

## 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, 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, and high levels of crime and violence. Economic factors, such as declining or stagnant growth rates and high levels of income inequality and poverty, also increased social pressure.

The Coronavirus Disease 2019 (COVID-19) pandemic is having widespread economic and social effects in the region. At the end of 2020, according to Johns Hopkins University, the region reported over 507,000 deaths (almost 28% of deaths worldwide). Before the pandemic, the International Monetary Fund (IMF) projected a regional economic growth rate of 1.6% in 2020, but in its January 2021 *World Economic Outlook Update*, the IMF estimated a 7.4% regional economic contraction in 2020 and a

projected 4.1% recovery in 2021. The strength of recovery will vary across countries, influenced by the availability of vaccines and medical therapies and the effectiveness of economic policy support. The U.N. estimates that some 45 million people in the region moved into poverty in 2020.

### Trump Administration Policy

Under the Trump Administration, U.S. relations with Latin America and the Caribbean generally moved toward a more confrontational approach, especially regarding efforts to curb irregular immigration from the region, compared with the approach of past Administrations, which emphasized partnership. 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 reflected continuity with long-standing regional U.S. policy priorities, but at times appeared to be 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 increased markedly during the Trump Administration.

**Foreign Aid.** From FY2018 to FY2021, the Administration's proposed foreign aid budgets for the region would have cut assistance considerably, but Congress rejected those requests by providing significantly more assistance than requested. 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.

**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, threatened U.S. withdrawal, and initiated renegotiations. The three countries agreed in 2018 to the United States-Mexico-Canada Agreement (USMCA), which entered into force July 1, 2020; the agreement retained many of NAFTA's provisions but included modernizing updates and changes.

**Mexico, Central America, and Immigration.** Relations with Mexico and Central America were tested because of inflammatory anti-immigrant rhetoric and immigration actions that shifted the burdens of interdicting migrants and offering asylum to Mexico. In 2017, the Administration announced it would end Deferred Action for Childhood Arrivals (DACA), a program begun in 2012 that provides relief from deportation for certain immigrants who arrived as children; federal court challenges led to a June 2020

Supreme Court decision vacating the Administration's recession of DACA. The Administration also announced in 2017 that it would terminate Temporary Protected Status designations for Nicaragua, Haiti, El Salvador, and Honduras, but federal court challenges put the terminations on hold. 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.

The Administration used various policy tools to deter increased unauthorized migration from Central America. In addition to aid cuts and threats of increased U.S. tariffs and taxes on remittances, these tools included controversial *asylum cooperation 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 deteriorated, the Trump Administration imposed numerous 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 provided humanitarian and development assistance for Venezuelans who fled to other countries, especially Colombia, and for Venezuelans inside Venezuela.

On Cuba, the Trump Administration reversed the engagement policy advanced during the Obama Administration and imposed numerous economic sanctions on Cuba for its poor human rights record and support for the Maduro government in Venezuela. In January 2021, the Secretary of State designated the Cuban government as a state sponsor of international terrorism.

After political unrest in Nicaragua against the government of President Daniel Ortega began to grow in 2018, the Trump Administration employed targeted sanctions against several senior officials and other individuals and entities for human rights abuses or corruption.

### Biden Administration

Most observers expect the Biden Administration to take a very different approach in U.S. policy toward the region. During the election campaign, Biden vowed to rebuild strong hemispheric ties based on respect for democracy, human rights, and the rule of law. He promised changes to the Trump Administration's immigration policies and a strategy to address poverty and insecurity in Central America, factors that have driven migration from the region. On Venezuela, Biden said the overriding policy goals would be pressing for a democratic outcome through free and fair elections and helping Venezuelans rebuild their country. On Cuba, Biden said he would reverse Trump Administration policies, maintaining that they inflicted harm on the Cuban people without advancing human rights.

### Congressional Action in the 116<sup>th</sup> Congress

Congress traditionally has played an active role in policy toward Latin America and the Caribbean in terms of both legislation and oversight. The 116<sup>th</sup> Congress did not approve the Trump Administration's downsized foreign aid requests for the region for FY2019 (P.L. 116-6) or FY2020

(P.L. 116-94) and instead provided aid amounts roughly similar to those provided in recent years. For FY2021 (P.L. 116-260), Congress provided funding for key initiatives and countries in the region at amounts higher than requested.

In other action, Congress enacted the VERDAD Act of 2019 (P.L. 116-94, Division J) on Venezuela in December 2019, which, among its provisions, codified several sanctions and authorized humanitarian assistance. The FY2021 appropriations measure (P.L. 116-260) also included the United States-Northern Triangle Enhanced Engagement Act, requiring the State Department to develop a five-year strategy to advance economic prosperity, combat corruption, strengthen democratic governance, and improve civilian security conditions in El Salvador, Guatemala, and Honduras, and the United States-Mexico Economic Partnership Act, requiring the Secretary of State to develop a strategy to prioritize and expand educational and professional exchange programs with Mexico.

On trade, Congress enacted implementing legislation for the USMCA (P.L. 116-113) in January 2020. Before approval, the agreement was amended to address congressional concerns regarding labor, the environment, dispute settlement, and intellectual property rights. In September 2020, Congress approved legislation (P.L. 116-164) extending, through September 2030, certain trade preferences currently provided to eight Caribbean countries.

The FY2020 National Defense Authorization Act (NDAA; P.L. 116-92) included provisions on Venezuela and Guatemala and reporting requirements on Brazil, Honduras, Central America, and Mexico. The FY2021 NDAA (P.L. 116-283) included provisions or reporting requirements on Guatemala, drug interdiction in the region, Cuba, the Caribbean, Brazil, Colombia, Mexico, and Venezuela. Congress also approved the Organization of American States Legislative Engagement Act of 2020 (P.L. 116-343) in late 2020 to strengthen the participation of elected national legislators in the activities of the Organization of American States (OAS) and reaffirm U.S. support for OAS human rights and anti-corruption initiatives.

The House and Senate also approved resolutions on a range of issues. These resolutions included S.Res. 35 (April 2019) and S.Res. 447 (January 2020), expressing support for democracy in Bolivia; H.Res. 441 (July 2019) and S.Res. 277 (October 2019), commemorating the 1994 bombing of the Argentine-Israeli Mutual Association; H.Res. 754 (March 2020) and S.Res. 525 (June 2020), expressing support for democracy and human rights in Nicaragua; and S.Res. 454 (June 2020), calling for the release of a Cuban democracy activist.

Also see CRS Report R46258, *Latin America and the Caribbean: U.S. Policy and Issues in the 116th Congress*; CRS Report R46514, *U.S. Foreign Assistance to Latin America and the Caribbean: FY2021 Appropriations*; and CRS In Focus IF11581, *Latin America and the Caribbean: Impact of COVID-19*.

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