

## **SCUSA 71 Table Paper: Western Hemisphere**

U.S. policy objectives in the Western Hemisphere have long centered around three overarching goals: economic growth, security, and democratic governance.<sup>1</sup> However, the ways in which the U.S. attempts to accomplish these goals vary from one administration to the next as the domestic political environment changes. President Trump believes that his supporters have disproportionately borne the costs of previous administrations' cooperative approach to Western Hemisphere strategy. In this vein, the 2017 National Security Strategy sought to more narrowly define and prioritize American interests in the region.

The NSS's first pillar seeks to secure the homeland, and the administration's main methods for doing so focus on immigration management. Regarding the NSS's second pillar of promoting prosperity, the administration is signaling an approach of renegotiating existing multilateral trade agreements as a starting point. To secure peace through strength, the NSS's third pillar, the administration re-emphasizes the security and intelligence cooperation strategy that has been the hallmark of U.S. security initiatives in the hemisphere for decades. Finally, along the NSS's fourth pillar of advancing U.S. influence, the administration is again signaling an approach similar to that of its economic policy, by using a re-evaluation of U.S. relations with the Organization of American States (OAS) and the United Nations (UN) as a starting point for future hemispheric diplomatic strategies. However, as U.S. policymakers "reimagine" hemispheric cooperation, they do so at a time of transition across much of the hemisphere.

Across the Western Hemisphere, change is the general theme, both positive and negative. Several countries, such as Argentina and Ecuador have shifted toward more centrist policies after prolonged eras of leftist political leadership. At the same time, others have doubled down on problematic forms of government, deepening crises in Venezuela and Nicaragua. Additionally, public sector corruption and threats to citizen security have reached crippling levels across much of the region, posing serious risks to national and regional security, as well as prospects for advancing U.S. interests.

U.S. cooperation with governments throughout the region will continue to be a linchpin in achieving goals of hemispheric stability and prosperity. For the previous U.S. administration, that cooperation took the form of pursuing multilateral trade agreements, increasing security cooperation, and applying a tiered enforcement approach to immigration challenges. Along many of these paths, the current administration is pursuing a different course.

### **Economics: Challenges and Opportunities**

Western Hemisphere markets comprise over 40% of total U.S. exports and 30% of total U.S. imports, which means that trade relations within the hemisphere have a substantial impact on the health of the U.S. economy. Canada and Mexico are two of the U.S.'s top three trading partners globally. In recent decades the U.S. has made steady progress in deepening its formal and informal economic ties throughout the region. The U.S. is currently a signatory to two regional (NAFTA and CAFTA-DR) and four bilateral (Chile, Colombia, Peru, and Panama) free trade agreements. These agreements have lowered barriers to economic activity between countries and aided growth of market share for U.S. companies in regional economies.<sup>2</sup>

In terms of international economic policy, the Trump administration has indicated that it assesses many existing trade agreements as disadvantageous to U.S. economic interests, choosing to negotiate a new trade agreement Canada and Mexico (the U.S.-Mexico-Canada Agreement, or USMCA) intended to replace NAFTA. As of this writing, the USMCA has been ratified by Mexico, but ratification by the U.S. Congress and Canada are still outstanding.<sup>3</sup> Any discussion of U.S. economic policy in the Western Hemisphere should consider the impacts on the U.S. economy of modifying or dismantling existing trade relationships. In addition, discussants should consider the relative economic position of the U.S. in the region as a result of the proliferation of existing and future trade arrangements that do not include the U.S., such as ALBA, Mercosur, the Pacific Alliance, and potential future incarnations of the Trans-Pacific Partnership.<sup>4</sup>

Another important economic policy issue for consideration is that of investment. Canada is the second largest source of foreign direct investment (FDI) in the U.S., accounting for 12.2% of total U.S. FDI. Argentina, Chile, and Brazil are also among the top 10 fastest growing sources of U.S. FDI.<sup>5</sup> The investment relationship works both ways. The U.S. comprises over 50% of Canada's total FDI and is the single biggest investor in Latin America (20% of total FDI).<sup>6</sup> Discussions of U.S. economic policy toward the Western Hemisphere should explore the ramifications of these deep investment relationships. Additionally, discussants should also explore the implications of high levels of Chinese FDI in the region (China is Latin America's second-largest source of FDI).<sup>7</sup> Although U.S. and Chinese investment are currently largely concentrated in different sectors and markets,<sup>8</sup> discussants should explore implications for the U.S. economy as these relationships evolve in coming years and the potential for direct economic competition between the U.S. and China in regional markets grows.

