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# Honduras: Background and U.S. Relations

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## Honduras: Background and U.S. Relations

Honduras, a Central American nation of 9.3 million people, has had close ties with the United States for many years. The country served as a base for U.S. operations designed to counter Soviet influence in Central America during the 1980s, and it continues to host a U.S. military presence and cooperate on various security concerns today. Trade and investment linkages are also long-standing and have grown stronger since the implementation of the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR) in 2006. Instability in Honduras—including a 2009 coup and significant outflows of migrants and asylum-seekers since 2014—has led U.S. policymakers to focus greater attention on conditions in the country and their implications for the United States.

### Domestic Situation

President Juan Orlando Hernández of the conservative National Party was inaugurated to a second four-year term in January 2018. He lacks legitimacy among many Hondurans, however, due to allegations that his 2017 reelection was unconstitutional and marred by fraud. Hernández’s public standing has been further undermined by a series of corruption scandals that have implicated members of his family, administration, and party, and generated speculation about whether the president has participated in criminal activities.

Honduras has made uneven progress in addressing the country’s considerable challenges since Hernández first took office in 2014. Public prosecutors had some success combatting corruption with the support of the Organization of American States-backed Mission to Support the Fight Against Corruption and Impunity in Honduras, but Hernández was unwilling to extend the mission’s mandate, leading to its closure in January 2020. The country’s finances have improved, but nearly half of the Honduran population is still living below the national poverty line. The homicide rate has declined considerably, but Honduras remains one of the most violent countries in the world and continues to suffer from persistent human rights abuses and impunity.

### U.S. Policy

In recent years, U.S. policy in Honduras has been guided by the U.S. Strategy for Engagement in Central America, a whole-of-government effort designed to promote economic prosperity, strengthen governance, and improve security in Honduras and the rest of the region. Congress has appropriated nearly \$3.1 billion for the strategy since FY2016, at least \$507.6 million of which has been allocated to Honduras. The Trump Administration suspended most U.S. assistance to Honduras, El Salvador, and Guatemala (the Northern Triangle region of Central America) for more than a year, however, in response to the continued northward flow of migrants and asylum-seekers to the United States. As a result, U.S. agencies had to prematurely end some foreign aid activities in Honduras and scale back or delay others.

The 116<sup>th</sup> Congress could play an important role in shaping U.S. policy toward Honduras and the broader region. In December 2019, Congress enacted the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), which provides \$519.9 million for Central America, including at least \$65 million for Honduras. The National Defense Authorization Act for FY2020 (P.L. 116-92), also enacted in December 2019, includes a provision that requires the Department of Defense to enter into an agreement with an independent institution to conduct an analysis of the human rights situation in Honduras. Several other measures Congress may consider would tie U.S. security assistance to human rights conditions in Honduras (H.R. 1945), expand in-country refugee processing in the Northern Triangle (H.R. 2347 and H.R. 3731), and authorize foreign assistance for certain activities in Central America (H.R. 2615, H.R. 2836, H.R. 3524, S. 1445, and S. 1781).

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## Introduction

Honduras, a Central American nation of 9.3 million people, faces significant domestic challenges. Democratic institutions are fragile, current economic growth rates and social policies are insufficient to reduce widespread poverty, and the country continues to experience some of the highest violent crime rates in the world. These interrelated challenges have produced periodic instability in Honduras and have contributed to relatively high levels of displacement and emigration in recent years. Although the Honduran government has taken some steps intended to address these deep-seated issues, many analysts maintain that Honduras lacks the institutions and resources necessary to do so on its own.

U.S. policymakers have devoted more attention to Honduras and its Central American neighbors since 2014, when large flows of migrants and asylum-seekers from the region began arriving at the U.S. border. In the aftermath of the surge, the Obama Administration determined that it was “in the national security interests of the United States” to work with Central American governments to improve security, strengthen governance, and promote economic prosperity in the region.<sup>1</sup> Accordingly, the Obama Administration launched a new, whole-of-government U.S. Strategy for Engagement in Central America and requested significant increases in foreign assistance to support its implementation.<sup>2</sup>

The Trump Administration initially maintained the Central America strategy while seeking to scale back the amount of foreign assistance provided to Honduras and its neighbors. Although funding for the initiative has declined each year, Congress has appropriated nearly \$3.1 billion for Central America since FY2016, at least \$507.6 million of which has been allocated to Honduras (see **Table 1**).

The Administration suspended most U.S. assistance to Honduras in March 2019, however, in response to the continued flow of Honduran migrants and asylum-seekers to the United States. As a result, U.S. agencies prematurely ended some foreign aid activities and scaled back or delayed others. The Administration has released targeted assistance for certain activities since the Honduran government agreed to a series of immigration cooperation agreements in late 2019. Nevertheless, it appears as though much of the assistance Congress has appropriated for governance and economic prosperity programs in Honduras remains suspended.

Some Members of Congress have objected to the Administration’s suspension of foreign assistance to Honduras and its neighbors. The 116<sup>th</sup> Congress could play a crucial role in determining the direction of U.S. policy in the region as it considers FY2021 appropriations, foreign assistance authorizations, and other legislative initiatives. This report analyzes political, economic, and security conditions in Honduras. It also examines issues in U.S.-Honduran relations that have been of particular interest to many in Congress, including foreign assistance, migration, security cooperation, human rights, and trade and investment.

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<sup>1</sup> White House, *U.S. Strategy for Engagement in Central America*, March 16, 2015, at [https://obamawhitehouse.archives.gov/sites/default/files/docs/central\\_america\\_strategy.pdf](https://obamawhitehouse.archives.gov/sites/default/files/docs/central_america_strategy.pdf).

<sup>2</sup> For more information on the strategy, see CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*.

Figure I. Honduras at a Glance



<b>Leadership</b>	<p><i>President:</i> Juan Orlando Hernández (National Party)</p> <p><i>President of the Honduran National Congress:</i> Mauricio Oliva (National Party)</p> <p><i>President of the Supreme Court:</i> Rolando Argueta</p> <p><i>Attorney General:</i> Óscar Chinchilla</p>
<b>Geography</b>	<p><i>Area:</i> 43,243 square miles (slightly larger than Virginia)</p>
<b>People</b>	<p><i>Population:</i> 9.3 million (2020 est.)</p> <p><i>Racial/Ethnic Identification:</i> 91.3% mixed or European descent, 8.6% indigenous or African descent (2013)</p> <p><i>Religious Identification:</i> 41.5% Catholic, 37.7% Evangelical, 17.6% none, 3.2% other (2019)</p> <p><i>Literacy Rate:</i> 88.5% (2019)</p> <p><i>Life Expectancy:</i> 75 (2019 est.)</p>
<b>Economy</b>	<p><i>Gross Domestic Product (GDP):</i> \$24.4 billion (2019 est.)</p> <p><i>GDP per Capita:</i> \$2,548 (2019 est.)</p> <p><i>Top Exports:</i> apparel, coffee, insulated wire, bananas, palm oil, and shrimp (2019)</p> <p><i>Poverty/Extreme Poverty Rates:</i> 48.3%/22.9% (2018)</p>

**Sources:** Population, ethnicity, literacy, and poverty data from Instituto Nacional de Estadística; religious identification data from Equipo de Reflexión, Investigación y Comunicación, Compañía de Jesús; export data from Global Trade Atlas; GDP estimates from International Monetary Fund; life expectancy estimate from the United Nations Population Division. Map created by CRS.

**Notes:** A number of studies have estimated that the indigenous and Afro-Honduran population is much larger than official statistics indicate. A 2007 census conducted by indigenous organizations, for example, found that Hondurans of indigenous and African descent accounted for 20% of the Honduran population.

## Politics and Governance

Honduras has struggled with political instability and authoritarian governance for much of its history. The military traditionally has played an influential role in politics, most recently governing Honduras for most of the period between 1963 and 1982. The country's current constitution—its 16<sup>th</sup> since declaring independence from Spain in 1821—was adopted as Honduras transitioned back to civilian rule. It established a representative democracy with a separation of powers among an executive branch led by the president, a legislative branch consisting of a 128-seat unicameral national congress, and a judicial branch headed by the supreme court. In practice, however, the legislative process tends to be executive-driven and the judiciary is often subject to intimidation, corruption, and politicization.<sup>3</sup>

Honduras's traditional two-party political system, dominated by the Liberal (*Partido Liberal*, PL) and National (*Partido Nacional*, PN) Parties, has fractured over the past decade. Both traditional parties are considered to be ideologically center-right,<sup>4</sup> and political competition in Honduras traditionally has focused more on using the public sector to advance private interests than on implementing programmatic agendas.<sup>5</sup> The leadership of both parties supported a 2009 coup, in which the military, backed by the supreme court and congress, detained then-President Manuel Zelaya and flew him into forced exile. Zelaya had been elected as a moderate member of the PL but alienated many within the political and economic elite by governing in a populist manner and calling for a constituent assembly to draft a new constitution.<sup>6</sup> Many rank-and-file members of the PL abandoned the party in the aftermath of the coup and joined Zelaya upon his return from exile to launch a new left-of-center Liberty and Re-foundation (*Libertad y Refundación*, LIBRE) party.

The post-coup split among traditional supporters of the PL has benefitted the PN, which now has the largest political base in Honduras and has controlled the presidency and congress since 2010. A decade in power has allowed the PN to consolidate its influence over other government institutions, effectively eroding checks and balances. For example, in 2012, the PN-controlled congress, led by Juan Orlando Hernández, replaced four supreme court justices who had struck down a pair of high-profile government initiatives. Although the Honduran minister of justice and human rights asserted that the move was illegal and violated the independence of the judiciary, it was never overturned.<sup>7</sup> The justices who had been installed in 2012 issued a ruling in 2015 that struck down the constitution's explicit ban on presidential reelection, allowing Hernández, who had been elected president in 2013, to seek a second term. The PN has also manipulated appointments to other nominally independent institutions, such as the country's electoral oversight body.<sup>8</sup> Given that Honduras continues to hold multiparty elections but falls short of

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<sup>3</sup> U.S. Department of State, *Country Reports on Human Rights Practices for 2019: Honduras*, March 11, 2020, p. 7, at <https://www.state.gov/wp-content/uploads/2020/02/HONDURAS-2019-HUMAN-RIGHTS-REPORT.pdf> (hereinafter: U.S. Department of State, March 2020).

<sup>4</sup> The PL has historically had a center-left faction, but conservative sectors have been more dominant within the party.

<sup>5</sup> Leticia Salomón, "Honduras: Golpe de Estado, Sistema de Partidos y Recomposición Democrática," in *Honduras: Retos y Desafíos de la Reconstrucción Democrática* (Tegucigalpa: Centro de Documentación de Honduras, 2011).

<sup>6</sup> For more information, see CRS Report R41064, *Honduran Political Crisis, June 2009-January 2010*.

<sup>7</sup> "Se Conculcó Principio de Independencia," *El Heraldo* (Honduras), December 18, 2012.

