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. 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. Colombia has received long-standing support through Plan Colombia and its successor programs. For over a decade, the United States has engaged in close partnerships to combat drug trafficking and related violence and advance citizen security: the Mérida Initiative began in 2007 to support Mexico; the Central America Regional Security Initiative (Carsi) began in 2008; and the Caribbean Basin Security Initiative (CBSI) began in 2009.

Although many countries in the region have made enormous strides in terms of democratic political development since the 1980s, several face considerable challenges. In Venezuela, undemocratic practices have risen significantly over the past several years under the authoritarian regime of Nicolás Maduro; the political and humanitarian crisis in the country has resulted in mass migration to neighboring countries. In Nicaragua, long-ruling President Daniel Ortega responded to protests and social unrest in 2018 with violent repression. Cuba remains under authoritarian rule, although the government transitioned to a new president, Miguel Díaz-Canel, in 2018. 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).

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 more than a third; the FY2020 proposed budget request also would cut funding to the region by about 30%.

Negative views of U.S. leadership in the region have increased markedly since 2017, 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, although some observers believe the election of conservative governments in several Latin American countries could lead to increased cooperation.

On trade, in 2017, President Trump ordered U.S. withdrawal from the proposed Trans-Pacific Partnership (TPP) free trade agreement that had been negotiated in 2015; the TPP would have increased U.S. economic linkages with three Latin American countries that were parties to the agreement—Chile, Mexico, and Peru. 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 modernizing updates and changes, especially regarding the dairy and auto industries.

Beyond trade, relations with Mexico have been tested because of inflammatory anti-immigrant rhetoric and immigration actions. In September 2017, the Administration announced that it would end the Deferred Action for Childhood Arrivals program (DACA); begun in 2012 by the Obama Administration, the program provides relief from deportation for certain immigrants who arrived as children. The future of the initiative remains uncertain given challenges in federal court; if ended, some 550,000 Mexicans and more than 100,000 migrants from other countries in the region could be affected. Despite tensions, U.S.-Mexican relations remain strong, especially energy ties and security cooperation related to drug interdiction.

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.

In order to contend with the surge of unaccompanied children and other migrants from Central America, the
Obama Administration developed a broader policy approach in 2015 known as the U.S. Strategy for Engagement in Central America to improve security, strengthen governance, and promote prosperity, especially in the Northern Triangle countries of El Salvador, Guatemala, and Honduras. The Trump Administration’s budget requests over the past several years would have cut assistance for the strategy significantly, and President Trump periodically has threatened to cut assistance for it.

As the situation in Venezuela has deteriorated, the Trump Administration has imposed targeted and broader financial sanctions, including sanctions against the state oil company. In January 2019, the Administration took action against the Maduro regime by recognizing the head of Venezuela’s National Assembly, Juan Guaidó, as interim president. The Administration has provided support for Venezuelans who have fled to other countries, especially Colombia, and has pre-positioned assistance in neighboring countries.

President Trump unveiled a new policy toward Cuba in 2017 that partially rolled back the Obama Administration’s engagement policy and imposed new sanctions, including restrictions on financial transactions with companies controlled by the Cuban military. In March 2019, pursuant to Title III of the LIBERTAD Act (P.L. 104-114), the Administration authorized the right to file certain lawsuits against those trafficking in confiscated property in Cuba. In 2017, in response to unexplained injuries of U.S. diplomatic staff in Havana, the State Department reduced the staff of the U.S. Embassy by about two-thirds.

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.

**Congressional 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.

**115th Congress.** The 115th 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). 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.** 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; although the measures and conference report did not specify appropriations levels for each country in the region, amounts appropriated for key U.S. initiatives and countries significantly exceeded the Administration’s request. Congress also has begun consideration of the Administration’s FY2020 foreign aid budget request for almost $1.2 billion for the region, a 30% cut from almost $1.7 billion provided in FY2018.

Congress has also been monitoring the crisis in Venezuela, with oversight hearings and House approval of three bills in March 2019: H.R. 854, providing humanitarian assistance to the Venezuelan people, including Venezuelan migrants and refugees in the Americas; H.R. 920, restricting the export of defense articles and crime control materials to Venezuelan security forces; and H.R. 1477, requiring a threat assessment and strategy to counter Russian influence in Venezuela. In other action, the House approved H.R. 133 in January 2019 to promote U.S. economic partnership and cooperation with Mexico.

Among other issues, the proposed USMCA could face congressional examination and 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 actions 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 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 increased political repression in Nicaragua; and the extent and significance of Chinese and Russian influence engagement in the region and the appropriate U.S. policy response.


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