Latin America and the Caribbean: U.S. Policy and Key Issues for Congress in 2012

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Summary

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

U.S. policy toward the region must also contend with a Latin America that is becoming increasingly independent from the United States. Strong economic growth has increased Latin America’s confidence in its ability to solve its own problems. The region has also diversified its economic and diplomatic ties with countries outside the region. Over the past few years, several Latin American regional organization organizations have been established that do not include the United States.

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

This report provides an overview of U.S. policy toward Latin America and the Caribbean, including the Obama Administration’s priorities for U.S. policy and a brief comparison of policies under the Obama and Bush Administrations. It then examines congressional interest in Latin America, first providing an overview, and then looking at selected countries and regional issues and identifying key policy issues facing Congress in 2012. The final section of the report analyzes several key events in the region in 2012: the Pope’s trip to Cuba in March, the sixth Summit of the Americas in April, Mexico’s elections in July, and Venezuela’s upcoming elections in October. An appendix provides a listing of hearings in the 112th Congress focused on Latin America. For additional information and access to over 30 CRS reports on the region, see the CRS Issues in Focus webpage on “Latin America and the Caribbean.”
Latin America and the Caribbean: Overview of U.S. Policy

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

Four Priorities for the Region

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

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

According to former Assistant Secretary of State for Western Hemisphere Affairs Arturo Valenzuela, these policy “priorities are based on the premise that the United States has a vital interest in contributing to the building of stable, prosperous, and democratic nations” in the hemisphere that can play an important role in dealing with global challenges. The Obama Administration has emphasized that its policy approach toward the region is one that emphasizes partnership and shared responsibility, with policy conducted on the basis of mutual respect through engagement and dialogue.

1 U.S. Department of State, Arturo Valenzuela, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, “U.S.-Latin American Relations: A Look Ahead,” January 6, 2011.

2 Ibid; and U.S. Department of State, Arturo Valenzuela, Assistant Secretary of State, Bureau of Western Hemisphere Affairs, “U.S. Foreign Policy in the Obama Era,” October 9, 2010. The same general policy approach has continued under Acting Assistant Secretary of State for Western Hemisphere Affairs Secretary Roberta Jacobson, who was also nominated to the position by President Obama and is awaiting Senate confirmation.
Expanding economic opportunity focuses on one of the key problems facing Latin America: lingering poverty and inequality. At the end of 2010, some 177 million people in Latin America were living in poverty—31.4% of the region’s population—while 70 million people or 12.3% lived in extreme poverty or indigence. These statistics reflect a significant improvement from
2002 when 44% of the region’s population lived in poverty. Moreover, the 2010 statistics showed an improvement from 2009 when the region faced an uptick in poverty because of the global financial crisis. In addition to traditional U.S. development assistance programs focusing on health and education, expanding economic opportunity also has included programs such as: the Pathways to Prosperity Initiative launched in 2008, designed to help countries learn from each other’s experiences through the exchange of best practices; and support for the Organization of American State’s Inter-American Social Protection Network (IASPN), launched in 2009 to facilitate an exchange of information on policies, experiences, programs, and best practices in order to reduce social disparities and inequality and reduce extreme poverty.

Citizen safety is one of the most important concerns among Latin Americans, with high levels of crime and violence (often associated with drug trafficking) a significant problem in many countries. The Central America-Mexico corridor is the route for 95% of South American cocaine entering the United States, while murder rates in several Central American and Caribbean countries are among the highest in the world and drug trafficking-related violence in Mexico has risen to unprecedented levels. U.S. support in this area includes a series of partnerships to help countries combat drug trafficking and organized crime such as the Mérida Initiative for Mexico, the Central American Regional Security Initiative (Carsi), and the Caribbean Basin Security Initiative (CBSI). The Colombia Strategic Development Initiative (CSDI) is designed to support Colombia’s strategy in remote, but strategically important, areas by increasing the presence of civilian state economic and social development institutions.

Over the past three decades, Latin America has made enormous strides in democratic political development, not only in terms of regular free and fair elections, but in terms of an improvement in respect for political rights and civil liberties. Despite this improvement, many countries in the region still face considerable challenges. Improving and strengthening democratic governance includes support to improve the capacity of state institutions to address citizens’ needs through responsive legislative, judicial, law enforcement and penal institutions. It includes defending press freedoms and democratic rights, such as free and fair elections and the protection of minority rights. Most significantly, according to former Assistant Secretary Valenzuela, because democratic institutions are absolutely critical and because of the history of military and other coups in the region, hemispheric nations need to stand together collectively to ensure that elected democratic institutions are not interrupted.

Many countries in Latin America and the Caribbean are vulnerable to climate change, which can have a negative effect on sustainable development and economic prosperity. Leaders in the region have committed to working together to address the challenges of climate change and to strengthen energy security. The Obama Administration advanced an Energy and Climate Partnership of the Americas (ECPA) in 2009 through which nations have committed themselves to strengthen inter-American collaboration on clean energy. ECPA includes voluntary bilateral and multi-country initiatives to promote clean energy, advance energy security, and reduce greenhouse gas emissions.

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Continuity and Change in U.S. Policy

Substantial continuity characterizes U.S. policy toward the region under the Obama Administration, which has pursued some of the same basic policy approaches as the Bush Administration. Like the Bush Administration, the Obama Administration is providing significant anti-drug and security support to Colombia and significant support to Mexico and Central America to combat drug trafficking and organized crime through the Mérida Initiative and CARSI. In anticipation of a potential “balloon effect” of drug trafficking shifting to the Caribbean region, the Obama Administration also established the CBSI, the origin of which dates back to the Bush Administration. Implementing bills for FTAs with Colombia and Panama that were negotiated under the Bush Administration were officially introduced in early October 2011 after extensive work by the Administration to resolve outstanding congressional concerns related to both agreements, which were then approved by Congress. Just as the Bush Administration had, the Obama Administration has expressed support for comprehensive immigration reform, an especially important issue in U.S. relations with Mexico and Central America. In terms of Venezuela, it can be argued that the Obama Administration is following a policy similar to the latter years of the Bush Administration by attempting to avoid any unnecessary public spats with President Hugo Chávez, but at the same time speaking out with regard to concerns about undemocratic actions of the Venezuelan government as well as drug trafficking and terrorism concerns.

Despite the continuity, the Obama Administration has made a number of changes that differentiate its policy from that of the Bush Administration. The Obama Administration has put an emphasis on partnership and multilateralism. It has also implemented several changes in Cuba policy by lifting restrictions on family travel and remittances, restarting semi-annual migration talks, and easing restrictions on other types of purposeful travel and remittances. At the same time, the Administration has continued to speak out about the poor human rights situation in Cuba and has repeatedly called for the release of a U.S. government subcontractor, Alan Gross, imprisoned since late 2009. The Administration has also increased development assistance to the region compared to that provided under the Bush Administration, although overall budget cutbacks could end up reducing both development and other types of foreign assistance to the region.

