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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 a major trading partner and source of foreign investment for many 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; with proximity and economic and security conditions the 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 for decades. The flow of illicit drugs, including heroin, methamphetamine, and fentanyl from Mexico and cocaine from Colombia, poses risks to U.S. public health and safety. Since 2000, Colombia has received support through Plan Colombia and its successor programs. For over a decade, the United States also has sought to forge partnerships with other countries to combat drug trafficking and related violence and to advance citizen security, including through 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.

Another long-standing component of U.S. policy is support for democratic governance and the rule of law. U.S. policy efforts have supported democracy promotion, including support for strengthening civil society and promoting human rights and the rule of law.

Increasing Challenges in the Region

Over the past several years, the quality of democracy has eroded in numerous countries, along with public satisfaction with how democracy is working. Venezuela has descended into a dictatorship under President Nicolás Maduro, and Cuba and Nicaragua are ruled by authoritarian governments repressing the political opposition. In 2019, many countries in the region experienced social unrest fueled by political factors such as fraudulent elections, weak democratic institutions, politicized judicial systems, public corruption scandals, high levels of crime and violence, and organized crime's effect on state institutions. Economic factors such as declining or stagnant growth rates, high levels of income inequality, and increased poverty also increased social pressure.

In 2020, the Coronavirus Disease 2019 (COVID-19) pandemic is having widespread economic, social, and political effects in the region. Infections and deaths are currently surging in some countries, especially Brazil, Mexico, Peru, and Chile. As of July 1, 2020, the region had almost 2.6 million cases and over 116,000 deaths. Before the pandemic, the International Monetary Fund projected a

regional economic growth rate of 1.6% in 2020, but its revised forecast in June 2020 projects a 9.4% economic contraction. The U.N. Economic Commission for Latin America and the Caribbean projects that almost 29 million people in the region will move into poverty in 2020. Many countries may struggle with protracted recoveries.

Trump Administration Policy

Under the Trump Administration, U.S. relations with Latin America and the Caribbean generally have moved toward a more confrontational approach from one of engagement and partnership during past Administrations. In 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. The framework reflects continuity with long-standing regional U.S. policy priorities, but it appears at odds with the Administration's sometimes antagonistic actions and statements on immigration, trade, and foreign aid. According to Gallup and Pew Research Center polls, negative views of U.S. leadership in the region have increased markedly during the Trump Administration.

Foreign Aid. The Administration's proposed foreign aid budgets for the region would have cut assistance levels by more than a third in FY2018 and FY2019 and by 30% in FY2020. Congress essentially rejected those requests by providing significantly more assistance in appropriations measures. In 2019, the Trump Administration withheld some assistance to the "Northern Triangle" countries of Central America (El Salvador, Guatemala, and Honduras) to compel governments to curb the flow of migrants to the United States. The FY2021 request of \$1.4 billion would cut aid to the region by 18%, but a large proposed increase to support a potential democratic transition in Venezuela masks significantly larger cuts for many countries and programs. In response to the COVID-19 pandemic, as of mid-June 2020, the Administration had announced almost \$113 million in new and previously announced assistance to help the region respond to the pandemic.

Trade. In 2017, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership (TPP) FTA negotiated in 2015 by 12 Asia-Pacific countries; the TPP would have increased U.S. economic linkages with Chile, Mexico, and Peru, which were parties to the agreement. The President strongly criticized the North American Free Trade Agreement (NAFTA) with Mexico and Canada and repeatedly threatened U.S. withdrawal. The Administration initiated renegotiations in 2017, and the three countries agreed in 2018 to a new United States-Mexico-Canada Agreement (USMCA) that retained many of NAFTA's provisions and included modernizing features and new provisions on the auto and dairy industries.

Mexico, Central America, and Immigration. Relations with Mexico have been tested because of inflammatory anti-immigrant rhetoric and immigration actions that have shifted the burden of interdicting migrants and offering asylum to Mexico. In 2017, the Administration announced it would end the Deferred Action for Childhood Arrivals (DACA), a program begun in 2012 that provides relief from deportation for certain immigrants who arrived as children; a federal court challenge ultimately led to a June 2020 Supreme Court decision rejecting the procedures that the Administration used in rescinding DACA. In 2018, Mexico's president agreed to allow the United States to return certain non-Mexican migrants to Mexico while awaiting U.S. immigration court decisions.

