

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The top bulb is filled with a dark blue color, and the bottom bulb is filled with a light blue color. The globe is centered in the narrow neck of the hourglass.

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February 2, 2009

Congressional Research Service

Report RS20474

*Latin America: Overview of Legislative Issues for Congress  
in 2000*

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Updated August 9, 2000

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# CRS Report for Congress

Received through the CRS Web

## Latin America: Overview of Legislative Issues for Congress in 2000

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### Summary

In the second session of the 106<sup>th</sup> Congress, policymakers are facing an assortment of issues in U.S.-Latin American relations, ranging from such broad topics as trade policy and anti-drug policy to country-specific issues involving Colombia, Cuba, Haiti, and Mexico. In the trade arena, Congress has completed action on an initiative begun last year to provide preferential tariff treatment for countries of the Caribbean and Central America because of concerns that these countries are losing U.S. trade and investment opportunities to Mexico because of NAFTA. With regard to anti-drug policy, Congress reviewed the President's drug certification decisions for 14 countries in the region. Colombia was a major focus of interest as Congress completed action on some \$1.3 billion in new FY2000 and FY2001 funding for Andean counternarcotics efforts. Other issues of congressional interest are funding for the development of counter-drug forward operating locations in the region; the future of the U.S. Army School of the Americas; various initiatives regarding U.S. policy toward Cuba, including initiatives to lift restrictions on agricultural exports; and concerns about prospects for stability in Haiti and democracy in Mexico, Ecuador, Peru, and Venezuela. This report will not be updated.

### Current Conditions in the Region

Over the past two decades, Latin American countries have made significant progress in strengthening democratic institutions and practices. Although democratic elections have become the norm in the region, this does not mean that all countries of the region are strong democracies or always respect the civil rights and political liberties. Nor does elected democracy always translate into political stability. (See CRS Report 98-684, *Latin America and the Caribbean: Fact Sheet on Leaders and Elections*.)

In 2000, several nations have faced political crises threatening democratic order, and economic difficulties in several countries have placed considerable pressure on elected governments. In Ecuador, a coup in late January 2000 led by the country's majority indigenous population and backed by the military, toppled President Jamil Mahuad, whose government became widely unpopular amidst deteriorating economic conditions. A

military-led junta subsequently gave way to the constitutional succession of Vice President Gustavo Noboa to the presidency, but the ouster of Mahuad raised concerns in the region about restive militaries once again attempting to rule directly. In Venezuela, President Hugo Chavez's attempts to reform the political system have raised concerns about the authoritarian nature of his rule and the increased role of the military in his government. (See CRS Report RS20345, *Venezuela under President Chavez: Political Conditions and U.S. Policy*.) Colombia, facing a strong guerrilla insurgency funded by drug traffickers, has been plagued with political violence, while Haiti also struggles to overcome political violence before presidential elections due in early December, and Peru faces a crisis of legitimacy after elections deemed not free and fair by international standards. (See discussions on Colombia, Haiti, and Peru below.)

U.S. policy toward the region has both political and economic dimensions. In the political sphere, the major U.S. objective has been the consolidation of democracy. As noted above, while democratic elections have become the norm, with the exception of communist Cuba, many nations have weak civil institutions and face significant threats from such problems as lingering guerrilla conflicts, widespread poverty exacerbated by natural disasters, drug trafficking and its associated violence and corruption, autocratic tendencies of elected leaders, and restive militaries. In the economic sphere, the major U.S. goal is the creation of a Free Trade Area of the Americas, a commitment made by hemispheric leaders at the 1994 and 1998 Summits of the Americas. Administration officials stress the importance of this objective for creating enormous economic opportunities for all nations of the region, including the United States. The handover of the Panama Canal to Panamanian control in late December 1999 initiated a new era of relations with that country, and in a sense symbolized the cooperation that now characterizes U.S. policy toward the region. The United States will maintain an active interest in Panama because of the economic importance of the Canal, which accounts for about 12% of U.S. international seaborne trade. (For further information, see CRS Issue Brief IB92088, *Panama-U.S. Relations*.)

## Issues for Congress

**Trade Issues.** At the 1994 Summit of the Americas held in Miami, 34 hemispheric leaders agreed to create a "Free Trade Area of the Americas" (FTAA) by 2005. The summit process initiated in Miami has led to ongoing congressional interest and action bearing on three inter-related trade policy issues. The first involves an invitation extended to Chile to join the North America Free Trade Area (NAFTA). Envisioned by the Clinton Administration as the first concrete step towards creation of an FTAA, preliminary negotiations started in July 1995. Chile, however, shortly thereafter suspended the negotiations pending renewal of U.S. "fast-track" negotiating authority. In August 1999, even though the Administration still lacked fast-track authority, Chile proposed to start discussions on a bilateral free trade agreement (not NAFTA accession). The Clinton Administration has remained divided on how to respond to Chile's proposal. Some agencies appear concerned that the initiative could divert attention from U.S. multilateral or regional initiatives.

