



Latin America

Summary and Key Talking Points

Policy Proposals

1. Work with countries in the region to improve border security policies and programs, including in Mexico, Central America, and Colombia.
2. Develop a new comprehensive strategy against Mexican cartels and other cartels in the region but avoid designating them as Foreign Terrorist Organizations.
3. Coordinate a robust trade and investment agenda with our partners to reduce dependence on Chinese supply chains and state-owned firms.
4. Maintain and strengthen the U.S. embargo on Cuba, as well as U.S. sanctions on Venezuela and Nicaragua, and enlist like-minded partners to follow suit.

Quick Facts

1. Transnational organized crime in Latin America, especially Mexican drug cartels, represents the largest criminal threat to the United States.
2. More than 6 million people have fled Venezuela in the worst human exodus in Latin America's history.
3. The U.S. is the top trading partner for more than two-thirds of the countries in the Western Hemisphere, but the list is shrinking as China makes inroads.

Power Phrases

Indifference Is Not an Option

- Both the U.S. and Mexico will benefit from a stronger relationship. Working together would bring significant improvements to regional security challenges, illegal immigration, and prosperity.
- The U.S. must continue responding to the deteriorating conditions in Venezuela, and should involve a wide range of partners from across Latin America.
- The U.S. must prioritize democracy for the people of Cuba.

The Issue

The United States has a strategic interest in Latin America and the Caribbean that stems from geographic proximity, deep economic relations, a lengthy history of diplomatic connections, and persistently growing demographic and cultural ties. The U.S. is the top trading partner for more than two-thirds of the countries in the Western Hemisphere, including Canada, and the region is the primary source of energy for the U.S.

At the same time, regional prosperity and security face significant challenges. Transnational crime and illicit trafficking exist throughout the hemisphere. U.S. policy is focused particularly on the major crime networks in Central America, the Caribbean, Mexico, Colombia, and Venezuela. Two decades of criminal state capture and socialist mismanagement have left Venezuela in ruin, and its eventual post-tyranny reconstruction will remain a key priority for U.S. hemispheric policy. Central America's Northern Triangle—a subregion comprising the crime-ridden and poverty-stricken countries of Guatemala, Honduras, and El Salvador—is the fastest-growing source of U.S.-bound illegal immigrants. Like the Caribbean, the Northern Triangle is also a key transit zone for narcotics bound for the U.S. and Europe. U.S. efforts to address these challenges have been undermined by local government corruption and weak Latin American state institutions. Illicit trafficking and high levels of violence remain key challenges in the fight against Mexico's booming narcotics trade, which has seen a spike in the production of heroin and the transit of synthetic opioids from China.

Many countries in the region have democratic political systems, which more often than not results in close ties to the U.S., but there are some challenging outliers. Leftist authoritarian regimes in Cuba, Nicaragua, and Venezuela work to undermine U.S. interests and collaborate with such like-minded rivals as Russia. There are similar concerns with respect to recently elected leftist governments in Peru, Bolivia, and Honduras. China's growing engagement in the hemisphere has become a strategic challenge both for the U.S. and for the future of the hemisphere. Though China could theoretically play a role in catalyzing economic development, its predatory economic practices trap countries in unsustainable debt and dependence, and its corrupt practices undermine the rule of law. China, Russia, and Iran have demonstrated a strategic interest in extracting natural resources from resource-rich countries like Venezuela that are currently not subject to U.S. influence.

U.S. policy toward the Western Hemisphere should focus with greater intensity on such destabilizing regional challenges as transnational crime, illicit trafficking networks, corruption that fosters criminality, and the growing influence of external geostrategic adversaries. The U.S. should seek to remove trade barriers and promote prosperity and private investment with our market economy-oriented counterparts. U.S. policymakers should also urge international partners to maintain and increase their opposition to regional authoritarians and the international actors that enable them.

Recommendations

Assess the efficacy of the Central American development package, the U.S. Strategy for Engagement in Central America, and the Root Causes Strategy. In July 2021, the Biden Administration released its Root Causes Strategy and a Collaborative Migration Management Strategy to address the “root causes” of illegal migration from Guatemala, El Salvador, and Honduras. In 2014, prompted by the unaccompanied minor crisis, the Obama Administration had launched a development package that was also intended to address the causes of migration from the region. Addressing the regional drivers of illegal immigration should be an integral part of the Administration's immigration policy, and foreign assistance works when used wisely. Congress should request impact reports from implementing agencies that gauge whether these programs are meeting their intended objectives. Congress should also ask how much these security and economic indicators are (or are not) affected by these investments.