Other Administration actions on immigration have caused concern in the region. In 2017, the Administration announced it would terminate Temporary Protected Status (TPS) designations for Nicaragua, Haiti, El Salvador, and Honduras, but federal court challenges have put the terminations on hold.

Unauthorized migration from Central America has increased in recent years, fueled by difficult socioeconomic and security conditions and poor governance. The Administration has used various policy tools to deter such migration. In addition to aid cuts and threats of increased U.S. tariffs and taxes on remittances, these tools have included controversial *asylum cooperation agreements*—also referred to as *safe third country agreements*—with Guatemala, El Salvador, and Honduras to permit the United States to transfer asylum applicants from third countries to the Northern Triangle countries.

Venezuela, Cuba, and Nicaragua. As the situation in Venezuela has deteriorated, the Trump Administration has imposed targeted and broader financial sanctions, including sanctions against the state oil company, the country's main source of income. In January 2019, the Administration recognized the head of Venezuela's National Assembly, Juan Guaidó, as interim president. The Administration also is providing humanitarian and development assistance for Venezuelans who have fled to other countries, especially Colombia, and for Venezuelans inside Venezuela.

On Cuba, the Trump Administration has abandoned the policy of engagement advanced during the Obama Administration and imposed economic sanctions on Cuba for its poor human rights record and support for the Maduro government in Venezuela. Sanctions have included restrictions on travel and remittances and efforts to disrupt oil flows from Venezuela. In 2017, the State Department cut the staff of U.S. Embassy Havana by about two-thirds in response to unexplained injuries of U.S. diplomatic staff.

Since political unrest in Nicaragua against the government of President Daniel Ortega began to grow in 2018, the Trump Administration has employed targeted sanctions against several individuals due to their alleged ties to human rights abuses or significant corruption.

Congressional Action in the 116th Congress

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight.

The 116th Congress completed action on FY2019 foreign aid appropriations when it enacted the Consolidated Appropriations Act, 2019 (P.L. 116-6), in February 2019. Amounts appropriated for key U.S. initiatives and countries exceeded the Administration's request by almost \$600 million. Congress completed action on the FY2020 foreign aid budget in December 2019, when it enacted the Further Consolidated Appropriations Act, 2020 (P.L. 116-94); amounts for key countries and regional programs once again significantly exceeded the Administration's request. In February 2020, Congress began consideration of the Administration's FY2021 foreign aid request.

In January 2020, Congress completed action on implementing legislation for the USMCA (P.L. 116-113), which enters into force on July 1. Before legislative approval, the agreement was amended to address congressional concerns regarding provisions on labor (including enforcement), the environment, dispute settlement, and intellectual property rights.

On Venezuela, in December 2019, Congress enacted the VERDAD Act of 2019 in Division J of P.L. 116-94, which, among its provisions, codifies several sanctions and authorizes humanitarian assistance and support for international election observation and democratic civil society. The measure incorporates provisions from S. 1025 and three March 2019 House-passed bills: H.R. 854; H.R. 920, and H.R. 1477. In July 2019, the House also approved H.R. 549, which would provide TPS to Venezuelans.

The FY2020 National Defense Authorization Act (P.L. 116-92), approved in December 2019, includes provisions on Venezuela and Guatemala and reporting requirements on Brazil, Honduras, Central America, and Mexico.

In other action, the House approved H.R. 133 in January 2019, which would promote U.S.-Mexican economic partnership and exchanges; the Senate approved an amended version in January 2020. The House approved H.R. 2615 in July 2019, which would authorize assistance to Central America's Northern Triangle countries. The Senate approved S.Res. 35 in April 2019, expressing support for democratic principles in Bolivia, S.Res. 447 in January 2020, supporting new Bolivian elections, and S.Res. 454 in June 2020 calling for the unconditional release of Cuban human rights activist José Daniel Ferrer and all members of the Patriotic Union of Cuba. Both houses also approved resolutions commemorating the 25th anniversary of the 1994 bombing of the Argentine-Israeli Mutual Association in Buenos Aires (H.Res. 441 in July 2019 and S.Res. 277 in October 2019); and expressing support for U.S. efforts to promote democracy and human rights in Nicaragua (H.Res. 754 in March 2020 and S.Res. 525 in June 2020).

For more, see CRS In Focus IF11581, *Latin America and the Caribbean: Impact of COVID-19*; and CRS Report R46258, *Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress*.

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