



Honduran-U.S. Relations

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Summary

On January 27, 2010, Porfirio “Pepe” Lobo Sosa was inaugurated president of Honduras, assuming power after seven months of domestic political crisis and international isolation that had resulted from the June 28, 2009, ouster of President Manuel Zelaya. While the strength of Lobo’s National Party in the legislature has enabled the administration to pass much of its policy agenda, Lobo has made only limited progress in addressing the challenges inherited as a result of the political crisis. Several efforts to foster political reconciliation have helped Honduras secure international recognition but have done little to lessen domestic polarization. Likewise, human rights abuses—which increased significantly in the aftermath of Zelaya’s ouster—have continued, and the citizen security situation has deteriorated. In June 2011, 45% of Hondurans approved of Lobo’s performance in office.

In addition to the political problems inherited as a result of the 2009 ouster, Lobo has had to contend with a weak economy. Honduras suffered an economic contraction of 2.1% in 2009 as the global financial crisis, together with the domestic political crisis, led to significant declines in tourism, remittances, export earnings, and foreign investment. Lobo has pushed a number of reforms through Congress designed to restore macroeconomic stability, strengthen public finances, and encourage sustained economic growth. Although these reforms have generated considerable opposition from some sectors of Honduran society, they have the support of the international financial institutions, which are now providing Honduras with access to much needed development financing. The economy began to recover in 2010, with estimated growth of 2.8%, and is expected to grow by 3.8% in 2011. Nonetheless, significant development challenges remain. Approximately 60% of Honduras’ 8 million citizens live below the poverty line and the country performs poorly on a number of social indicators.

Although relations were strained during the political crisis, the United States has traditionally had a close relationship with Honduras. Broad U.S. policy goals in the country 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. In addition to providing Honduras with substantial amounts of foreign assistance (\$50.2 million in FY2010) and maintaining significant military and economic ties, the United States cooperates with Honduras on transnational issues such as migration, crime, narcotics trafficking, trafficking in persons, and port security.

The 111th Congress expressed considerable interest in Honduras as a result of the 2009 political crisis and its aftermath. Several resolutions were introduced and multiple hearings were held. Issues such as human rights abuses, the state of democracy, security challenges, and the treatment of U.S. businesses have continued to be of interest to the 112th Congress. On June 15, 2011, a bill (H.R. 2200) was introduced in the House to limit U.S. assistance to Honduras unless the President certifies that the Government of Honduras has settled all outstanding expropriation claims brought by U.S. companies.

This report examines current political and economic conditions in Honduras as well as issues in Honduran-U.S. relations. For a more detailed examination of the Honduran political crisis, see CRS Report R41064, *Honduran Political Crisis, June 2009-January 2010*.

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Recent Developments

On July 7, 2011, the Truth and Reconciliation Commission appointed by President Lobo to investigate the June 28, 2009, ouster of President Manuel Zelaya issued its report. (For more information, see “Truth Commission.”)

On June 26, 2011, an assembly of the leftist National Popular Resistance Front (FNRP) approved the creation of a political party—the Broad Front of Popular Resistance (FARP)—to contest the November 2013 Honduran elections.

On June 14, 2011, the House Foreign Affairs Subcommittee on the Western Hemisphere held a hearing on U.S. policy toward Honduras titled, “Holding Honduras Hostage: Revoked Visas and U.S. Policy.”

On June 1, 2011, the member-states of the Organization of American States (OAS) voted 32-1 to lift Honduras’ suspension from the organization. (For more information, see “International Recognition.”)

On May 31, 2011, 87 U.S. Members of Congress signed a letter to Secretary of State Clinton that expressed concern about the protection of human rights, freedom of expression, and the rule of law in Honduras, and called for the suspension of U.S. police and military assistance to the country “due to the lack of mechanisms in place to ensure security forces are held accountable for abuses.”

On May 28, 2011, nearly two years after he was first forced into exile, former President Zelaya returned to Honduras. (For more information, see “Return of Zelaya.”)

On May 22, 2011, President Lobo and former President Zelaya signed the “Accord for National Reconciliation and the Consolidation of the Democratic System in Honduras.” Among other provisions, the accord (1) guarantees the right of Zelaya and his exiled supporters to return to political life in Honduras; (2) reaffirms that the Honduran government has an obligation to protect human rights; (3) ensures that the FNRP can register as a political party; and (4) reiterates that the recent reforms to the Honduran constitution guarantee citizens’ rights to seek national plebiscites on issues of fundamental importance.

On May 2, 2011, the Honduran Court of Appeals voted 2-1 to annul criminal charges against former President Zelaya.

On March 9, 2011, Honduran police discovered a Mexican-run cocaine lab, the first ever found in the country. (For more information, see “Crime, Violence, and Drug Trafficking.”)

On February 17, 2011, the Honduran National Congress approved a measure that makes it easier for citizens to call plebiscites and referendums, and allows such citizen initiatives to address “issues of fundamental importance to national life,” potentially including constitutional changes. (For more information, see “Constitutional Reform.”)

Figure 1. Map of Honduras



Source: CRS.

Political Situation

Background

A Central American nation of 8 million people, Honduras enjoyed 27 years of uninterrupted democratic, constitutional governance prior to the forced removal of President Manuel Zelaya from office in June 2009. The Liberal (PL) and National (PN) Parties have been Honduras' two dominant political parties since the military relinquished political control in 1982. Both have traditionally been based around patron-client networks and there appear to be few ideological differences between them. Both parties have generally been considered to be ideologically center-right; however, the PL is heterogeneous and includes some center-left factions.¹

¹ *Honduras: A Country Study*, ed. Tim L. Merrill, 3rd ed. (Washington, DC: Library of Congress, Federal Research Division, 1995).

Manuel Zelaya of the PL was elected president in November 2005, narrowly defeating the PN's Porfirio Lobo. As a wealthy landowner who founded a center-left faction within the PL, Zelaya was regarded as a moderate when he was inaugurated to a four-year term in January 2006.² As his term progressed, however, Zelaya advanced a number of populist policies, including a 60% increase in the minimum wage in December 2008.³ Zelaya also forged closer relations with Venezuelan President Hugo Chávez, joining initiatives such as PetroCaribe, which provides oil at preferential discounted rates, and the Bolivarian Alternative for the Americas (*Alternativa Bolivariana para las Américas*, ALBA), a socially oriented trade block.⁴ Although Zelaya's populist policies helped him maintain support among certain sectors of Honduran society, they alienated many within the traditional economic and political elite. Likewise, his administration's inability to achieve concrete results on a number of issues of importance—such as poverty and violent crime—significantly weakened his public standing.⁵

Political Crisis⁶

Detention and Expulsion of Zelaya

On June 28, 2009, the Honduran military detained President Zelaya and flew him to forced exile in Costa Rica. The ouster followed several months of political polarization between Honduran governmental institutions resulting from Zelaya's intention to hold a non-binding referendum and eventually amend the constitution. While Zelaya insisted that the non-binding referendum was nothing more than an opinion poll to consult the Honduran populace on the possibility of voting to convene a constituent assembly,⁷ others in Honduras viewed it as an unconstitutional attempt to perpetuate himself in power.⁸ In the aftermath of Zelaya's expulsion, the Honduran Supreme Court⁹ produced documents asserting that an arrest warrant for President Zelaya had been issued in secrecy on June 26, 2009, as a result of his noncompliance with judicial rulings suspending all activities related to the non-binding referendum.¹⁰ Likewise, the Honduran National Congress ratified the ouster by accepting an alleged letter of resignation, which Zelaya declared

² "People Profile: Manuel 'Mel' Zelaya," *Latin News Daily*, November 15, 2005; "Manuel Zelaya to Head Honduras and Redefine His Party," *Latin America Data Base, NotiCen*, December 15, 2005; "Country Profile: Honduras," *Economist Intelligence Unit*, November 14, 2006.

³ "Elevan a L.5,500 el Salario Mínimo en Honduras," *El Heraldo* (Honduras), December 24, 2008.

⁴ It should be noted that the National Congress ratified Honduras' entrance into both PetroCaribe and ALBA. "Honduras: Congress Signs Up to PetroCaribe" *Latin American Caribbean & Central America Report*, March 2008; "Honduras: Congress Approves Alba, With Caveats," *Latin American Caribbean & Central America Report*, October 2008.

⁵ Mica Rosenberg, "Protests Erupt, Gunshots Heard After Honduras Coup," *Reuters*, June 28, 2009.

⁶ For a more detailed examination of the Honduran political crisis, see CRS Report R41064, *Honduran Political Crisis, June 2009-January 2010*.

⁷ The non-binding referendum would have asked Hondurans, "Do you agree that in the general elections of 2009, a fourth ballot box should be installed in which the people decide on the convocation of a National Constituent Assembly?" "Llegó el Día de Verdad," *El Tiempo* (Honduras), June 28, 2009.

⁸ "Honduras: Fiscalía Dice Zelaya No Puede Llamar a Consulta Popular," *Associated Press*, March 25, 2009.

⁹ The U.S. State Department's *2010 Country Reports on Human Rights Practices* states that "although the constitution and the law provide for an independent judiciary," the Honduran judicial system is "subject to patronage, corruption, and political influence."

¹⁰ Poder Judicial de Honduras, *Expediente Judicial Relación Documentada Caso Zelaya Rosales*, <http://www.poderjudicial.gob.hn/>.

fraudulent,¹¹ and passing a decree that disapproved of Zelaya's conduct, removed him from office, and named the head of Congress, Roberto Micheletti, as the president of Honduras for the remainder of Zelaya's term.¹²

The legality of Zelaya's removal has been heavily debated; however, most legal and political analysts—including the Truth and Reconciliation Commission appointed to investigate the ouster—have declared Zelaya's removal a “coup d'état.”¹³ They assert that although Zelaya disobeyed judicial rulings by attempting to carry out the non-binding referendum, the Honduran military denied the president due process by expelling him from the country. Additionally, they maintain that the Honduran National Congress did not have any legal authority to remove Zelaya from office, and the interim government of Roberto Micheletti was therefore unconstitutional.

