

# CRS Report for Congress

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## Latin America: Terrorism Issues and Implications for U.S. Policy

Mark P. Sullivan  
Specialist in Latin American Affairs  
Foreign Affairs, Defense, and Trade Division

### Summary

Latin American nations strongly condemned the September 11, 2001 attacks on New York and Washington and took action through the Organization of American States and the Rio Treaty to strengthen hemispheric cooperation against terrorism and express solidarity with the United States. Many nations are taking actions to investigate possible regional linkages with the Osama bin Laden terrorist network, and to ensure that their financial sectors are not being used by terrorists. In the aftermath of the attacks, U.S. policy toward the region will likely include a re-invigorated security agenda, with the development of new cooperative mechanisms against terrorism. The terrorist attacks will have implications in several areas, including the extent of hemispheric cooperation against terrorism, anti-money laundering efforts, Andean counter-narcotics strategy, the trade agenda, regional economic stability, and policy toward Mexico and Cuba.

### Background

As in other parts of the world, the United States has assisted Latin American and Caribbean nations in their struggle against terrorist or insurgent groups indigenous to the region. These groups generally attempt to influence or overthrow elected governments, and may use terrorist methods (the killing of noncombatants) to achieve their political objectives. The Department of State has designated five groups in the region as Foreign Terrorist Organizations (FTOs): three in Colombia, the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the paramilitary United Self-Defense Forces of Colombia (AUC); and two in Peru, the Sendero Luminoso (Shining Path or SL) and the Tupac Amaru Revolutionary Movement (MRTA). The Peruvian government significantly weakened the forces of the Shining Path and MRTA in the 1990s, so that these groups no longer pose a threat to the elected government. In Colombia, the FARC and to a lesser degree the ELN, do pose threats to the government, and both have been involved in attacks against the police and military as well as the civilian population. The paramilitary AUC, which was designated by Secretary of State Colin Powell as a FTO on September 10, 2001, has carried out numerous acts of terrorism, including the massacre

of hundreds of civilians.<sup>1</sup> Official designation of such groups as FTOs triggers a number of sanctions, including visa restrictions and the blocking of any funds of these groups in U.S. financial institutions.

Of the five designated FTOs in Latin America, only the FARC is reported to have links with terrorist groups outside the region. In August 2001, the Colombian government arrested three suspected members of the Irish Republican Army (IRA) who were reported to be training FARC guerrillas, but both the IRA and Sinn Fein, the political affiliate of the IRA, have denied involvement with the FARC.<sup>2</sup> At least one report speculates that the FARC also is a logistics partner of the radical Islamic group Lebanon-based Hizballah (Party of God) that also is reported to operate out of the tri-border region of Argentina, Brazil, and Paraguay.<sup>3</sup> Allegations have linked Hizballah to two bombings in Argentina: the 1992 bombing of the Israeli Embassy that killed 30 people, and the 1994 bombing of the Jewish cultural center (AMIA) in Buenos Aires that killed 85 people. In recent years, U.S. concerns have grown over illicit activities in the tri-border area and the potential link to terrorism. According to the State Department's April 2001 *Patterns of Global Terrorism*, the tri-border region is "a focal point for Islamic extremism in Latin America."

The Department of State includes Cuba on its list of states sponsoring terrorism which consists primarily of Middle Eastern countries. According to the April 2001 *Patterns of Global Terrorism*, Cuba continues to provide safehaven to several terrorists and U.S. fugitives and maintains ties to other state sponsors of terrorism and Latin American insurgents, including Colombia's FARC and ELN (see "Cuba" section below).

In the aftermath of the September 11, 2001 attacks, attention has focused on potential links in the region to the Osama bin Laden terrorist network. In 1999, press reports indicated that U.S. intelligence analysts believed that bin Laden was planning attacks against a U.S. target in Latin America; an attack against the U.S. Embassy in Uruguay also was reportedly thwarted.<sup>4</sup> After the September 2001 attacks, several nations in the region were investigating potential links to the Al-Qaeda network and also the potential use of their financial sectors by the terrorist network.

## U.S. Policy

Before the September attacks, major U.S. policy initiatives toward Latin America included negotiations for a hemispheric free trade agreement, and substantial assistance to Colombia and its Andean neighbors to combat drug trafficking. Relations with Mexico also were elevated under the Bush Administration, with the two countries vowing to work

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<sup>1</sup> For further information on the FARC, ELN, and AUC, see CRS Report RL30330, *Colombia: Conditions and U.S. Policy Options*, by Nina Serafino.