### **Politics: Democratic Distortions**

The "Third Wave" of democratization famously heralded by Samuel Huntington swept across Latin America in the 1980s and 1990s.<sup>9</sup> By 2010, every country in the Western Hemisphere, except for Cuba, was somewhere on the spectrum of democracy. However, in recent years that has changed. Under Nicolas Maduro, Venezuela's slide away from democracy has become complete, remaining democratic in name only. The current Venezuelan regime is recognized as nondemocratic by every common metric. In Central America, continuous countrywide popular protests in Nicaragua (and the subsequent heavy-handed response from the Ortega government) have exposed structural cracks in the regime, setting the country on a trajectory of mounting crisis. Additionally, tensions over U.S. immigration policy have had spillover effects on the political climates in Guatemala, El Salvador, and Honduras.<sup>10</sup>

Since the collapse of oil prices in 2014, Venezuela has been on a downward economic trajectory which has not abated. Coupled with that has been a political crisis that has seen the Maduro regime slide toward authoritarianism in the lead up to 2018 presidential elections that many countries (including the U.S.) deemed fraudulent. Since January 2019, the Maduro regime has been locked in a political stalemate with the opposition, led by National Assembly President Juan Guaido. With the backing of the U.S. and several regional partners, Guaido declared himself interim president in January. However, backed by Russia and China, Maduro refuses to cede power and retains control of many key state institutions, to include the military and security forces. In assessing U.S. policy in Venezuela, discussants should identify which U.S. vital interests are threatened by Venezuela's continued political and economic collapse, as well as implications for regional security. Discussants should also evaluate

the degree to which the U.S. possesses adequate resources and political will to decisively influence the problem.

Across the region the exposure of widespread government corruption is throwing national leadership into turmoil. The after-effects of the Operação Lava Jato (in English, Operation Carwash) scandal have led to the incarceration of one Brazilian president and the impeachment of another, not to mention the federal indictment of over 60% of the Brazilian legislature. Fallout from the scandal is not contained to Brazil, with the scandal connected to the indictment or impeachment of three former presidents in Peru alone.<sup>11</sup> The legacy of this scandal continues to have destabilizing political implications as recent allegations emerge about potential political motives of then-lead prosecutor and now current Brazilian Justice Minister, Sergio Moro.<sup>12</sup>

Farther north, public dissatisfaction with endemic corruption feeds growing dissolution for existing political party systems, elevating populist “outsider” candidates in Mexico and Guatemala.<sup>13</sup> These regional dynamics combine to create an environment where many countries are taking a step backward on the path to democratic consolidation, when they were once making steady progress. Discussions of U.S. diplomatic policy in the Western Hemisphere should consider how these dynamics could impact the ability of the U.S. to advance its regional goals. Additionally, discussions should consider how these developments may act as root causes or contributing factors in exacerbating economic and security challenges in the region.

### **Citizen Security: Immigration and Transnational Crime**

Citizen security is a persistent challenge across much of the hemisphere. As of 2016, of the countries with the ten highest homicide rates, five were in the Western Hemisphere (the other five were Syria, Afghanistan, Libya, Iraq, and Somalia).<sup>14</sup> Forty-seven of the top fifty most murderous cities, outside of active war zones, are in the Western Hemisphere (42 in Latin America and the Caribbean, 5 in the U.S.).<sup>15</sup> Mexico saw a record number of murders in 2018, with the government reporting over 33,000 homicides that year (for a homicide rate of 26.5:100,000 inhabitants; for reference, the homicide rate in Chicago was 12:100,000 the same year).<sup>16</sup> This is a 15% increase over the 2017 murder rate, which was previously the highest year on record. The murder rate in Venezuela in 2017 was 89:100,000 inhabitants, second in the world only to Syria.<sup>17</sup>