Micheletti Government

Contrary to the findings of the Truth and Reconciliation Commission, Roberto Micheletti has insisted that he took office through a “constitutional succession.”¹⁴ While in power, Micheletti and the Honduran National Congress passed a 2009 budget that severely reduced government expenditures, and enacted measures that annulled more than a dozen decrees and reforms approved under Zelaya, including Honduras' accession to ALBA.¹⁵

Micheletti also maintained tight control of Honduran society, severely restricting the political opposition. On the day of Zelaya's ouster, security forces patrolled the streets, a curfew was put in place, and a number of local and international television and radio stations were shut down or intimidated.¹⁶ Over the next several months, the Micheletti government periodically implemented curfews—often with little or no prior notification—and issued decrees restricting civil liberties.¹⁷ The Inter-American Commission on Human Rights (IACHR), an autonomous body of the Organization of American States (OAS), asserts that during the Micheletti government, serious violations of human rights occurred, including “deaths, an arbitrary declaration of a state of emergency, suppression of public demonstrations through disproportionate use of force, criminalization of public protest, arbitrary detentions of thousands of persons, cruel, inhuman and degrading treatment and grossly inadequate conditions of detention, militarization of Honduran territory, a surge in incidents of racial discrimination, violations of women's rights, serious and

¹¹ “Zelaya Ofrece Conferencia en Costa Rica,” *La Prensa* (Honduras), June 28, 2009.

¹² “El Decreto de la Separación de Zelaya,” *El Heraldo* (Honduras), June 28, 2009.

¹³ See, for example, Edmundo Orellana, “El 28 de Junio y la Constitución,” *La Tribuna* (Honduras), August 1, 2009; Tim Johnson, “All Parties Broke Law in Honduras Coup, Envoy Wrote,” *McClatchy Newspapers*, November 28, 2010; and Comisión de la Verdad y la Reconciliación (CVR), *Para que los Hechos No se Repitan: Informe de la Comisión de la Verdad y la Reconciliación*, San José, Costa Rica, July 2011, <http://www.cvr.hn/home/noticias/hojas-de-prensa/para-que-los-hechos-no-se-repitan-informe-de-la-comision-de-la-verdad-y-la-reconciliacion-cvr/>.

¹⁴ Roberto Micheletti, “Moving Forward in Honduras,” *Washington Post*, September 22, 2009; Testimony of Roberto Micheletti, before the House Foreign Affairs Subcommittee on the Western Hemisphere, June 14, 2011.

¹⁵ “Honduras: Micheletti Prepares to Leave on High Note,” *Latin News Weekly Report*, January 21, 2010.

¹⁶ “Honduras: Decretan Toque de Queda por 48 Horas,” *La Prensa* (Honduras), June 28, 2009; “Honduras: Media Blackout, Protests Reported,” *STRATFOR*, June 29, 2009.

¹⁷ “Honduras Suspende Derechos Constitucionales Durante Toque Queda,” *Reuters*, July 1, 2009; Amnesty International, “Honduras: Human Rights Crisis Threatens as Repression Increases,” August 2009.

arbitrary restrictions on the right to freedom of expression, and grave violations of political rights.”¹⁸

Although some sectors of Honduran society strongly supported Micheletti, a December 2010 poll found that 64% of Hondurans considered Zelaya’s expulsion a coup d’état, and nearly 59% thought Micheletti should be put on trial.¹⁹

November 2009 Elections

On November 29, 2009, Honduras held general elections to fill nearly 3,000 posts nationwide, including the presidency and all 128 seats in the unicameral National Congress.²⁰ Former President of Congress and 2005 National Party (PN) presidential nominee Porfirio Lobo easily defeated his closest rival, former Vice President Elvin Santos of the Liberal Party (PL), 56.6% to 38.1%. Three minor party candidates won a combined 5.3% of the presidential vote.²¹ Lobo’s PN also won an absolute majority in the unicameral National Congress, with 71 of the 128 seats.

The election was a major defeat for the PL, which has traditionally had the broadest base of support in Honduras. On top of its poor presidential showing, it won just 45 seats in Congress, down from 62 in 2005 (see **Figure 2** below for the change in the legislative balance of power).²² According to some analysts, many Hondurans held the PL responsible for the country’s political crisis as a result of Zelaya and Micheletti both belonging to the party. Likewise, traditional PL supporters were divided over the ouster, leading many from the Zelaya-allied faction to stay home on election day.²³

There has been considerable debate—both in Honduras and the international community—concerning the legitimacy of the November 2009 elections as a result of them being held under the Micheletti government. Supporters of the elections note that the electoral process was initiated, and the members of the autonomous Supreme Electoral Tribunal (TSE) were chosen, prior to Zelaya’s ouster. They also note that the candidates were selected in internationally observed primary elections in November 2008,²⁴ and that election day was largely²⁵ free of

¹⁸ Inter-American Commission on Human Rights, *Honduras: Human Rights and the Coup D’état*, Organization of American States, OEA/Ser.L/V/II. Doc. 55, December 30, 2009.

¹⁹ Universidad Centroamericana José Simeón Cañas, Instituto Universitario de Opinión Pública (IUDOP), *Los Hondureños y Hondureñas Opinan Sobre la Situación Política y Evalúan el Primer Año de Gestión de Porfirio Lobo*, Boletín de Prensa, Año XXV, No.1, San Salvador, January 19, 2011.

²⁰ “Elecciones, Incierto Antídoto Contra la Crisis Socio Política,” *El Tiempo* (Honduras), August 31, 2009.

²¹ “TSE Confirma el Triunfo de ‘Pepe’ en las Elecciones,” *El Heraldo* (Honduras), December 21, 2009.

²² “Final Results in Honduras,” *Latin News Daily*, December 22, 2009.

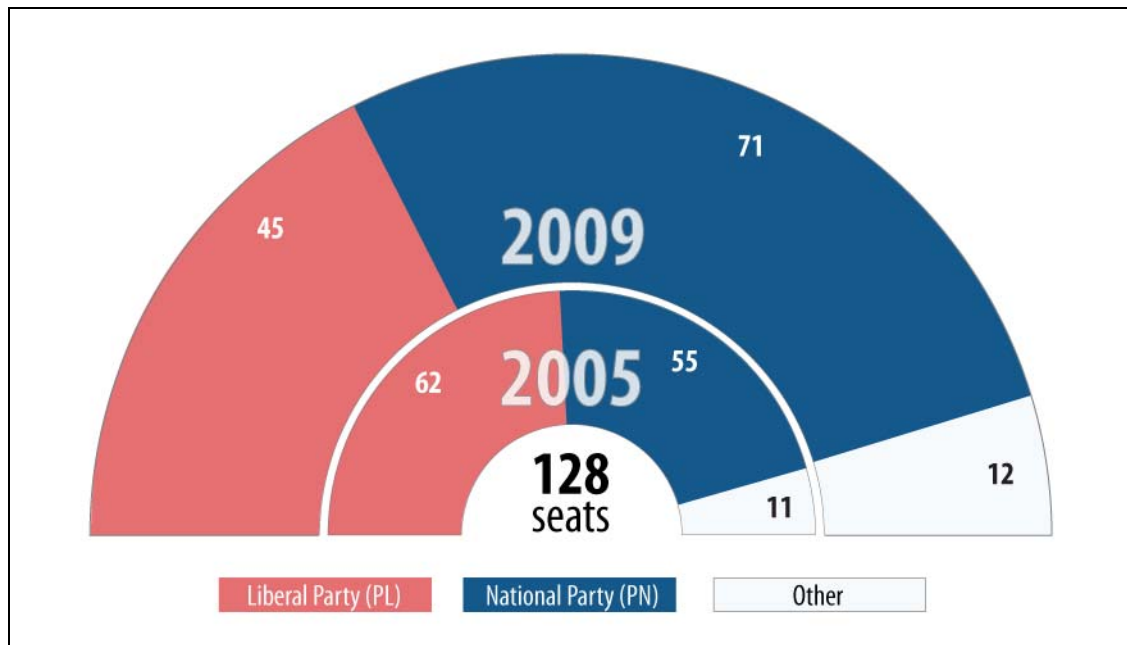
²³ Noé Leiva, “El Partido Liberal de Zelaya, el Gran Perdedor de los Comicios Hondureños,” *Agence France Presse*, November 30, 2009; “Partido Liberal Sacrificó el Poder para Salvar Democracia,” *La Tribuna* (Honduras), December 3, 2009.

²⁴ Former Vice President Elvin Santos, although originally ruled constitutionally ineligible to run by the TSE, became the PL presidential nominee following a series of events that included congressional passage of a special decree and a 52%-32% primary victory by his stand-in-candidate, Mauricio Villeda, over then President of Congress, Roberto Micheletti. “Honduras’ Vice President Regains the Right to Run; Elvin Santos is Partido Liberal Presidential Candidate,” *Latin America Data Base, NotiCen*, March 5, 2009.

²⁵ A demonstration in San Pedro Sula by those opposed to the government of Roberto Micheletti was forcefully dispersed on election day. “Police Fire Tear Gas on Honduras Poll Protesters,” *Agence France Presse*, November 29, 2009.

political violence.²⁶ Nonetheless, some Hondurans and international observers have argued that the Micheletti government’s suppression of opposition media and demonstrators prevented a fair electoral campaign from taking place. This led to election boycotts and a number of left-leaning candidates for a variety of offices withdrawing from the elections.²⁷ It also led organizations that traditionally observe elections in the hemisphere, such as the OAS, the European Union (EU), and the Carter Center, to cancel their electoral observation missions.²⁸ Critics of the elections also assert that the electoral turnout, which was just under 50% (five points lower than 2005), demonstrated a rejection of the elections by the Honduran people. Supporters of the elections counter this assertion by arguing that Lobo won more absolute votes in 2009 than Zelaya did in 2005, and that the electoral rolls are artificially inflated—distorting the turnout rate—as a result of Honduras not purging the rolls of those who have died or migrated abroad.²⁹

Figure 2. Party Affiliation in the Unicameral Honduran National Congress
(2005 and 2009 Election Results)



Source: CRS.