Improve regional border security. Uncontrolled borders in the Northern Triangle have long been a problem. Regional insecurity allows criminality to proliferate and enables the mass movements of people across state lines. The U.S. and Mexican governments should work with their regional counterparts to improve their border security policies and programs. They should support El Salvador, Guatemala, Honduras, and Panama in expanding border patrols to ungoverned areas, modernizing border crossings, and encouraging the creation of joint border patrols. The U.S. should also tailor its security assistance to Colombia and Mexico to improve their border enforcement capacities. The U.S. Department of Homeland Security should host an annual high-level border-control working group to share best practices with the region.

Align levels of U.S. assistance to Mexico with U.S. national security interests. A safer and more prosperous Mexico would reduce the security threats to the U.S., alleviate the drivers of illegal immigration, and allow both countries to focus on productive matters in the bilateral relationship. Yet U.S. assistance to Mexico in the form of the Merida Initiative has decreased from the all-time high of \$639.2 million in fiscal year (FY) 2010 to \$130.9 million in FY 2017. The U.S. and Mexican governments have announced that the Merida Initiative will be replaced by a new security deal that they claim will focus on intelligence and targeting the root causes of migration. While the Merida initiative should be revised to see what works and what can be improved, the U.S. should expand security assistance funding, not dilute it by directing it toward other priorities.

Develop a new strategy against Mexican cartels but avoid designating them as Foreign Terrorist Organizations (FTOs). Mexican cartels are the most serious criminal threat to the U.S. and Mexico. These criminal organizations are motivated by profits, not religion or ideology. The cartels' political activities are meant to further their criminal objectives. Thus, an FTO designation has no legal basis. Aside from being legally unsound, an FTO designation would unnecessarily complicate the U.S.–Mexico relationship and jeopardize efforts to combat the cartels. Instead, the U.S. and Mexico need to develop new anti-cartel policies and create a new framework to target cartel networks and modernize security assistance programs.

Engage Latin American countries in a robust trade agenda to reduce dependence on Chinese supply chains and state-owned firms. The U.S. should coordinate with our partners in the region at the highest levels of government to enhance trade cooperation, reduce barriers that prevent small and medium-size enterprises from accessing markets, and identify strategic sectors in which regional supply chains can be strengthened. Everywhere from Uruguay to Ecuador to Guatemala, our democratic partners are asking for trade deals and would prefer to engage with the U.S. rather than China when given the choice. Failing to offer that choice will only strengthen China's growing influence and dilute our strategic partnerships and ability to incentivize economic freedom.

Focus the response to China's Belt and Road Initiative (BRI) on strategic investments focused on security and economic growth and expand the private sector's role in any potential strategy. Any response to China's BRI, such as the Biden Administration's Build Back Better World initiative, should focus investments on strategic competition with China and strengthening the security and economic growth of our partners. This means giving considerable attention to strategic infrastructure, energy, and technology projects where long-term dependence on China may be in play. A successful strategy also requires the U.S. to enlist partners in Western Europe and around the world, particularly in sectors such as 5G spectrum auctions where competition requires multilateral cooperation. The U.S. should coordinate with national and local governments in the region and with private-sector leaders in the U.S. and Western Europe to identify projects for which the private sector can present investment alternatives to China.

Encourage Latin American countries to adopt better practices when concluding agreements with China and Chinese firms. The U.S. needs to emphasize that Chinese state enterprises far too often engage in predatory practices to the detriment of regional and U.S. interests. As part of this emphasis, the U.S. should urge regional counterparts to enforce international standards. An important first step would be to ensure that any agreement with Chinese state-owned enterprises or Chinese private-sector companies incorporates

several principles: high standards of transparency, consultative infrastructure, responsible lending and debt financing, the rule of law, and respect for sovereignty. Regional counterparts also should take account of national security concerns with respect to such strategic industries as energy and telecommunications. Countries in the region need to have a clear-eyed view of the potential costs and consequences of irresponsible engagement with China.

Maintain and strengthen the U.S. embargo on Cuba. Cuba is the Western Hemisphere’s oldest military dictatorship, and the military controls nearly 90 percent of the country’s economy. Economic engagement with Havana would mean directly enriching the regime, which in turn would provide additional support for repression. Cuba’s direct role in propagating the crisis in Venezuela must be met with meaningful steps to hold Havana accountable. Deterring economic engagement with the military dictatorship also involves enlisting regional and global partners. U.S. partners like the European Union, Israel, and market-friendly democracies in Latin America all have economic ties with Havana. Democracies in Africa and Latin America also embrace Havana’s modern-day slave labor scheme of forcibly exporting Cuban doctors. These countries should not be investing in Cuba’s state-owned enterprises. The U.S. should rally its partners and pro-democracy actors around a common agenda.