In some areas where there has been continuity in U.S. policy toward Latin America, there nevertheless has been a change of emphasis. For example, assistance to Mexico is shifting toward more support for rule of law programs (including police, judicial, and penal reform) and programs to help communities withstand the pressures of crime and violence. Another example is Colombia, where assistance has become more evenly balanced between enhancing rule of law, human rights and economic development programs on the one hand, and continuing efforts on security and drug interdiction on the other. Moreover, U.S. assistance levels to Colombia have begun to decline as the country is increasingly taking over responsibility for programs once funded by the United States.

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Assessments of U.S. policy toward Latin America during the Obama Administration offer a mixed picture. Some policy analysts have lauded the Administration for its emphasis on partnership and multilateralism; for deepening security cooperation with Mexico, Central America, and the Caribbean; for broadening relations with Colombia beyond counternarcotics and counterterrorism issues; and for a strong U.S. response to the earthquake in Haiti. On the other hand, some have urged the Administration to articulate a strategic vision and approach toward Latin America with a clearer explanation of why the region matters to the United States. Other critics of the Administration call for U.S. policy toward Latin America to be reshaped to support Mexico more strongly in its efforts against organized crime and to provide more sustained focus on Venezuela’s conduct and activities. Some policy analysts maintain that the growing polarization of U.S. domestic politics is an additional impediment to productive engagement with the region.

Latin America’s Increasing Independence

U.S. policy toward the Latin American region needs to be considered in the context of the region’s increasing independence from the United States. The region has diversified its economic and diplomatic ties with countries outside the region—China, for example, has become a major trading partner for many countries in the region. Strong regional economic growth rates—6% in 2010 and 4.3% in 2011—also has increased confidence in Latin America’s ability to solve its own problems, and has lessened the region’s dependency on the United States. The region’s growing ideological diversity in recent years has also been a factor in the region’s increased independence from the United States, as has the rise of Brazil as a regional and global power.

Several Latin America regional integration organizations have been established in the past few years, a reflection of both the region’s increasing independence and its growing internal cooperation. In December 2011, 33 hemispheric nations—excluding the United States and Canada—met in Caracas to establish the Community of Latin American and Caribbean States (CELAC) to boost regional integration and cooperation. While some observers have concerns that CELAC could be a forum for countries that have tense or difficult relations with the United States, others point out that strong U.S. partners in the region are also members. Some observers have predicted that CELAC could diminish the role of the Organization of American States (OAS), while others maintain that CELAC does not have a permanent staff or secretariat that could compete with the OAS. The next CELAC summit will not take place until January 2013. The organization reportedly will work in the areas of energy, science and technology, infrastructure, finance, and social development.

Some observers contend that CELEC’s establishment reflects declining U.S. influence in Latin America, but the United States still remains very much engaged in the region bilaterally and

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11 U.N. Economic Commission for Latin America and the Caribbean, Macroeconomic Report on Latin America and the Caribbean, June 2012, p. 44.
multilaterally through the OAS and its numerous affiliated organizations. In addition, the Summit of the Americas process remains an important mechanism for the United States to engage with Latin American nations at the highest level. While the April 2012 summit in Colombia displayed U.S. divergence from the region in terms of policy toward Cuba and a reconsideration of the region’s anti-drug strategy, the meeting also included a variety of initiatives to deepen hemispheric integration and addresses key hemispheric challenges (also see “April 14-15, 2012: Summit of the Americas” below).

Other regional organizations that have been established in recent years include the 12-member Union of South American Nations (UNASUR), established in 2008 (largely because of Brazil’s influence) to promote political coordination in South America. It has served as a forum for dispute resolution. For example, the organization played a role in defusing tensions between Colombia and Venezuela in 2008, and helped resolve political conflicts in Bolivia in 2008 and Ecuador in 2010. Some analysts, however, have raised questions about UNASUR’s overall efficacy, financial support, and ability to develop specialized capabilities and programs. Another regional grouping, the Venezuelan-led Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas), was launched by President Hugo Chávez in 2004 with the goals of promoting regional integration and socioeconomic reform and alleviating poverty. In addition to Venezuela, this eight-member group includes Bolivia, Cuba, Ecuador, and Nicaragua as well as the Caribbean island nations of Dominica, Antigua and Barbuda, and St. Vincent and the Grenadines. Some observers maintain that ALBA has lost its initial energy. Director of National Intelligence James Clapper maintained in recent congressional testimony that ALBA was “created in part to spread Chávez’s influence in the region” but “is only muddling through.”

**Congressional Interest in Latin America and the Caribbean**

**Overview**

As in the previous Congress, legislative and oversight attention to Latin America and the Caribbean during the 112th Congress has focused on the continued increase in drug trafficking-related violence in Mexico and U.S. assistance to Mexico under the Mérida Initiative; efforts to help Central American and Caribbean countries contend with drug trafficking and violent crime; as well as continued counternarcotics and security support to Colombia, which still faces threats from armed actors. The earthquake that devastated Port-au-Prince in January 2010, combined with a cholera outbreak in the fall of 2010, has continued to focus congressional attention on the enormous task of disaster recovery and reconstruction in Haiti. As in past years, debate over U.S. sanctions on Cuba, particularly restrictions on travel and remittances, has remained a contentious issue with ongoing congressional debate over how to support change in one of the world’s last

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13 Ibid.
remaining communist nations. Latin American nations, especially Mexico, which remains the leading source country of both legal permanent residents and unauthorized immigrants in the United States, have been disappointed by what they see as a lack of effort in Congress on comprehensive immigration reform.

The U.S. government has spent billions of dollars in anti-drug assistance programs since the mid-1970s aimed at reducing the flow of Latin American-sourced illicit drugs (largely from the Andean region) to the United States. Most of these programs have emphasized supply reduction tools, particularly drug crop eradication and interdiction of illicit narcotics. Successes in one country or sub-region have often led traffickers to alter their cultivation patterns, production techniques, and trafficking routes and methods in order to avoid detection. Congress has influenced U.S. drug control policy in Latin America by appropriating certain types and levels of funding for counterdrug assistance programs and conditioning the provision of antidrug funding on the basis of human rights and other reporting requirements. Congress has also sought to ensure that counterdrug programs are implemented in tandem with judicial reform, anti-corruption, and human rights programs. In the 112th Congress, numerous oversight hearings have been held evaluating drug assistance programs—especially the Mérida Initiative in Mexico, CARSI in Central America, and CBSI in the Caribbean—and related domestic initiatives and border security efforts.14

Another focus of congressional oversight has been the deterioration of democracy in several Latin American countries, including Nicaragua, where Daniel Ortega was re-elected in November 2011 in elections widely seen as seriously flawed, and Venezuela, where there have been concerns for several years about the deterioration of democratic institutions and threats to freedom of speech and press. Despite significant improvement in political rights and civil liberties in the region over the past three decades, in a number of countries weaknesses remain in the state’s ability to deliver public services, ensure accountability and transparency, and advance the rule of law. The executive’s abuse of power in several countries in the region has led to a setback in liberal democratic practices. The quality of democracy in Latin America is also being negatively affected by organized crime and violence; some governments have been unable to stem the wave of violence and to protect citizens, journalists, and elected officials.