<sup>8</sup> "Disuelven la CRSP y Eligen a Magistrados del TSE 6 Meses Antes," *La Prensa* (Honduras), January 20, 2014.

democratic standards in several areas, Freedom House classifies the country as “partly free,” and the Varieties of Democracy Project classifies the country as an “electoral autocracy.”<sup>9</sup>

## Hernández Administration

President Juan Orlando Hernández of the PN was inaugurated to a second four-year term in January 2018. He lacks legitimacy among many Hondurans, however, due to his controversial reelection. As noted above, the Honduran constitution explicitly prohibits presidential reelection, but Hernández was able to run for a second term as a result of a 2015 supreme court ruling issued by justices whose appointments Hernández had orchestrated as the head of congress in 2012. The 2017 election was also plagued by an “abundance of irregularities and deficiencies” that led international observers from the Organization of American States (OAS) to question whether the official results, which gave Hernández a narrow 42.9%-41.4% victory over Salvador Nasralla of the LIBRE-led “Opposition Alliance against the Dictatorship,” accurately reflected the will of the Honduran people.<sup>10</sup> Both major opposition parties contested the results, and many Hondurans took to the streets to protest the alleged election fraud. At least 23 Hondurans were killed in post-election violence, at least 16 of whom were shot by Honduran security forces.<sup>11</sup> The United States was among the first countries to accept the legitimacy of the election.<sup>12</sup>

The United Nations sought to facilitate a national dialogue to promote societal reconciliation in the aftermath of the election. Individuals affiliated with the top three presidential candidates reportedly arrived at 169 areas of consensus related to human rights, electoral reforms, constitutional reforms, and the rule of law, but they were unable to conclude formal political agreements on most of those issues. Nevertheless, in January 2019, the Honduran congress approved a package of constitutional changes to partially reform the electoral process. The changes restructured the national registry office, dissolved the country’s existing electoral authority, and created two new institutions—a national electoral council to organize and supervise electoral processes and an electoral justice court to settle electoral disputes. Although many analysts have recommended that Honduras depoliticize its electoral institutions, each of the agencies will consist of three primary officials, effectively allowing the PN, PL, and LIBRE to divide the positions among themselves as the PN and the PL had done historically.<sup>13</sup>

Over the past two years, Hernández has largely maintained the business-friendly economic policies and hardline approach to security policy that he implemented during his first term (see “Economic and Social Conditions” and “Security Conditions,” below). His PN, which holds 61 of the 128 seats in congress, has been able to control the legislative agenda with the ad-hoc support of several small parties.<sup>14</sup> Most Hondurans are dissatisfied with status quo, however, as 81% of

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<sup>9</sup> Freedom House is a U.S.-based nongovernmental organization that advocates for democracy and human rights. Varieties of Democracy (V-Dem) is a database widely used by scholars of democracy. Freedom House, *Freedom in the World 2020: A Leaderless Struggle for Democracy*, March 4, 2020; and V-Dem Institute, *Autocratization Surges – Resistance Grows: Democracy Report 2020*, March 20, 2020.

<sup>10</sup> Organization of American States (OAS), Electoral Observation Mission, General Elections, Honduras, *Report to the Permanent Council*, 2018, p. 4, <http://www.oas.org/eomdatabase/MoeReport.aspx?Lang=en&Id=396&MissionId=473>.

<sup>11</sup> U.N. Office of the High Commissioner for Human Rights, *Human Rights Violations in the Context of the 2017 Elections in Honduras*, March 12, 2018, p. 2, at [https://www.ohchr.org/Documents/Countries/HN/2017ReportElectionsHRViolations\\_Honduras\\_EN.pdf](https://www.ohchr.org/Documents/Countries/HN/2017ReportElectionsHRViolations_Honduras_EN.pdf).

<sup>12</sup> U.S. Department of State, “On the Presidential Elections in Honduras,” press release, December 22, 2017.

<sup>13</sup> “Honduras: Latest Political Reforms Leave Critical Matters Still Unresolved,” *Latin American Regional Report: Caribbean & Central America*, February 2019.

<sup>14</sup> The opposition is divided among LIBRE, which holds 30 seats; the PL, which holds 26 seats (but is divided

those surveyed in September 2019 asserted that the country was moving in the wrong direction. Unemployment was considered the top problem in the country, cited by 28% of those surveyed, followed by corruption (17%), poor health care (14%), insecurity (8%), drugs (7%), the cost of living (5%), and insufficient potable water (5%).<sup>15</sup>

Hondurans have repeatedly taken to the streets to express their frustrations with the Honduran government. Throughout 2019, for example, doctors, teachers, and students carried out a series of strikes and demonstrations to protest government initiatives to restructure the health and education systems and to express their broader discontent with the Hernández Administration and the Honduran Congress. More recently, individuals required to remain at home under an absolute curfew imposed to combat the spread of the virus that causes Coronavirus Disease 2019 (COVID-19) have protested the government's restrictions and demanded food and financial assistance (see the textbox on "COVID-19 in Honduras," below). Human rights groups repeatedly have condemned the Hernández Administration for deploying military forces and using excessive force against protestors.<sup>16</sup>

### Anti-corruption Progress and Setbacks<sup>17</sup>

According to many analysts, corruption in Honduras is deeply entrenched.<sup>18</sup> Honduran officials have diverted state resources into their pockets and political campaigns and used the state apparatus to protect and direct resources to businesses and criminal organizations. For example, between 2010 and 2014, more than \$355 million was estimated to have been embezzled from the public health care and pension system as public officials enriched themselves and awarded overpriced contracts to private businesses.<sup>19</sup> Those businesses then allegedly used some of the embezzled funds to finance political activities, including President Hernández's 2013 presidential campaign.<sup>20</sup> According to one recent study, Honduras loses the equivalent of 10%-12% of GDP annually to corrupt practices.<sup>21</sup>

Honduras made some progress in combatting corruption with the support of the OAS-backed Mission to Support the Fight against Corruption and Impunity in Honduras (*Misión de Apoyo Contra la Corrupción y la Impunidad en Honduras*, or MACCIH). Hondurans had carried out a series of mass demonstrations demanding the establishment of an international anti-corruption

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internally); and the small Innovation and Unity Party (PINU), which holds four seats. Four small parties that tend to ally with the PN hold the remaining seven seats. TSE, "Elecciones Generales 2017," at <https://resultadosgenerales2017.tse.hn/>.

<sup>15</sup> "Honduras: Alto Costo de la Vida, la Principal Preocupación," *La Prensa* (Honduras), September 24, 2019.

<sup>16</sup> See, for example, Amnesty International, "Honduras: Exercising the Right to Protest has a High Cost for Those Who Dare to Take to the Streets," July 5, 2019.

<sup>17</sup> For more information, see CRS Insight IN11211, *Corruption in Honduras: End of the Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH)*.

<sup>18</sup> See, for example, Sarah Chayes, *When Corruption is the Operating System: The Case of Honduras*, Carnegie Endowment for International Peace, May 30, 2017; and Jeff Ernst, "A Pandora's Box of Corruption in Honduras," *Univision*, August 6, 2019.

<sup>19</sup> Washington Office on Latin America (WOLA) and Universidad Nacional Autónoma de Honduras (UNAH), Instituto Universitario en Democracia, Paz y Seguridad (IUDPAS), *Combatting Impunity: Evaluating the Extent of Cooperation with the Mission to Support the Fight against Corruption and Impunity in Honduras*, September 2019, p. 8.

<sup>20</sup> Gustavo Palencia, "Honduras President: Graft-Linked Companies Helped Fund My Campaign," *Reuters*, June 3, 2015.

<sup>21</sup> Consejo Nacional Anticorrupción (CNA) and Foro Social de de la Deuda Externa y Desarrollo de Honduras (FOSDEH), *Estudio: La Estimación del Impacto Macroeconómico de la Corrupción en Honduras*, 2020.



organization after learning that public officials had embezzled funds from the national healthcare and pension system. Although President Hernández was reluctant to create an independent organization with far-reaching authorities like the U.N.-backed International Commission against Impunity in Guatemala (CICIG), he negotiated a more limited arrangement with the OAS.

Launched in January 2016, the MACCIH's mandate was to support, strengthen, and collaborate with Honduran institutions to prevent, investigate, and punish acts of corruption.<sup>22</sup> The mission successfully advocated for several reforms to Honduras's legal framework, including the creation of anti-corruption courts with nationwide jurisdiction and campaign finance regulations. MACCIH officials also worked with Honduras's specialized anti-corruption prosecution unit to jointly investigate and prosecute high-level corruption cases. As of December 2019, those integrated teams had presented 11 cases, resulting in the prosecution of 112 people, including 80 cabinet ministers, legislators, and other government officials.<sup>23</sup> In the first case to go to trial, former First Lady Rosa Elena Bonilla de Lobo (2010-2014) was sentenced to 58 years in jail for misusing nearly \$800,000 intended for social assistance programs.<sup>24</sup>

The MACCIH's anti-corruption efforts won the confidence of the Honduran public but generated fierce backlash from political and economic elites who had benefitted from the status quo.<sup>25</sup> The Honduran congress, for example, repeatedly delayed and weakened the mission's proposed anti-corruption reforms and sought to undermine MACCIH-backed investigations. In December 2019, as Honduran civil society groups pushed for a renewal of the MACCIH's four-year mandate, the Honduran congress passed a resolution opposing an extension. President Hernández ultimately chose not to renew the MACCIH's mandate, leading to the mission's closure in January 2020.

The Hernández Administration asserts that it remains committed to combatting corruption despite the departure of the MACCIH. Hernández requested and won congressional approval for funding to hire 100 additional prosecutors, 100 additional investigators, and 50 new detectives in the public prosecutor's office.<sup>26</sup> The attorney general also transferred the personnel who had been working with MACCIH to a new specialized prosecution unit focused on corruption networks. Nevertheless, many analysts argue that Honduran prosecutors will struggle to continue combatting corruption unless the United States or other international partners step in to replace the technical and political support the MACCIH provided.<sup>27</sup> Backsliding may already be under way, as the Honduran Supreme Court overturned the conviction of former First Lady Rosa Elena Bonilla de Lobo in March 2020. Moreover, a new criminal code, which is scheduled to go into effect in May 2020, will reportedly reduce criminal penalties for narcotics trafficking,

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<sup>22</sup> Presidencia de la República de Honduras and OAS, *Agreement between the Government of the Republic of Honduras and the General Secretariat of the Organization of American States for the Establishment of the Mission to Support the Fight Against Corruption and Impunity in Honduras*, January 19, 2016, at [http://www.oas.org/en/spa/dsdsm/docs/maccih\\_%20agreement\\_e.pdf](http://www.oas.org/en/spa/dsdsm/docs/maccih_%20agreement_e.pdf).

<sup>23</sup> Gobierno de la República de Honduras and OAS, MACCIH, *Informe de la Mesa de Evaluación de Trabajo de la MACCIH*, December 9, 2019, p. 7.

<sup>24</sup> "Former First Lady of Honduras Sentenced to 58 Years in Jail," Reuters, September 4, 2019.

<sup>25</sup> UNAH, IUDPAS, "Consulta Ciudadana Realizada por el IUDPAS Muestra Apoyo para la Permanencia de la MACCIH en Honduras," press release, November 20, 2019.

<sup>26</sup> Embajada de Honduras ante los Estados Unidos, "Honduran President Wins Approval to Fund 200 New Prosecutors and Investigators to Fight Corruption," press release, February 14, 2020.

<sup>27</sup> See, for example, Eric Olson and Adriana Beltran, "Finding New Light in Honduras," *Univision*, January 29, 2020; and "UFERCO No Tiene Herramientas para Investigar Corrupción, 'Hay Retroceso en esta Lucha,' Señala el CNA," *Proceso Digital*, February 6, 2020.

embezzlement, fraud, illicit enrichment, and abuse of authority, potentially allowing some corrupt officials to avoid serving any time in prison.<sup>28</sup>

## Economic and Social Conditions

Honduras is among the poorest countries in Latin America. Historically, the country's economic performance closely tracked the prices of agricultural commodities, such as bananas and coffee. While agriculture remains important, accounting for 13% of gross domestic product (GDP) and 26% of total employment, the Honduran economy has diversified since the late 1980s.<sup>29</sup> Successive Honduran administrations privatized state-owned enterprises, lowered taxes and tariffs, and offered incentives to attract foreign investment, spurring growth in the *maquila* (offshore assembly for reexport) sector—particularly in the apparel, garment, and textile industries. Those policy changes also fostered the development of nontraditional agricultural exports, such as seafood and palm oil.

