



Updated January 22, 2019

Latin America and the Caribbean: U.S. Policy Overview

U.S. interests in Latin America and the Caribbean 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 a major trading partner and source of foreign investment for many Latin American and Caribbean countries. Free-trade agreements (FTAs) have augmented U.S. economic relations with 11 countries in the region. The Western Hemisphere is a large source of U.S. immigration, both legal and illegal; geographic proximity and economic and security conditions are 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 more than three decades. In recent years, the United States has engaged in close security cooperation with Mexico, Central America, and the Caribbean to combat drug trafficking and related violence.

Although most countries in the region have made enormous strides in terms of democratic political development since the 1980s, many countries in the region still face considerable challenges. Cuba remains under authoritarian rule, although the government transitioned to a new president, Miguel Díaz-Canel, in 2018. Undemocratic practices have risen in Venezuela, which most observers view as a dictatorship under President Nicolás Maduro, and Nicaragua, which has grown violently repressive under President Daniel Ortega. High rates of crime and violence afflict a number of countries; in some, journalists and human rights and environmental activists have been targeted. High-profile corruption scandals have stirred strong anti-corruption sentiment throughout the region and helped to fuel the election of populist presidents from the left and right, respectively, in Mexico (Andrés Manuel López Obrador) and Brazil (Jair Bolsonaro).

Obama Administration Policy

In its policy toward the region, the Obama Administration set forth a broad framework centered on promoting economic and social opportunity, ensuring citizen security, strengthening effective democratic governance, and securing a clean energy future. It emphasized partnership and shared responsibility, with policy conducted through engagement and dialogue.

The Obama Administration provided significant support to combat drug trafficking and organized crime and to advance citizen security. Efforts included a continuation of long-standing support to Colombia through Plan Colombia and its successor programs: the Mérida Initiative, begun in 2007 to support Mexico; the Central America Regional Security Initiative (CARSI), begun in 2008; and the Caribbean Basin Security Initiative (CBSI), begun in 2009.

On trade matters, the Obama Administration resolved outstanding congressional concerns related to FTAs with

Colombia and Panama, which led to congressional enactment of legislation for the two FTAs in 2011. In 2015, the Administration also concluded negotiations for the proposed Trans-Pacific Partnership (TPP) trade agreement that included Mexico, Chile, and Peru, among other nations.

In the absence of congressional action on comprehensive immigration reform, President Obama turned to executive action in 2012 with the Deferred Action for Childhood Arrivals program (DACA), which provided relief from deportation for certain immigrants who arrived as children.

Among other significant policy changes, the Obama Administration launched a major policy shift toward Cuba in late 2014, moving away from the long-standing sanctions-based approach toward a policy of engagement. While the Administration pressed for dialogue in Venezuela, it also imposed targeted sanctions in 2015 on those involved in human rights abuses. Spurred by a surge of unaccompanied children and other migrants from Central America, the Administration developed a broader approach in 2015 known as the U.S. Strategy for Engagement in Central America to improve security, strengthen governance, and promote prosperity.

Trump Administration Policy

Under the Trump Administration, the outlook for U.S. relations with Latin America and the Caribbean has changed. In February 2018, the State Department set forth a framework for U.S. policy toward the region focused on three pillars for engagement—economic growth and prosperity, security, and democratic governance. Although the framework reflects continuity with long-standing U.S. policy priorities for the region, it also appears to be at odds with the Administration's actions, sometimes accompanied by tough rhetoric, on foreign aid, trade, and immigration. The Administration's proposed foreign aid budgets for FY2018 and FY2019 would have significantly cut assistance to the region by 36% and 35%, respectively, compared with FY2017.

Negative views of U.S. leadership in the region have increased markedly over the past two years, influenced by disparaging political rhetoric and certain actions on immigration and trade. Such views could affect the willingness of some countries to cooperate with the United States on regional and global challenges. However, some observers believe the election of conservative governments in several Latin American countries could lead to increased cooperation with the region.

On trade, President Trump ordered U.S. withdrawal from the proposed TPP in January 2017; the TPP would have increased U.S. economic linkages with several countries in the region. The President strongly criticized the North American Free Trade Agreement (NAFTA) with Mexico and Canada, warned that the United States might withdraw from it, and initiated renegotiations in 2017; ultimately the

three countries agreed in September 2018 to a new United States-Mexico-Canada Agreement (USMCA), which leaves NAFTA largely intact but includes some updates and changes, especially regarding the dairy and auto industries.