With regard to energy, issues of congressional concern include declines in production and U.S. dependence on oil from the region. Latin American and Caribbean nations supplied the United States with almost one-third of U.S. crude oil imports in 2010—Mexico and Venezuela accounted for 12.5% and 9.9%, respectively.15 There have been concerns in recent years, however, about Mexico’s declining oil production; the country’s proven oil reserves are declining because of insufficient funds available for maintenance and exploration. Venezuela has vast proven oil reserves, the second largest in the world, but its production also has been in decline in recent years because of maintenance issues, natural decline of older fields, and compliance with Organization of Petroleum Exporting Countries (OPEC) production cuts. Venezuela remains a major supplier of crude oil to the United States (the fifth largest), but its U.S.-destined oil exports have declined as the country has diversified its trading partners and supplied significant amounts of oil at preferential prices to Caribbean and Central American nations, especially Cuba.16

14 For additional information, see P.L. 112-127CRS Report R41215, Latin America and the Caribbean: Illicit Drug Trafficking and U.S. Counterdrug Programs, coordinated by Clare Ribando Seelke.
15 Derived from oil important statistics provided by the U.S. Energy Administration.
Members of Congress have expressed concern about the continued U.S. dependence on imported oil from Venezuela, although observers point out that the two countries are mutually dependent on the oil sector since a large portion of Venezuela’s oil is refined in the United States. Another pending issue for Congress is Cuba’s development of its offshore oil sector and the potential impact of an oil spill on the United States. A foreign consortium led by the Spanish oil company Repsol will soon begin exploratory drilling off Cuba’s north coast.17

With regard to trade, the 112th Congress conducted numerous hearings during the first session on the pending FTAs with Colombia and Panama, with implementing legislation for both agreements introduced and approved in October 2011. Congressional attention is now likely to turn to the implementation of those agreements. Oversight on Colombia, which was the more controversial of the two agreements, will focus on whether the country is meeting its commitments under an “Action Plan Related to Labor Rights.” Progress on U.S. negotiations with eight Pacific rim countries for a Trans-Pacific Partnership (TPP) Agreement have been of congressional interest—Chile and Peru are among the eight TPP countries that are negotiating the trade agreement with the United States, while Mexico was invited to join the TPP in June 2012.18 Other trade issues related to Latin America have included consideration of potential changes to U.S. cotton subsidies that would allow the United States to avoid retaliatory trade measures imposed by Brazil, and the safety of Mexican trucks operating in the United States.

U.S. attention to terrorism in Latin America intensified in the aftermath of the September 2001 terrorist attacks on New York and Washington, with an increase in bilateral and regional cooperation.19 The State Department maintains that terrorism in the region today is largely perpetrated by terrorist organizations in Colombia and by the remnants of radical leftist Andean groups, while the threat of a transnational terrorist attack remains low for most countries in the hemisphere. Cuba has been on the State Department’s list of state sponsors of terrorism since 1982, and both Cuba and Venezuela are on the State Department’s annual list of countries determined to be not cooperating fully with U.S. antiterrorism efforts. There has also been increased congressional concern about Iran’s growing relations with several countries in the region, especially Venezuela, and related concerns about the activities of Hezbollah in the region. Both Hezbollah and Iran have been implicated in the bombing of two Jewish targets in Buenos Aires in the early 1990s. The State Department maintains that there are no known operational cells of either Al Qaeda or Hezbollah-related groups in the hemisphere, but it has concerns about the fundraising activities of these groups in the region.

Brazil

U.S. policy toward Brazil is in flux as policymakers seek to adjust to Brazil’s role as an emerging center of influence. Brazil’s economy is now the sixth largest in the world, and the country has utilized its economic clout to consolidate its power in South America and exert more influence on global matters. Consequently, U.S.-Brazilian engagement increasingly involves regional and international issues in addition to bilateral concerns. The changing relationship has occasionally

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17 For additional information, see CRS Report R41522, Cuba’s Offshore Oil Development: Background and U.S. Policy Considerations, by Mark P. Sullivan.
18 For additional information on the TPP, see CRS Report R40502, The Trans-Pacific Partnership Agreement, by Ian F. Fergusson and Bruce Vaughn; and CRS Report R42344, Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis, by Brock R. Williams.
19 For additional information, see CRS Report RS21049, Latin America: Terrorism Issues, by Mark P. Sullivan.
frustrated U.S. officials as the two multicultural democracies’ shared values have not always translated into common approaches to foreign policy. In 2012, for example, the United States and Brazil have differed over the best way to address the situation in Syria. Although some U.S. policymakers have expressed concerns about Brazil’s foreign policy, they have continued to pursue bilateral cooperation on many issues. Collaboration on energy issues, especially biofuels development, has been a major focus of bilateral engagement, and the decision by Congress to allow a 54-cent-per-gallon duty on imported ethanol to expire at the end of 2011 removed a major barrier to further cooperation. U.S. policymakers have also sought to boost trade relations as Brazil’s fast growing market is a potential destination for increased U.S. exports.

**Key Policy Issues in 2012:** Congress has maintained interest in energy and trade relations with Brazil in 2012. For example, a bill introduced in April, H.R. 4621, would authorize negotiations with Brazil to obtain open and reciprocal market access for trade in ethanol products. Congress is also evaluating potential changes to the U.S. cotton program as part of the 2012 farm bill, which could ensure U.S. compliance with World Trade Organization (WTO) rulings, and allow the United States to reach a permanent agreement with Brazil to avoid WTO-sanctioned retaliatory measures. Brazil’s foreign policy, including its relations with Iran, has been an additional subject of congressional interest in 2012.

For additional information, see CRS Report RL33456, *Brazil-U.S. Relations*, by Peter J. Meyer; and CRS Report RL32571, *Brazil’s WTO Case Against the U.S. Cotton Program*, by Randy Schnepf.

