted to \$54 million in FY2005, almost \$53 million in FY2006, and an estimated \$46 million in FY2007 (see **Table 1**). For FY2008, the Administration requested almost \$42.5 million in assistance, including \$16.7 million in Development Assistance, \$10.6 million in Child Survival and Health assistance, \$10 million in food aid, and \$3.5 million for a Peace Corps program.

These amounts include support for a variety of development projects in the area of health, education, trade and investment capacity, agricultural sector productivity, and the environment, as well as a large Peace Corps presence of almost 200 volunteers. For FY2008, no assistance was requested for Foreign Military Financing (FMF) because of competing priorities worldwide. In past years, small amounts of FMF were used to provide critical maintenance, training, and operational support for the Honduran Armed Forces, and to enhance maritime interdiction capabilities. For FY2008, the Administration is requesting \$750,000 in International Narcotics Control and Law Enforcement Assistance (INCLE). In previous years, INCLE assistance had been provided as part of a regional Latin America program and was not reflected in bilateral assistance figures.

¹⁶ "ILO Awarded \$5 Million for CAFTA-DR Labor Program," *International Trade Reporter*, March 23, 2006.

Table 1. U.S. Foreign Aid to Honduras, FY2005-FY2008
(U.S. \$ in thousands)

Account	FY2005	FY2006	FY2007 (est.)	FY2008 (request)
Child Survival and Health	13,192	13,140	12,034	10,600
Development Assistance	20,856	20,604	14,790	16,731
Foreign Military Financing	1,492	891	675	0
International Military Education & Training	1,322	1,218	1,234	880
International Narcotics Control and Law Enforcement	0	0	0	750
Nonproliferation, Antiterrorism & Demining	0	315	627	0
Food Aid (P.L. 480)	13,538	13,105	12,718	10,000
Peace Corps	4,035	3,344	3,822	3,549
Total	54,435	52,617	45,900	42,510

Sources: U.S. Department of State, Congressional Budget Justification, Foreign Operations, FY2007 and FY2008; Peace Corps, Congressional Budget Justification, FY2006-2008.

In addition to regular FY2008 foreign aid funding, the Administration has requested at least \$7.4 million in FY2008 supplemental assistance for Honduras as part of the Administration's Mérida Initiative to boost the region's interdiction capabilities and support a regional anti-gang strategy. (For additional background on the Mérida Initiative, see CRS Report RL32724, *Mexico-U.S. Relations: Issues for Congress*.)

Beyond traditional foreign assistance funding, in June 2005, the Millennium Challenge Corporation (MCC) signed a five-year \$215 million compact for Honduras. The MCC compact has two components, a rural development project and a transportation project. The rural development project involves providing Honduran farmers with the skills needed to grow and market horticultural crops. The transportation project will improve a highway linking the Atlantic port of Puerto Cortés to Pacific ports and major production centers in Honduras, El Salvador, and Nicaragua. It will also involve improvements to main highways, secondary, and rural roads to enable farmers and other businesses to get their products to markets more efficiently.¹⁷

¹⁷ Millennium Challenge Corporation, "Honduras Overview," available at [<http://www.mcc.gov/countries/honduras/index.php>].

The United States has also recently provided disaster assistance to Honduras. In anticipation of damage from Hurricane Felix, USAID provided \$25,000 in preparedness assistance in early September 2007 to support emergency relief activities. In October 2007, USAID provided \$50,000 in the aftermath of heavy rains that caused flooding in southern Honduras that killed five people and damaged or destroyed more than 1,000 homes. On September 25, 2007, the House approved (418-0) H.Res. 642 (Solis) expressing sympathy and support for countries of Central America, the Caribbean, and Mexico afflicted by several devastating hurricanes.

U.S. Military Presence

The United States maintains a troop presence of about 550 military personnel known as Joint Task Force (JTF) Bravo at Soto Cano Air Base. JTF Bravo was first established in 1983 with about 1,200 troops, who were involved in military training exercises and in supporting U.S. counterinsurgency and intelligence operations in the region. Today, U.S. troops in Honduras support such activities as disaster relief, medical and humanitarian assistance, counternarcotics operations, and search and rescue operations that benefit Honduras and other Central American countries. Regional exercises and deployments involving active duty and reserve components provide training opportunities for thousands of U.S. troops. In the aftermath of Hurricane Mitch in 1998, U.S. troops provided extensive assistance in the relief and reconstruction effort. In 2005, JTF Bravo deployed teams to provide disaster assistance in response to Hurricane Stan in neighboring Guatemala and to Tropical Storms Beta and Gamma in Honduras.¹⁸ In November 2006, about 50 troops from JTF Bravo were dispatched to Panama to provide assistance after flooding in the country.