²⁶ José Saúl Escobar Andrade, Enrique Ortez Sequeira, and David Andrés Matamoros Batso, “Honduran Elections,” Remarks at the Inter-American Dialogue, Washington, DC, October 22, 2009; International Republican Institute, “Hondurans Turn Out to Polls in Credible Elections: IRI’s Preliminary Statement on Honduras’ 2009 National Elections,” November 30, 2009.

²⁷ “Seguidores de Zelaya No Participarán en Elecciones Aunque Haya Restitución,” *EFE News Service*, November 8, 2009; “Renuncian Importantes Dirigentes del Liberalismo,” *El Tiempo* (Honduras), November 22, 2009.

²⁸ Gustavo Palencia, “Honduras Busca Convencer Observadores para Cuestionada Elección,” *Reuters*, November 12, 2009; “La CE Dice que No Hay Tiempo para una Misión Electoral y Envía Dos Expertos,” *EFE News Service*, November 11, 2009.

²⁹ “Honduras: Tug of War Between Opposition and De Facto Regime Regarding Flow of Voters,” *Latin America Data Base, NotiCen*, December 3, 2009; “Final Results in Honduras,” *Latin News Daily*, December 22, 2009.

Lobo Administration

A year and a half after his inauguration to a four-year term, President Lobo continues to face daunting challenges stemming from Honduras' seven-month political crisis. Efforts to foster political reconciliation, including the creation of a truth commission, the passage of a political reform measure, and an agreement to allow former President Zelaya to return to the country have produced mixed results. Although these reconciliation efforts have won support from the international community, they have done little to reduce domestic polarization. Moreover, there has been little improvement in the country's poor human rights situation. Murders of journalists, political activists, and human rights defenders have continued and law enforcement officials have proven unwilling or unable to bring those responsible to justice.

Lobo's popularity has also suffered as a result of the public's perception that the government has made little progress in addressing issues of importance such as unemployment and the deteriorating security situation. While the strength of Lobo's National Party in the legislature has enabled the government to secure passage of several policies designed to address these issues, Hondurans have seen few improvements thus far (see "Economic and Social Conditions" and "Crime, Violence, and Drug Trafficking" below). In June 2011, Hondurans were split in their opinions of President Lobo with 45% approving and 44% disapproving of his performance in office.³⁰

Political Reconciliation

President Lobo has taken a number of steps to ease political polarization in Honduras, but still faces significant challenges. Upon taking office in late January 2010, Lobo arranged safe passage out of the country for former President Zelaya³¹ and immediately signed a bill providing political amnesty to Zelaya and those who removed him from office. The amnesty covers political and common crimes committed prior to and after the removal of Zelaya, but does not include acts of corruption or violations of human rights.³² President Lobo also appointed a national unity cabinet with representatives of each of the five official political parties, and pledged to engage in dialogue with all sectors of Honduran society. Since then, Lobo has established a truth commission to investigate the events surrounding the 2009 ouster, passed a constitutional reform to grant greater power to citizen initiatives, and forged an agreement with former President Zelaya to facilitate his return to Honduras.

Truth Commission

In April 2010, President Lobo established a Truth and Reconciliation Commission (*Comisión de la Verdad y la Reconciliación*, CVR) to investigate the events surrounding the ouster of President Zelaya and to make recommendations to prevent similar events from occurring in the future.³³ The creation of a truth commission had previously been agreed to by Zelaya and Micheletti as

³⁰ "8 de 10 Creen que País Va por Rumbo Equivocado," *La Prensa* (Honduras), June 28, 2011.

³¹ Zelaya had clandestinely returned to Honduras in September 2009, but was unable to leave the Brazilian Embassy where he had taken refuge.

³² "Lobo Secures Exit from Honduras for Zelaya," *Latin News Daily*, January 21, 2010; "Congreso Aprueba Amnistía para Delitos Políticos Comunes Conexos," *El Tiempo* (Honduras), January 27, 2010.

³³ Honduras, Presidencia de la República, Decreto Ejecutivo Número PCM-011-2010.

part of the Tegucigalpa-San José Accord, which they signed in late October 2009 in a failed attempt to end the political crisis. Although the accord fell apart almost immediately, Lobo has implemented several of its provisions since taking office as part of his efforts to facilitate political reconciliation. The five-member CVR was led by former Guatemalan Vice President Eduardo Stein, and included two Hondurans and two additional international representatives.³⁴ It officially began its work in May 2010.

Reflecting the political polarization in Honduras, the CVR was immediately criticized by both the right and the left. Critics on the right feared that the CVR could be used as a means to promote the constitutional reforms that former President Zelaya proposed in the lead up to the country's political crisis. In June 2010, President Lobo even suggested that some extremist elements on the right were plotting to overthrow him as a result of his reconciliation efforts.³⁵ Human rights groups criticized President Lobo for establishing the CVR on his own without consultation with civil society groups. Likewise, the leftist National Popular Resistance Front³⁶ (*Frente Nacional de Resistencia Popular*, FNRP)—an umbrella group of those who were opposed to Zelaya's removal—viewed the CVR as an attempt to “whitewash” the ouster. As a result, Zelaya called on officials from his government not to cooperate with the CVR and the FNRP established an alternative truth commission.³⁷

On July 7, 2011, the CVR issued its final report. Among other findings, the report asserts (1) Zelaya refused to recognize or obey orders from the judicial branch and other governmental institutions to halt activities related to the proposed non-binding referendum; (2) the Honduran military partially acted on a judicial order in detaining Zelaya but the high command's decision to force the president into exile violated due process and thus amounted to a coup d'état; (3) the Honduran National Congress had no power to remove President Zelaya or name a substitute and therefore the government of Roberto Micheletti was illegal; (4) there is no reliable evidence that President Zelaya intended to dissolve Congress, remain in office, or directly install a national constituent assembly after holding the non-binding referendum; (5) the November 2009 elections were legitimate; and (6) members of the Honduran military and police killed at least 12 citizens as a result of the disproportionate use of force to suppress political demonstrations during the Micheletti government. The CVR's report also provides a wide variety of recommendations to avoid similar crises in the future. These include reforming the constitution to establish clear impeachment procedures and investigating, processing, and punishing those responsible for the human rights abuses that took place in the aftermath of the ouster.³⁸

³⁴ The other members of the CVR were Canadian diplomat Michael Kergin; former Peruvian judicial official María Amadilia Zavala Valladares; Julieta Castellás, the rector of the National Autonomous University of Honduras (UNAH); and Jorge Omar Casco, the former rector of UNAH.

³⁵ Germán Reyes, “Lobo Pide No Temer a Comisión de Verdad y Avala Consulta para Constituyente,” *Agencia EFE*, May 4, 2010; “Presidente Hondureño Insinúa que se está Gestando Otro Golpe de Estado,” *Agence France Presse*, June 8, 2010.

³⁶ The FNRP initially was formed after Zelaya's ouster as the National Resistance Front Against the Coup d'état. Zelaya serves as the General Coordinator of the FNRP, which also includes an executive committee representative of the movement's composite parts: labor unions, worker and campesino organizations, human rights advocates, the Zelaya-allied faction of the Liberal Party, and other civil society groups.

³⁷ “Zelaya Calls on Former Officials Not to Collaborate with Truth Commission,” *ACAN-EFE*, June 8, 2010; “Honduran Resistance Sets Up Alternative Commission,” *Latin News Weekly Report*, July 1, 2010.

³⁸ Comisión de la Verdad y la Reconciliación (CVR), *Para que los Hechos No se Repitan: Informe de la Comisión de la Verdad y la Reconciliación*, San José, Costa Rica, July 2011, <http://www.cvr.hn/home/noticias/hojas-de-prensa/para-que-los-hechos-no-se-repitan-informe-de-la-comision-de-la-verdad-y-la-reconciliacion-cvr/>.

Constitutional Reform

As noted above, President Zelaya was advocating constitutional reform at the time of his ouster. Zelaya, the FNRP, and others maintain that the current constitution, which was written in 1982 by a constituent assembly elected under the military government, reinforces political and economic exclusion of the majority of the Honduran population. They believe the only way to overcome this exclusion is to convene a democratic and inclusive constituent assembly to draft a new constitution.³⁹ The FNRP claims to have gathered over 1.3 million signatures in support of such an assembly, which—if verified—would surpass the number of votes received by Lobo in November 2009.⁴⁰

President Lobo, who never ruled out the idea of abstract constitutional changes as a candidate, called for a national dialogue to discuss potential political, economic, and social reforms in October 2010. After consulting with each of the political parties and various sectors of Honduran society, Lobo proposed a measure that would grant greater power to citizen initiatives. The proposal, which was approved by the Honduran National Congress in February 2011, amended the constitutional provisions governing referendums and plebiscites to allow such citizen initiatives to address “issues of fundamental importance to national life,” potentially including changes to the currently unalterable portions of the constitution.⁴¹ Lobo held another dialogue in July 2011, in which he invited representatives from the five officially recognized political parties and seven parties in the process of formation to suggest constitutional reforms. After holding similar discussions with unions, business federations, and other civil society organizations, Lobo intends to suggest potential reforms to the National Congress.⁴²

Much like the truth commission, Lobo’s efforts around the issue of constitutional reform have largely failed to reduce polarization. The FNRP and others think the changes made thus far are insufficient. They note that any reforms suggested through citizen initiatives or Lobo’s national dialogue would need to be approved by the National Congress, an institution they believe represents entrenched interests that benefit from the status quo. Consequently, they have continued to push for a constituent assembly capable of drafting a new constitution.⁴³ On the other hand, conservative elements within the traditional parties and civil society have reacted to Lobo’s efforts with suspicion. While conceding that abstract changes may be necessary, they are opposed to the idea of convoking a constituent assembly or any attempt to change the unalterable portions of the constitution. They also have accused Lobo of seeking reelection and catering to small radical groups instead of addressing real issues of national importance.⁴⁴

³⁹ “Rafael Alegría: Queremos Constituyente Democrática y Popular,” *La Tribuna* (Honduras), July 4, 2011.