President Hernández's top economic policy priority upon taking office in 2014 was to put the government's finances on a more sustainable path. The nonfinancial public sector deficit had grown to 7.5% of GDP in 2013 as a result of weak tax collection, increased expenditures, and losses at state-owned enterprises.<sup>30</sup> As the Honduran government struggled to obtain financing for its obligations, public employees and contractors occasionally went unpaid and basic government services were interrupted. In 2014, Hernández negotiated a three-year agreement with the International Monetary Fund (IMF), under which the Honduran government agreed to reduce the deficit to 2% of GDP by 2017 and to carry out several structural reforms in exchange for access to \$189 million in financing.<sup>31</sup> The Hernández Administration ultimately reduced the deficit to less than 1% of GDP in 2017 and adhered to most of its other commitments. In July 2019, the IMF approved a new two-year economic program that allows Honduras to access up to \$311 million of financing and is intended to support the country's efforts to maintain macroeconomic stability, address the deteriorating finances of the public electricity company, and increase social spending and public investment.<sup>32</sup>

Hernández has also sought to make Honduras more attractive to foreign investment. He contracted a global consulting firm to develop the five-year "Honduras 20/20" plan, which aimed to attract \$13 billion of investment and generate 600,000 jobs by 2020 in four priority sectors: tourism, textiles, intermediate manufacturing, and business services.<sup>33</sup> To achieve the plan's objectives, the Honduran government adopted a more business-friendly tax code, increased investments in infrastructure, and entered into a customs union with Guatemala and El Salvador, among other measures. The Hernández Administration also began implementing a controversial plan to establish "Employment and Economic Development Zones"—specially designated areas

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<sup>28</sup> CNA et al., "Manifestación," press release, May 28, 2019; and "Honduras: Menos de un Mes para que entre en Vigor Código que Reduce Penas por Narcotráfico y Corrupción," *El Herald* (Honduras), April 18, 2020.

<sup>29</sup> Veronica Michel and Ian Walker, *Jobs Diagnostic Honduras*, World Bank, 2019, p. 2.

<sup>30</sup> International Monetary Fund (IMF), *2018 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Honduras*, IMF Country Report No. 18/2016, June 2018.

<sup>31</sup> IMF, "IMF Executive Board Approves US\$113.2 Million Stand-By Arrangement and US\$75.4 Million Stand-By Credit Facility for Honduras," press release, December 4, 2014.

<sup>32</sup> IMF, "IMF Executive Board Approves US\$207.5 Million Stand-By Arrangement and US\$103.8 Million Standby Credit Facility for Honduras," press release, July 16, 2019.

<sup>33</sup> Presidencia de la República de Honduras, "Presidente Hernández Presenta Programa Nacional de Desarrollo Económico Honduras 20/20," press release, February 29, 2016.

where foreign investors are granted administrative autonomy to enact their own laws, set up their own judicial systems, and carry out other duties usually reserved for governments. Annual foreign direct investment inflows to Honduras fell from \$1.4 billion in 2014 to an estimated \$498 million in 2019, however, as political instability, corruption, and other domestic social ills continued to hamper the country's investment climate.<sup>34</sup>

The Honduran economy has expanded by an average of 3.7% annually over the past six years, but it is not generating sufficient employment to absorb the country's growing labor supply.<sup>35</sup> Nearly 39% of Hondurans are under the age of 19, and the country's working age population, as a proportion of the total population, is projected to continue growing for the next two decades.<sup>36</sup> Without stronger job creation, Honduras could miss this window of opportunity to boost economic growth.<sup>37</sup> As of June 2019, more than 16% of Hondurans were unemployed or underemployed, and another 50% of Hondurans were working full time for less than the minimum wage.<sup>38</sup>

Honduras's recent economic growth has also proven insufficient to reduce the country's high poverty rate. Some economic analysts argue that the Hernández Administration's fiscal austerity policies have exacerbated the situation by increasing the government's dependence on regressive, indirect taxes while limiting public investment and social welfare expenditures.<sup>39</sup> Nearly half (48%) of Hondurans live below the national poverty line.<sup>40</sup> Conditions are particularly difficult in rural Honduras, where nearly 37% of the population lives in extreme poverty—unable to satisfy their basic nutritional needs.<sup>41</sup> In recent years, rural communities have struggled to contend with a coffee fungus outbreak and a series of droughts that have destroyed crops and reduced agricultural production and employment. Many households reportedly have been forced to employ emergency coping strategies, such as selling off land and migrating.<sup>42</sup> Socioeconomic conditions are expected to deteriorate significantly in 2020 due to the COVID-19 pandemic (see the textbox on “COVID-19 in Honduras,” below).

<sup>34</sup> Banco Central de Honduras, *Informe de Flujos de Inversión Extranjera Directa en Honduras: Al IV Trimestre de 2019*, 2020, p. 6; Banco Central de Honduras, *Flujos de Inversión Extranjera Directa: Al IV Trimestre de 2016, 2017*, p. 5; and U.S. Department of State, Bureau of Economic and Business Affairs, *2019 Investment Climate Statement—Honduras*, July 11, 2019, at <https://www.state.gov/reports/2019-investment-climate-statements/honduras/>.

<sup>35</sup> IMF, *World Economic Outlook Database, April 2020*, April 14, 2020.

<sup>36</sup> Instituto Nacional de Estadística, “Encuesta Permanente de Hogares de Propósitos Múltiples” 2019 (hereinafter: INE, 2019).

<sup>37</sup> Inter-American Development Bank, *Running Out of Tailwinds: Opportunities to Foster Inclusive Growth in Central America and the Dominican Republic*, 2017, p. 58.

<sup>38</sup> INE, 2019.

<sup>39</sup> Carlos Melgar and Ricardo Casteneda, *La Política Fiscal Hondureña: Cada Vez Más Débil e con Menos Legitimidad*, Instituto Centroamericano de Estudios Fiscales (ICEFI), March 11, 2020.

<sup>40</sup> The Honduran government recently worked with the World Bank and the Inter-American Development Bank to adjust its measurements of poverty and extreme poverty. Prior to the changes, about 67% of Hondurans were classified as living below the poverty line and 43% were classified as living below the extreme poverty line. INE, *Revisión de la Metodología para Medir la Pobreza Monetaria en Honduras*, January 2020.

<sup>41</sup> Honduras considers a household to be in poverty if the family's income is lower than the cost of basic necessities. It considers a household to be in extreme poverty if the family's income is lower than the cost of food necessary to satisfy the family's basic nutritional needs.

<sup>42</sup> Famine Early Warning Systems Network, *Caficultura Regional Continúa en Crisis, Especialmente para Pequeños Caficultores y Obreros*, Central America and Caribbean Special Report, August 2019; and World Food Program USA, “Erratic Weather Patterns in the Central American Dry Corridor Leave 1.4 Million People in Urgent Need of Food Assistance,” press release, April 25, 2019.

### COVID-19 in Honduras

Honduras's weak public health infrastructure already was overburdened prior to the arrival of COVID-19. In 2019, the Global Health Security Index ranked Honduras among the countries in the world least prepared for infectious disease outbreaks. That same year, Honduras struggled to respond to its worst dengue outbreak in decades, recording nearly 113,000 infections and 180 deaths.

After Honduras confirmed its first cases of COVID-19 on March 11, 2020, the government quickly imposed a series of measures intended to slow the spread of the virus and prevent COVID-19 from overwhelming the health system. The Honduran government shuttered schools and most businesses, closed the borders, and imposed an absolute curfew that suspends several constitutional rights, including the rights to assemble and move freely within the country. The Honduran government also enacted emergency legislation to authorize expedited medical purchases, leading some observers to express concerns about corruption in pandemic-related procurements. As of April 26, 2020, Honduras had confirmed 661 cases of COVID-19 and had recorded 61 deaths.

Recognizing that many Hondurans depend on daily earnings, the Hernández Administration pledged to provide food and hygiene products to approximately 3.2 million people (800,000 families) affected by the government's restrictions. A month after the program began, however, the government had delivered supplies to fewer than 1.8 million people. Some Hondurans have engaged in protests demanding increased government support, and others have disobeyed the government's orders to try to make a living. As of April 8, 2020, Honduran security forces had temporarily detained more than 6,000 people for violating the curfew.

The International Monetary Fund (IMF) forecasts that Honduras's GDP will contract by 2.4% in 2020, as the government's public health measures and the decline in economic activity in the United States—Honduras's top export market and primary source of investment, tourism, and remittances—take a toll on the economy. The Honduran government has enacted some measures intended to mitigate the impact of the downturn, including programs to provide financial and technical assistance to small businesses and agricultural producers. The U.S. Agency for International Development has reallocated \$8.9 million of assistance to help Honduras respond to the health, educational, and economic effects of the pandemic. Honduras has also received support from international financial institutions, including two credits, worth \$139 million, from the World Bank, \$143 million of financing from the IMF, and a \$200 million credit line from the Central American Bank for Economic Integration.

**Sources:** Johns Hopkins Center for Health Security, Nuclear Threat Initiative, and Economist Intelligence Unit, *Global Health Security Index*, 2019; Pan American Health Organization, "Epidemiological Update: Dengue," February 7, 2020, p. 9; Johns Hopkins University, "COVID-19 Dashboard," accessed April 27, 2020; Presidencia de La República de Honduras, "Honduras Solidaria Entrega a Diario entre 15.000 y 20.000 Raciones de Alimentos en la Zona Norte," press release, April 22, 2020; Presidencia de La República de Honduras, "Más de 6.000 Hondureños han sido Detenidos por no Respetar Toque de Queda Absoluto," press release, April 8, 2020; IMF, *World Economic Outlook Database, April 2020*, April 14, 2020; U.S. Embassy in Honduras, "La Embajada de EE. UU. en Honduras, a través de la USAID, Presenta su Plan de Apoyo al Gobierno de Honduras ante el Virus COVID-19," press release, April 8, 2020; "World Bank, "El Salvador and Honduras to Receive Support from the World Bank to Strengthen Their Response to COVID-19 (Coronavirus)," press release, April 17, 2020; IMF, "IMF Disburses US\$143 million to Honduras to Fight COVID-19 Pandemic," press release, March 31, 2020; and Central American Bank for Economic Integration, "CABEL activates US\$200 million credit line for Honduran Central Bank," press release, April 21, 2020.

## Security Conditions

Honduras struggles with high levels of crime and violence. A number of interrelated factors appear to contribute to the poor security situation. Widespread poverty, fragmented families, and a lack of education and employment opportunities leave many Honduran youth susceptible to recruitment by gangs such as the *Mara Salvatrucha* (MS-13) and *Barrio 18*. These organizations engage in drug dealing and extortion, among other criminal activities, and appear to be responsible for a substantial portion of homicides and much of the crime that affects citizens on a day-to-day basis.<sup>43</sup>

<sup>43</sup> Steven Dudley, Elyssa Pachico, and Juan José Martínez, *Gangs in Honduras*, Insight Crime, November 20, 2015; and U.N. High Commissioner for Refugees, *Eligibility Guidelines for Assessing the International Protection Needs of Asylum-Seekers from Honduras*, July 27, 2016, pp. 14-30.

Honduras also serves as a significant drug-trafficking corridor as a result of its location between cocaine-producing countries in South America and the major consumer market in the United States. Heavily armed and well-financed drug trafficking organizations have sought to secure control of Honduran territory by battling one another and local affiliates and seeking to intimidate and infiltrate Honduran institutions. Many of these groups have close ties to political and economic elites who rely upon illicit finances to fund their election campaigns and maintain or increase the market share of their businesses.<sup>44</sup> In October 2019, for example, a U.S. federal court convicted Antonio “Tony” Hernández—a former member of congress and President Hernández’s brother, for conspiring to import cocaine into the United States. U.S. authorities have described President Hernández as a co-conspirator but, to date, they have not brought any charges against him (see “Counternarcotics,” below).

Honduran security forces and justice-sector institutions have historically lacked the personnel, equipment, and training necessary to respond to criminal threats. They have also struggled with systemic corruption, with some sectors working on behalf of criminal organizations or private interests.