**Central America and the Caribbean: Citizen Security**

In recent years, U.S. policymakers have grown increasingly concerned about security conditions in Central America and the Caribbean. Although conditions vary by country, many nations in the region have struggled for years to deal with rising levels of crime and violence, which analysts have linked to factors such as widespread social exclusion, security force corruption, and impunity for the perpetrators of crime. These problems have been compounded by traffickers seeking to exploit the region’s institutional weaknesses to transport illicit narcotics from producers in South America to consumer markets in the United States and Europe. The U.S. government has sought to counter these trends through the Central America Regional Security Initiative (CARSI) and the Caribbean Basin Security Initiative (CBSI). Both initiatives provide partner nations with equipment, training, and technical assistance to support immediate law enforcement and interdiction operations. They also fund efforts to strengthen the long-term capacities of governmental institutions to address security challenges and the underlying conditions that contribute to them. Congress has appropriated an estimated $496.5 million for CARSI since FY2008 and an estimated $203 million for CBSI since FY2010.

**Key Policy Issues in 2012:** Congress is currently considering annual foreign aid appropriations bills to provide funding for CARSI and CBSI, and has continued to engage in oversight of the initiatives in 2012. The report to the House Appropriations Committee’s version of the FY2013 funding measure, H.R. 5857 (H.Rept. 112-494), recommends $117.5 million for CARSI and at least $56.2 million for CBSI. The report to the Senate Appropriations Committee’s version of the bill, S. 3241 (S.Rept. 112-172), does not include total funding figures but notes the committee’s continued support for both initiatives. The President requested $107.5 million for CARSI and $59 million for CBSI for FY2013. Many Members of Congress remain concerned about human rights abuses in the region, and both bills would maintain human rights conditions on aid to Honduran security forces similar to those enacted for FY2012. Additional issues of congressional interest in
2012 have included the integration of CARSI and CBSI with similar U.S. security initiatives in Colombia and Mexico, attempts to improve regional cooperation, and efforts by leaders in the region to address corruption, impunity, and other rule of law challenges.


**Colombia**

A key U.S. ally in the region, Colombia has endured internal armed conflict for nearly half a century. In recent years, the Colombian government, in close cooperation with the United States through a strategy known as Plan Colombia, has reestablished government control over much of its territory, reduced poverty, and made significant headway in combating drug trafficking and terrorist activities. Colombia’s achievements in improved citizen security and economic stability are notable, but some observers continue to raise concerns about human rights conditions in the country. Between FY2000-FY2012, Congress provided Colombia more than $8 billion in assistance. This support, provided through U.S. State Department and Department of Defense accounts, is gradually being reduced as programs are being turned over to Colombian control. Under current President Juan Manuel Santos, Colombia has been strengthening its trade relations with the United States and others, and improving its relationships with neighboring countries, including Venezuela and Ecuador. In October 2011, Congress approved implementing legislation for the U.S.-Colombia Free Trade Agreement (CFTA) with bipartisan support, despite continuing concerns about allegations of anti-trade union violence and related human rights and labor issues. In April 2012, when Colombia hosted the Summit of the Americas in Cartagena (see “Key Events in 2012” below), the Obama Administration announced the CFTA would enter into force on May 15, 2012. Following its May entry into force, the CFTA eliminated duties on 80% of U.S. exports to Colombia. Most remaining tariffs and barriers to bilateral trade will be eliminated within 10 years of implementation. On August 27, 2012, President Santos announced that the government had begun exploratory peace talks with the country’s leftist guerrillas.

**Key Policy Issues in 2012:** Since entry into force of the CFTA, some Members of Congress have continued to monitor Colombia’s compliance with the “Action Plan Related to Labor Rights” announced prior to the free trade agreement’s passage. Congress will also consider U.S. assistance to Colombia with its ongoing counternarcotics, counterterrorism, judicial reform, economic development, and human rights components. In House and Senate foreign aid appropriations measures for FY2013, there appears to be broad support for the Obama Administration’s FY2013 request of $332 million for Colombian foreign assistance. Members of Congress have indicated an interest in two legislative initiatives inside Colombia that were backed by the Santos Administration. They are the groundbreaking Victims’ Law which aims to provide reparations to thousands of victims of the ongoing armed conflict and restore land to those who had it taken illegally, and an amendment to the Colombian constitution that provides a legal framework for an eventual peace process. Both laws, which were approved by the Colombian Congress, could influence future U.S. assistance. The U.S. Agency for International Development has already announced $50 million of institutional support over a three-year period for programs established by the Victims’ Law.

**Cuba**

Since the early 1960s, U.S. policy has consisted largely of isolating Cuba through a variety of strong economic sanctions. A second policy component has consisted of support measures for the Cuban people, including U.S.-sponsored broadcasting and support for democracy and human rights activists. In light of Fidel Castro’s stepping down from power in 2006 because of poor health and the economic goals of the Raúl Castro government that could significantly alter Cuba’s state economic model, a number of observers have called for a new approach aimed at influencing the Cuban government and society through increased contact and engagement. Others maintain that despite Cuba’s release of many political prisoners, the human rights situation remains poor with thousands of short-term detentions. They contend that easing U.S. sanctions without concrete political reform would facilitate the survival of the communist regime. The Obama Administration has relaxed various restrictions on travel and remittances to Cuba, most significantly for Cuban families, but the Administration has continued to express concern about the poor human rights situation. Moreover, a key impediment to improved relations since late 2009 has been Cuba’s imprisonment of U.S. Agency for International Development (USAID) subcontractor Alan Gross, who was working on USAID-funded democracy projects in Cuba. (Also see “March 26-28, 2012: Pope Benedict XVI Visit to Cuba” below.)

**Key Policy Issues in 2012:** Strong congressional interest on Cuba has continued in 2012. Policy issues of sustained congressional interest include the country’s human rights situation; the status of Cuba’s offshore oil development and oil prevention and response capability (drilling began in early 2012); funding for U.S. government democracy and human rights projects; funding for Radio and TV Martí broadcasting to Cuba; and the continued imprisonment of Alan Gross. In terms of legislative action, S.Res. 366, approved in February, condemns the Cuban government for the death of democracy activist Wilman Villar Mendoza after a hunger strike, while S.Res. 525, approved in July, honors prominent Cuban dissident Oswaldo Payá, killed in a car accident, and calls on the Cuban government to allow an impartial, third-party investigation into the circumstances of the accident. With regard to Cuba democracy funding, the Senate Appropriations Committee version of the FY2013 foreign aid appropriations measure, S. 3241, would provide $15 million as the Administration requested, while the House Appropriations Committee version of the bill, H.R. 5857, would provide $20 million. With regard to Cuba broadcasting, S. 3241 would provide $23.4 million ($194,000 less than the Administration’s request) while H.R. 5857 would provide $28.062 million ($4.468 million more than the request). In 2011, legislative efforts to roll back President Obama’s easing of restrictions on remittances and family travel in FY2012 appropriations legislation were ultimately unsuccessful, and have not been introduced in FY2013 appropriations legislation.