Beyond trade, bilateral relations with Mexico have been tested because of inflammatory anti-immigrant rhetoric; President Trump's calls for Mexico to pay for a border wall; and the Administration's September 2017 announcement that it would end DACA, potentially affecting some 550,000 Mexicans and more than 100,000 migrants from other countries in the region. Despite tensions, U.S.-Mexican relations remain cooperative, including security cooperation related to drug interdiction and efforts to bolster economic ties, particularly in energy.

Other Administration actions on immigration have caused concern in the region. The Administration announced the termination of Temporary Protected Status (TPS) designations for Nicaragua, Haiti, El Salvador, and Honduras. Other immigration actions, such as the implementation of a "zero tolerance" policy toward illegal border crossings, could restrict the ability of Central American migrants to receive asylum.

As the situation in Venezuela has deteriorated, the Trump Administration has spoken out against the Maduro government's actions and supported the country's democratically elected National Assembly, imposed economic sanctions on Venezuela (both targeted sanctions on individuals and broader economic sanctions), and provided almost \$100 million in humanitarian assistance for Venezuelans who have fled to other countries.

In 2017, President Trump unveiled a new policy toward Cuba that partially rolled back efforts to normalize relations and imposed new sanctions, including restrictions on financial transactions with companies controlled by the Cuban military. In 2017, in response to unexplained injuries of U.S. diplomatic community members in Havana, the State Department downsized the staff of the U.S. Embassy.

As political unrest began to grow in Nicaragua in 2018, the Trump Administration spoke out against the Ortega government's use of violence and employed targeted sanctions against several individuals responsible for human rights abuses or significant corruption.

115th Congress Legislative Action

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. Given the region's proximity, U.S. foreign and domestic policy often overlap, particularly in areas of immigration and trade.

Congress rejected many of the Trump Administration's proposed FY2018 cuts in foreign assistance to the region when it enacted the Consolidated Appropriations Act, 2018 (P.L. 115-141). Although the 115th Congress did not complete action on foreign aid appropriations for FY2019, both the House and Senate Appropriations Committees' bills, H.R. 6385 and S. 3108, would have funded key countries and initiatives approaching FY2017 levels.

In other action, Congress enacted the Nicaragua Human Rights and Anticorruption Act of 2018 (P.L. 115-335, H.R.

1918) in December 2018. The law requires the United States to vote against loans from the international financial institutions to Nicaragua (except for basic human needs or democracy promotion) and authorizes sanctions on persons responsible for human rights violations or corruption. In August 2018, Congress enacted the FY2019 defense authorization measure, P.L. 115-232 (H.R. 5515), with several Latin America provisions, including required reports on narcotics trafficking corruption and illicit campaign financing in El Salvador, Guatemala, and Honduras, and on security cooperation between Russia and Cuba, Nicaragua, and Venezuela. Both houses also approved resolutions indicating policy preferences on a range of issues and countries: S.Res. 35 and H.Res. 259 on Venezuela, S.Res. 83 and H.Res. 336 on Mexico, H.Res. 54 on Argentina, H.Res. 145 on Central America, S.Res. 224 on Cuba, and H.Res. 981 on Nicaragua.

116th Congress Outlook

The 116th Congress faces completing action on FY2019 foreign aid appropriations and in early 2019 will begin consideration of the Administration's FY2020 foreign aid budget request.

The new Congress also will likely continue to monitor the crisis in Venezuela, including efforts to relieve the humanitarian crisis and consideration of next steps to influence the Venezuelan government's behavior in returning to democratic rule. The proposed USMCA will face congressional examination and likely consideration in the 116th Congress; the agreement must be approved by Congress before it can enter into force. In Central America, a potential oversight issue is the effectiveness of U.S. assistance to the Northern Triangle countries related to efforts to combat insecurity, corruption, and human rights violations; of particular concern are efforts to undermine anticorruption efforts in Guatemala and Honduras, especially the Guatemalan president's action against the U.N.-backed International Commission against Impunity in Guatemala. Congress also potentially could take up consideration of immigration legislation related to the rescission of DACA and the termination of TPS for Nicaragua, Haiti, El Salvador, and Honduras.

Other potential oversight issues for the 116th Congress include the surge in Colombian coca cultivation and cocaine production and the effectiveness of U.S. assistance focusing on counternarcotics and counterterrorism; the effectiveness of U.S. assistance to Mexico, given the high level of crime-related violence in the country; how to respond to increase political repression in Nicaragua; the extent and significance of Chinese and Russian engagement in the region and the appropriate U.S. policy response; and U.S. relations with Brazil under President Jair Bolsonaro amid concerns about human rights in the country.

For additional information, see CRS Report R45120, *Latin America and the Caribbean: Issues in the 115th Congress*, coordinated by Mark P. Sullivan.

Mark P. Sullivan, msullivan@crs.loc.gov, 7-7689

IF10460