President Hernández campaigned on a hardline security platform, repeatedly pledging to do whatever it takes to reduce crime and violence in Honduras. Upon taking office in 2014, he immediately ordered the security forces into the streets to conduct intensive patrols of high-crime neighborhoods. Among the units involved in the ongoing patrols are two hybrid forces that Hernández helped to establish while he was serving as the president of the Honduran congress: the military police force (*Policía Militar de Orden Público*, PMOP), which is under the control of the ministry of defense, and a military-trained police unit known as the “Tigers” (*Tropa de Inteligencia y Grupos de Respuesta Especial de Seguridad*, TIGRES). The PMOP has been implicated in numerous human rights abuses, including 13 of the 16 killings documented by the U.N. Office of the High Commissioner for Human Rights in the aftermath of the 2017 presidential election.<sup>45</sup> Human rights advocates have repeatedly called on the Hernández Administration to withdraw the military from domestic law enforcement activities.<sup>46</sup>

Hernández has also taken some steps to strengthen security and justice-sector institutions. He created a special police reform commission in April 2016 after press reports indicated that high-ranking police commanders had conspired with drug traffickers to assassinate two top Honduran antidrug officials in 2009 and 2011 and the head of the anti-money-laundering unit of the public prosecutor’s office in 2013; other officials in the Honduran national police and security ministry reportedly covered up internal investigations of the crimes.<sup>47</sup> Although previous attempts to reform the police force produced few results, the special commission dismissed more than 6,100 personnel, including half of the highest-ranked officers.<sup>48</sup> It also proposed and won congressional approval for measures to restructure the national police force, increase police salaries, and implement new training and evaluation protocols. Despite those efforts, public perceptions of the

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<sup>44</sup> Steven Dudley, *Honduras Elites and Organized Crime*, Insight Crime, April 9, 2016.

<sup>45</sup> U.N. Office of the High Commissioner for Human Rights, *Human Rights Violations in the Context of the 2017 Elections in Honduras*, March 12, 2018, p. 16.

<sup>46</sup> U.N. Human Rights Council, *Situation of Human Rights in Honduras: Report of the United Nations High Commissioner for Human Rights on the Situation of Human Rights in Honduras*, January 28, 2019.

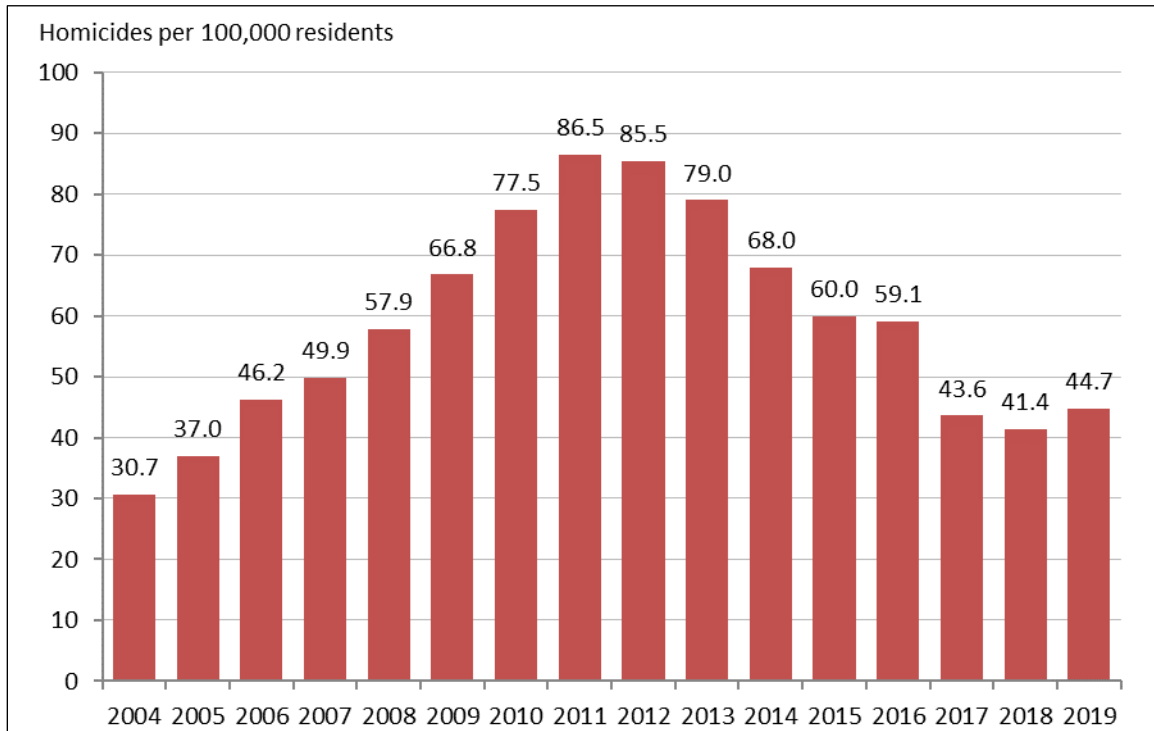
<sup>47</sup> Elisabeth Malkin and Alberto Arce, “Files Suggest Honduran Police Leaders Ordered Killing of Antidrug Officials,” *New York Times*, April 15, 2016.

<sup>48</sup> CRS communication with State Department official, May 2019.

national police have yet to improve substantially; fewer than 34% of Hondurans expressed confidence in the force in 2018.<sup>49</sup>

Honduras’s investigative and prosecutorial capacity has improved in recent years, although impunity remains widespread. In 2015, the Honduran national police launched a new investigative division and the public prosecutor’s office established a new criminal investigative agency. Both institutions have set up forensic laboratories and have begun to conduct more scientific investigations. The budget of the public prosecutor’s office nearly doubled in nominal terms between 2014 and 2020, allowing Attorney General Óscar Chinchilla to hire additional detectives, prosecutors, and other specialized personnel. Nevertheless, the public prosecutor’s office accounts for less than 1% of the Honduran government’s overall 2020 budget and remains overburdened.<sup>50</sup> A recent study found that 24% of the homicides committed in 2017 were prosecuted and 13% resulted in convictions; that is a significant improvement compared to 2010, when 14% of homicides were prosecuted and 4% resulted in convictions.<sup>51</sup>

**Figure 2. Homicide Rate in Honduras: 2004-2019**



**Source:** Universidad Nacional Autónoma de Honduras, Instituto Universitario en Democracia, Paz y Seguridad, Observatorio de la Violencia, *Boletín Especial sobre Homicidios en Honduras, 2019, Enero-Diciembre 2019*, no. 83, February 2020.

**Note:** 2019 data are preliminary.

<sup>49</sup> UNAH, IUDPAS, *III Encuesta de Percepción Ciudadana sobre Inseguridad y Victimización Honduras 2018*, March 25, 2019 (hereinafter: UNAH, March 2019).

<sup>50</sup> Alianza por la Paz y la Justicia (APJ), *Evolución Histórica del Presupuesto del Sistema de Seguridad 2010-2020*, February 2020.

<sup>51</sup> APJ, *Segundo Informe sobre la Impunidad en Homicidios, Período 2010-2017*, June 2019, pp. 15-19.

These policies appear to have contributed to considerable improvements in security conditions. Although the homicide rate remains high by global standards,<sup>52</sup> it peaked at 86.5 murders per 100,000 residents in 2011 and fell to 41.4 murders per 100,000 residents in 2018; preliminary data suggest the homicide rate increased slightly to 44.7 per 100,000 in 2019 (see **Figure 2**). Common crime also appears to have declined, with the percentage of Hondurans reporting they had been the victim of a crime in the past year falling from 20.5% in 2014 to 12.8% in 2018. Nevertheless, there continues to be a pervasive sense of insecurity in the country: 52% of Hondurans consider their cities unsafe, and nearly 88% consider the country unsafe.<sup>53</sup>

## U.S.-Honduran Relations

The United States has had close relations with Honduras over many years. The bilateral relationship was especially close in the 1980s, when Honduras returned to civilian rule and became the lynchpin for U.S. policy in Central America. The country served as a staging area for U.S.-supported raids into Nicaragua by the *Contra* forces attempting to overthrow the leftist *Sandinista* government and an outpost for U.S. military forces supporting the Salvadoran government's efforts to combat the *Farabundo Martí National Liberation Front* insurgency. A U.S. military presence known as Joint Task Force Bravo has been stationed in Honduras since 1983. Economic linkages also intensified in the 1980s after Honduras became a beneficiary of the Caribbean Basin Initiative, which allowed for duty-free importation of Honduran goods into the United States. Economic ties have deepened since the entrance into force of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) in 2006.

Relations between the United States and Honduras were strained during the country's 2009 political crisis.<sup>54</sup> The Obama Administration condemned the coup and, over the course of the following months, leveled a series of diplomatic and economic sanctions designed to pressure Honduran officials to restore Zelaya to power. The Administration limited contact with the Honduran government, suspended some foreign assistance, minimized cooperation with the Honduran military, and revoked the visas of members and supporters of the interim government headed by Roberto Micheletti. In November 2009, the Administration shifted the emphasis of U.S. policy from reversing Zelaya's removal to ensuring the legitimacy of previously scheduled elections. Although some analysts argued that the policy shift allowed those behind the coup to consolidate their hold on power, Administration officials maintained that elections had become the only realistic way to bring an end to the political crisis.<sup>55</sup>

According to the State Department, current U.S. policy in Honduras is focused on strengthening democratic governance, including the promotion of human rights and the rule of law, enhancing economic prosperity, and improving the long-term security situation.<sup>56</sup> Since early 2019, however, the Trump Administration appears to have prioritized short-term migration trends above all other

<sup>52</sup> In 2017, there were 6.1 homicides per 100,000 people worldwide, and 17.2 homicides per 100,000 people in the Western Hemisphere. United Nations Office on Drugs and Crime (UNODC), *Global Study on Homicide, Executive Summary*, July 2019, p.11.

<sup>53</sup> UNAH, March 2019.

<sup>54</sup> For more information on U.S. policy during the crisis, see CRS Report R41064, *Honduran Political Crisis, June 2009-January 2010*; and U.S. Government Accountability Office, *Review of U.S. Response to the Honduran Political Crisis of 2009*, GAO-12-9R, October 20, 2011, <https://www.gao.gov/assets/590/585824.pdf>.

<sup>55</sup> Ginger Thompson, "U.S. Tries to Salvage Honduras Accord," *New York Times*, November 10, 2009.

<sup>56</sup> U.S. Department of State, Bureau of Western Hemisphere Affairs, "U.S. Relations with Honduras," fact sheet, February 8, 2019, at <https://www.state.gov/u-s-relations-with-honduras/>.

concerns. It suspended most foreign aid to Honduras in March 2019 and tied the resumption of U.S. assistance to the Honduran government's efforts to reduce irregular migration to the United States (see "Foreign Assistance").<sup>57</sup> Since then, the Trump Administration has negotiated several accords with Honduras, including an asylum cooperative agreement that could require some individuals who arrive at the U.S.-Mexico border to apply for asylum in Honduras rather than in the United States (see "Migration Issues"). In recognition of President Hernández's cooperation on those issues, the Trump Administration has released some targeted assistance to Honduras and has lauded the country as a "valued and proven partner to the United States in managing migration and promoting security and prosperity in Central America."<sup>58</sup> The Administration also appears to have adopted a more muted stance toward the Honduran government's alleged ties to corruption, narcotics trafficking, and human rights abuses (see "Security Cooperation" and "Human Rights Concerns," below).