Haiti

In the two years since the January 2010 earthquake that devastated much of Haiti and killed an estimated 316,000 people,20 the overarching goal of U.S. assistance there has been to help Haiti “build back better.” U.S. assistance focuses on four key sectors, in alignment with Haiti’s national plan for reconstruction and development: 1) infrastructure and energy; 2) governance and rule of law; 3) health and other basic services; and 4) food and economic security. Major accomplishments include removal of rubble at a much faster rate than in recent disasters elsewhere; the election of and transition to a new president and legislature; a rapid and coordinated response to a cholera epidemic and prevention of its outbreak in displaced persons camps in the capital; and increased agricultural production.

Nonetheless, there is widespread criticism that aid is not being disbursed quickly enough. There are many obstacles to more rapid recovery and reconstruction, including the concentration of damage in a densely populated urban area. Although an aid coordinating mechanism, the Interim Haiti Reconstruction Commission (IHRC), was criticized for being slow to get organized and approve programs, its term expired in October 2011, and the Haitian government has yet to create a new official mechanism to take its place. A cholera epidemic further delayed the shifting of funds and efforts from emergency response to reconstruction programs and continues to require resources.

Another obstacle is political fragility and instability. The already weak Haitian government suffered massive losses in infrastructure and personnel, and often seemed paralyzed with inaction after the disaster. The election process to choose a new government was flawed and sometimes violent. Gridlock between the new administration of President Michel Martelly and the legislature continue to make aid disbursal and development difficult. Former members of the Haitian army and would-be soldiers protesting in favor of reestablishing the army disrupted parliament; after one of their marches turned violent in May 2012, the government closed two of the ten old bases they have been occupying. Elections for one-third of the Senate and a variety of local officials are overdue; Prime Minister Laurent Lamothe said in July 2012 that they would be held before the year’s end.

Key policy issues: The key congressional concern remains: how effectively is U.S. aid to Haiti being disbursed and implemented, especially now that no official coordinating mechanism is in place? A related issue is corruption. Officials in Haiti and the Dominican Republic have been investigating corruption allegations linked to President Martelly. Martelly has denied the charges. Other concerns include what is the best way to continue to improve security in Haiti, through further strengthening of the Haitian National Police, as outlined in Haiti’s national plan for development, and agreed upon by international donors, or through re-creation of an army, as proposed by President Martelly? How can U.S. aid programs further strengthen Haitian institutions of governance and rule of law in a context of political gridlock between the Haitian executive and parliament? How can U.S. programs promote greater respect for basic human rights, including addressing the problem of gender-based violence? Congress is also concerned that the overdue elections be held in a free, fair, and transparent manner.


**Mexico**

Security issues have recently overshadowed immigration and trade in U.S. relations with Mexico, but the focus of bilateral relations may shift after President-elect Enrique Peña Nieto takes office on December 1, 2012. Outgoing President Felipe Calderón has made combating organized crime a top priority of his Administration and expanded security cooperation with the United States through the Mérida Initiative. Since FY2008, Congress has appropriated $1.9 billion in Mérida assistance for Mexico, with the focus of aid gradually shifting from training and equipping security forces towards institution-building. Bilateral cooperation has helped Mexico arrest or kill record numbers of drug kingpins, but more than 55,500 people have died as a result of organized crime-related violence since Calderón took office. Concerns about the violence in northern Mexico prompted border security to return to the forefront of the bilateral agenda, with policymakers seeking to make the border as secure and efficient as possible. As comprehensive immigration reform efforts have stalled in the U.S. Congress, the enactment of tough state laws against illegal immigration has concerned the Mexican government. In the economic realm, the U.S. and Mexican governments resolved a longstanding trade issue in 2011 involving the trucking provisions of the North American Free Trade Agreement and have sought to improve North American competitiveness through regulatory cooperation. Mexico requested an invitation to join ongoing negotiations for a Trans-Pacific Partnership (TPP) agreement. On June 18, 2012, President Obama announced that the nine countries involved in the negotiations had extended an invitation to Mexico to join the negotiations. The February 2012 signing of a Trans-Boundary Hydrocarbons Agreement for managing oil resources in the Gulf of Mexico could create new opportunities for bilateral energy cooperation.

**Key Policy Issues in 2012:** Congress has maintained an active interest in Mexico, with the agenda dominated by the country’s security situation and the Mérida Initiative, human rights conditions, border security, economic issues, and the July 2012 elections (see “Key Events in 2012” below.) The Obama Administration asked for $269.5 million in assistance for Mexico in its FY2013 budget request, including $234 million in Mérida assistance. The Senate Appropriations Committee’s version of the FY2013 foreign aid appropriations measure, S. 3241, would exceed the Administration request for Mérida accounts by $10 million, while the House Appropriations Committee version of the bill, H.R. 5857, would increase Mérida aid by $49 million. Congress has also held hearings and issued reports on how organized crime and government efforts to suppress it are affecting human rights and democracy in Mexico. Drug trafficking-related violence in northern Mexico has kept border security on the agenda, with P.L. 112-93, signed into law in January, increasing penalties for aviation smuggling, and P.L. 112-127, signed into law in June, tightening sentencing guidelines for building illicit border tunnels. Congressional action is likely to be required in order for the Trans-Boundary Hydrocarbons Agreement to take effect.21

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21 A procedural question has emerged with respect to what actions are needed for the agreement to be accepted in the United States. At issue is whether the agreement should be entered in the form of a treaty (in which case it would need to be submitted to the Senate and approved by a two-thirds majority) or a Congressional-Executive Agreement (in which case congressional authorization would take the form of a statute passed by a majority of both houses).
Mexico’s recent accession to the TPP negotiations is likely to generate considerable congressional interest. As Mexico’s political transition approaches, Congress also is likely to monitor the policy positions taken by the incoming Peña Nieto administration.


Venezuela

While historically the United States has had close relations with Venezuela, a major supplier of oil, friction in bilateral relations has risen over the past decade under the populist government of President Hugo Chávez. Among the concerns of U.S. policymakers have been the deterioration of human rights and democratic conditions, Venezuela’s significant military arms purchases, lack of cooperation on anti-terrorism efforts, limited bilateral anti-drug cooperation, and Venezuela’s relations with Cuba and Iran. In September 2011, President Obama issued the seventh annual determination (as part of the annual narcotics certification process) that Venezuela had “failed demonstrably” to meet its obligations under international counternarcotics measures. The State Department maintains that individual members of the Chávez government and security forces are credibly reported to have engaged in or facilitated drug trafficking activities. The United States has imposed financial sanctions on six current Venezuelan government and military officials for allegedly helping the Revolutionary Armed Forces of Colombia (FARC) with drug and weapons trafficking, including General Henry Rangel Silva, who Chávez appointed as defense minister in January 2012. The United States has also imposed sanctions on three Venezuelan companies for alleged support to Iran and on two Venezuelan individuals for providing financial support to Hezbollah (for more details, see “Iran’s Growing Relations in Latin America” below).