Much of this violence is driven by transnational organized crime, in the form of drug cartels and criminal gangs. Many of these organizations have elaborate networks that extend from cocaine source zones in Andean South America, through land transportation routes in Central America and sea transportation routes in the Caribbean, into Mexico as the gateway to their primary market in the U.S. This means that forces producing spikes in violence can have ripple effects across the entire network, driving violence in multiple countries.

These high levels of violence are both a symptom and cause of failures of state capacity. States lack the capacity to effectively combat these criminal organizations, allowing them to grow increasingly powerful, which makes them more effective at further penetrating the state. These high levels of violence are also in part responsible for driving high levels of immigration throughout the region. It is estimated that over four million Venezuelans have fled the rising violence and economic crisis since 2014, and the trend is only accelerating as the crisis deepens. More than one million Venezuelans have migrated to Colombia alone, putting additional pressure on a country still struggling with the

demobilization and re-integration into society of a large part of its own population after the peace accords with the FARC were finalized in 2016.<sup>18</sup> Venezuela is also now the single largest source of asylum claims in the U.S.<sup>19</sup> Policy discussions concerning regional security must consider not only the immediate effects of this refugee crisis, but also the potentially long-term destabilizing effects that such a large-scale displacement can have on the region.

Also well-documented is the large influx of illegal immigration to the U.S. from Central America. Since 2014, U.S. law enforcement officials have apprehended almost one million illegal migrants from Central America, predominantly from the three “Northern Tier” countries of Guatemala, Honduras, and El Salvador. Although total numbers of illegal immigration have declined precipitously since their peak in 2000, this is largely the result of declines in Mexican immigration. Illegal immigration from Central America has continued to rise year-on-year, driven by a combination of deteriorating citizen security and lack of economic opportunity.<sup>20</sup> Despite recent aggressive U.S. border policies aimed at deterring illegal immigration, flows are likely to increase as recent unrest in Nicaragua moves closer to a full political crisis and restrictions on U.S. aid to the region limit resources available to address the underlying causes of migration.<sup>21</sup> Policy discussions addressing Central American migration should consider not only numbers of immigrants, but also country of origin and the root causes of the immigration. Additionally, discussants should consider long-term implications for regional stability if outflows from Nicaragua continue a trend similar to that of Venezuela.

Any discussion of U.S. security policy in the hemisphere should consider not only immigration rates, but also the root causes of the immigration. Policy recommendations should consider not only U.S. capabilities, but also absorption capacity for assistance of partner countries. Discussants should also be cognizant of the long-time horizon required to meaningfully address several of the root causes of regional security challenges, such as criminal justice reform, anti-corruption campaigns, and economic development.

### **The Way Ahead**

U.S. fortunes are inextricably linked to those of the rest of the Western Hemisphere. Economic integration, geographic proximity, and cultural similarities all necessitate continued U.S. engagement in the region. In recent decades, the region has made substantial progress economically, politically, and socially. However, political breakdowns in Venezuela and Nicaragua, security challenges in Mexico and Central America, and the increasing economic involvement of China in the region all necessitate attention if the U.S. is to continue to make progress in achieving its policy goals. These shifting regional dynamics present several potential challenges to U.S. interests. Changes in the domestic US political environment, however, will continue to influence how policymakers approach these challenges.

## Discussion Questions

### *Political considerations*

1. How does the erosion of traditional political party systems in countries like Mexico, Guatemala, and Peru affect prospects for regional stability?
2. How do ongoing efforts to counter corruption in South America (Operation Car Wash) and Central America (CICIG-UN in Guatemala and MACCIH-OAS in Honduras) affect regional stability and U.S. interests?
3. How does the recent shift away from leftist administrations in Argentina and Ecuador change U.S. strategies towards these countries?