## Foreign Assistance

The U.S. government has provided significant amounts of foreign assistance to Honduras over the years as a result of the country's long-standing development challenges and close relations with the United States. Aid levels were particularly high during the 1980s and early 1990s, as Honduras served as a base for U.S. operations in Central America. U.S. assistance to Honduras began to wane as the regional conflicts subsided, and has generally remained at lower levels since then, with a few exceptions, such as a spike following Hurricane Mitch in 1998 and again after the Millennium Challenge Corporation awarded Honduras a \$215 million economic growth compact in 2005.<sup>59</sup>

Current assistance to Honduras is guided by the U.S. Strategy for Engagement in Central America, which is designed to promote economic prosperity, strengthen governance, and improve security in the region.<sup>60</sup> The Obama Administration introduced the strategy and sought to significantly increase assistance for Honduras and its neighbors following a 2014 surge in migration from Honduras and other Central American nations. The Trump Administration initially maintained the strategy but began withholding and reprogramming assistance appropriated for the region in March 2019 (see "Suspension of Assistance," below). Congress has appropriated nearly \$3.1 billion for the strategy through the State Department and USAID since FY2016. Those agencies have allocated at least \$507.6 million to Honduras, either as bilateral assistance or through the Central America Regional Security Initiative (CARSI) (see **Table 1**, below).

U.S. assistance has funded a wide range of development activities in Honduras. Those activities have included good governance programs intended to strengthen institutions and encourage civil society engagement and oversight, agriculture programs intended to increase food security and rural income generation, education programs intended to improve the quality of the education system and increase access to formal schooling for at-risk youth, and economic reform programs intended to foster employment and income growth through competitive and inclusive markets. U.S. bilateral aid to Honduras has also provided training and equipment for the Honduran military. CARSI assistance has supported law enforcement operations, justice sector reform, and crime and violence prevention programs.

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<sup>57</sup> Morgan Ortugas, Department Spokesperson, U.S. Department of State, "Department Press Briefing," June 17, 2019.

<sup>58</sup> U.S. Embassy in Honduras, "Acting DHS Secretary Wolf's Remarks with Honduran President Juan Orlando Hernández," January 9, 2020.

<sup>59</sup> The Millennium Challenge Corporation terminated the final \$10 million of the compact as a result of the 2009 coup.

<sup>60</sup> For more information on the strategy, see CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*.



**Table 1. U.S. Assistance to Honduras: FY2016-FY2021**

(appropriations in millions of current dollars)

Foreign Assistance Account	FY2016	FY2017 (est.) <sup>a</sup>	FY2018 (est.) <sup>b</sup>	FY2019 (est.) <sup>c</sup>	FY2020 (enacted) <sup>d</sup>	FY2021 (request) <sup>e</sup>
<b>Bilateral Aid, Subtotal</b>	<b>98.3</b>	<b>95.3</b>	<b>15.2</b>	<b>21.0</b>	<b>65.7</b>	<b>0.0</b>
Development Assistance	93.0	90.0	5.5	21.0	65.0	0.0
International Military Education and Training	0.8	0.8	0.7	0.0	0.7	0.0
Foreign Military Financing	4.5	4.5	9.0	0.0	0.0	0.0
<b>Central America Regional Security Initiative (CARSI), Subtotal</b>	<b>84.8</b>	<b>71.7</b>	<b>13.1</b>	<b>42.5</b>	<b>NA</b>	<b>NA</b>
Economic Support Fund	35.5	28.5	2.3	8.5	NA	NA
International Narcotics Control and Law Enforcement	49.3	44.2	10.8	34.0	NA	NA
<b>Total</b>	<b>183.1</b>	<b>167.0<sup>a</sup></b>	<b>28.3<sup>b</sup></b>	<b>63.5<sup>c</sup></b>	<b>65.7<sup>d</sup></b>	<b>NA<sup>e</sup></b>

**Sources:** U.S. Department of State, *Congressional Budget Justifications for Foreign Operations*, FY2018-FY2021; the explanatory statement accompanying P.L. 116-94; U.S. Department of State, CN 16-282, October 13, 2016; USAID, CN #15, October 14, 2016; U.S. Department of State, CN 18-117, May 16, 2018; USAID, CN #134, June 22, 2018; U.S. Department of State, CN 18-163, June 26, 2018; U.S. Department of State, CN 18-295, September 11, 2018; USAID, CN #194, August 16, 2019; U.S. Department of State, CN 19-229, August 19, 2019; USAID, CN #197, August 22, 2019; U.S. Department of State, CN 20-024, February 19, 2020; and U.S. Department of State, “Assistance to El Salvador, Guatemala, and Honduras by Goal, Bureau, and Program,” document provided to Congress, April 2020.

**Notes:** Honduras receives additional assistance from other U.S. agencies, such as the Inter-American Foundation and the Department of Defense. (See “Counternarcotics” for information on Department of Defense security cooperation.)

- The Trump Administration may be withholding some assistance appropriated for Honduras in FY2017.
- Congress appropriated \$79.8 million of bilateral aid for Honduras in FY2018 and the State Department and USAID initially allocated an additional \$68 million of CARSI assistance to Honduras. In 2019, however, the Trump Administration reprogrammed the vast majority of that aid to other countries.
- Congress appropriated most foreign assistance for Central America as regional funding in FY2019, giving the State Department flexibility in allocating the resources. These are preliminary allocations.
- Like previous years, Congress appropriated CARSI aid for the entire Central American region in FY2020. Allocations for Honduras are not yet available.
- The Trump Administration is requesting \$376.9 million for Central America in FY2021, but did not request any bilateral assistance for Honduras. Honduras could receive funds requested through regional accounts.

## Suspension of Assistance

In March 2019, the Trump Administration suspended most foreign aid to Honduras and other Northern Triangle countries due to a spike in the number of migrants and asylum-seekers from the region seeking entry into the United States. It continued to fund some Department of Justice (DOJ) and Department of Homeland Security (DHS) programs intended to help the Honduran government counter transnational crime and improve border security, but it reprogrammed or froze the vast majority of aid for traditional development activities.<sup>61</sup> As a result, the State

<sup>61</sup> Morgan Ortagus, Department Spokesperson, U.S. Department of State, “Department Press Briefing,” June 17, 2019; and U.S. Department of State, “Estimated FY2017 and 2018 Levels for Northern Triangle Assistance,” document provided to Congress, June 2019.

Department and USAID had to prematurely end some foreign aid programs in Honduras and scale back or delay others. In June 2019, for example, USAID implementing partners laid off 140 agricultural technicians who had been assisting 125,000 poor and food insecure Hondurans in the midst of a drought-affected harvest season. USAID also lost funding for activities intended to connect young Hondurans to employment opportunities, protect human rights defenders, and reduce criminal recidivism among youth, among other programs. The total number of beneficiaries of USAID activities in Honduras fell from 1.5 million in March 2019 to about 700,000 in March 2020.<sup>62</sup>

The Trump Administration asserted that it would not lift the aid suspension until the Honduran government took concrete actions to reduce the number of migrants arriving at the U.S. border.<sup>63</sup> The Hernández Administration initially reacted to the aid suspension by expressing irritation with the “contradictory policies” of the U.S. government, noting that then-Secretary of Homeland Security Kirstjen Nielsen had just visited Tegucigalpa to sign a new security cooperation agreement.<sup>64</sup> Nevertheless, the Honduran government proceeded to negotiate a series of additional agreements with the United States, including arrangements to share biometric data, authorize DHS to deploy additional personnel to Honduras, and allow the U.S. government to transfer asylum-seekers from third countries to Honduras.

As a result of the Hernández Administration’s cooperation on those issues, the Trump Administration has begun releasing some targeted assistance to Honduras. In November 2019, the State Department informed Congress that it intended to provide nearly \$56 million to Honduras, including nearly \$34 million of previously suspended assistance for security and migrant reintegration programs. The aid package also included \$22 million of new Migration and Refugee Assistance funding for the U.N. High Commissioner for Refugees and the International Organization for Migration to provide humanitarian assistance and build asylum capacity in Honduras.<sup>65</sup> In April 2020, the State Department informed Congress it intended to release an additional \$71 million of previously suspended assistance to Honduras. Nearly all of the aid is to be allocated to various security concerns, with the exception of \$10 million intended to stimulate private investment and \$1.5 million intended to increase agricultural incomes and productivity.<sup>66</sup>

It appears as though much of the assistance Congress appropriated in FY2019 for governance and economic prosperity programs in Honduras and other Northern Triangle countries remains suspended. Unless the Administration releases additional funds, a variety of USAID activities will close prematurely over the course of 2020. These include projects intended to improve local governance, protect human rights, and enhance the capacity of civil society organizations to hold the government accountable.<sup>67</sup>

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<sup>62</sup> USAID/Honduras briefing documents, provided to CRS, August 22, 2019.

<sup>63</sup> Morgan Ortagus, Department Spokesperson, U.S. Department of State, “Department Press Briefing,” June 17, 2019.

<sup>64</sup> Gobierno de la República de Honduras, Secretaría de Relaciones Exteriores y Cooperación Internacional, “Comunicado,” March 30, 2019; and U.S. Department of Homeland Security, “Secretary Nielsen Signs Historic Regional Compact with Central America to Stem Irregular Migration at the Source, Confront U.S. Border Crisis,” press release, March 28, 2019.

<sup>65</sup> U.S. Department of State, “State Department and USAID Migration Related Assistance Programming,” document provided to Congress, November 2019.

<sup>66</sup> U.S. Department of State, “Assistance to El Salvador, Guatemala, and Honduras by Goal, Bureau, and Program,” document provided to Congress, April 2020.

<sup>67</sup> USAID communication with CRS, March 6, 2020.

## FY2020 Appropriations and FY2021 Budget Request

In the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), Congress appropriated “not less than” \$519.9 million to continue implementing the U.S. Strategy for Engagement in Central America, including at least \$65 million for Honduras. Although many Members of Congress criticized the Trump Administration’s aid suspension, the act appears to once again provide the Administration with significant discretion in expending funds. Whereas the FY2020 foreign aid appropriations bills adopted by the House and reported to the Senate (H.R. 2740 and S. 2583, respectively) each stated that funds “shall be made available” for assistance to countries in Central America, P.L. 116-94 is less definitive, stating that funds “should be made available” for the region.<sup>68</sup> Likewise, P.L. 116-94 limits the Administration’s authority to deviate from the appropriations levels specified by Congress when initially allocating assistance but continues to provide broad authority to the Administration to reprogram some aid appropriated for Honduras and its neighbors.<sup>69</sup>

Similar to prior appropriations measures, P.L. 116-94 places strict conditions on assistance to the Honduran government. It requires 50% of military and CARSII assistance for the central government of Honduras to be withheld until the Secretary of State certifies the Honduran government is meeting nine conditions: (1) combatting corruption and impunity; (2) increasing transparency and strengthening institutions; (3) protecting the rights of civil society, opposition parties, and the media; (4) providing effective and accountable law enforcement; (5) reducing poverty and promoting equitable economic growth; (6) supporting the independence of the judiciary and electoral institutions (7) improving border security; (8) combating human smuggling and transnational crime; and (9) informing citizens about the dangers of the journey to the U.S. border.<sup>70</sup> The State Department has yet to certify that the Honduran government has met those conditions, or similar conditions enacted in FY2019.

The Trump Administration’s FY2021 budget proposal does not request any foreign aid specifically for Honduras.<sup>71</sup> However, the Administration is requesting nearly \$377 million for the Central American region, some of which could be allocated to Honduras. The Administration asserts that any assistance is dependent on the Honduran government continuing to take action to stem migration to the United States.<sup>72</sup> In addition to enacting annual appropriations measures, the 116<sup>th</sup> Congress could consider a foreign assistance authorization for Central America to guide aid levels, set priorities, and enhance oversight of U.S. policy in the region. Several such measures have been introduced in the 116<sup>th</sup> Congress, including H.R. 2615—passed by the House in July 2019, H.R. 2836, H.R. 3524, S. 1445, and S. 1781.

<sup>68</sup> See Section 7045(a)(1) of P.L. 116-94.