⁴⁰ “Hondureños Reclaman en las Calles una Constituyente en el Día del Trabajador,” *Agence France Presse*, May 1, 2010; Frente Nacional De Resistencia Popular, “Comunicado No.74: Avanzamos Seguros Hacia la Constituyente,” September 17, 2010.

⁴¹ “Honduras Congress Approves Referendums,” *Latin News Daily*, February 18, 2011.

⁴² Pedro Membreño, “Reformas Políticas Deben Proponerse este Año,” *El Heraldo* (Honduras), July 5, 2011; Francisco Rodriguez, “Dirigentes Políticos Coinciden en Reformas Constitucionales,” *El Tiempo* (Honduras), July 9, 2011.

⁴³ “Honduras: Constitutional Change Tests Opposition Unity,” *Oxford Analytica*, February 14, 2011; “Rafael Alegría: Queremos Constituyente Democrática y Popular,” *La Tribuna* (Honduras), July 4, 2011; Frente Amplio de Resistencia Popular, “Posicionamiento Frente Amplio de Resistencia Popular,” July 9, 2011.

⁴⁴ Unión Cívica Democrática, “Posición de la Unión Cívica Democrática Relacionada con la Reforma del Artículo 5 de la Constitución de la República,” November 11, 2010; “Anduray Postula Movimiento para Defender Constitución,” *La Tribuna* (Honduras), June 13, 2011; “‘Lobo y Hernández Gastan 2,000 Millones en Política,’” *La Prensa* (Honduras), July 11, 2011.

Return of Zelaya

Following Lobo's inauguration, domestic groups like the FNRP and a number of countries called on the president to create the conditions necessary to allow former President Zelaya to return to Honduras. Lobo encouraged Zelaya to return from exile but insisted that the former president would have to stand trial for the charges that were brought against him following his ouster, including fraud, falsification of public documents, and embezzlement of \$2.95 million from the presidency and the Honduran Fund for Social Investment. Zelaya insisted that the charges were politically motivated and refused to return until they were dropped. On May 2, 2011, the Honduran court of appeals voted 2-1 to annul the criminal charges against Zelaya due to procedural irregularities.⁴⁵

With criminal charges out of the way, former President Zelaya entered into a dialogue with President Lobo that was mediated by President Hugo Chávez of Venezuela and President Manuel Santos of Colombia. On May 22, 2011, Lobo and Zelaya signed the "Accord for National Reconciliation and the Consolidation of the Democratic System in Honduras." Among other provisions, the Accord (1) guarantees the right of Zelaya and his exiled supporters to return to political life in Honduras; (2) reaffirms that the Honduran government has an obligation to protect human rights; (3) ensures that the FNRP can register as a political party; and (4) reiterates that the recent reforms to the Honduran constitution guarantee citizens' rights to seek national plebiscites on issues of fundamental importance.⁴⁶

Former President Zelaya returned to Honduras on May 28, 2011, and immediately reentered politics. The FNRP, which had previously named Zelaya its general coordinator, voted to create a political party—the Broad Front of Popular Resistance (*Frente Amplio de Resistencia Popular*, FARP)—to contest the 2013 elections. Zelaya hopes to unite members of the FNRP, his supporters in the PL, and others who opposed his ouster under the FARP banner.⁴⁷ It remains unclear how much popular support the new political party will be able to attract. While the majority of the delegates at the FNRP assembly supported the creation of the FARP, some sectors are opposed to pursuing electoral politics.⁴⁸ At the same time, many of the top PL officials that previously supported Zelaya and/or opposed his ouster have decided not to follow him into the FARP.⁴⁹ On the other hand, over 80% of Hondurans have little or no faith in the existing political parties,⁵⁰ and Xiomara Castro de Zelaya, the former president's wife and a potential candidate for the presidency in 2013, has the second-highest favorability ratings in the country among public figures.⁵¹

⁴⁵ "Zelaya Free to Roam," *Latin News Daily*, May 3, 2011; "Honduras: Zelaya Ruling Removes Final Hurdle – Or Does It?" *Latin American Weekly Report*, May 5, 2011

⁴⁶ "Acuerdo para la Reconciliación Nacional y la Consolidación del Sistema Democrático en la República de Honduras," *La Tribuna* (Honduras), May 23, 2011.

⁴⁷ Noé Leiva, "Zelayistas Forman 'Frente Amplio' para Elecciones de 2013," *Agence France Presse*, June 26, 2011.

⁴⁸ Todd Gordon and Jeffrey R. Webber, "The Different Logics within the Honduran Resistance: An Interview with Bertha Cáceres," *Upside Down World*, June 27, 2011.

⁴⁹ "Liberales en Resistencia se Quedan en el PL," *La Tribuna* (Honduras), June 28, 2011; "Honduras: Liberales en Resistencia Prefieren PL," *El Heraldo* (Honduras), June 29, 2011.

⁵⁰ Universidad Centroamericana José Simeón Cañas, Instituto Universitario de Opinión Pública (IUDOP), *Los Hondureños y Hondureñas Opinan Sobre la Situación Política y Evalúan el Primer Año de Gestión de Porfirio Lobo*, Boletín de Prensa, Año XXV, No.1, San Salvador, January 19, 2011.

⁵¹ "Empatados a 35% Nacionalistas y Liberales," *La Prensa* (Honduras), June 28, 2011.

Human Rights

Another key challenge for the Lobo government is curtailing the increase in human rights violations that has occurred since the forced expulsion of President Zelaya. In March 2010, the U.S. State Department released its 2009 human rights report on Honduras. The report details numerous human rights violations that occurred in the aftermath of the ouster, including “unlawful killings by members of the police and government agents,” “arbitrary and summary killings committed by vigilantes and former members of the security forces,” and “arbitrary detention and disproportionate use of force by security forces.”⁵²

Similar human rights abuses appear to have continued since President Lobo’s January 2010 inauguration. Following a May 2010 visit to Honduras, the Inter-American Commission on Human Rights (IACHR) expressed deep concern over murders of, and threats against, journalists, political activists, and human rights defenders, as well as the absence of effective investigations into these crimes. The IACHR also expressed concerns that the dismissal of judges opposed to Zelaya’s ouster was politicizing the justice system, and that Lobo’s appointment of several high-ranking military officers accused of participating in Zelaya’s removal to positions in the government was remilitarizing society.⁵³ Although the Lobo Administration has taken some steps to improve the human rights situation—such as providing the Human Rights Unit in the Attorney General’s Office an independent budget for the first time and creating a new Ministry of Justice and Human Rights—Honduran and international human rights organizations assert that the Honduran government has made little progress, especially with regard to bringing human rights violators to justice.⁵⁴ According to a December 2010 Human Rights Watch report, at least 18 journalists, political activists, and human rights defenders were killed in Honduras in 2010.⁵⁵

Press Freedom and the Killing of Journalists

International human rights observers have been particularly concerned about declining press freedom in Honduras as media outlets and journalists have been the subjects of attacks. In the aftermath of Zelaya’s forced removal in June 2009, human rights organizations strongly criticized the Micheletti government for its attacks on press freedom, including government intimidation of journalists and media outlets and the temporary shutdown and interruptions of radio and television broadcasts. Press rights groups maintain that media workers were often targeted and foreign journalists were expelled. The IACHR issued a report in December 2009 asserting that there were serious violations of freedom of expression under Micheletti. The report maintained that the media became extremely polarized during the year, with those journalists and media supportive of the new Micheletti government subject to attacks by those who opposed Zelaya’s ouster, and those perceived as encouraging support for resistance to the government subject to severe restrictions by state actions and attacks by private citizens.

Threats to press freedom have continued under the Lobo Administration. As noted above, the IACHR reported in May 2010 that it received information about threats and attacks directed

⁵² See the full text of the report at <http://www.state.gov/drl/rls/hrrpt/2009/wha/136117.htm>.

⁵³ IACHR “IACHR Publishes Observations on Follow-up Visit to Honduras,” Press Release No. 59/10, June 7, 2010.

⁵⁴ Thelma Mejía, “Latin America: Honduras has Much to Explain in Human Rights Exam,” *Inter Press Service*, November 3, 2010.

⁵⁵ Human Rights Watch, *After the Coup: Ongoing Violence, Intimidation, and Impunity in Honduras*, New York, December 2010.

against journalists to intimidate and impede their journalistic work.⁵⁶ In 2010, at least 10 journalists were murdered in Honduras, making the country among the most dangerous in the world for the media.⁵⁷ According to a July 2010 report by the independent, nonprofit Committee to Protect Journalists, there is no evidence to “confirm a political conspiracy or coordinated effort behind the killings.” Nonetheless, the report asserts that “the murders occurred in a politically charged atmosphere of violence and lawlessness” and “the government’s ongoing failure to successfully investigate crimes against journalists and other social critics—whether by intention, impotence, or incompetence—has created a climate of pervasive impunity.”⁵⁸

Press rights groups have repeatedly urged President Lobo to combat the crime wave against journalists. The IACHR and the Office of the Special Rapporteur for Freedom of Expression have called on the Honduran government to take all necessary measures to prevent these murders, protect at-risk journalists, and make progress in investigating the crimes.⁵⁹ The Inter American Press Association recommended that the Lobo Administration request international technical assistance, establish special prosecutors’ offices, and adopt a number of legal, judicial, and penal reforms.⁶⁰ Honduran officials have asserted that there is nothing to indicate that journalists are being attacked because of their work, and that the murdered journalists were most likely the victims of the widespread, random crime that has plagued Honduras in recent years.⁶¹ Nevertheless, the Honduran government has requested assistance from the United States, Spain, and Colombia in investigating alleged human rights violations, including the killing of journalists.⁶² The United States has sent advisors from the Federal Bureau of Investigation (FBI), and U.S. officials have indicated they are open to providing additional assistance if needed.⁶³

International Recognition

Following the ouster of President Zelaya, Honduras was diplomatically isolated by the international community. Although trade continued with the exception of a 48-hour blockade by some Central American countries, the Micheletti government was not recognized by a single nation. On July 4, 2009, in accordance with Article 21 of the Inter-American Democratic Charter, the member states of the OAS unanimously voted to suspend Honduras from the organization for an unconstitutional interruption of the democratic order.⁶⁴ Honduras also lost the support of the international financial institutions, which withheld access to loans and other transfers.