The second issue focuses on preferential tariff treatment for countries of the Caribbean and Central America. These countries maintain that they have been losing trade and investment opportunities to Mexico as a result of the preferential access Mexico has to the U.S. market under NAFTA. On May 18, 2000, President Clinton signed into law

(P.L. 106-200) legislation that contained provisions (Title II, also known as the “U.S.-Caribbean Basin Trade Partnership Act”) providing benefits for CBI beneficiary countries. The key provisions expand access and preferential tariff treatment to certain textile and apparel products assembled from U.S. fabric subject to specific conditions. Additionally, the measure provides benefits for apparel made with regional fabric.

The third issue involves movement towards hemispheric free trade. Nearly four years after the 1994 Summit of the Americas, hemispheric leaders formally launched the FTAA negotiations in 1998. Subsequently, the negotiations have been slowed by domestic economic and political problems in the hemisphere, the continued absence of U.S. fast track trade authority, and the attempt to launch a new round of multilateral trade negotiations. At a meeting held in Toronto November 3-4, 1999, trade ministers directed negotiators to compile drafts from all negotiating groups for consideration at the next ministerial meeting in April 2001 in Argentina. They also agreed to implement a number of business facilitation measures designed to expedite the movement of the region’s goods and services across borders. (Prepared by Raymond Ahearn, Specialist in Trade Relations) (For further reading, see 1) CRS Issue Brief IB95017, *Trade and the Americas*; 2) CRS Issue Brief IB95050, *Caribbean Basin Interim Trade Program: CBI/NAFTA Parity*.)

**Drug Certification.** During March, Congress reviewed President Clinton’s March 1, 2000 drug certification decisions on 14 Latin American and Caribbean nations, more than half of the determinations required for 26 designated major illicit drug producing or drug transit countries. Since the mid-1980s Congress has required the President to designate the major drug producing or transit countries by November 1 of each year, to withhold half of most U.S. assistance for those countries for that fiscal year, and to certify by March 1 of each year whether the countries have been cooperating fully with the United States in drug control efforts. If the President fails to issue a full certification, or to grant a certification in the national interest, non-exempted assistance to the decertified country is suspended, and U.S. representatives are required to vote against loans for the country in the multilateral development banks. The sanctions would also apply if Congress, within 30 days, passes a congressional resolution disapproving any presidential certification, although any such resolution would be subject to presidential veto.

The President found the Bahamas, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, and Venezuela to be fully cooperative, and he granted Haiti and Paraguay national interest certifications. In recent years, congressional interest has focused on Mexico, with the introduction but not passage of congressional resolutions of disapproval to overturn the President’s full certifications of Mexico. This year, although some Members criticized the certification of Mexico, citing Mexico’s failure to take more forceful action against major drug traffickers, no resolutions of disapproval were introduced. (Prepared by K. Larry Storrs, Specialist in Latin American Affairs) (For further reading, see 1) CRS Issue Brief IB88093, *Drug Control: International Policy and Options*; 2) CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2000*.)

**Forward Operating Locations.** In its conference action on military construction appropriations, Congress approved \$116.5 million in funding for the development of three sites in Latin America and the Caribbean from which air surveillance counternarcotics operations can be conducted. Last session, the Administration sought \$42.8 million to establish four “Forward Operating Locations” (FOLs) after the mid-1999 closure of

Howard Air Force base in Panama, from which aircraft had observed activity in illegal narcotics source and transit zones. Appropriators denied the funding because of the lack of long-range master plans and long-term agreements with the host governments. This year, with agreements in hand with Ecuador and the Netherlands (for sites in Aruba and Curaçao), the Administration included a request for \$38.6 million for an FOL at Manta, Ecuador in its FY2000 supplemental funding initiative for Colombia. In passing the emergency supplemental appropriations bill, H.R. 3908, on March 9, the House Appropriations Committee included not only the requested funding for the Ecuador site in FY2000 but also \$22.7 million for that site in FY2001 and \$54.2 million for the Aruba and Curacao sites for both fiscal years. The Senate approved the same funding in its version of the Military Construction Appropriations bill, S. 2521. In conference action on the Military Construction appropriations bill (H.R. 4425, H.Rept. 106-710), the House agreed to add the funding to that bill; it was passed by the House on June 29, by the Senate on June 30, and signed into law (P.L. 106-246) on July 13, 2000. Although there is no earmark for the development of a fourth FOL in El Salvador, this site does not require a separate line item as its anticipated cost is less than \$5 million. (Prepared by Nina Serafino, Specialist in International Security Affairs)