Key Policy Issues in 2012: In 2012, Congressional oversight on Venezuela has continued on human rights, drug trafficking, and terrorism concerns, including the extent of relations with Iran. Venezuela’s October 2012 presidential elections has also focused some attention on the state of democracy in the country—President Chávez, who underwent significant treatment for two bouts of cancer in 2011 and 2012, is running against a candidate of the unified opposition, Henrique Capriles Radonski. (Also see “October 7, 2012: Venezuelan Election” below.) With regard to U.S. funding for democracy programs in Venezuela for FY2013, the report to the House Appropriations Committee version of the FY2013 foreign aid appropriations bill (H.R. 5857, H.Rept. 112-494) directs that $5 million be provided for democracy programs in Venezuela, the same amount appropriated in FY2012, and $2 million more than the Administration’s request of $3 million. In contrast, the report to the Senate Appropriations Committee bill (S. 3241, S.Rept. 112-172) would recommend $3 million for democracy programs in Venezuela, but to be administered by the National Endowment for Democracy instead of USAID or the Department of State.

For additional background, see CRS Report R40938, Venezuela: Issues for Congress, by Mark P. Sullivan.
Iran’s Growing Relations in Latin America

There has been concern among policymakers in recent years about Iran’s growing interest in Latin America, particularly its relations with Venezuela. The personal relationship between Iranian President Mahmoud Ahmadinejad and Venezuelan President Hugo Chávez has driven the strengthening of bilateral ties, although there has been contention among policymakers over the extent and significance of Iran’s relations with the region. A major rationale for Tehran’s increased focus on Latin America has been Iran’s efforts to overcome its international isolation, including efforts to circumvent U.S. and U.N. sanctions. To date, the United States imposed sanctions on two companies in Venezuela in 2008 because of connections to Iran’s proliferation activities, while in May 2011, the United States imposed sanctions on Venezuela’s state oil company for providing cargoes of a gasoline additive to Iran. Venezuela has played a key role in the development of Iran’s expanding relations with other countries in the region, especially Bolivia, Ecuador, and Nicaragua. While Iran has promised significant investment in these countries, observers maintain that there is little evidence to show that such promises have been fulfilled. President Ahmadinejad’s January 2012 trip to Venezuela, Nicaragua, Cuba, and Ecuador again increased concerns by some about Iran’s efforts to forge ties with the region. In a July 2012 press interview, President Obama maintained overall concern about “Iran engaging in destabilizing activity around the globe,” but indicated that his “sense is that what Mr. Chávez has done over the past several years has not had a serious national security impact on us.”22 This was reiterated by the head of the U.S. Southern Command, General Douglas Fraser, who maintained that he does not see Venezuela as a “national security threat,” and that Iran’s connection with Venezuela is primarily diplomatic and economic.23

Another reason for U.S. concerns about Iran’s deepening relations with Latin America is its support for the radical Lebanon-based Islamic group Hezbollah, a State Department-designated Foreign Terrorist Organization, which along with Iran is reported to have been linked to two bombings against Jewish targets in Argentina in the early 1990s. In recent years, U.S. concerns regarding Hezbollah in Latin America have focused on its fundraising activities among sympathizers in the region, particularly in the tri-border area of Argentina, Brazil, and Paraguay, and in Venezuela. The United States has imposed sanctions on individuals and companies in the region for providing support to Hezbollah.

Key Policy Issues in 2012: Congress is continuing its strong oversight of Iran and Hezbollah in Latin America, with hearings on the issue in both houses. Some Members want the Administration to do more to counter the activities of Iran and Hezbollah in the region; H.R. 3783 would require the Administration to develop “a strategy to address Iran’s growing hostile presence and activity in the Western Hemisphere.” Other Members maintain that the Administration is already taking significant actions through economic sanctions.


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Organization of American States

Since its foundation in 1948, the Organization of American States (OAS) has served as a forum through which the United States has sought to foster regional cooperation and advance U.S. priorities in the Western Hemisphere. Throughout much of the institution’s history, OAS actions reflected U.S. policy as the other member states sought to closely align themselves with the dominant economic and political power in the region. This has changed to a certain extent over the past decade as Latin American and Caribbean governments have diversified their foreign relations and grown increasingly independent of the United States. In recent years, U.S. policymakers have expressed concerns about some of the organization’s actions (or lack thereof), including the repeal of a 1962 resolution that had expelled Cuba from participation in the OAS, and what some consider the organization’s insufficient support for democracy in nations such as Nicaragua and Venezuela. These and other issues have led some Members of Congress to assert that the OAS advances policies that run counter to U.S. interests, and that the United States should no longer fund the organization. Others maintain that OAS actions continue to closely align with U.S. priorities in most cases, and that U.S. policy should seek to strengthen the institution since it links the United States to the rest of the region at a time when many nations are intensifying relations with extra-regional powers and participating in multilateral organizations that exclude the United States.

Key Policy Issues in 2012: Debate over the OAS has continued in 2012 as Members of Congress have responded to various developments in inter-American relations. Several Members reiterated their opposition to Cuban participation in the OAS after most of the leaders attending the sixth Summit of the Americas voiced support for Cuba’s inclusion at future summits (see “April 14-15, 2012: Summit of the Americas” below). Some Members have also spoken out against proposed reforms that could potentially weaken the Inter-American Commission on Human Rights (IACHR). The report to the Senate Appropriations Committee’s version of the FY2013 foreign aid appropriations measure, S. 3241 (S.Rept. 112-172), recommends providing $2 million for the IACHR, at least $500,000 of which would be directed to the Office of the Special Rapporteur for Freedom of Expression. Some Members have expressed additional concerns that the OAS may not be fully pursuing its obligations under the Inter-American Democratic Charter. The report to the House Appropriations Committee’s version of the FY2013 foreign aid appropriations bill, H.R. 5857 (H.Rept. 112-494), directs the State Department to report on its efforts to push the OAS to uphold all aspects of the charter.

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

Key Events in 2012

Several events and scheduled elections in the region in 2012 could have a significant impact on political developments in several countries or on U.S. relations with the region.