⁵⁶ Inter-American Commission on Human Rights, *Honduras: Human Rights and the Coup D’état*, Organization of American States, OEA/Ser.L/V/II. Doc. 55, December 30, 2009; Inter-American Commission on Human Rights, “IACHR Concerned About Human Rights Violations in Honduras,” Press Release, No. 54/10, May 19, 2010.

⁵⁷ “Honduras: HRN Radio Reporter Killed,” *EFE News Service*, December 28, 2010.

⁵⁸ Committee to Protect Journalists, “Journalist Murders Spotlight Honduran Government Failures,” July 27, 2010.

⁵⁹ Inter-American Commission on Human Rights, “Office of the Special Rapporteur Expresses Concern Over New Attacks Against Journalists and Media in Honduras,” September 20, 2010.

⁶⁰ Inter American Press Association, “IAPA Makes Recommendations to President Porfirio Lobo to Combat Violence Against Journalists,” Press Release, April 27, 2010.

⁶¹ Committee to Protect Journalists, “Journalist Murders Spotlight Honduran Government Failures,” July 27, 2010.

⁶² “Honduras Pide Ayuda a Colombia, España, y EEUU en Investigación Sobre DDHH,” *Agence France Presse*, January 27, 2011.

⁶³ “EEUU Prestará Toda la Ayuda Necesaria a Honduras en DDHH (Funcionaria),” *Agence France Presse*, June 5, 2011.

⁶⁴ Organization of American States, *Resolution on the Suspension of the Right of Honduras to Participate in the OAS*, OEA/Ser.P, AG/Res/2 (XXXVII-E/09), Washington, DC, July 4, 2009.

As a result of the November 2009 election and Lobo's reconciliation attempts upon taking office, much of the international community—including the United States, the European Union, most Central American nations, and the international financial institutions—quickly recognized the Lobo Administration. Many South American nations, however, expressed concerns that restoring formal relations with Honduras would set a dangerous precedent in the region since Zelaya was never returned to office. They excluded Honduras from regional gatherings and refused to lift the country's suspension from the OAS.⁶⁵ Moreover, they indicated that recognition would be dependent on conditions on the ground, including the ability of former President Zelaya to return home peacefully.⁶⁶

On June 1, 2011, four days after Zelaya returned from exile, Honduras was finally able to rejoin the OAS. Noting the importance of the "Accord for National Reconciliation and the Consolidation of the Democratic System in Honduras" negotiated between Lobo and Zelaya, the OAS member states voted 32-1 to lift the suspension.⁶⁷ Nearly all of the countries that had previously refused to do so also began to restore official ties with Honduras. Ecuador, which was the only country to vote against lifting the suspension, refuses to restore diplomatic relations "so long as those serving in the Honduran government participated in the coup outright and remain in complete impunity."⁶⁸

Economic and Social Conditions

Background

The Honduran economy has experienced significant changes since the 1990s. Traditional agricultural exports of coffee and bananas are still important, but nontraditional sectors, such as shrimp farming and the *maquiladora*, or export-processing industry, have grown significantly. In 1998, Honduras was devastated by Hurricane Mitch, 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. Between 2000 and 2008, the country experienced average growth of over 5%.⁶⁹ Honduras is now classified by the World Bank as a lower middle income developing economy, with a per capita income of \$1,800 (2009).⁷⁰

⁶⁵ "Honduras: Honduras Cleaves Latin America," *Latin American Regional Report: Caribbean & Central America*, May 2010.

⁶⁶ "Insulza Dice que Reintegro de Honduras a OEA está Atado a Exilio de Zelaya," *Agence France Presse*, February 11, 2011.

⁶⁷ Organization of American States, *Participation of Honduras in the Organization of American States*, OEA/Ser.P, AG/Res.1 (XLI-E/11), Washington, DC, June 1, 2011.

⁶⁸ "Ecuador President Won't Restore Ties with Honduras," *Agence France Presse*, June 2, 2011.

⁶⁹ "Honduras: Country Data," *Economist Intelligence Unit*, February 2011.

⁷⁰ World Bank, "World Development Indicators," February 2010, available at <http://data.worldbank.org/data-catalog/world-development-indicators>.

Over the past decade, Honduras has benefited from several debt-reduction programs. In 2005, Honduras signed a three-year poverty reduction and growth facility agreement with the International Monetary Fund (IMF), making the country eligible for about \$1 billion in debt relief under the IMF and World Bank's Heavily Indebted Poor Countries (HIPC) Initiative.⁷¹ The agreement imposed fiscal and monetary targets on the government, and required Honduras to maintain firm macroeconomic discipline and develop a comprehensive poverty reduction strategy. In 2006, the Inter-American Development Bank (IDB) implemented a debt forgiveness program for its poorest members. Honduras benefitted from a reduction of \$1.4 billion in foreign debt, freeing government resources to finance poverty alleviation.⁷² Largely as a result of these programs, Honduras' net public debt declined from nearly 46% of gross domestic product (GDP) in 2005 to about 19.1% in 2007.⁷³ Honduran debt has been climbing again in recent years, however, as increased domestic spending and decreased government revenue have contributed to growing fiscal deficits.

Despite experiencing relatively strong growth and benefitting from debt reduction programs, Honduras continues to face significant development challenges. The country remains one of the most impoverished nations in Latin America. According to the most recent household census conducted by the Honduran National Statistics Institute, 60% of Honduras' 8 million citizens live under the poverty line—defined as being unable to acquire the basic basket of household goods.⁷⁴ Likewise, Honduras has an infant mortality rate of 27 per 1,000; chronic malnutrition for one out of four children under five years of age; and 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 HIV/AIDS epidemic. The World Bank maintains that development indicators have improved over the past decade because of increased public spending on health and education, but further progress is uncertain. It notes that the country remains vulnerable to external shocks, including declines in prices for agricultural exports and natural disasters such as hurricanes and droughts.⁷⁵

Crises and Recovery

The global financial crisis and domestic political crisis took a significant toll on the Honduran economy. Honduras was already experiencing significant declines in remittances, tourism, and export earnings as a result of the financial crisis prior to President Zelaya's expulsion from the country.⁷⁶ The ouster exacerbated these economic problems, as the international community,

⁷¹ For more information on the HIPC Initiative, see CRS Report RL33073, *Debt Relief for Heavily Indebted Poor Countries: Issues for Congress*, by Martin A. Weiss.

⁷² "Honduras: Country Report," *Economist Intelligence Unit*, April 2007; Nestor Ikeda, "Inter-American Development Bank Forgives Debt of 5 Nations," *Associated Press*, March 17, 2007.

⁷³ "Honduras: Country Report," *Economist Intelligence Unit*, November 2010.

⁷⁴ "Honduras: Poverty Drives Lobo's Calls for Constitutional Change," *Latin American Economy & Business*, October 2010.

⁷⁵ U.N. Economic Commission for Latin America and the Caribbean, "Social Panorama of Latin America," 2009; World Bank, "Honduras Country Brief," April 22, 2010; World Food Programme, "Country Programme – Honduras," 2008. Also see CRS Report RL32713, *Afro-Latinos in Latin America and Considerations for U.S. Policy*, by Clare Ribando Seelke and June S. Beittel.

⁷⁶ "Honduras: Struggling," *Latin American Economy & Business*, October 2009; "Honduras Economy: Political Crisis Takes its Toll," *Economist Intelligence Unit*, October 27, 2009.

which had been expected to finance 20% of the country's budget, imposed a series of economic sanctions on Honduras.⁷⁷ International financial institutions withheld access to some \$485 million in loans and other transfers, the European Union and United States terminated \$126 million in aid, and Venezuela—which provided 50% of Honduras' petroleum imports in 2008—stopped supplying the country with subsidized oil.⁷⁸ Domestic opponents of the ouster placed additional pressure on the economy, engaging in strikes, transportation blockades, and other measures designed to paralyze economic activity.⁷⁹ Curfews implemented by the Micheletti government to suppress demonstrations by the political opposition further inhibited economic activity as workers were unable to reach their places of employment. The Truth and Reconciliation Commission estimates that the total economic cost of the political crisis was \$1.09 billion.⁸⁰ Overall, the Honduran economy contracted by 2.1% in 2009.⁸¹

Since taking office, President Lobo has pushed for reforms designed to restore macroeconomic stability, strengthen public finances, and encourage sustained economic growth. The Honduran National Congress has approved several of Lobo's proposals, including an energy reform intended to better target subsidies to the poor, and a comprehensive tax reform expected to generate additional revenue equivalent to 2.5% of GDP. The National Congress also approved a measure de-indexing teachers' wages from changes in the minimum wage in an effort to slow the growth of expenditure on public sector salaries, which absorb 73% of all government revenue.⁸² To attract foreign direct investment, the Honduran National Congress has approved a law on public-private partnerships, a temporary employment scheme, and the creation of special development areas, or "charter cities."⁸³

Lobo's fiscal reforms have been criticized by business groups and public sector workers, however, they have been supported by the international financial institutions that are currently providing Honduras with much needed development financing. In October and November 2010, the International Monetary Fund (IMF), the Inter-American Development Bank (IDB), and the World Bank approved a combined \$322.5 million in financial support for Honduras. The funds are to be used in support of the Lobo Administration's efforts to improve the country's long-term fiscal balance and implement the reforms necessary to achieve the country's poverty reduction and growth objectives.⁸⁴ The Honduran economy has begun to slowly recover from the 2009

⁷⁷ Keny López de Carballo, "Honduras No Puede Prescindir de Créditos," *La Prensa Gráfica* (El Salvador), July 9, 2009.