<sup>2</sup> Shawn Pogatchnik, "Sinn Fein Leader Denies Ties to Trio," *Sun Sentinel* (Fort Lauderdale), August 30, 2001; and Linus Gregoriadis and Melissa Kite, *Times of London*, September 20, 2001.

<sup>3</sup> "FARC and Hezbollah Behind Embassy Closures?," *Stratfor Intelligence*, April 9, 2001.

<sup>4</sup> Juan O. Tamayo, "U.S. Suspects Mideast Group Planning Attacks in Americas, Arrested Pair Tied to Figure in Bombings," *Miami Herald*, February 10, 1999, p. 4A.; "Nation in Brief Report: U.S. Foils 7 Bin Laden Attacks," *Atlanta Journal*, February 24, 1999, p. A10.

toward a migration agreement on the status of undocumented Mexicans in the United States.

Although terrorism has not traditionally been the main focus of U.S. policy in the region, U.S. efforts to combat it have included anti-terrorism assistance, law enforcement cooperation, and multilateral efforts through the Organization of American States (OAS). Through the Department of State, the United States has provided Anti-Terrorism Assistance training and equipment to Latin American countries to help improve their capabilities in such areas as airport security management and bomb detection and deactivation. Such training was expanded to Argentina in the aftermath of the two bombings allegedly linked to Hizballah. Assistance was also stepped up in 1997 to Argentina, Brazil, and Paraguay in light of increased U.S. concern over illicit activities in the tri-border area of those countries. Since the 1994 Summit of the Americas, the United States has worked multilaterally to increase cooperation on anti-terrorism efforts in the region. An Inter-American Committee on Terrorism (CICTE), which held its first meeting in 1999, was established within the OAS as a mechanism for greater cooperation against terrorism in the hemisphere.

Although current U.S. military and economic support for Colombia and other Andean nations is focused on efforts to combat drug traffickers, the U.S. strategy also affects the Colombian insurgents and paramilitaries because it contributes to cutting off a major source of revenue that helps fund those groups' violent activities. At the same time, U.S. policy toward Colombia has been supportive of the Colombian government's efforts to negotiate with the insurgents for a resolution to the civil conflict in that country.

## **Policy Implications of the September 11 Attacks**

In the aftermath of the September 11 attacks, U.S. policy toward the region will likely include a re-invigorated security agenda, with the development of new cooperation mechanisms to combat terrorism in the region. Some observers fear that other U.S.-Latin American policy issues will receive considerably less attention as the security agenda receives priority. Others believe that the new focus on terrorism is vital to U.S. security and could solidify U.S. ties with the region. Some also fear that human rights and democracy conditions on U.S. assistance to the region could be lifted or amended without consideration of the influence such conditions give the United States in promoting respect for human rights and the rule of law. Others believe that U.S. support for democracy and the rule of law in the region has broad acceptance, and see no sign that it will be sacrificed.

**Enhanced Hemispheric Cooperation.** The OAS, which happened to be meeting in Peru on September 11, 2001, swiftly condemned the attacks, reiterated the need to strengthen hemispheric cooperation to combat terrorism, and expressed full solidarity with the United States. At a special session on September 19, 2001, OAS members invoked the 1947 Inter-American Treaty of Reciprocal Assistance, also known as the Rio Treaty, which obligates signatories of the treaty to come to one another's defense in case of outside attack. Another resolution approved on September 21, 2001, called on Rio Treaty signatories to "use all legally available measures to pursue, capture, extradite, and punish those individuals" involved in the attacks and to "render additional assistance and support to the United States, as appropriate, to address the September 11 attacks, and also to prevent future terrorist acts." Although Canada and most English-speaking Caribbean nations are not parties to the Rio Treaty, it is expected that they will

participate in efforts to coordinate hemispheric action. In another resolution, the OAS called on the Inter-American Committee on Terrorism to identify urgent actions aimed at strengthening inter-American cooperation in order to combat and eliminate terrorism in the hemisphere.