<sup>69</sup> See Sections 7019 and 7045(a)(2)(B) of P.L. 116-94. The Foreign Assistance Act of 1961, as amended (22 U.S.C. §§2151 et seq.), provides additional reprogramming authority to the President.

<sup>70</sup> See Section 7045(a)(2) of P.L. 116-94.

<sup>71</sup> U.S. Department of State, *Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Year 2021*, February 10, 2020, at <https://www.state.gov/fy-2021-international-affairs-budget/>.

<sup>72</sup> U.S. Department of State, FY2021 budget briefing document, provided to CRS, February 2020.

## Migration Issues

The United States and Honduras have significant migration ties. As of 2018, approximately 622,000 individuals born in Honduras resided in the United States,<sup>73</sup> and an estimated 400,000 (64%) of them were in the country without authorization.<sup>74</sup> Migration from Honduras to the United States has traditionally been driven by high levels of poverty and unemployment; however, the poor security situation in Honduras also play an important role.<sup>75</sup> According to a February 2019 poll, more than 40% of Hondurans had a family member who had emigrated in the past year.<sup>76</sup> This could contribute to additional migration in the coming years, as those who leave Honduras may share their experiences and provide financial and logistical support to those who remain behind.

## Recent Flows of Migrants and Asylum-Seekers

Over the past decade, there has been a significant increase in the number of Honduran migrants and asylum-seekers arriving at the U.S. border. U.S. apprehensions of Honduran nationals at the southwest border tripled from about 30,350 in FY2012 to nearly 91,000 in FY2014. Although annual flows declined for a few years, U.S. authorities apprehended nearly 254,000 Hondurans—more than 2.7% of the Honduran population—at the border in FY2019. The demographics of the Hondurans attempting to reach the United States have also changed significantly, with unaccompanied children and families—many of whom have sought asylum or other forms of humanitarian protection—accounting for 70% of those apprehended at the border from FY2014 to FY2019 (see **Figure 3**, below).

Since 2014, the U.S. and Honduran governments have sought to deter migration in various ways. DHS advises and trains several vetted units comprised of Honduran police, customs officers, and other officials, which focus on border security and detecting and disrupting human smuggling operations.<sup>77</sup> The U.S. and Honduran governments also have run public-awareness campaigns to inform Hondurans about the potential dangers of unauthorized migration and to correct possible misperceptions about U.S. immigration policies. Some analysts have questioned the effectiveness of such campaigns, with a 2018 study finding that Hondurans’ “views of the dangers of migration to the United States, or the likelihood of deportation, do not seem to influence their emigration plans in any meaningful way.”<sup>78</sup>

The Trump Administration has implemented several changes in immigration enforcement and asylum policies to further discourage migration to the United States. In 2018, for example, the

<sup>73</sup> U.S. Census Bureau, *2018 American Community Survey 5-Year Estimates*, accessed by CRS in February 2020.

<sup>74</sup> Pew Research Center, “Unauthorized Immigrant Population Trends for States, Birth Countries and Regions,” June 12, 2019.

<sup>75</sup> A 2019 poll found that 33% of Hondurans intend to migrate. Of those individuals, 67% cited economic concerns as their primary reason for leaving and 18% cited security concerns. The relative importance of those concerns in migration decisions varies by location. Creative Associates International, *Saliendo Adelante: Why Migrants Risk It All*, 2019.

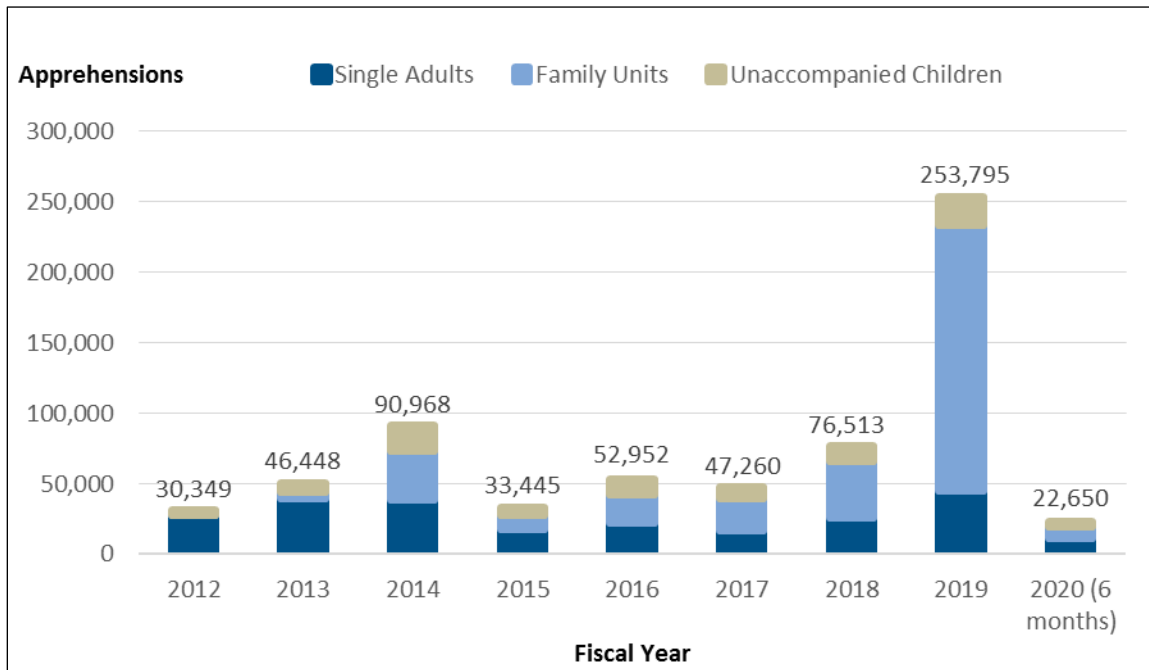
<sup>76</sup> Equipo de Reflexión, Investigación y Comunicación, Compañía de Jesús, *Percepciones sobre la Situación Hondureña en el Año 2018*, April 2019, p. 16.

<sup>77</sup> U.S. Department of State, Memorandum of Justification Regarding Certification under Section 7045(a)(3)(A) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018 (Div. K, P.L. 115-141), August 11, 2018.

<sup>78</sup> Jonathan T. Hiskey et al., “Leaving the Devil You Know: Crime Victimization, US Deterrence Policy, and the Emigration Decision in Central America,” *Latin American Research Review*, vol. 53, no. 3 (2018), p. 441.

Administration’s “zero tolerance” immigration enforcement policy reportedly resulted in more than 1,000 Honduran children being separated from their parents.<sup>79</sup> Under the “Migrant Protection Protocols,” implemented in 2019, the Administration has required many asylum-seekers to wait in Mexico while U.S. immigration courts process their cases.<sup>80</sup> An interim final rule, promulgated by DHS and DOJ in 2019, makes most individuals who pass through third countries without seeking protection in those countries—such as Hondurans passing through Guatemala and Mexico—ineligible for asylum in the United States.<sup>81</sup> Most recently, the Administration concluded asylum cooperative agreements, also known as “Safe Third Country Agreements,” with Guatemala, El Salvador, and Honduras, allowing DHS to transfer some asylum seekers who arrive at the U.S. border to those countries. The agreements with El Salvador and Honduras have yet to be implemented, but DHS has transferred hundreds of Honduran asylum seekers to Guatemala.<sup>82</sup>

**Figure 3. U.S. Apprehensions of Honduran Nationals at the Southwest Border: FY2012-FY2020**



**Sources:** CRS presentation of data from U.S. Customs and Border Protection, “U.S. Border Patrol Nationwide Apprehensions by Citizenship and Sector in FY2007-FY2018;” and “U.S. Border Patrol Southwest Border Apprehensions by Sector Fiscal Year 2020,” press release, April 9, 2020.

<sup>79</sup> “Más de un Centenar de Niños Hondureños Siguen Separados de sus Padres en EEUU,” Agence France Presse, September 24, 2019. For more information on the “zero tolerance” policy, see CRS Report R45266, *The Trump Administration’s “Zero Tolerance” Immigration Enforcement Policy*.

<sup>80</sup> For more information, see CRS Legal Sidebar LSB10420, *Supreme Court Grants Stay in MPP Case*.

<sup>81</sup> For more information, see CRS Legal Sidebar LSB10337, *Asylum Bar for Migrants Who Reach the Southern Border through Third Countries: Issues and Ongoing Litigation*.

<sup>82</sup> For more information, see CRS Legal Sidebar LSB10402, *Safe Third Country Agreements with Northern Triangle Countries: Background and Legal Issues*.

**Notes:** Unaccompanied children = children under 18 years of age without a parent or legal guardian at the time of apprehension. Family units = total number of individuals (children under 18 years of age, parents, or legal guardians) apprehended with a family member.

In addition to those law enforcement and deterrence efforts, the United States and Honduras are implementing long-term initiatives intended to address the underlying causes of emigration. President Hernández joined with his counterparts in El Salvador and Guatemala to establish the Alliance for Prosperity in the Northern Triangle, which aimed to foster economic growth, improve security conditions, strengthen government institutions, and increase opportunities for the region’s citizens. The Honduran government reportedly allocated \$3.8 billion to advance those objectives from 2016 to 2019, though it is unclear how much of that funding was allocated to new investments.<sup>83</sup> As noted above (see “Foreign Assistance”), the U.S. government has supported complementary efforts through the U.S. Strategy for Engagement in Central America, but much of that assistance has been suspended since March 2019.

These programs may take several years to bear fruit, as research suggests the relationship between development and migration is complex. Numerous studies have found that economic development may increase outward migration initially by removing the financial barriers faced by households in poverty. Consequently, assistance programs that provide financial support or skills training without simultaneously ensuring the existence of local opportunities may end up intensifying rather than alleviating migration flows.<sup>84</sup> There is some evidence that violence prevention and food security programs may have a more immediate impact on migration trends by mitigating forced displacement.<sup>85</sup>

## Deportations and Temporary Protected Status

U.S. Immigration and Customs Enforcement (ICE) removed (*deported*) nearly 42,000 Hondurans from the United States in FY2019, making Honduras the third-largest recipient of deportees in the world behind Mexico and Guatemala.<sup>86</sup> In addition to deportations from the United States, Honduras receives large numbers of deportees from Mexico, a transit country for Central American migrants bound for the United States. Honduran policymakers have expressed concerns about their country’s ability to absorb the large volume of deportees, as it is often difficult for those returning to the country to find gainful employment, and deported criminals may exacerbate gang activity and crime. Since November 2019, the State Department has committed to providing at least \$4.8 million to support migrant return and reintegration services in Honduras.<sup>87</sup>

Honduran leaders are also concerned about the potential economic impact of deportations because the Honduran economy is heavily dependent on the remittances of migrant workers abroad. In

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<sup>83</sup> “Montos Presupuestados y Ejecutados Alineados al PAPTN,” document provided to CRS by the Inter-American Development Bank, June 2019.

<sup>84</sup> Susan Fratzke and Brian Salant, *Moving Beyond “Root Causes”: The Complicated Relationship between Development and Migration*, Migration Policy Institute, January 2018.

<sup>85</sup> Michael Clemens, “Regional Security Means Border Security: New Data on Why Central American Children Flee to the United States,” *War on the Rocks*, November 30, 2017; and USAID/Honduras, “Migration Success Stories at USAID/Honduras,” document provided to CRS, August 22, 2019.

<sup>86</sup> U.S. Immigration and Customs Enforcement (ICE), *U.S. Immigration and Customs Enforcement Fiscal Year 2019 Enforcement and Removal Operations Report*, 2019, p. 29.

<sup>87</sup> U.S. Department of State, “State Department and USAID Migration Related Assistance Programming,” document provided to Congress, November 2019; and U.S. Department of State, “Assistance to El Salvador, Guatemala, and Honduras by Goal, Bureau, and Program,” document provided to Congress, April 2020.