March 26-28, 2012: Pope Benedict XVI Visit to Cuba

Pope Benedict XVI visited Cuba from March 26-28, 2012, the first papal visit since the visit of Pope John Paul II in 1998. The Pope’s visit coincided with the 400th anniversary of Our Lady of Charity (La Virgen de Caridad del Cobre), the patron saint of Cuba. After a trip to Mexico, the
The pontiff’s visit to Cuba began in the eastern city of Santiago, where he celebrated mass in the Plaza of the Revolution, and visited the shrine of Our Lady of Charity in the town of El Cobre outside Santiago. The Pope then traveled to Havana, where he celebrated an outdoor mass in the Plaza of the Revolution and also met with church and Cuban government officials. While the purpose of the Pope’s visit was pastoral (some 60% to 70% of Cubans are Catholic), the trip also highlighted the increased social and political profile of the Catholic Church in Cuba and its efforts in recent years to influence the Cuban government.

Cuba’s Catholic Church became more openly critical of the Cuban government in 1993 when Cuban bishops issued a pastoral letter opposing limitations on freedom, excessive surveillance by state security, and imprisonment and harassment of dissidents. For many observers, the bishops’ statement reflected a new era in which the Church would be more openly critical of the government. Pope John Paul elevated Archbishop of Havana Jaime Ortega to the position of Cardinal in 1994, which raised the profile of the Church in Cuba. Since then, Ortega has been widely commended for reinvigorating the Cuban Catholic Church—the role of Caritas Cuban, the Church’s social assistance agency, has expanded throughout Cuba under Ortega. Cuban bishops have not refrained from speaking out on the need for change in Cuba, and Church publications have become a way for the Church to broaden the debate in Cuba on social and economic problems facing the country.

Beginning in 2010, the Cuban Catholic Church under Cardinal Ortega took on a prominent role in engaging with the Cuba government over political prisoners. This led to the release of more than 125 prisoners, with the majority going to Spain. In anticipation of Pope Benedict’s visit, the Cuban government pardoned almost 3,000 prisoners in late December 2011, although only seven were reported to be political prisoners.24 Today, there are reported to be at least 50 prisoners sanctioned for political reasons,25 although the government has continued to harass and intimidate dissidents and human rights activists with thousands of short-term detentions. The death of imprisoned hunger striker Wilman Villar Mendoza on January 19, 2012, again focused world attention on Cuba’s continuing poor human rights situation.

During his March 2012 trip to Cuba, Pope Benedict urged Cubans during his homily in Santiago “to build a renewed and open society, a better society, one more worthy of humanity, and which better reflects the goodness of God.”26 In Havana, the Pope invoked 19th century Cuban priest Father Felix Varela (a candidate for sainthood) as someone who offers a “path to a true social transformation ... to form virtuous men and women in order to forge a worthy and free nation.” Emphasizing reconciliation, the Pope asserted that “Cuba and the world need change, but this will occur only if each one is in a position to seek the truth and chooses the way of love, sowing reconciliation and fraternity.”27 At the end of his visit, in reference to U.S. economic sanctions, the Pope criticized “restrictive economic measures, imposed from outside the country,” as an “unfair burden to the Cuban people.”28

Some Cuban dissidents, as well as some in the Cuban American community, criticized the Pope for not more forcefully confronting the Cuban government during his visit. The Pope did not meet with any dissidents or human rights activists during his visit or speak out about the increased government harassment surrounding his visit. As a result, some in the dissident community felt the church lost credibility as a result of the Pope’s visit. Other dissidents, however, emphasize the record of the Cuban Catholic Church in supporting political prisoners and their families and for the support provided to the Ladies in White. They point to the church’s role in opening space for increased public dialogue, including criticism of the government, on economic and social issues, through church publications.

The visit of Pope Benedict could provide the church with more space to speak out on significant economic, social, and political issues facing the country. Given that the Catholic Church is Cuba’s largest independent civil society group, it is likely that it will continue to have a significant voice as Cuba confronts economic and political change in the years ahead.

April 14-15, 2012: Summit of the Americas

On April 14-15, 2012, 30 of the Western Hemisphere’s 34 democratically elected leaders gathered in Cartagena, Colombia for the sixth Summit of the Americas. The Summits of the Americas, which have been held periodically since 1994, serve as opportunities for the hemisphere’s leaders to engage directly with one another and discuss issues of collective concern. The theme of the Cartagena Summit was “Connecting the Americas: Partners for Prosperity,” and its official agenda focused on how physical integration and regional cooperation can assist the countries of the hemisphere in addressing the challenges of poverty and inequality, citizen security, natural disasters, and access to technology.

The hemisphere’s leaders were unable to establish a consensus vision for the region and failed to produce a summit declaration as a result of several contentious issues that overshadowed the official agenda. Two issues that often divide the United States from other countries in the region, engagement with Cuba and U.S.-backed antidrug policies, were discussed extensively. All of the leaders present—with the exceptions of President Obama and Prime Minister Harper of Canada—reportedly voiced support for Cuba’s inclusion at the next Summit of the Americas, which is scheduled to be held in Panama in 2015. On drug policy, the hemisphere’s leaders agreed to commission a study from the Organization of American States (OAS) analyzing the results of current efforts and exploring new approaches that may be more effective. They also agreed to establish a new regional body to help coordinate efforts to combat transnational organized crime. With regards to the official agenda, the hemisphere’s leaders issued a list of 47 commitments involving individual and cooperative efforts to reduce poverty and inequality, improve citizen security, mitigate the effects of natural disasters, integrate physical infrastructure, and expand access to information and technology.

President Obama’s actions at the Cartagena Summit suggest he intends to maintain the current direction of U.S. policy toward the region. He reiterated his pledge from the previous summit to seek partnerships of equality and mutual respect, but remained firmly opposed to changes in U.S. policies concerning Cuba and illicit drugs. Likewise, the new initiatives he introduced appear to be relatively limited in scale. The Small Business Network of the Americas initiative, for example, is designed to foster an interconnected network of business development centers to strengthen connections between the region’s businesses and increase entrepreneurs’ access to financing. Similarly, the Women’s Entrepreneurship in the Americas initiative will utilize public-private partnerships to strengthen the skills and capacities of women entrepreneurs, as well as
increase their access to financing and markets. As part of a third initiative, USAID’s Innovation Fund of the Americas will solicit proposals and finance projects to find, test, support, and scale cost-effective solutions to the hemisphere’s development challenges.

July 1, 2012: Mexican Elections

On July 1, 2012, Mexico held federal (presidential and legislative) elections. Turnout reached record levels as 63% of eligible voters cast their ballots. Mexico’s Federal Electoral Institute (IFE) conducted the elections with the oversight of the Federal Electoral Tribunal, which must certify the results by September 6, 2012. While some election observers assert that vote-buying and other irregularities marred the electoral process, observers from the Organization of American States generally praised IFE’s handling of the elections.