Some observers maintain that the OAS actions, although important symbolically, remain vague. They assert that concrete actions such as stronger border controls and enforcement against money laundering and other illicit activities are needed. Speaking at the OAS on September 21, 2001, Secretary of State Powell urged concrete collective and individual steps in the region “to tighten border controls, enhance air and seaport security, improve financial controls and increase the effectiveness of our counter-terrorism forces.”<sup>5</sup>

According to some analyses, the unanimous invocation of the Rio Treaty masks underlying tensions in the region over the extent of Latin American solidarity with the United States. Venezuelan President Hugo Chavez reportedly was persuaded only at the last minute by Brazil to agree to invoke the treaty. Concerns about the concept of nonintervention remain strong in many Latin American countries. As evidence, several Latin American nations, while pledging solidarity with the United States, also announced that they would not offer military support to the United States against Afghanistan. Moreover, polls in Mexico and Brazil reflect public opposition to a U.S. military response to the September attacks.<sup>6</sup>

**Money Laundering.** In light of the attacks, Latin American and Caribbean cooperation with the United States on money laundering will likely become a litmus test for solidarity with the United States against terrorism. Money laundering in the region has been a major U.S. concern for some 20 years, largely because of its association with drug traffickers, but terrorist organizations may also be involved in money laundering as a means of hiding their financial assets. There already have been some reports of Middle East terrorist groups engaging in financial activities in Latin America, particularly in the tri-border area of Argentina, Brazil, and Paraguay. According to the Department of State’s March 2001 *International Narcotics Control Strategy Report*, 15 nations in the region are countries of primary concern to the United States because of their vulnerability to money laundering: Antigua and Barbuda, Bahamas, Brazil, Cayman Islands, Colombia, Dominica, the Dominican Republic, Grenada, Mexico, Panama, Paraguay, St. Kitts and Nevis, St. Vincent, Uruguay, and Venezuela. In the aftermath of the attacks, many nations in the region are searching for assets of the bin Laden network that might be hidden in their financial sectors and moving to adopt more stringent anti-money laundering measures.<sup>7</sup>

**Andean Regional Strategy.** It is unlikely that the Administration will diverge from its support of Colombia and its Andean neighbors through the “Andean Regional

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<sup>5</sup> “U.S. Secretary of State, at OAS, Cites Need for Action Against Terrorism,” U.S. Department of State, International Information Programs, Washington File, September 21, 2001.

<sup>6</sup> “War on Terrorism, Mexicans and Brazilians Are Neutral,” U.S. Department of State, Office of Research, Latin America Opinion Alert, September 26, 2001.

<sup>7</sup> Michael M. Phillips, “Global Allies Answer U.S.’s Call to Freeze Assets of Suspected Terrorist Operations,” *Wall Street Journal*, October 1, 2001.

Initiative” (the successor to Plan Colombia) that will provide substantial military, economic, and counter-narcotics assistance to the region.<sup>8</sup> Current U.S. policy toward Colombia supports the Pastrana government’s efforts to resolve the civil conflict peacefully, and only indirectly addresses the insurgency issue by helping Colombia to cut off drug production, one of the insurgents’ major sources of revenue. In the aftermath of the September 2001 attacks, however, increasingly violent actions by the FARC terrorist group, such as the killing of a popular former Minister of Culture in late September 2001, could ultimately result in more explicit U.S. support for stronger action against the FARC. Such a policy change, however, would depend on the Colombian government’s stance, the reaction of Colombia’s neighbors, and whether the U.S. Congress would approve of direct support to Colombia against the insurgents. Moreover, it is not clear that the Bush Administration would want to expand the U.S. role in Colombia when most efforts will be centered on dealing with the threat from radical Islamic groups in the Near East.

**Trade Agenda.** With U.S. policy now focused on terrorism threats emanating from the Near East, some fear that the Administration’s trade agenda for the region could lose steam. While the Administration has urged Congress to complete action on trade promotion authority, also known as fast track authority, strong differences remain between Democrats and Republicans in Congress over labor and environment provisions. United States Trade Representative Robert Zoellick has argued that Congress should move forward with approving fast track and other pending trade measures as a tool in the battle against terrorism. He argues that such measures would help build an alliance against terrorism through the advancement of such values as the rule of law and economic openness.<sup>9</sup> Others, however, have questioned the Administration’s linkage of trade measures with the war on terrorism, and believe that such attempts to spur legislative passage of fast track could backfire. Fast track authority is closely related to the Administration’s success in negotiations for a Free Trade Area of the Americas (FTAA), which hemispheric leaders have agreed to create by 2005. Some believe that it will be difficult to conduct serious FTAA negotiations until the Administration secures fast track authority. Another issue on the trade agenda this year is the reauthorization, and potential expansion, of the Andean Trade Preference Act, a preferential trade program for imports from four Andean countries. The pact expires on December 4, 2001, and some are concerned that efforts to expand the program will not receive adequate consideration.