2019, Honduras received nearly \$5.4 billion (equivalent to 21.5% of GDP) in remittances.<sup>88</sup> Given that remittances are the primary source of income for more than one-third of the Honduran households that receive them, a sharp reduction in remittances could have a dramatic effect on socioeconomic conditions in the country.<sup>89</sup> According to the Honduran Central Bank, however, remittance levels have traditionally been more associated with the performance of the U.S. economy than the number of deportations from the United States.<sup>90</sup>

More than 79,000 Hondurans benefit from temporary protected status (TPS)—a form of humanitarian relief that allows individuals who could otherwise be deported to stay in the United States.<sup>91</sup> The United States first provided TPS to Hondurans in the aftermath of Hurricane Mitch, which killed nearly 5,700 people, displaced 1.1 million others, and produced more than \$5 billion in damages in 1998.<sup>92</sup> TPS for Honduras was extended 14 times before the Trump Administration announced the program’s termination in May 2018. The Administration gave current beneficiaries, who have an estimated 53,500 U.S.-born children, until January 5, 2020, to seek an alternative lawful immigration status or depart from the United States.<sup>93</sup> The termination decision is currently on hold, however, due to a court order.<sup>94</sup>

Then-Secretary of Homeland Security Kirstjen Nielsen asserted that the termination was required since “the disruption of living conditions in Honduras from Hurricane Mitch that served as the basis for its TPS designation has ceased to a degree that it should no longer be regarded as substantial.”<sup>95</sup> Some analysts disagree; they argue that the Secretary’s decision ignored ongoing economic, security, and governance challenges in Honduras and could undermine U.S. and Honduran efforts to address the root causes of irregular migration.<sup>96</sup> In 2017, TPS beneficiaries sent an estimated \$176 million in cash remittances to Honduras, which is roughly the same amount that the U.S. government provided to Honduras in foreign aid.<sup>97</sup> In June 2019, the House passed the American Dream and Promise Act of 2019, H.R. 6, which would provide a path toward permanent resident status for some TPS holders.

## Security Cooperation

The United States and Honduras have cooperated closely on security issues for decades. Honduras served as a base for U.S. operations designed to counter Soviet influence in Central America during the 1980s and has hosted a U.S. troop presence—Joint Task Force Bravo—ever

<sup>88</sup> Banco Central de Honduras, *Memoria 2019, 2020*, p. 13.

<sup>89</sup> Jesús A. Cervantes González and Ana Paola Uribe, *Migración Internacional, Remesas e Inclusión Financiera: El Caso de Honduras*, Centro de Estudios Monetarios Latinoamericanos, April 2017, p. 32.

<sup>90</sup> Banco Central de Honduras, *Resultados Encuesta Semestral de Remesas Familiares*, January 2017, p. 1.

<sup>91</sup> For more information on TPS, see CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*.

<sup>92</sup> U.S. Department of Homeland Security, “Extension of the Designation of Honduras for Temporary Protected Status,” 81 *Federal Register* 30331-30337, May 16, 2016.

<sup>93</sup> International Organization for Migration, “Población Hondureña en Estados Unidos con Estatus de Protección Temporal (TPS),” 2018.

<sup>94</sup> For more information, see CRS Legal Sidebar LSB10215, *Federal District Court Enjoins the Department of Homeland Security from Terminating Temporary Protected Status*.

<sup>95</sup> U.S. Department of Homeland Security, “Secretary of Homeland Security Kirstjen M. Nielsen Announcement on Temporary Protected Status for Honduras,” press release, May 4, 2018.

<sup>96</sup> John D. Feeley and James D. Nealon, “The Trump Administration Shoves Honduran Immigrants back into Danger,” *Washington Post*, May 9, 2018.

<sup>97</sup> International Organization for Migration, “Población Hondureña en Estados Unidos con Estatus de Protección Temporal (TPS),” 2018; and USAID, *Foreign Aid Explorer: The Official Record of U.S. Foreign Aid*, accessed May 2019.

since (see text box “Joint Task Force Bravo,” below). Current bilateral security efforts primarily focus on citizen safety and drug trafficking.

### Joint Task Force Bravo

Honduras has hosted a U.S. military presence, known as Joint Task Force (JTF)-Bravo, at Soto Cano Air Base since 1983. At that time, JTF-Bravo carried out military training exercises and supported U.S. counterinsurgency and intelligence operations in Central America. Today, JTF-Bravo is comprised of about 500 U.S. military personnel and more than 500 U.S. and Honduran civilians. It serves as a forward operating base with rapid response capabilities for U.S. government operations throughout Latin America and the Caribbean. JTF-Bravo conducts a variety of missions, including operations to counter transnational organized crime, provide disaster relief and humanitarian assistance, and build partner nations’ capacities to foster security and stability in the region. In March 2020, JTF-Bravo helped repatriate U.S. citizens who had been stranded in Honduras after the country closed its borders due to the COVID-19 pandemic.

### Citizen Safety

As noted previously, Honduras faces significant security challenges (see “Security Conditions”). Many citizens contend with criminal threats on a daily basis, ranging from petty theft to extortion and forced gang recruitment. The U.S. government has sought to assist Honduras in addressing these challenges, often using funds appropriated through CARSII.

USAID has used CARSII funds to implement a variety of crime- and violence-prevention programs. USAID interventions include primary prevention programs that work with communities to create safe spaces for families and young people, secondary prevention programs that identify the youth most at risk of engaging in violent behavior and provide them and their families with behavior-change counseling, and tertiary prevention programs that seek to reintegrate juvenile offenders into society. According to a 2014 impact evaluation, Honduran communities where USAID implemented crime- and violence-prevention programs reported 35% fewer robberies, 43% fewer murders, and 57% fewer extortion attempts than would have been expected based on trends in similar communities without a USAID presence.<sup>98</sup>

Other CARSII-funded efforts in Honduras are designed to support law enforcement and strengthen rule-of-law institutions. The State Department’s Bureau of International Narcotics and Law Enforcement Affairs (INL) has established “model police precincts,” which are designed to build local confidence in law enforcement by converting police forces into more community-based, service-oriented organizations. INL has also supported efforts to purge the Honduran national police of corrupt officers, helped establish a criminal investigative school, and helped stand up the criminal investigation and forensic medicine directorates within the public prosecutor’s office. The Federal Bureau of Investigation (FBI) leads a Transnational Anti-Gang (TAG) unit designed to interrupt criminal gang activity, including kidnappings and extortion.

Over the past several years, USAID and INL have integrated their respective prevention and law enforcement interventions as part of a “place-based strategy” that seeks to concentrate U.S. efforts within the most dangerous communities in Honduras. As noted previously, some of those programs have begun to close down prematurely due to the Trump Administration’s decision to suspend most aid to Honduras (see “Suspension of Assistance”).<sup>99</sup>

<sup>98</sup> Susan Berk-Seligson et al., *Impact Evaluation: Honduras Country Report*, Vanderbilt University, Latin American Public Opinion Project (LAPOP), August 2014, at [http://www.vanderbilt.edu/lapop/carsi/CARSII\\_Honduras\\_v1\\_Formatted\\_W\\_02.16.16.pdf](http://www.vanderbilt.edu/lapop/carsi/CARSII_Honduras_v1_Formatted_W_02.16.16.pdf).

<sup>99</sup> USAID document provided to CRS, January 2020.



## Counternarcotics

Honduras is a major transshipment point for illicit narcotics. In 2018, approximately 53% of South American cocaine bound for the United States was shipped through Central America.<sup>100</sup> The Caribbean coastal region of Honduras is reportedly particularly vulnerable to trafficking due to its remote location, limited infrastructure, and minimal government presence.<sup>101</sup>

The U.S. government has sought to strengthen counternarcotics cooperation with Honduras to reduce illicit flows through the country. Although the United States has not provided the Honduran government with any assistance that would support aerial interdiction since Honduras enacted an aerial intercept law in 2014,<sup>102</sup> close bilateral cooperation has continued in several other areas. U.S. agencies, including the Drug Enforcement Administration (DEA), have used CARSF funds to establish and support specially vetted units and task forces designed to combat transnational criminal organizations. These units, which include U.S. advisers and selected members of the Honduran security forces, carry out complex investigations into drug trafficking, money laundering, and other transnational crime.

The U.S. Department of Defense (DOD) provides additional counternarcotics assistance to Honduras. This support includes equipment intended to extend the reach of Honduran security forces and enable them to better control their national territories. It also includes specialized training. For example, U.S. Special Operations Forces have helped finance and train the TIGRES unit of the Honduran national police, which has been employed as a counterdrug SWAT (Special Weapons and Tactics) team. DOD counternarcotics assistance to Honduras totaled \$12.4 million in FY2017, \$10.4 million in FY2018, and \$3.6 million in FY2019. DOD plans to provide Honduras with nearly \$3 million of equipment and training in FY2020 to support counter illicit drug trafficking operations.<sup>103</sup>

As a result of this cooperation, U.S. and Honduran authorities have apprehended numerous high-level drug traffickers. At least 25 Hondurans reportedly have been extradited to the United States, and at least a dozen others have turned themselves in to U.S. authorities since 2014.<sup>104</sup> Many of those now in U.S. custody had previously been designated by the U.S. Department of the Treasury's Office of Foreign Asset Control as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (codified at 21 U.S.C. §1901 *et seq.*), freezing their assets and prohibiting U.S. citizens from conducting financial or commercial transactions with them.

Although the State Department asserts that the “political will of the Honduran government to combat drug trafficking in coordination with U.S. law enforcement agencies continues,”<sup>105</sup> DOJ

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<sup>100</sup> U.S. Government database of drug seizure and movement events, data provided to CRS in January 2020.

<sup>101</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report, Volume I: Drug and Chemical Control*, March 2020, p. 160, at <https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf> (hereinafter: U.S. Department of State, INCSR, March 2020).

<sup>102</sup> The U.S. government stopped sharing radar intelligence with Honduras to comply with the Aircraft Sabotage Act (P.L. 98-473, as amended; 18 U.S.C. 32). Such cooperation could be reestablished if the President determines that Honduras has sufficient standards and safeguards in place to ensure innocent civilian aircraft are not shot down.

<sup>103</sup> U.S. Department of Defense, “FY 2020 Tranche 2,” December 2019.

<sup>104</sup> David C. Adams and Jeff Ernst, “Cómo la DEA Entró en Honduras para Perseguir al Narco y hasta el Hermano del Presidente acabó Detenido,” *Univision*, October 2, 2019.

<sup>105</sup> U.S. Department of State, INCSR, March 2020, p. 160.

officials contend Honduran officials have been involved in “state-sponsored drug trafficking.”<sup>106</sup> In October 2019, Juan Antonio “Tony” Hernández—a former member of the Honduran congress and President Hernández’s brother—was convicted in U.S. federal court for conspiring to import cocaine into the United States. According to DOJ, Tony Hernández worked with—and solicited bribes from—Mexican, Colombian, and Honduran drug traffickers to move multi-ton loads of cocaine through Honduras. He also arranged for Honduran police to kill competitors and provide armed security for cocaine shipments. Tony Hernández reportedly made millions of dollars through drug trafficking and bribes, some of which financed his brother’s 2013 and 2017 presidential campaigns.<sup>107</sup> In court documents, U.S. prosecutors have described President Hernández as a co-conspirator and have alleged that he received bribes from drug traffickers in exchange for protection.<sup>108</sup> President Hernández has denied participating in drug trafficking and has yet to be charged for any alleged crimes.