**School of the Americas.** Since 1993, there have been legislative attempts to cut or condition funding for the U.S. Army School of the Americas because of concerns regarding human rights violations committed by school graduates. Located in Fort Benning, Georgia, the School trains officers, cadets, and non-commissioned officers from Latin America, with about 1,000 students annually. The School's budget comes from two major sources: the Army's Operation and Maintenance (OMA) account, provided through the annual defense authorization and appropriations bills; and the annual foreign operations appropriations bill. In November 1999, Secretary of the Army Louis Caldera proposed a plan to restructure and rename the school, making it more academic and recruiting civilians from Latin American governments as well as military students from the region. Both the House and Senate versions of the FY2001 defense authorization bill, H.R. 4205, include provisions that would repeal the legislative authority for the School and replace it with new authority for an Institute along the lines of Secretary Caldera's proposal. On May 18, 2000, the House, during floor consideration of H.R. 4205, defeated by a vote of 204-214 an attempt to close the School and establish a task force to assess what type of education would be appropriate for DOD to provide to Latin American military personnel. (Prepared by Richard Grimmett, Specialist in National Defense, and Mark Sullivan, Specialist in Latin American Affairs) (For further reading, see CRS Report RL30532, *U.S. Army School of the Americas: Background and Congressional Concerns*.)

## Country Issues

**Colombia.** Congressional action on the Administration's request for \$1.272 billion in FY2000 and FY2001 emergency supplemental funding for its counternarcotics "Plan Colombia" concluded in June 2000 with an appropriation of \$1.289 billion. Although the totals are similar, Congress made significant changes in funding allocations after contentious debate over several aspects of the Plan. Questions at issue were whether substantial assistance to the Colombian military, accused of aiding rightist paramilitary forces in killings, could stem the flow of cocaine and heroin from Colombia to the United States; and whether a military approach to combating illegal drugs would undermine U.S. interests in advancing democracy. In February, the Administration had requested \$1.02 billion for Colombia, with the remainder for other countries in the region and the regional

anti-drug operations of U.S. agencies; the final appropriation for Colombia was \$860.3 million. On March 30, the House passed an emergency supplemental appropriations bill, H.R. 3908, that would provide \$1.418 billion in FY2000 and FY2001 emergency supplemental assistance for “Plan Colombia,” with \$989.3 to support Colombian programs and the rest for counternarcotics activities in neighboring countries, including full funding for the Forward Operating Locations (see the section on FOLs, above). The Senate Appropriations Committee divided the funding for the same purposes between two bills, the Military Construction Appropriations bill, S. 2521 (passed by the Senate on May 18) and the Foreign Operations Appropriations bill, S. 2522 (passed by the Senate June 20), for a total of \$1.138 billion, with \$702.0 million for Colombia. Final “Plan Colombia” action occurred in the conference on the Military Construction Appropriations bill (H.R. 4425, H.Rept. 106-710, P.L. 106-246, signed into law July 13, 2000). The conferees almost evenly split the funding difference, a large part of which was the Senate decision to cut \$388 million to purchase 30 Blackhawk helicopters that the Administration had requested for Colombian counternarcotics efforts and instead provide \$118.5 million to purchase 60 of the less expensive Huey II helicopters. Another major difference pertained to human rights funding and conditions: although the Senate almost tripled House funding for human rights programs, it attached stiff human rights conditions to much of the aid. Negotiators opted to provide 30 Huey IIs and 18 Blackhawks and increased human rights funding slightly over the Senate level, but attached a waiver to the Senate conditions. (Prepared by Nina Serafino, Specialist in International Security Affairs. For further reading, see 1) CRS Report RL30541, *Colombia: U.S. Assistance and Current Legislation*; 2) CRS Report RL30330, *Colombia: Conditions and U.S. Policy Options*.)