Maintain and broaden cooperation with like-minded hemispheric counterparts to address the crises in Venezuela and Nicaragua. The U.S. can and should lead the attempt to address the crises in Venezuela and Nicaragua, but it should do so by working with other countries in the region, both to negate the basis for criticism of U.S. unilateralism and to maintain regional cohesion and address long-term reconstruction efforts. The U.S. should emphasize that the regime of Nicolás Maduro is not simply authoritarian, but a criminal enterprise with global reach. Enhanced law enforcement cooperation should target drug trafficking and smuggling, illicit mining, illicit finance and money laundering, and cooperation with terrorist groups like Hezbollah, the ELN, and FARC-dissidents. To target illicit financing, the U.S. should enlist the cooperation of regional counterparts including Panama and nations in the Caribbean.

Reject plans for a military solution to solve the Venezuela crisis. At this juncture, the U.S. should not conduct a military intervention in Venezuela. The threats posed by the illegitimate Maduro regime do not threaten vital U.S. interests, and the Venezuelan military should not be destroyed or disbanded, as they are necessary for the reconstruction process. However, the U.S. and regional partners should signal to Maduro that all potential tools of leverage are on the table, particularly as his regime consolidates and expands its illicit network.

Urge a tougher domestic and international response to actors that are propping up illegitimate regimes and destabilizing the region’s democracies. The U.S. should strongly urge other countries to address the destabilizing role of actors like Russia, China, and Iran as well as Cuba, which is both a beneficiary of external support and a destabilizing actor in the region. In addition to enabling the Maduro regime in Venezuela and the Ortega regime in Nicaragua, these countries have used espionage and disinformation to foment instability in the region’s democracies. The U.S. and its partners should expand sanctions against Russian state enterprises that support Maduro and Ortega with security assistance. The U.S. should also prioritize countering the roles of Russia, China, and Iran in helping Maduro to circumvent U.S. oil and gold sanctions. Across the region, democratic partners should develop a coordinated strategy to respond to misinformation tactics and strengthen intelligence cooperation.

Reduce the Caribbean’s dependence on Venezuelan oil. Maduro’s capacity to project power in the region stems largely his use of “petro-diplomacy.” In 2018, the Department of Energy finalized a rule to expedite small-scale exports of liquefied natural gas (LNG). These exports are particularly beneficial for Caribbean, Central American, and South American countries. Increased access to American LNG exports will provide more choice and energy diversity for Caribbean countries.

Assist regional partners impacted by crises in Venezuela and Haiti. Latin American countries are so overwhelmed by the exodus of Venezuelan and Haitian migrants and refugees that they are unable to contend with their own domestic challenges. These migrant crises also present a security problem at the U.S.–Mexico border that urgently requires increased efforts and resources. The U.S. should work with international donors to assess the needs of our partners, balance those needs with our own interests, and support efforts to offset their burden when appropriate. The U.S. should also promote regional efforts to strengthen institutional and trade cooperation between the countries of the region to mitigate the costs of irregular migration flows.

Work with regional counterparts to implement a security plan for Haiti. The security crisis in Haiti and the state's failure to combat the outsized power of gangs require consistent U.S. attention. The U.S. should prioritize cooperation with Haitian security forces to address both immediate challenges and long-term buildup, but it should avoid the false paradigm between military intervention and a U.N.-backed option like the United Nations Stabilization Mission in Haiti (MINUSTAH) in order to strengthen Haiti's security and reduce the likelihood of another crisis like the one seen in 2021. The U.S. should continue to work with regional counterparts and Haitian officials and offer joint resources, training, and personnel support to restore the Haitian state's authority over its territory.

Commission studies to identify the causes of the U.S.'s pervasive demand for narcotics and address them. As it does with any other commodity, the demand for illicit narcotics drives the supply. The U.S.'s counterdrug strategy has been unsuccessful partly because the U.S. has been unable to stem the domestic drug demand. The U.S. rightfully declared the opioid crisis to be a nationwide public health emergency in October 2017. As the U.S. develops a counter-narcotics policy, it should also assess the factors that drive domestic consumption and work with state and local governments to address them.

Facts + Figures

FACT: Since September 2018, 1 percent of the populations of Honduras and Guatemala have migrated to the United States. The growing flow of illegal immigrants from the Northern Triangle of Central America demonstrates that the U.S. urgently needs to improve its security and stabilization efforts in the region.