⁷⁸ Robin Emmott, "Aid Freeze in Post-Coup Honduras Hurting Poor," *Reuters*, November 12, 2009; "Honduras Can't Touch IMF Resources—IMF" *Reuters*, September 9, 2009; "Unión Europea Suspende Ayuda Financiera a Honduras," *Reuters*, July 20, 2009; "Senior State Department Officials Hold Background News Teleconference on Honduras," *CQ Newsmaker Transcripts*, September 3, 2009; "Venezuela Halts Oil Deliveries to Honduras," *EFE News Service*, July 8, 2009; "Negociación Solo es para que Zelaya Enfrente la Justicia," *El Herald* (Honduras), July 7, 2009.

⁷⁹ "Manifestantes Aseguran que Hoy Paralizan el País," *El Tiempo* (Honduras), July 23, 2009.

⁸⁰ Comisión de la Verdad y la Reconciliación (CVR), *Para que los Hechos No se Repitan: Informe de la Comisión de la Verdad y la Reconciliación*, San José, Costa Rica, July 2011, <http://www.cvr.hn/home/noticias/hojas-de-prensa/para-que-los-hechos-no-se-repitan-informe-de-la-comision-de-la-verdad-y-la-reconciliacion-cvr/>.

⁸¹ "Honduras: Country Report," *Economist Intelligence Unit*, January 2011.

⁸² "Honduras: Country Report," *Economist Intelligence Unit*, December 2010; International Monetary Fund, *Honduras: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding*, September 10, 2010.

⁸³ "Country Watch: Honduras," *Economist Intelligence Unit*, June 13, 2011.

⁸⁴ "Tracking Trends: Honduras IMF Loan," *Latin News Weekly Report*, October 14, 2010; "BID y BM Conceden Préstamos por más de USD 120 Millones a Honduras," *Agence France Presse*, November 10, 2010.

financial and political crises. GDP grew by 2.8% in 2010 and is expected to grow by 3.8% in 2011.⁸⁵ Unemployment remains a challenge, however, as over 16% of Hondurans lack formal jobs.⁸⁶

Issues in U.S.-Honduran Relations

The United States has had close relations with Honduras over many years. 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 the *Contra* forces attempting to overthrow the leftist *Sandinista* government. Economic linkages also intensified in the 1980s after Honduras became a beneficiary of the Caribbean Basin Initiative, which provided duty-free importation of Honduran goods into the United States. Bilateral economic ties have further expanded since the entrance into force of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) in 2006.

Relations between the United States and Honduras were strained in 2009 because of the country's political crisis. Following Zelaya's ouster, the United States cut off almost all contact with the Honduran government. It suspended some foreign assistance, minimized cooperation with the Honduran military, and revoked the visas of members and supporters of the Micheletti government, which assumed power following Zelaya's removal.⁸⁷ Micheletti reacted angrily to U.S. policy toward his government, declaring, "it isn't possible for anyone, no matter how powerful they are, to come over here and tell us what we have to do."⁸⁸

Relations have improved considerably since the inauguration of President Lobo, whose efforts to foster national reconciliation and solidify democratic processes in Honduras led the United States to restore foreign assistance and resume cooperation on other issues. Current U.S. policy objectives in Honduras include (1) improving the human-rights climate, especially regarding allegations that journalists and other individuals have been targeted for their political views; (2) combating high levels of corruption, crime, and drug-trafficking; and (3) promoting and implementing social and economic reforms to boost growth and reduce poverty and inequality levels that are among the highest in the hemisphere.⁸⁹ To advance these policy objectives, the United States provides Honduras with substantial amounts of foreign assistance, maintains significant military and economic ties, and engages on transnational issues such as migration, crime, narcotics trafficking, trafficking in persons, and port security.

⁸⁵ "Honduras: Country Report," *Economist Intelligence Unit*, June 2011.

⁸⁶ "Honduras: President Lobo Wrestles with Intractables," *Latin American Economy & Business*, June 2011.

⁸⁷ "Senior Administration Officials Hold State Department Background Briefing via Teleconference on Honduras," *CQ Newsmaker Transcripts*, June 28, 2009; U.S. Department of State, Office of the Spokesman, "Termination of Assistance and Other Measures Affecting the De Facto Regime in Honduras," September 3, 2009; U.S. Department of State, Office of the Spokesman, "Revocation of Diplomatic Visas," July 28, 2009.

⁸⁸ Carlos Salinas, "Honduran De Facto Leader Vows to Cling to Power Over US Objections," *El País* (Spain), August 5, 2009.

⁸⁹ Testimony of Craig Kelly, Principal Deputy Assistant Secretary of State for Western Hemisphere Affairs, U.S. Department of State, before the House Subcommittee on the Western Hemisphere, March 18, 2010.

Foreign Assistance

The United States has provided considerable amounts of foreign assistance to Honduras over the past three 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 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 \$40.5 million in FY2008, \$40.2 million in FY2009, and \$50.2 million in FY2010. The Obama Administration requested \$67.9 million for Honduras in FY2011; however, country-specific funding levels, as appropriated through the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) are not yet available. For FY2012, the Obama Administration has requested nearly \$68 million in foreign aid for Honduras, including \$55 million in Development Assistance (DA), \$11 million in Global Health and Child Survival assistance (GHCS), and \$1 million in Foreign Military Financing (FMF). (See **Table 1** below.) U.S. assistance supports a variety of projects designed to enhance security, strengthen democracy, improve education and health systems, conserve the environment, and build trade capacity. Most assistance to the country is managed by the U.S. Agency for International Development (USAID) and the State Department.

Table 1. U.S. Bilateral Assistance to Honduras, FY2008-FY2012

(U.S. \$ in thousands)

Account	FY2008	FY2009	FY2010	FY2011(req) ^a	FY2012(req)
Development Assistance (DA)	15,149	21,382	37,491	53,934	55,266
Global Health and Child Survival (GHCS) (USAID)	12,035	11,750	11,000	11,000	10,000
Global Health and Child Survival (GHCS) (State)	1,000	1,000	1,000	1,000	1,000
Food for Peace Title II (P.L. 480)	10,150	5,771	0	0	0
International Narcotics & Law Enforcement (INCLE)	744	0	0	0	0
International Military Education and Training (IMET)	936	329	700	700	700
Foreign Military Financing (FMF)	496	0	0	1,300	1,000
Total	40,510	40,232	50,191	67,934	67,966

Sources: U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Fiscal Year 2012*, April 11, 2011; U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Fiscal Year 2010*, May 28, 2009.

Notes: Global Health and Child Survival (USAID) was formerly called "Child Survival and Health," but was re-labeled with the FY2010 budget request. Likewise, Global Health and Child Survival (State) was formerly called "Global HIV/AIDS Initiative," but was re-labeled with the FY2010 budget request.

a. Although the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) was signed into law on April 15, 2011, country-specific funding levels are not yet available.

Honduras receives some foreign assistance beyond the bilateral funds listed above. The Peace Corps, which has been active in the country since 1963, provides nearly 180 volunteers to work on projects related to HIV/AIDS prevention and child survival; protected area management; water and sanitation; and business, municipal and youth development. The Millennium Challenge Corporation (MCC) provided Honduras with \$205 million⁹⁰ for a five-year economic growth compact that was completed in September 2010. The compact had two components: a rural development project to provide farmers with skills to grow and market new crops, and a transportation project to improve roads and highways to link farmers and other businesses to ports and major production centers in Honduras.⁹¹ USAID's Office of Foreign Disaster Assistance (OFDA) provides assistance in response to natural disasters. USAID/OFDA provided Honduras with \$150,000 to respond to flooding and other damage during the 2010 hurricane season.⁹²

Honduras also receives assistance under the Central America Regional Security Initiative (CARSI, formerly known as Mérida-Central America), a package of counternarcotics and anticrime assistance for the region.⁹³ From FY2008-FY2010, Congress appropriated \$260 for CARSI, a portion of which was intended for Honduras. For FY2012, the Obama Administration has requested \$100 million for CARSI.

Military Cooperation

The United States maintains a troop presence of about 600 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. In the aftermath of Hurricane Mitch in 1998, U.S. troops provided extensive assistance in the relief and reconstruction effort. 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 also provide training opportunities for thousands of U.S. troops.

The June 28, 2009, ouster of President Manuel Zelaya led some to reassess the state of U.S.-Honduran military cooperation. As a result of the Honduran military's role in Zelaya's removal, the United States suspended joint military activities as well as some military assistance to the country.⁹⁴ The events in Honduras also led some analysts to question the effectiveness of U.S. foreign military training programs. They argued that such programs have not obtained their desired outcomes given that General Romeo Vasquez Velasquez, who had received U.S. training, led the effort to remove President Zelaya, and the Honduran military reportedly cut off contact

⁹⁰ The compact was originally for \$215 million, but the final \$10 million was terminated as a result of the 2009 political crisis.

⁹¹ Millennium Challenge Corporation, "Honduras Overview," available at <http://www.mcc.gov/countries/honduras/index.php>.

⁹² USAID, *Latin America and the Caribbean—Hurricane Season and Floods*, Fact Sheet #6, FY2011, November 9, 2010.