### *Economic considerations*

1. How do U.S. withdrawal from TPP, renegotiation of NAFTA, and imposition of new tariffs (particularly regarding Brazilian steel) affect U.S. economic interests in the hemisphere?
2. How does increasing Chinese involvement in economic development in Latin America, as well as resource and agricultural markets throughout the hemisphere (to include Canadian natural gas and oil projects) affect U.S. economic interests?
3. How does economic instability in the region contribute to U.S. diplomatic and security challenges?

### *Security concerns*

1. How can the U.S. best address the underlying causes of illegal immigration and asylum-seeking from Central America, Haiti, Cuba, and Venezuela?
2. To what extent do transnational criminal organizations threaten U.S. policy goals?
3. What is the U.S. capacity to limit the effectiveness and reach of transnational criminal organizations?
4. How can the U.S. best combat illicit pathways used to smuggle people, narcotics, and weapons to and from the U.S.?

## Endnotes

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<sup>1</sup> "Latin America and the Caribbean: Issues in the 115th Congress," accessed August 11, 2019, <https://www.everycrsreport.com/reports/R45120.html>.

<sup>2</sup> "Fact Sheet: The U.S. Economic Relationship with the Western Hemisphere," whitehouse.gov, April 13, 2012, <https://obamawhitehouse.archives.gov/the-press-office/2012/04/13/fact-sheet-us-economic-relationship-western-hemisphere>.

<sup>3</sup> Jen Kirby, "USMCA, Trump's New NAFTA Deal, Explained in 500 Words," Vox, October 3, 2018, <https://www.vox.com/2018/10/3/17930092/usmca-mexico-nafta-trump-trade-deal-explained>.

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- <sup>5</sup> “FDI Fact Sheets | SelectUSA.Gov | SelectUSA.Gov,” accessed July 3, 2018, <https://www.selectusa.gov/FDI-global-market>.
- <sup>6</sup> United Nations Publications, Foreign Direct Investment in Latin America and the Caribbean 2017. (S.l.: United Nations Pubns, 2018). [https://repositorio.cepal.org/bitstream/handle/11362/42024/9/S1700815\\_en.pdf](https://repositorio.cepal.org/bitstream/handle/11362/42024/9/S1700815_en.pdf)
- <sup>7</sup> Ibid.
- <sup>8</sup> Kevin Gallagher, *The China Triangle: Latin America’s China Boom and the Fate of the Washington Consensus* (Oxford: Oxford University Press, 2016).
- <sup>9</sup> Samuel P. Huntington, “Democracy’s Third Wave,” *Journal of Democracy*, Volume 2, Number 2 (Spring 1991).
- <sup>10</sup> José García Escobar and Kevin Sieff, “Guatemala’s next President Likely to Face Pressure from Trump over ‘Safe Third Country’ Agreement,” *Washington Post*, August 9, 2019, sec. The Americas, [https://www.washingtonpost.com/world/the\\_americas/guatemalas-next-president-to-face-trump-pressure-for-safe-third-country-asylum-agreement/2019/08/08/a0414d48-b9e8-11e9-8e83-4e6687e99814\\_story.html](https://www.washingtonpost.com/world/the_americas/guatemalas-next-president-to-face-trump-pressure-for-safe-third-country-asylum-agreement/2019/08/08/a0414d48-b9e8-11e9-8e83-4e6687e99814_story.html).
- <sup>11</sup> “The Corruption Scandal That’s Ensnared Not One, but Three Peruvian Presidents,” *Washington Post*, accessed July 13, 2018, [https://www.washingtonpost.com/world/the\\_americas/the-corruption-scandal-thats-ensnared-not-one-but-three-peruvian-presidents/2018/03/22/7d15a75a-2c50-11e8-8dc9-3b51e028b845\\_story.html](https://www.washingtonpost.com/world/the_americas/the-corruption-scandal-thats-ensnared-not-one-but-three-peruvian-presidents/2018/03/22/7d15a75a-2c50-11e8-8dc9-3b51e028b845_story.html).
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**Recommended Reading**

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