- According to U.S. border officials, monthly border apprehensions in FY 2019 largely surpassed those of the previous five years. In April 2019, out of the 109,144 illegals that were apprehended at the border, close to 70 percent were from the Northern Triangle countries of El Salvador, Guatemala, and Honduras.
- For years, the U.S. has attempted to alleviate the root causes of illegal immigration in Central America's Northern Triangle, but despite progress in reducing homicide rates and increasing narcotics seizures, these countries continue to produce outflows of migrants. This does not mean that the U.S. should reduce foreign assistance to the region.
- Instead, policymakers need to identify and fix shortcomings in our strategy to build regional capacity.

FACT: The number of refugees and other migrants fleeing from Venezuela and Haiti amounts to the worst human exodus in Latin America's history. More than 6 million of Venezuela's 32 million people have left because of the humanitarian and political crisis. Between July and October 2021, more than 155,000 Haitian migrants were recorded to have reached the U.S.–Mexico border. The number has continued to increase, although at lower rates.

- The spillover effect of instability from Venezuela and Haiti is reaching many other countries in Latin America. Colombia, with nearly 2 million Venezuelan migrants and refugees, has experienced the brunt of the Venezuelan crisis. Panama is also increasingly burdened as thousands of Haitian migrants cross its Darien Gap jungle and head north to the U.S.–Mexico border.

- Large numbers of Venezuelan and Haitian migrants and refugees are also in Peru, Chile, Ecuador, Argentina, and Brazil.
- Supporting a democratic transition away from the unlawful Maduro regime is the best long-term solution to Venezuela’s migration and refugee crisis.
- In Haiti, the main driver of migration is the state’s failure to provide security and stability.
- U.S. policymakers should coordinate assistance and ask international stakeholders to aid regional partners and allies impacted by the migration crises.

FACT: U.S. economic engagement in the Western Hemisphere is extensive and wide-ranging.

- The U.S. is a member of 20 free trade agreements, of which 12 are with Western Hemisphere countries. The U.S. is also the top trading partner for over two-thirds of the hemisphere’s countries, although this list is shrinking as China expands its economic ties through trade and strategic investments, including investments in ports.
- The North American Free Trade Agreement (NAFTA) and the United States–Mexico–Canada Agreement (USMCA) that followed it have led to a quadruple increase in two-way trade among the three countries, from \$297 billion to \$1.2 trillion. The USMCA is expected to continue to increase trilateral trade as it is fully implemented.
- The hemispheric energy trade and production sector is robust as well. Over 30 percent of the world’s oil reserves and close to 10 percent of the world’s liquefied natural gas (LNG) reserves are in the Western Hemisphere.
- Since 2016, 36 percent of all U.S. LNG exports have been to Latin America—a higher percentage than to any other region in the world. The U.S. should capitalize on robust trade links in the energy sector to promote deeper economic engagement throughout the region.

Additional Resources

Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022).

Mateo Haydar and Colin Agostisi, “How China Spies on Nations Throughout Western Hemisphere,” Heritage Foundation *Commentary*, February 8, 2022.

James M. Roberts, Mateo Haydar, Celina B. Realuyo, and Joseph M. Humire, “America’s Longtime Friend, Colombia, Needs U.S. Help,” Heritage Foundation *Backgrounder* No. 3679, December 15, 2021.

Kiron B. Skinner and James Jay Carafano, “Biden Must Not Return to Obama-Era Cuba Policies,” Heritage Foundation *Commentary*, September 21, 2021.

Mateo Haydar and James M. Roberts, “Biden Talks Tough on Nicaragua, but Caves to Vicious Regime,” Heritage Foundation *Commentary*, September 27, 2021.

James M. Roberts and Lora Ries, “The Best U.S. Response to the Root Causes of Poverty in Central America,” Heritage Foundation *Backgrounder* No. 3642, August 11, 2021.

Mark Morgan and Ana Rosa Quintana, “How Amnesty Causes Human Misery, Endangers Public Health,” Heritage Foundation *Commentary*, February 10, 2021.

Ana Rosa Quintana, “Latin American Countries Must Not Allow Huawei to Develop Their 5G Networks,” Heritage Foundation *Issue Brief* No. 6041, January 25, 2021.

Ana Rosa Quintana, “Mexico’s Nationalism Threatens North American Security,” Heritage Foundation *Commentary*, January 6, 2021.

Ana Rosa Quintana, “Prospects for Freedom in Venezuela Are High Under Trump,” Heritage Foundation *Commentary*, June 23, 2020.