**Cuba.** Under the rule of Fidel Castro, Cuba remains a Communist state with a poor record on human rights. Since the early 1960s, U.S. policy has focused on isolating the island nation through comprehensive economic sanctions. Another component of policy consists of support measures for the Cuban people, including U.S.-sponsored broadcasting to Cuba and U.S. government support for democracy-building efforts. Although policymakers agree on the overall objective of U.S. policy – to help bring democracy and respect for human rights to the island – there have been several schools of thought about how to achieve that objective. These range from keeping maximum pressure on Cuba, to removing sanctions in a graduated fashion, to normalizing relations swiftly, and are reflected by the numerous measures introduced in the 106<sup>th</sup> Congress. Legislative action this year has focused on initiatives to ease restrictions on U.S. food and medical exports to Cuba and initiatives to ease restrictions on travel to Cuba. At the same time, there has been legislative action to increase sanctions: by conditioning aid to Russia on closing the Russian signals intelligence facility at Lourdes Cuba; and by making it easier for enforcement of anti-terrorism judgments in U.S. courts, thereby allowing for the payment of a \$187.6 million 1997 judgment against Cuba to be paid from Cuba’s frozen assets in the United States to the families of three U.S. citizens killed when Cuba shot down two U.S. planes in 1996. Other initiatives introduced in the 106<sup>th</sup> Congress deal with such issues as Cuba’s poor human rights situation, cooperation with Cuba on drug trafficking efforts, and the Elian Gonzalez immigration case. (Prepared by Mark Sullivan, Specialist in Latin American Affairs) (For further reading, see 1) CRS Report RL30628, *Cuba: Issues for Congress*; 2) CRS Electronic Briefing Book on Trade, *Cuba Sanctions*, available on the CRS Web site at [<http://www.congress.gov/brbk/html/ebtra108.html>].)

**Haiti.** Haiti held elections for almost all of its legislative and local officials on May 21, 2000. Haiti has been without a legislature since President Preval dissolved Parliament

and began ruling by decree in January 1999. But hopes that these elections would put Haiti's democratic process back on track and promote stability are being frustrated. The election process was marred by political violence. The OAS, U.N., and United States judged Haiti's election to be acceptable but questioned the validity of the percentage counting process, which was manipulated so that several Lavalas candidates did not need to proceed to a second-round election. After refusing to approve the election results, Haiti's top election official reportedly fled Haiti in fear for his life. Opposition members have protested that the process was fixed to give former President Jean-Bertrand Aristide's Lavalas party an outright majority in the legislature, opening the way for Haiti to become a one-party state. First-round presidential elections, which most observers expect Aristide to win, are due to be held in December 2000. Haitian institutions are having to assume greater responsibility as the international presence is greatly reduced: two U.N. missions have been replaced by a single, smaller, unarmed mission, whose mandate is to help organize elections, continue police training, and coordinate international aid. In FY2000 foreign operations appropriations legislation (H.R. 3196, as enacted by reference in P.L. 106-113), Congress outlined a series of priorities for the Administration in providing aid to Haiti, including "aggressive action to support the Haitian National Police," and ensuring that any elections there be "full, free, fair, transparent, and democratic." (Prepared by Maureen Taft-Morales, Analyst in Latin American Affairs) (For further reading, see CRS Issue Brief IB96019, *Haiti Under President Preval: Issues for Congress.*)

**Mexico.** Interest in Mexico has focused on drug trafficking, trade, and democracy issues in the context of President Clinton's March 1st certification of Mexico as a fully cooperative partner on drug control efforts, continuing partnership under NAFTA, and Mexico's July 2, 2000 presidential and congressional elections. Over the years, Mexico has been certified as fully cooperative in counter-narcotics efforts despite congressional criticisms and calls for greater action against major drug traffickers. Congressional efforts to overturn the President's certifications of Mexico advanced the furthest in 1997, when both houses passed modified resolutions of disapproval. Since then, a Senate resolution was defeated in 1998, no action was taken on House resolutions in 1999, and no resolutions were introduced in either house in 2000. In the July 2000 elections, Mexico demonstrated its evolution toward fully democratic government by the election of Vicente Fox, the first opposition candidate elected president in 71 years. Fox's Alliance for Change coalition defeated the candidate of the long-ruling Institutional Revolutionary Party, while in the bicameral legislature, no party will have a majority in either chamber. (Prepared by K. Larry Storrs, Specialist in Latin American Affairs) (For further reading, see 1) CRS Issue Brief IB10047, *Mexico-U.S. Relations: Issues for the 106<sup>th</sup> Congress*; 2) CRS Report RS20611, *Mexico's Presidential, Legislative, and Local Elections of July 2, 2000.*)

**Peru.** President Alberto Fujimori won a third presidential term in May 2000, but international observers maintain that the election process "failed dramatically" to meet minimum international standards for free and fair elections. The Organization of American States chose not to challenge the elections but is pressing for democratic reforms. Congress passed legislation requiring the review and modification of U.S.-Peruvian relations (P.L. 106-186) and is considering legislation prohibiting aid to the government of Peru if it has not made substantial progress in strengthening democratic institutions within a certain time-frame. (Prepared by Maureen Taft-Morales, Analyst in Latin American Affairs) (For further reading, see CRS Report RS20536, *Peruvian Elections in 2000: Congressional Concerns and Policy Approaches.*)