⁹³ For more information, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

⁹⁴ John J. Kruzel, "U.S. Limits Contact with Honduran Military," *American Forces Press Service*, July 2, 2009; U.S. Department of State, Office of the Spokesman, "U.S. Assistance to Honduras," July 7, 2009.

with the United States prior to the ouster.⁹⁵ Nevertheless, U.S.-Honduran military cooperation resumed following the election of President Lobo, with the United States restoring aid and training efforts.⁹⁶ The United States also resumed funding the construction of a Honduran naval base on the island of Guanaja, which—together with a naval base constructed in Caratasca in 2009—is designed to enhance Honduras’ capacity to detect and interdict illicit drug shipments.⁹⁷

Trade and Investment

U.S. trade and investment linkages with Honduras have increased greatly since the early 1980s. In 1984, Honduras became one of the first beneficiaries of the Caribbean Basin Initiative (CBI), a unilateral 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, which provided Caribbean Basin nations with North America Free Trade Agreement (NAFTA)-like preferential tariff treatment, further boosted the *maquila* sector. Trade relations expanded most recently as a result of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which has significantly liberalized trade in goods and services since entering into force with Honduras in April 2006.⁹⁸

Total trade between the United States and Honduras has increased 15% since the implementation of CAFTA-DR, with U.S. exports to Honduras growing by 25% and U.S. imports from Honduras growing by 6%. Total two-way trade amounted to \$8.5 billion in 2010, \$4.6 billion in U.S. exports to Honduras and \$3.9 billion in U.S. imports from Honduras. Similar to previous trade arrangements, CAFTA-DR has provided substantial benefits to the *maquila* sector. Knit and woven apparel (assembled products from the *maquila* sector) account for the greatest share of U.S. imports from Honduras. Likewise, apparel inputs, such as yarns and fabrics, account for a substantial portion of U.S. exports to Honduras. Other major U.S. exports to Honduras include oil and machinery.⁹⁹

U.S. foreign direct investment in Honduras has also increased since the implementation of CAFTA-DR. Total U.S. foreign direct investment amounted to \$844 million in 2009, up 7% from \$787 million in 2006.¹⁰⁰ The most significant U.S. investments are in the *maquila*, manufacturing, tourism, agriculture, telecommunications, and energy sectors. According to the U.S. State Department, relatively low labor costs, proximity to the U.S. market, and Central America’s largest port (Puerto Cortés) make Honduras attractive to investors. On the other hand, high levels of crime, a weak judicial system, corruption, low levels of educational attainment, and poor

⁹⁵ See, for example, Adam Isacson, “When Your Aid Recipients Stop Taking Your Calls,” *Center for International Policy*, June 28, 2008, <http://www.cipcol.org/?p=949>.

⁹⁶ “Honduras: Ties with US Return to Normal,” *Latin News Weekly Report*, April 22, 2010.

⁹⁷ “Central America: Behind the Growing Presence of the US,” *Latin American Security & Strategic Review*, July 2010.

⁹⁸ For more information on CAFTA-DR, see CRS Report RL31870, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*, by J. F. Hornbeck.

⁹⁹ U.S. Department of Commerce data, as presented by *Global Trade Atlas*, April 2011.

¹⁰⁰ U.S. Department of Commerce, “U.S. Direct Investment Abroad Tables,” *Survey of Current Business*, September 2010.

infrastructure hamper investment.¹⁰¹ Additionally, some observers have raised questions about the investment climate in Honduras as a result of several cases where U.S.-owned companies have been driven out of business as a result of anticompetitive practices or have been expropriated without compensation.¹⁰² On June 15, 2011, a bill (H.R. 2200, Rohrabacher) was introduced to limit U.S. assistance to Honduras unless the President certifies that the Government of Honduras has settled all outstanding expropriation claims brought by U.S. companies.

Despite the increases in trade and investment, some analysts have expressed concerns about the implementation of CAFTA-DR. Labor rights provisions have been of particular concern to many in the United States. According to the U.S. State Department, Honduran labor laws are generally satisfactory, however, the government frequently fails to enforce them. In the past year, “union leaders were subjected to violence and threats,” “employers commonly threatened to close unionized factories and harassed or dismissed workers seeking to unionize,” and “factory management in export-processing zones required compulsory overtime, with some factories enforcing this requirement by locking workers inside.”¹⁰³ Honduran officials, on the other hand, have expressed concerns about the potential loss of agricultural jobs in the corn, rice, beef, pork, and poultry sectors as the country further opens its market to U.S. agricultural products.¹⁰⁴

Migration Issues

Temporary Protected Status

In the aftermath of Hurricane Mitch in 1998, the United States provided temporary protected status (TPS) to eligible Hondurans who may otherwise have been deported from the United States. Originally slated to expire in July 2000, TPS status has now been extended nine times. The most recent TPS extension came on May 5, 2010, when the Secretary of Homeland Security announced that the United States would continue to provide TPS for an additional 18 months, expiring on January 5, 2012 (prior to this extension, TPS would have expired July 5, 2010). According to a *Federal Register* notice on the most recent extension, the Secretary of Homeland Security maintained that the extension was warranted because there continues to be a substantial, but temporary, disruption of living conditions in Honduras resulting from Hurricane Mitch, and the country remains temporarily unable to adequately handle the return of its nationals.¹⁰⁵ Homeland Security estimates that TPS covers an estimated 66,000 Hondurans residing in the United States.¹⁰⁶

¹⁰¹ U.S. Department of State, Bureau of Economic, Energy and Business Affairs, *2011 Investment Climate Statement - Honduras*, March 2011.

¹⁰² U.S. Congress, House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, *Next Steps for Honduras*, 111th Cong., 2nd sess., March 18, 2010, Serial No. 111-94 (Washington: GPO, 2010).

¹⁰³ U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *2010 Country Reports on Human Rights Practices – Honduras*, April 8, 2011.

¹⁰⁴ Kathleen Schalch, "Hondurans Brace for Pros, Cons of CAFTA," *National Public Radio (NPR)*, May 19, 2005.

¹⁰⁵ For more details, see *75 Federal Register* 24734-24737, May 5, 2010.

¹⁰⁶ “18-Month Extension of Temporary Protected Status for Honduras, Questions and Answers,” *States News Service*, May 5, 2010. See CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester.

Remittances

Remittances from migrant workers abroad—87% of whom live in the United States—are the largest single source of foreign exchange for Honduras. Between 2002 and 2008, remittances to Honduras more than tripled to \$2.7 billion, the equivalent of 20% of GDP. Although remittances declined by over 8% in 2009, they partially recovered in 2010 to \$2.53 billion. The recent decline in remittances is at least partially due to the global financial crisis and U.S. recession, which have left many Honduran immigrants in the United States unemployed. Most remittances from Hondurans abroad are sent to immediate family members, such as parents and children, to supplement their wages.¹⁰⁷

In September 2010, Secretary of State Clinton signed a Memorandum of Understanding with President Lobo regarding the Building Remittance Investment for Development Growth and Entrepreneurship (BRIDGE) Initiative. Under the Initiative, the United States will work with Honduras to develop and support partnerships with Honduran financial institutions in hopes of maximizing the development impact of remittance flows. The identified financial institutions will be able to leverage the remittances they receive to obtain lower-cost, longer-term financing in international capital markets to fund investments in infrastructure, public works, and commercial development.¹⁰⁸

Deportations¹⁰⁹

Deportations to Honduras have increased significantly over the past decade. Approximately 25,600 Hondurans were deported from the United States in FY2010, making Honduras one of the top recipients of deportees on a per capita basis.¹¹⁰ 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. Honduran policymakers are concerned about their country's ability to absorb the large volume of deportees, as it is often difficult for those returning to the country to find gainful employment. Individuals who do not speak Spanish, who are tattooed, who have criminal records, and/or who lack familial support face additional difficulties re-integrating into Honduran society. In addition to these social problems, leaders are concerned that remittances may start to fall if the current high rates of deportations continue.¹¹¹

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. 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

¹⁰⁷ "Honduras: Moderate Inflation," *Latin American Economy & Business*, February 2011; "Honduras: Country Report," *Economist Intelligence Unit*, November 2010; "Roundtable Discussion: Outlook for Remittances to Latin America in 2010," *Inter American Dialogue*, April 12, 2010; "Latin America: Remittances Slide," *Economist Intelligence Unit*, January 26, 2009; "Country Profile: Honduras," *Economist Intelligence Unit*, 2008.

¹⁰⁸ Department of State, Office of the Spokesman, "U.S. BRIDGE Initiative Commitments with El Salvador and Honduras," September 22, 2010.

¹⁰⁹ Clare Ribando Seelke, Specialist in Latin American Affairs, contributed information to this section.

¹¹⁰ Information provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Congressional Relations.

¹¹¹ Pamela Constable, "Deportees' Bittersweet Homecoming; Migration is Boon, Bane for Honduras," *Washington Post*, June 27, 2007.

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. Some observers 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.¹¹² Although a recent United Nations study found 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 to gangs, particularly gang-deportees from the United States.¹¹³

U.S. Immigration and Customs Enforcement (ICE) does not provide receiving countries with the complete criminal records or gang affiliations of deportees, however, it may provide them with some information regarding deportees’ criminal histories and gang affiliations when specifying why the deportees were removed from the United States. Likewise, receiving countries may contact the FBI to request criminal history checks on particular criminal deportees once they have arrived. Over 40% of the Hondurans deported from the United States in FY2010 were removed on criminal grounds.¹¹⁴

Crime, Violence, and Drug Trafficking¹¹⁵

Honduras, along with neighboring El Salvador and Guatemala, has become fertile ground for gangs and drug trafficking organizations. Fueled by poverty, unemployment, leftover weapons from the conflicts of the 1980s, and the U.S. deportation of criminals to the region, gangs such as Mara Salvatrucha (MS-13) and the 18th Street Gang (M-18) have firmly established themselves in the region. Although estimates of the number of gang members vary widely, the U.N. Office on Drugs and Crime (UNODC) has suggested that there are some 36,000 in Honduras.¹¹⁶ At the same time, Mexican Drug Trafficking Organizations (DTOs) have taken control of Central American trafficking corridors to transport cocaine and other narcotics from the Andean region of South America to the United States.