As predicted, the centrist Institutional Revolutionary Party (PRI) that governed Mexico from 1929 to 2000 retook the presidency after 12 years of rule by the conservative National Action Party (PAN) and won a plurality in the Senate and Chamber of Deputies. PRI/Green Ecological Party (PVEM) candidate Enrique Peña Nieto, a former governor of the state of Mexico, won the presidential election, albeit by a smaller margin than polls had forecast. Peña Nieto captured 38.2% of the vote, followed by Andrés Manuel López Obrador of the Party of the Democratic Revolution (PRD) with 31.6%, Josefina Vázquez Mota of the PAN with 25.4%, and Gabriel Quadri of the National Alliance Party (PANAL) with 2.3%. The relatively narrow margin of Peña Nieto’s victory, coupled with the fact that López Obrador has challenged the election results before the Electoral Tribunal, could complicate the transition period. And, while PAN President Felipe Calderón has pledged to work with the incoming administration, his party has joined the PRD in calling on authorities to investigate whether the PRI used any illicit finances to fund Peña Nieto’s campaign. Peña Nieto is to take office for a six-year term on December 1, 2012.

Polls predicted that the PRI might also capture a simple majority in one or both chambers of the Mexican Congress, a feat not accomplished since 1994. The PRI and the allied PVEM party failed to capture a simple majority in either house. As a result, the PRI will have to form cross-party coalitions in order to pass key reforms, particularly those requiring constitutional amendments. The PRI will most likely find support from the PANAL and possibly the PAN, which lost seats in the Chamber but retained a powerful bargaining position. The PRD-led coalition, which will now have more seats in the Chamber than the PAN and remains the third-largest force in the Senate, could complicate some reform efforts, including those aimed at increasing private participation in the energy sector, a key priority for Peña Nieto.

Some Members of Congress may be concerned that the leadership changes resulting from the July 1, 2012, Mexican elections will significantly impact U.S.-Mexican relations, particularly now that the party controlling the presidency has changed. However, few analysts are predicting that the transition from PAN to PRI rule will result in seismic shifts in bilateral relations. During the campaign, Enrique Peña Nieto sought to reassure U.S. policy makers that a PRI administration would continue to combat organized crime, while also striving to reduce violence in Mexico. He also expressed support for increased bilateral and trilateral (with Canada) economic and energy cooperation. Since the elections, Peña Nieto has said that he is committed to “having an intense, close relationship of effective [security] collaboration measured by results”29 with the United

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States. President Obama has congratulated Peña Nieto on his victory and Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson has said that U.S. officials “look forward to working with him” after he takes office.

For additional background, see CRS Report R42548, *Mexico’s 2012 Elections*, by Clare Ribando Seelke.

**October 7, 2012: Venezuelan Election**

Venezuela is scheduled to hold its next presidential election on October 7, 2012, with the inauguration to take place on January 10, 2013. Venezuela has traditionally held its presidential election in December, but in September 2011, the country’s National Electoral Council (CNE), dominated by Chávez supporters, moved up the date of the presidential election to October. Venezuelans had approved a constitutional referendum in 2009 abolishing the term limits for elected officials, so President Chávez is once again a candidate for re-election. He was first elected in 1998, then in 2000 (under a new Constitution), and most recently in 2006 to a six-year term. Venezuela’s 2006 presidential election was characterized as free and fair by international observers with some irregularities, while 2010 national legislative elections were also characterized as free and fair by domestic observers with scattered irregularities, although there was criticism of the electoral law and the government’s partisan use of state resources. Venezuela’s opposition held a unified primary on February 12, 2012 under the banner of the Mesa de la Unidad Democrática (MUD, Democratic Unity Roundtable) and chose Henrique Capriles Radonski of Primero Justicia (PJ, Justice First) as their candidate by a wide margin (about 62% of the vote compared to 30% for the next closest candidate.) Capriles is the governor of Miranda, Venezuela’s second most populous state, which includes several municipalities of metropolitan Caracas. During the primary election, Capriles had a message of reconciliation and national unity. He pledged not to dismantle Chávez’s social programs, but rather to improve them. Capriles, who turned 40 in July 2012, also represents a new generation of Venezuelan politicians not belonging to the older traditional parties that have been largely discredited.

While it was thought that the wide margin of the primary victory for Capriles would give him a boost in the general election race, he has remained the underdog. President Chávez has continued to retain high favorability ratings (currently reported to be over 60%), and has dominated opinion polls for the presidential race over Capriles, with a lead between 5% and 30%. Nevertheless, some press reports maintain that Capriles’s candidacy has been gathering strength and could pose a significant challenge to Chávez in the October election.

Chávez has several distinct advantages in the presidential race. The Venezuelan economy has been growing strongly in 2012, with a forecast of 5% growth for the year, fueled by government spending made possible by high oil prices. Numerous government social programs, including a new housing program, have helped forged an emotional loyalty among Chávez supporters. Another advantage for Chávez is that his electoral campaign has been using state resources and

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state-controlled media for campaign purposes. This includes the use of broadcast networks, which are required to air the President’s frequent and lengthy political speeches. Critics maintain that this is an abuse of public resources.

There are several areas of vulnerability for President Chávez, however, that pose challenges to his support. These include Venezuelans’ concerns about high rates of crime (including murder and kidnapping) and an economic situation characterized by high inflation and economic mismanagement that has led to periodic shortages of some food and consumer products and electricity outages.

Earlier this year, a wildcard in the presidential race was Chávez’s health status, but at this juncture Chávez appears to have bounced back from two bouts of an undisclosed form of cancer and is heavily involved in the electoral campaign. If Chávez had been unable to run because of his health, many observers maintain that Capriles would have had a good chance at defeating another PSUV presidential candidate. Chávez’s sickness, however, has introduced a measure of uncertainty into Venezuela’s political future beyond the 2012 election.

The October 2012 presidential election could have significant implications for Venezuela’s political and economic future as well as for U.S.-Venezuelan relations. If Chávez were to be re-elected, there would likely be a continuation of statist economic policies and continued erosion of democratic institutions. His health status also could end up requiring new presidential elections. If the opposition were to win the presidency, it would face a National Assembly still dominated by Chávez supporters since the country’s next legislative elections are not due until September 2015. Without legislative support, an opposition President could face difficulty in making significant policy changes, with the result being extensive political gridlock. For the United States, an opposition victory would likely reduce tension in bilateral relations and allow potential progress in the key areas of anti-drug and counterterrorism cooperation.

For additional background, see CRS Report R40938, *Venezuela: Issues for Congress*, by Mark P. Sullivan.

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Appendix. Hearings in the 112th Congress

Table A-1. Congressional Hearings in the 112th Congress on Latin America and the Caribbean

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<td>Committee and Subcommittee</td>
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<td>Committee and Subcommittee*</td>
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<td>Doing Business in Latin America: Positive Trends but Serious Challenges</td>
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**Source:** Prepared by Anne Leland, Information Research Specialist, CRS


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