In June 2006, President Zelaya announced that Honduras would seek to convert part of the Soto Cano Air Base into a commercial air cargo terminal, while later in the year the Honduran Defense Minister suggested that the conversion of Soto Cano, which would take more work than originally thought and cost some \$100-200 million, might not be viable financially.¹⁹ In a January 2007 speech to the Honduran Congress, however, President Zelaya again reiterated that Soto Cano Air Base would be upgraded so that it could be used as a commercial airport for exporting merchandise to the United States.²⁰

Crime

Crime and related human rights issues have been among the most important challenges for the Honduran government. When President Maduro took office in 2002, kidnaping and murder were common in major cities, particularly in the

¹⁸ Edmund Woolfolk and James Marshall, "JTF-Bravo and Disaster Relief," *Joint Force Quarterly*, Issue 42, 3rd Quarter 2006.

¹⁹ "Honduras: Upgrading Palmerola Base," *Latin America Regional Report, Caribbean & Central America*, October 2006.

²⁰ "Honduras Usará Comercialmente Base Aérea de EEUU," *Associated Press*, January 25, 2007.

northern part of the country. Youth gangs known as *maras* terrorized many urban residents, while corresponding vigilantism increased to combat the crime, with extrajudicial killings increasing, including killings of youth.

Honduras, along with neighboring El Salvador and Guatemala, has become fertile ground for the gangs, which have been fueled by poverty, unemployment, leftover weapons from the 1980s, and the U.S. deportation of criminals to the region. The two major gangs in Honduras — Mara Salvatrucha, or MS-13, and the 18th Street gang, or M-18 — were first established in Los Angeles in the 1980s by Salvadoran immigrants who were excluded from Mexican-American gangs. The U.S. deportation of Central American criminals back to the region in the 1990s may have helped lay the foundation for the development of MS-13 and M-18 in Central America.²¹ Although estimates of the number of gang members in Central America vary widely, the U.S. Southern Command maintains that there are some 70,000, concentrated largely in Honduras, El Salvador, and Guatemala.²²

President Maduro, who campaigned on a zero-tolerance platform, increased the number of police officers and cracked down on delinquency. The government signed legislation in July 2003 making *maras* illegal and making membership in the gangs punishable with 12 years in prison. Some human rights groups expressed concerns about abuses and the effect of the crackdown on civil liberties. There were also concerns that the crackdown would exacerbate already poor prison conditions. Subsequently in 2004, a fire in the San Pedro Sula prison killed 107 inmates, mostly gang members. Although the crackdown initially reduced crime (for example, an 80% decline in kidnapping and a 60% decline in youth gang violence)²³ and was popular with the public, crime subsequently picked up again. On December 23, 2004, MS-13 gang members massacred 28 people, including 6 children, on a public bus crowded with Christmas shoppers in San Pedro Sula, an event that shocked the Honduran nation.

Beginning in 2006, the Zelaya government — in a move to replace the Maduro government's zero-tolerance policy — initially announced measures to use dialogue and other outreach techniques to convince gang members to give up violence and reintegrate into society, but subsequently has focused more on traditional law enforcement action to crack down on the gangs.²⁴ In September 2006, the government launched Operation Thunder to increase the number of police and military troops in the streets and conduct raids against suspected criminals. The operation led to 1,600 arrests.²⁵ The government has also pledged to increase the

²¹ Ana Arana, "How the Street Gangs Took Central America," *Foreign Affairs*, May 1, 2005.

²² House Armed Services Committee, Posture Statement of Gen. Bantz Craddock, Commander, U.S. Southern Command, March 9, 2005.

²³ John Authers and Sara Silver, "Death of Son Persuades Honduran to Take Political Stage," *Financial Times*, August 11, 2004.

²⁴ "Honduran Government Reaches Out to Rehabilitate Gangs," *ACAN-EFE*, January 30, 2006.