This confluence of gangs and DTOs has led to increasing rates of crime and violence. According to Vanderbilt University’s 2010 Americas Barometer, 14% of Honduran citizens reported that they had been the victim of a crime within the past year.¹¹⁷ The surge in violent crime has been particularly worrisome. In December 2009, Honduras’ top counternarcotics official was ambushed and killed in the capital by gunmen on motorcycles. In September 2010, 18 men working in a shoe factory in San Pedro Sula were apparently massacred by members of a Mexican DTO. And in January 2011, eight people were killed and three were injured when gunmen opened fire on a public bus.¹¹⁸ Honduras’ murder rate was already among the highest in

¹¹² Ana Arana, “How the Street Gangs Took Central America,” *Foreign Affairs*, May/June 2005.

¹¹³ United Nations Office on Drugs and Crime (UNODC), *Crime and Development in Central America: Caught in the Crossfire*, May 2007.

¹¹⁴ Information Provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Congressional Relations.

¹¹⁵ For more information see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke and CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

¹¹⁶ United Nations Office on Drugs and Crime (UNODC), *Crime and Development in Central America: Caught in the Crossfire*, May 2007.

¹¹⁷ “65% Satisfecho con Democracia,” *La Prensa* (Honduras), November 23, 2010.

¹¹⁸ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, “International Narcotics (continued...)”

the world in 2008 at 57.9 per 100,000 inhabitants. Nevertheless, it increased to 66.8 per 100,000 in 2009 and reportedly reached 77 per 100,000 in 2010.¹¹⁹ Many have assumed that gangs are responsible for the increasing number of homicides; however, some recent studies have shown that the highest murder rates are not in large cities—where gangs are primarily located—but in more remote areas along strategic drug trafficking corridors. Although there have been some indications that DTOs are using gangs as hired assassins in Honduras, connections between the DTOs and gangs remain largely anecdotal and unsubstantiated.¹²⁰

Honduran Security Efforts

Recent Honduran presidents have implemented varying anti-crime strategies; however, none of them have achieved much success. During his term, President Ricardo Maduro (2002-2006) increased the number of police officers and signed legislation that made *maras* (street gangs) illegal and gang membership punishable with 12 years in prison. Although the crackdown won popular support and initially reduced crime, its success was short-lived. Following his election, President Zelaya (2006-2009) replaced the previous administration's zero-tolerance policy with dialogue and other outreach techniques designed to persuade gang members to reintegrate into society.¹²¹ Failure to achieve concrete results, however, led the Zelaya Administration to shift its emphasis toward more traditional anti-gang law enforcement operations. Zelaya increased the number of police and military troops in the streets and conducted raids against suspected criminals. Nonetheless, crime and violence in Honduras continued unabated (as reflected in the statistics cited above).¹²²

President Lobo has pledged to crack down on crime and violence, and although he has backed away from his 2005 proposal to reinstate the death penalty, he still favors a hard-line approach. Since taking office, Lobo has deployed army troops into the streets to assist in policing and won legislative approval for several criminal justice reforms. In November 2010, the Honduran National Congress approved a new anti-terrorism law that is designed to strengthen control over land, sea, and air borders, and allow authorities to better control cash flows into the country.¹²³ The Congress approved another legal reform in March 2011, which lengthened prison terms.¹²⁴ In June 2011, Lobo won congressional approval for a tax package designed to raise \$79 million

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Control Strategy Report," March 2010; "Gang Massacre Appalls Honduras," *Latin News Daily*, September 8, 2010, "Bus Massacre in Honduras," *Latin News Daily*, January 7, 2011.

¹¹⁹ This is four times the average homicide rate in Latin America of 18 per 100,000 inhabitants. "Honduras Report Signals Rising Violence," *Latin News Daily*, February 22, 2009; "Honduras has Highest Murder Rate in Central America," *EFE News Service*, March 30, 2010; "Honduras Posts Startling Homicide Rate," *Latin News Daily*, January 18, 2011.

¹²⁰ Steven S. Dudley, *Drug Trafficking Organizations in Central America: Transportistas, Mexican Cartels and Maras*, Woodrow Wilson International Center for Scholars, May 2010.

¹²¹ "Honduran Government Reaches Out to Rehabilitate Gangs," *ACAN-EFE*, January 30, 2006.

¹²² Marion Barbel, "Homicide Rate Confirms Honduras as One of Region's Most Violent Nations," *Global Insight Daily Analysis*, September 11, 2008.

¹²³ "Honduras Denounces Internal Armed Groups," *Latin News Daily*, November 24, 2010.

¹²⁴ Noé Leiva, "Gobierno de Honduras Ordena Desplegar a Militares para Combatir el Crimen," *Reuters*, March 1, 2011.

annually to fund security efforts, and a constitutional reform that will allow the government to detain individuals for up to 48 hours without bringing them before a judge.¹²⁵

U.S. Cooperation

Although security cooperation was temporarily disrupted by the 2009 political crisis, communication and coordination between U.S. law enforcement and intelligence entities and Honduras military and police elements have improved since President Lobo took office. A high-level task force, co-chaired by President Lobo and the U.S. Ambassador, convenes quarterly to oversee and direct coordination on security sector efforts. Through the Central America Regional Security Initiative (CARSI)¹²⁶ and other efforts, the United States supports a variety of anticorruption, anti-gang, police training, institution building, and maritime operations programs intended to prevent crime and improve Honduras' counternarcotics capabilities. In 2010, joint counternarcotics operations led to an increase in seizures of bulk cash and most illegal drugs.¹²⁷ Likewise, a U.S.-vetted Honduran police unit seized a cocaine processing laboratory in March 2011, the first ever discovered in Central America.¹²⁸

Despite these accomplishments, some analysts have raised serious concerns about criminal infiltration of the Honduran government, which could impede future cooperation. A former member of Honduras' Council Against Drug Trafficking reportedly has estimated that 10% of the Honduran National Congress is linked to drug traffickers.¹²⁹ Recent reports also suggest that U.S. arms sold to Honduras in the past have turned up in the hands of criminal groups in Colombia and Mexico.¹³⁰ According to the U.S. State Department, corruption continues to pose a challenge to Honduras and institutional changes will need to be made in order for the country to successfully expel traffickers from its territory.¹³¹

Human Trafficking

According to the State Department's 2011 Trafficking in Persons (TIP) Report, Honduras is primarily a source and transit country for men, women, and children trafficked for the purpose of commercial sexual exploitation and forced labor. Many victims are recruited from rural areas with promises of employment and later subjected to forced prostitution in urban and tourist locales such as Tegucigalpa, San Pedro Sula, and the Bay Islands. Destination countries for trafficked Honduran women and children include Belize, El Salvador, Guatemala, Mexico, and the United States. There are also foreign victims of commercial sexual exploitation in Honduras, most

¹²⁵ "Honduras Approves New Tax to Boost Drug Fight," *Reuters*, June 23, 2011; "Pese a Advertencia de Ministerio DDHH: Reforman la Constitución para Detener a Ciudadanos por 48 Horas," *El Tiempo* (Honduras), June 23, 2011.

¹²⁶ CARSI is a package of counternarcotics and anticrime assistance for Central America, for which Congress appropriated \$260 million from FY2008-2010. For more information, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

¹²⁷ U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *2011 International Narcotics Control Strategy Report (INCSR)*, March 3, 2011.

¹²⁸ "Honduras Discovers First Mexican-Made Cocaine Lab," *Reuters*, March 9, 2011.

¹²⁹ Tim Johnson, "Drug Gangs Muscle Into New Territory: Central America," *McClatchy Newspapers*, April 21, 2011.

¹³⁰ Geoffrey Ramsey, "Cable: Honduran Military Supplied Weaponry to Cartels," *InSight: Organized Crime in the Americas*, April 25, 2011.

¹³¹ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report*, March 3, 2011.

having been trafficked from neighboring countries, including economic migrants en route to the United States. According to a Honduran non-governmental organization, 10,000 children in Honduras are victims of commercial sexual exploitation and some 500,000 are subject to child labor.¹³²

The State Department maintains that Honduras does not fully comply with the minimum standards for the elimination of trafficking, however, it notes that the government is making significant efforts to do so. As a result, Honduras is considered a so-called “Tier 2” country. The 2011 report recognized the Honduran government’s law enforcement actions against child sex traffickers, the creation of a draft comprehensive anti-trafficking law, and the launch of an anti-trafficking hotline. On the other hand, the report maintained that the Honduran government provided minimal services for trafficking victims, that laws failed to prohibit trafficking for forced labor, and that the number of trafficking-related convictions had decreased. The State Department report provides a number of recommendations for Honduras. These include passing a comprehensive anti-trafficking law that prohibits forced labor; increasing efforts to investigate and prosecute trafficking offenses; ensuring that specialized services and shelter are available to trafficking victims; and developing formal procedures for identifying and assisting victims.¹³³

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). CSI is operated by the U.S. Customs and Border Protection (CBP) of the Department of Homeland Security, and 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 also participates in the Department of Energy’s Megaports Initiative, which supplies ports with equipment capable of detecting nuclear or radioactive materials, and the Secure Freight Initiative (SFI), which deploys equipment capable of scanning containers for radiation and information risk factors before they are allowed to depart for the United States. Puerto Cortés was one of six ports around the world chosen to be part of the first phase of the SFI.¹³⁴

¹³² “Casa Alianza: En Honduras 10,000 Niños Sufren Explotación Sexual,” *El Tiempo* (Honduras), June 11, 2011.

¹³³ U.S. Department of State, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report*, June 2011.

¹³⁴ 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.

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