**Regional Economic Decline.** The economic slowdown in the United States, exacerbated by the September terrorist attacks, will undoubtedly intensify economic problems that Latin American nations were already facing. Economic growth prospects for much of the region will be severely affected by the U.S. slowdown, particularly in those countries dependent on the U.S. market for export growth. Before the attacks, Argentina was facing its fourth year of recession, and it will continue to have problems making payments on its \$130 billion in foreign debt. Brazil’s currency continued to depreciate this year and sank further after the attacks. Mexico has been hard hit by a free fall in the number of U.S. tourists after September 11, and by the significant slowdown in border crossings. Caribbean nations, many dependent on tourism, have faced dramatic declines in U.S. visitors. Although economic prospects for much of the region will depend on the

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<sup>8</sup> For more information, see CRS Report RL31016, *Andean Regional Initiative (ARI): FY2002 Assistance for Colombia and Its Neighbors*, by K. Larry Storrs and Nina Serafino.

<sup>9</sup> Robert B. Zoellick, “Countering Terror with Trade,” *Washington Post*, September 20, 2001.

U.S. economy, some observers believe that the Bush Administration needs to take a proactive approach, such as engaging the region's finance ministers and financial institutions in order "to forestall further economic deterioration and prevent financial crisis."<sup>10</sup>

**Mexico.** Before the crisis, Mexico's new president, Vicente Fox, had forged a high profile relationship with the United States, but changed U.S. priorities raise questions about key items on President Fox's agenda. In an effort to thwart criticism that Mexico has not expressed its support strongly enough for the United States in the aftermath of the attacks, President Fox visited President Bush in Washington on October 4, 2001. The two leaders declared their solidarity on anti-terrorism issues and vowed to continue cooperating on bilateral issues that were discussed during President Fox's state visit to Washington in early September 2001, such as border security and safety and migration issues. Because of its shared border with the United States, Mexico's cooperation on tighter border controls will be key to the U.S. homeland defense strategy, and in this regard, close cooperation with Mexico could be an integral part of the new U.S. security agenda. But the new security environment has diminished prospects for President Fox's proposal to provide legal rights to millions of undocumented Mexicans in the United States. Progress on the issue seems unlikely while U.S. attention is focused on security concerns. Moreover, the new security environment will most likely increase pressure in the United States to delay implementation of NAFTA provisions that would give Mexico truckers access to U.S. highways.<sup>11</sup>

**Cuba.** Cuba was added to the State Department's list of states sponsoring international terrorism in 1982 for its complicity with the M-19 insurgent group in Colombia. The Communist government led by Fidel Castro had a history of supporting revolutionary movements and governments in Latin America and Africa, but in 1992 Castro said that his country's support for insurgents abroad was a thing of the past. Most analysts accept that Cuba's policy did indeed change, largely because the breakup of the Soviet Union resulted in the loss of billions in annual subsidies to Cuba. Cuba remains on the terrorism list today because it provides safehaven to several Basque ETA terrorists from Spain as well as U.S. fugitives from justice, according to the State Department's April 2001 *Patterns of Global Terrorism* report. Moreover, the report asserts that Cuba maintains ties to other state sponsors of terrorism and to two Colombian insurgent groups, the FARC and the ELN. Some observers believe that Cuba should no longer be on the terrorism list since it does not actively support foreign terrorism, while others maintain that Cuba should stay on the list for the reasons cited by the State Department. Whether Cuba remains on the terrorism list or not, the change in congressional priorities in the aftermath of the attack could diminish legislative support that had been building for a change in the sanctions-based policy toward Cuba. Fidel Castro's remark that the attacks were in part a consequence of the United States having applied "terrorist methods" for years may also influence congressional attitudes.<sup>12</sup>

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<sup>10</sup> Peter Hakim, "Don't Forget Latin America," *Christian Science Monitor*, October 2, 2001.

<sup>11</sup> See CRS Issue Brief IB10070, *Mexico-U.S. Relations: Issues for the 107<sup>th</sup> Congress*, by K. Larry Storrs.

<sup>12</sup> Andrew Cawthorne, "Cuba's Castro Urges U.S. to Keep Calm," Reuters, September 11, 2001.