²⁵ "Honduras' Operation Thunder: The Effort to Stem Rising Crime," *Stratfor*, October 30, (continued...)

police force by 1,000 members each year. The Zelaya government has been criticized by human rights organizations for proposing reforms to the national police force law that would include the creation of a Special Forces Battalion; these groups fear that such a move could lead to the “militarization” of the police.²⁶

Despite the Zelaya’s government’s efforts, crime and violence in Honduras have continued unabated. According to the government’s Human Rights Commissioner, the murder rate in 2006 stood at 46 homicides per 100,000 inhabitants, third in Latin America behind Colombia and El Salvador.²⁷ Several high-profile killings have drawn greater attention to the issue of violent crime in Honduras. In early March 2007, the second ranking officer in the Honduran police force was killed, reportedly by the Cartel del Atlántico, a drug trafficking organization.²⁸ Also on June 22, 2007, Zelaya’s military chief of staff, Captain Alejandro Montino, was gunned down, less than a month after the murder of the husband of Zelaya’s secretary.²⁹

Several recent studies on the gangs in Central America contend that so-called *mano dura* (strong arm) policies focused on repressing the gangs with law enforcement may have contributed to the gangs becoming more organized and more violent. They contend that Central American governments need to develop social and economic prevention programs as a means of effectively dealing with the gang crisis. Best practices are seen as involving strategies that are developed with community collaboration so that prevention and law enforcement programs are accepted by all sectors and the general population.³⁰

Several U.S. agencies have been involved in assisting Honduras and other Central American countries in dealing with the gang problem.³¹ On the law enforcement side, the FBI established a task force in 2004 focusing on MS-13 that allows the exchange of information with Central America law enforcement agencies. U.S. Immigration and Customs Enforcement (ICE) has worked closely with

²⁵ (...continued)
2006.

²⁶ “Honduras: Police Reform Suffers Serious Setbacks,” *Central America Report*, September 1, 2006; “Honduras Country Report,” Economist Intelligence Unit, January 2007.

²⁷ “Homicide Rate in Violence-Prone Honduras One of the Region’s Highest,” *Global Insight Daily Analysis*, March 12, 2007.

²⁸ “Honduras: Gangsters Blamed for Killing Police Chief,” *LatinNews Daily*, March 5, 2007.

²⁹ “Military Chief of Staff Killed in Honduras,” *Global Insight Daily Analysis*, June 25, 2007.

³⁰ “Youth Gangs in Central American, Issues in Human Rights, Effective Policing and Prevention,” Washington Office on Latin America (WOLA), November 2006; “Transnational Youth Gangs in Central America, Mexico, and the United States,” Executive Summary, WOLA and the Center of Inter-American Studies and Programs of the Instituto Tecnológico Autónomo de México (ITAM), February 2007.

³¹ See CRS Report RS22141, *Gangs in Central America*, by Clare M. Ribando.

Honduran law enforcement pertaining to MS-13 and other gangs.³² The United States has also conducted anti-gang training for Honduran law enforcement officials. In January 2007, police and prosecutors from Honduras and other Central American countries completed an anti-gang training program conducted at the U.S.-funded International Law Enforcement Academy in El Salvador.³³ The U.S. Agency for International Development, while not having a specific program focusing on gangs, supports several programs that attack the risk factors associated with gang membership and violence. These include a program to provide basic education skills to at-risk youths and a program to improve the effectiveness and transparency of the justice system.³⁴

In July 2007, Assistant Secretary for Western Hemisphere Affairs, Thomas Shannon, announced that the United States would pledge \$4 million to help Central American governments draft a regional security strategy to fight street gangs and drug trafficking.³⁵ Such a strategy would consist of five areas in which the United States would work with partners in Central America: diplomacy, repatriation, law enforcement, capacity enhancement, and prevention.³⁶

In the 110th Congress, H.Res. 564 (Engel), approved by the House on October 2, 2007 by voice vote, would recognize that violence poses an increasingly serious threat to peace and stability in Central America and would support expanded cooperation between the United States and the countries in the region, including Honduras, to deal with youth gangs in Central America. House-passed H.R. 2764, the FY2008 State Department, Foreign Operations and Related Agencies Appropriations bill, would provide \$8 million to combat transnational crime and criminal youth gangs, including in Central America. The Administration requested at least \$7.4 million in FY2008 supplemental assistance for Honduras as part of the Administration's Mérida Initiative to boost the region's interdiction capabilities and support a regional anti-gang strategy.

Migration Issues

Temporary Protected Status. In the aftermath of Hurricane Mitch in 1998, the United States provided temporary protected status (TPS) to eligible Hondurans in the United States, protecting them from deportation, because the Honduran government would not be able to cope with their return. Originally slated to expire in July 2000, TPS status for the eligible Hondurans has been extended six times.

³² House Committee on International Relations, Subcommittee on the Western Hemisphere, Statement of John P. Torres, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, Hearing on "Gangs and Crime in Latin America," April 20, 2005.

³³ U.S. Department of Justice, "Prepared Remarks of Attorney General Alberto R. Gonzales at the Press Conference Following Bilateral Meetings in El Salvador," February 5, 2007.

³⁴ U.S. Agency for International Development, "Central America and Mexico Gang Assessment, Annex 3: Honduras Profile," April 2006.

³⁵ "U.S. Offers Funds to Help Fight Central America Gangs," Reuters, July 18, 2007.

³⁶ U.S. Department of State, "Combating Criminal Gangs from Central America and Mexico," July 18, 2007.

Most recently, TPS was scheduled to expire on July 5, 2007, but on May 2, 2007, Secretary of Homeland Security Michael Chertoff announced that TPS for eligible nationals of Honduras (as well as El Salvador and Nicaragua) would be extended for an additional 18 months until January 5, 2009. Some 78,000 Honduras currently benefit from TPS.³⁷ The extensions generally have been granted because of the difficulty that Honduras would have in coping with their return. For the most recent extension, a Homeland Security official maintained that while Honduras, along with El Salvador and Nicaragua that also have TPS designations, have made significant progress in recovery and rebuilding, each country continues to face social and economic challenges in efforts to restore their nations to normalcy.³⁸ (For background on TPS, see CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues.*)

Deportations.³⁹ After Mexico, Honduras is the country in the region with the highest number of U.S. deportations. In FY2006, over 26,000 Hondurans were deported, making it one of the top recipients of deportees on a per capita basis. Deportations to Honduras have increased significantly over the past decade, from 2,769 in FY1996 to 26,526 in FY2006, almost a tenfold increase. In the first nine months of FY2007, over 18,000 Hondurans were deported.⁴⁰ As with most Central American countries, those deported on criminal grounds to Honduras were a much smaller percentage than the average for Latin America and the Caribbean overall. About 20% of Hondurans were removed on criminal grounds in 2006. In March 2007, the Honduran Congress approved a motion calling for the United States to halt deportations of undocumented Honduran migrants who live and work in the United States.⁴¹ According to the Department of Homeland Security, in 2005 Honduras became the first foreign country to agree to the use of video teleconferencing by Honduran consular officers for travel document interviews in order to speed the deportation process.⁴²

In Honduras and other Central American countries, policymakers are most concerned about their countries' abilities to absorb the large volumes of deportees arriving from the United States. Increasing deportations from the United States have been accompanied by similar increases in deportations from Mexico, a transit country for Central American migrants bound for the United States. The deportations have

³⁷ U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, "Secretary Chertoff Extends Temporary Protected Status for Eligible Hondurans, Nicaraguans and Salvadorans," Press Release, May 2, 2007.

³⁸ "El Salvador-Honduras: Holding Out Hope for Immigration Reform," *Caribbean & Central America Report*, May 17, 2007.

³⁹ Clare Seelke contributed information to this section. Also see CRS Report RL34112, *Gangs in Central America*.

⁴⁰ Information Provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Detention and Removal.

⁴¹ "CN Pide a EEUU que Cesen las Deportaciones de Compatriotas," *La Tribuna* (San Pedro Sula, Honduras), March 14, 2007.

⁴² "Homeland Security Department Introduces New Procedure to Expedite Honduran Removals," *U.S. Fed News*, April 19, 2005.

caused numerous challenges for Central American governments and social service providers. In countries where poverty and unemployment rates are high, it can be difficult for returning deportees to find gainful employment. Individuals who do not speak Spanish, who are tattooed, who have criminal records, and/or who lack familial support in the country to which they are deported have a particularly difficult time with re-integration. Some deportees have left close family members behind in the United States, which may make their transition even harder. In addition to these social problems, regional leaders are also concerned that remittances may start to fall if the current high rates of deportations continue.⁴³

Some analysts contend that increasing U.S. deportations of individuals with criminal records has exacerbated the gang problem in Honduras and other Central American countries.⁴⁴ By the mid-1990s, the civil conflicts in Central America had ended and the United States began deporting unauthorized immigrants, many with criminal convictions, back to the region. Between 2000 and 2004, an estimated 20,000 criminals were sent back to Central America, many of whom had spent time in prisons in the United States for drug and/or gang-related offenses. Many contend that gang-deportees have “exported” a Los Angeles gang culture to Central America, and that they have recruited new members from among the local populations.⁴⁵ Although a recent United Nations study says that there is little conclusive evidence to support their claims, the media and many Central American officials have attributed a large proportion of the rise in violent crime in the region on gangs, particularly gang-deportees from the United States.⁴⁶ Offender reentry has become a major problem, as tattooed former gang members, especially returning deportees from the United States who are often native English speakers, have difficulty finding gainful employment.

Most Central American governments have developed some type of programs to help returning deportees reintegrate into society, but many of these tend to be understaffed and underfunded. In Honduras, immigration officials, Catholic church representatives, and volunteers provide food and information on job training opportunities to repatriated individuals at the Center for Attention to Migrants, which is next to the international airport in Tegucigalpa.⁴⁷

Both Central American and Caribbean officials have called on the United States to provide better information on deportees with criminal records. In July 2007 testimony before the House Subcommittee on the Western Hemisphere, the

⁴³ Pamela Constable, “Deportees’ Bittersweet Homecoming; Migration is Boon, Bane for Honduras,” *Washington Post*, June 27, 2007.

⁴⁴ Robert L. Lopez, Rich Connell, and Chris Kraul, “Gang Uses Deportation to its Advantage to Flourish in the U.S.,” *Los Angeles Times*, November 1, 2005.

⁴⁵ Ana Arana, “How the Street Gangs Took Central America,” *Foreign Affairs*, May/June 2005.

⁴⁶ United Nations Office on Drugs and Crime (UNODC), *Crime and Development in Central America: Caught in the Crossfire*, May 2007.

⁴⁷ Pamela Constable, “Deportees’ Bittersweet Homecoming; Migration is Boon, Bane for Honduras,” *Washington Post*, June 27, 2007.

Honduran Ambassador asserted that while the United States now provides information on the criminal background of deportees, information is not provided on whether the repatriated nationals are gang members. The Administration's \$7.4 million FY2008 supplemental request for Honduras as part of the Administration's Mérida Initiative includes assistance for a web-based Repatriation Notification System that would give Honduras, El Salvador, and Guatemala notification of all repatriations from the United States.

Drug Trafficking

Honduras is a transshipment country for cocaine flowing north from South America by air, sea, and land. According to the State Department's 2007 *International Narcotics Control Strategy Report*, recent reports indicate that such transit is increasing as drug traffickers have been shifting their boat traffic from Guatemala to Honduras. Remote areas of Honduras, particularly the country's eastern Gracias a Dios department, are natural safe havens for drug traffickers, providing them with isolated areas to refuel maritime assets and make boat-to-boat transfers.

The State Department report lauded Honduras for its cooperation with the United States on counternarcotics efforts, noting close bilateral cooperation in investigation and operations. A "Special Vetted Unit" in the Honduran police uses sensitive narcotics intelligence to target major traffickers operating in the country and to disrupt and disband transnational organized crime groups. The State Department maintained that Zelaya government has made combating drug trafficking a priority. This has included the expansion of maritime interdiction, especially along the north coast, strengthened international cooperation, and initiatives to weed out corrupt officials. It noted the government's passage of two important laws in 2006: a transparency law to provide public access to the workings of the government, and reforms to the country's civil procedure code that will speed up the judicial process and allow for public oral arguments. The report also stated that the government took action to fire police who have committed crimes or are linked to drug traffickers, and to institute procedures to polygraph members of special investigative units.

At the same time, the State Department report stated that effective counternarcotics efforts face such obstacles as funding constraints, a weak judicial system marred by corruption and heavy caseloads, a lack of coordination, and leadership challenges. It noted that the United States is encouraging Honduran law enforcement to conduct cooperative criminal investigations on drug trafficking organizations on the north coast and other areas of the country. Looking ahead, the State Department noted that Honduras would like to make improvements to the police academy and institutionalize anti-corruption efforts. It also maintained that Honduras' participation in the Container Security Initiative (discussed below) will be a major deterrent to drug smuggling, weapons trafficking, and terrorism.

In mid-March 2007, the Zelaya government announced a plan to combat the transit of drugs from Colombia to the United States along the Atlantic coast of Honduras. Government officials stated that it would be establishing police installations in the rural department of Gracias a Dios (in the Mosquitia region that borders Nicaragua) with the technical assistance of the U.S. Drug Enforcement

Administration.⁴⁸ President Zelaya also reactivated an interagency Council for the Fight Against Drug Trafficking (CNLCH) that with the Ministers of Security and Defense participating along with the Attorney General. The military's role in combating drug trafficking and other crimes will be expanded.⁴⁹

Human Trafficking

According to the State Department's 2007 Trafficking in Persons (TIP) Report, Honduras is a source country for women and children trafficked for the purpose of sexual exploitation, with many victims trafficked from rural areas to tourist and urban areas such as San Pedro Sula, the north Caribbean coast, and the Bay Islands. According to the government and NGO's, an estimated 10,000 victims had been trafficked in Honduras, mostly internally. However, the report also maintained that women and children were trafficked to Mexico, the United States, and Guatemala. In 2005, U.S. Immigration and Customs Enforcement (ICE) worked with Honduran authorities to break up a human smuggling ring that lured young Honduran women to the United States for forced labor.⁵⁰ The State Department's 2006 human rights report highlighted Guatemala as a destination country for the trafficking of Honduran women, with Honduran authorities estimating that 20 to 30 children are trafficked across the border daily for purposes related to sexual exploitation.

Although the State Department stated in the TIP Report that Honduras does not fully comply with the minimum standards of trafficking, it noted that the government is making significant efforts to do so (a so-called Tier 2 country). It pointed to a law that prohibits trafficking for the purpose of commercial sexual exploitation and the enactment of a separate anti-trafficking statute in February 2006. However, not all forms of trafficking for the purpose of labor exploitation are prohibited. The government also conducted 27 anti-trafficking training sessions for its civilian police force in 2006 and 10 anti-trafficking sessions that reached thousands of Hondurans. The report indicates that Honduras has not ratified the 2000 UN TIP Protocol and it recommends that the Honduran government intensify efforts to initiate prosecutions under its new anti-trafficking law to achieve more convictions and increased sentences against suspected traffickers. The State Department's 2006 human rights report maintains the application of the new anti-trafficking law has been limited. The report also calls on the government to make greater efforts to increase shelter and victim services. The Bush Administration's FY2008 foreign aid request for Honduras includes \$200,000 to combat trafficking-in-persons and migrant smuggling.

⁴⁸ "Anuncian Plan Antidrogas en Honduras," Associated Press, March 14, 2007.

⁴⁹ "Honduran Government Launches Plan to Fight Organized Crime, Drug Trafficking," *Open Source Center*, March 15, 2007.

⁵⁰ U.S. Department of Homeland Security, U.S. Immigration and Customs Enforcement, "10 Charged in International Human Smuggling Ring that Lured Young Honduran Women to U.S. for Forced Labor," News Release, July 21, 2005.

Port Security

Honduras and the United States have cooperated extensively on port security. For the United States, port security emerged as an important element of homeland security in the aftermath of the September 11, 2001 terrorist attacks. Honduras views such cooperation as important in order to ensure the speedy export of its products to the United States, which in turn could increase U.S. investment in the country.

In March 2006, U.S. officials announced the inclusion of the largest port in Honduras, Puerto Cortés, in the U.S. Container Security Initiative (CSI), becoming the only port in Central America under the CSI. Puerto Cortés is the major facility used for the export of apparel to the United States. The CSI program, operated by the U.S. Customs and Border Protection (CBP) of the Department of Homeland Security, uses a security regime to ensure that all containers that pose a potential risk for terrorism are identified and inspected at foreign ports before they are placed on vessels destined for the United States.

Honduras and the United States signed a Declaration of Principles in December 2005 that ultimately led to Honduras' inclusion in the CSI. The Declaration also led to Honduras' involvement in the Megaports Initiative run by the National Nuclear Security Administration of the Department of Energy. That initiative has the goal of deploying radiation detection equipment to ports in order to detect nuclear or radioactive materials.

In December 2006, the U.S. Departments of Energy and Homeland Security launched a Secure Freight Initiative (SFI) with the goal of deploying a globally integrated network of radiation detection and container imaging equipment to be operated in seaports worldwide. Puerto Cortés was one of six ports around the world chosen to be part of the first phase of the SFI, with the deployment of radiation technology and nuclear detection devices. Testing of containers at Puerto Cortés began in April 2007, and by early October 2007, the SFI became fully operational at Puerto Cortés with all containers bound for the United States scanned for radiation before they are allowed to depart.⁵¹

⁵¹ U.S. Department of Homeland Security, "DHS and DOE Launch Secure Freight Initiative," Press Release, December 7, 2006, and "Secure Freight Initiative Becomes Fully Operational in United Kingdom, Pakistan, and Honduras," Press Release, October 12, 2007; R.G. Edmonson "U.S. Unveils Container Security Test," *Journal of Commerce Online*, December 7, 2006; "U.S. Begins Testing of Secure Freight Initiative," *Journal of Commerce*, April 13, 2007.