In addition to concerns about Honduran officials’ involvement in drug trafficking, some observers maintain that U.S. counternarcotics efforts may contribute to human rights abuses in Honduras.<sup>109</sup> In April 2012, for example, the DEA and its vetted unit within the Honduran national police, with operational support from the State Department, initiated Operation Anvil, a 90-day pilot program intended to disrupt drug trafficking through Honduras. Three joint interdiction missions carried out as part of the operation ended with suspects being killed, including a May 2012 incident in which the vetted unit opened fire on a river taxi, killing four people and injuring four others. In May 2017, the State Department and DOJ Offices of Inspectors General released a joint report on the three deadly force incidents. They found that the DEA had not adequately planned for the operation, conducted a flawed review of the May 2012 incident, inappropriately withheld information from the U.S. ambassador, and provided inaccurate information to DOJ leadership and Congress. The report also noted that Honduran officers filed inaccurate reports about the three deadly force incidents and planted a gun at one of the crime scenes. Although DEA officials were aware of the inaccurate reports and planted weapon, they took no action.<sup>110</sup>

## Human Rights Concerns

Human rights organizations regularly denounce alleged abuses by Honduran security forces acting in their official capacities or on behalf of private interests or criminal organizations. The high-profile case of Berta Cáceres, a prominent indigenous and environmental activist, provides an illustrative example. Cáceres was killed in March 2016, apparently as a result of her efforts to prevent the construction of a hydroelectric project opposed by members of a *Lenca* indigenous community. Seven men were convicted for their roles in the murder, each sentenced to between 30 and 50 years in prison in December 2019, including a retired Honduran army lieutenant and an

<sup>106</sup> José de Córdoba, “Honduras President’s Brother Convicted in Drug-Conspiracy Case,” *Wall Street Journal*, October 18, 2019.

<sup>107</sup> U.S. Department of Justice, U.S. Attorney’s Office, Southern District of New York, “Former Honduran Congressman Tony Hernández Convicted In Manhattan Federal Court Of Conspiring To Import Cocaine Into The United States And Related Firearms And False-Statements Offenses,” press release, October 18, 2019.

<sup>108</sup> See, for example, *United States of America. v. Geovanny Fuentes Ramirez*, sealed complaint, released March 3, 2020, at <https://www.justice.gov/usao-sdny/press-release/file/1254896/download>.

<sup>109</sup> See, for example, Annie Bird and Alexander Main, “The Deadly Results of a D.E.A.-Backed Raid in Honduras,” *New York Times*, July 2, 2017.

<sup>110</sup> Office of the Inspectors General, U.S. Department of Justice and U.S. Department of State, *A Special Joint Review of Post-Incident Responses by the Department of State and Drug Enforcement Administration to Three Deadly Force Incidents in Honduras*, May 2017, at <https://oig.justice.gov/reports/2017/o1702.pdf>.

active-duty army major.<sup>111</sup> Honduran authorities have also arrested the general manager of the firm responsible for the hydroelectric project, who previously worked in military intelligence. He has yet to stand trial, however, and further delays could lead to his release from pretrial detention. Although there reportedly is evidence that other top executives and board members may have been involved in the murder, none of them have been charged.<sup>112</sup>

Numerous similar attacks have been carried out against journalists and other human rights defenders, including leaders of Afro-descendent, indigenous, land rights, LGBT (lesbian, gay, bisexual, and transgender), and workers' organizations. The extent to which Honduran security forces have been involved is unclear, since "the vast majority of murders and attacks targeting rights defenders go unpunished; if investigations are launched at all, they are inconclusive," according to the U.N. Special Rapporteur on the Situation of Human Rights Defenders.<sup>113</sup>

The Honduran government has often attributed attacks against journalists and human rights defenders to the country's high level of generalized violence and downplayed the possibility that the attacks may be related to the victims' work. Such attacks have persisted, however, even as total homicides in Honduras have fallen 43% from a peak of 7,172 in 2012 to 4,096 in 2019.<sup>114</sup> The Honduran government has also brought criminal charges, such as defamation and unlawful occupation of a premises, against journalists and activists, which the U.N. Special Rapporteur on the Situation of Human Rights Defenders maintains are "intended to stop people from investigating abuses, irregularities or human rights violations."<sup>115</sup>

## U.S. Initiatives

Human rights promotion has been an objective of U.S. policy in Honduras since the 1980s, though some analysts argue that it has been subordinated to other U.S. interests, such as maintaining bilateral security cooperation. The U.S. Strategy for Engagement in Central America has 13 sub-objectives, one of which is ensuring that Central American governments uphold democratic values and practices, including respect for human rights. The Trump Administration, like the Obama Administration before it, has generally refrained from publically criticizing the Honduran government over human rights abuses but has provided assistance to support Honduran efforts to improve the situation.

From 2016 to 2018 (the most recent years for which data are available), the U.S. government obligated an average of \$6 million per year to promote human rights in Honduras.<sup>116</sup> Among other activities, USAID has worked with Honduran government institutions and human rights organizations on the implementation of a 2015 law that created a protection mechanism for journalists, human rights defenders, and justice sector officials. As of April 2019, the Honduran

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<sup>111</sup> Nina Lakhani, "Berta Cáceres Murder: Seven Convicted Men Sentenced to up to 50 Years," *Guardian*, December 2, 2019.

<sup>112</sup> Danielle Mackey and Chiara Eisner, "Inside the Plot to Murder Honduran Activist Berta Cáceres," *Intercept*, December 21, 2019.

<sup>113</sup> U.N. Human Rights Council, *Visit to Honduras: Report of the Special Rapporteur on the Situation of Human Rights Defenders*, January 11, 2019, p. 8, at <https://undocs.org/A/HRC/40/60/Add.2> (hereinafter: U.N. Human Rights Council, January 11, 2019).

<sup>114</sup> UNAH, IUDPAS, Observatorio de la Violencia, *Boletín Especial sobre Homicidios en Honduras*, 2019, Enero-Diciembre 2019, no. 83, February 2020.

<sup>115</sup> U.N. Human Rights Council, January 11, 2019, p. 10.

<sup>116</sup> CRS calculations based on funds allocated to the "Democracy, Human Rights, and Governance" and "Rule of Law and Human Rights" sectors. USAID, "Foreign Aid Explorer: The Official Record of U.S. Foreign Aid," accessed in February 2020.

government was providing protection measures for 201 individuals, more than two-thirds of whom were human rights defenders.<sup>117</sup> The protective measures include self-protection trainings, psychosocial support, security systems, police escorts, and temporary relocations and evacuations. Many human rights defenders do not trust the protection mechanism, however, due to its heavy reliance on the country's security forces, which continue to be viewed as the main perpetrators of human rights violations in Honduras.<sup>118</sup> USAID support for the protection mechanism ended on July 31, 2019, due to a lack of funds following the Trump Administration's aid suspension.<sup>119</sup>

The U.S. government also supports efforts to strengthen the rule-of-law and reduce impunity in Honduras. USAID has provided assistance to the Honduran government and civil society organizations to support the development of more effective, transparent, and accountable judicial institutions, with a particular focus on guaranteeing equal access to justice for women, youth, LGBT individuals, and other victims of human rights abuses.<sup>120</sup> INL also supports a variety of rule-of-law initiatives, including a Violent Crimes Task Force that investigates attacks against journalists and activists. The task force, which includes vetted members of the Honduran national police, the public prosecutor's office, and U.S. advisers, reportedly arrested 24 people, submitted 17 cases for prosecution, and obtained four convictions in the first nine months of 2019.<sup>121</sup>

A provision of the National Defense Authorization Act for FY2020 (P.L. 116-92) requires the Secretary of Defense to enter into an agreement with an independent think tank or federally funded research center to conduct an assessment of the Honduran security forces' compliance with international human rights standards. Among other matters, the assessment is to include a description of U.S.-Honduran military engagement, an analysis of the challenges posed by corruption within the Honduran security forces, and recommendations to ensure U.S. security assistance to Honduras prioritizes compliance with human rights standards and advances U.S. national security interests.<sup>122</sup>

## Human Rights Restrictions on Foreign Assistance

The U.S. government has placed restrictions on some foreign assistance due to human rights concerns. Like all countries, Honduras is subject to legal provisions (codified at 22 U.S.C. §2378d and 10 U.S.C. §362) that require the State Department and the Department of Defense to vet foreign security forces and prohibit funding for any military or other security unit if there is credible evidence that it has committed "a gross violation of human rights."<sup>123</sup> In other cases, the U.S. government has chosen not to work with certain Honduran security forces as a matter of policy. For example, the United States has opted not to provide assistance to the military police force, which was created in 2013 and has been implicated in numerous human rights abuses, including 13 of the 16 post-election killings documented by the U.N. Office of the High

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<sup>117</sup> IACHR, *Situación de Derechos Humanos en Honduras*, August 27, 2019, p. 101 (hereinafter: IACHR, August 2019).

<sup>118</sup> U.N. Human Rights Council, January 11, 2019, p. 16.

<sup>119</sup> CRS communication with USAID, December 10, 2019.

<sup>120</sup> USAID, "Country Narrative: Honduras," CN #97, April 10, 2018.

<sup>121</sup> U.S. Department of State, March 2020, p. 9.

<sup>122</sup> See §1286 of S. 1790.

<sup>123</sup> For more information on these human rights vetting requirements, see CRS In Focus IF10575, *Human Rights Issues: Security Forces Vetting ("Leahy Laws")*.

Commissioner for Human Rights.<sup>124</sup> That policy could be subject to change, however, as the U.S. embassy in Honduras has been reconsidering its relations with the military police.<sup>125</sup>

Congress has placed additional restrictions on U.S. security assistance to Honduras since FY2012. The amount of assistance subject to restrictions and the conditions required for assistance to be released have varied from year to year. The Further Consolidated Appropriations Act, 2020 (P.L. 116-94), requires the State Department to withhold 50% of security assistance to the central government of Honduras until the Secretary of State certifies Honduras has met nine conditions, including

- combating corruption and impunity, including prosecuting corrupt government officials;
- protecting the rights of civil society, opposition political parties, and the independence of the media; and
- providing effective and accountable law enforcement and security for its citizens, and upholding due process of law.<sup>126</sup>

The State Department certified that Honduras met the conditions necessary to release assistance every year from FY2012 through FY2017. It has yet to issue certifications for FY2018, FY2019, or FY2020.

The 116<sup>th</sup> Congress could consider legislative initiatives to place additional human rights restrictions on assistance to Honduras. The Berta Cáceres Human Rights in Honduras Act, H.R. 1945, would suspend all U.S. security assistance to Honduras and direct U.S. representatives at multilateral development banks to oppose all loans for Honduran security forces until the State Department certifies that Honduras has effectively investigated and prosecuted a series of human rights abuses, including the killing of Berta Cáceres, and satisfied several other conditions.

## Commercial Ties

The United States and Honduras have maintained close commercial ties for decades. In 1984, Honduras became one of the first beneficiaries of the Caribbean Basin Initiative, a unilateral U.S. preferential trade arrangement providing duty-free importation for many goods from the region. In the late 1980s, Honduras benefitted from production-sharing arrangements with U.S. apparel companies for duty-free entry into the United States of certain apparel products assembled in Honduras. As a result, *maquiladoras*, or export-assembly companies, flourished. The passage of the Caribbean Basin Trade Partnership Act (P.L. 106-200) in 2000, which provided Caribbean Basin nations with North America Free Trade Agreement (NAFTA)-like preferential tariff treatment, further boosted the *maquila* sector.

Commercial relations have expanded most recently as a result of CAFTA-DR, which significantly liberalized trade in goods and services after entering into force in 2006. CAFTA-DR has eliminated tariffs on all U.S. consumer and industrial goods exported to Honduras. Most U.S. agricultural exports also enter Honduras duty free, and nearly all remaining tariffs on U.S.

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<sup>124</sup> U.S. Department of Defense, *Congressional Report on Citizen Security Responsibilities in the Northern Triangle of Central America*, July 2017; and OHCHR, *Human Rights Violations in the Context of the 2017 Elections in Honduras*, March 12, 2018.

<sup>125</sup> CRS meeting with U.S. embassy officials in Honduras, August 2019.

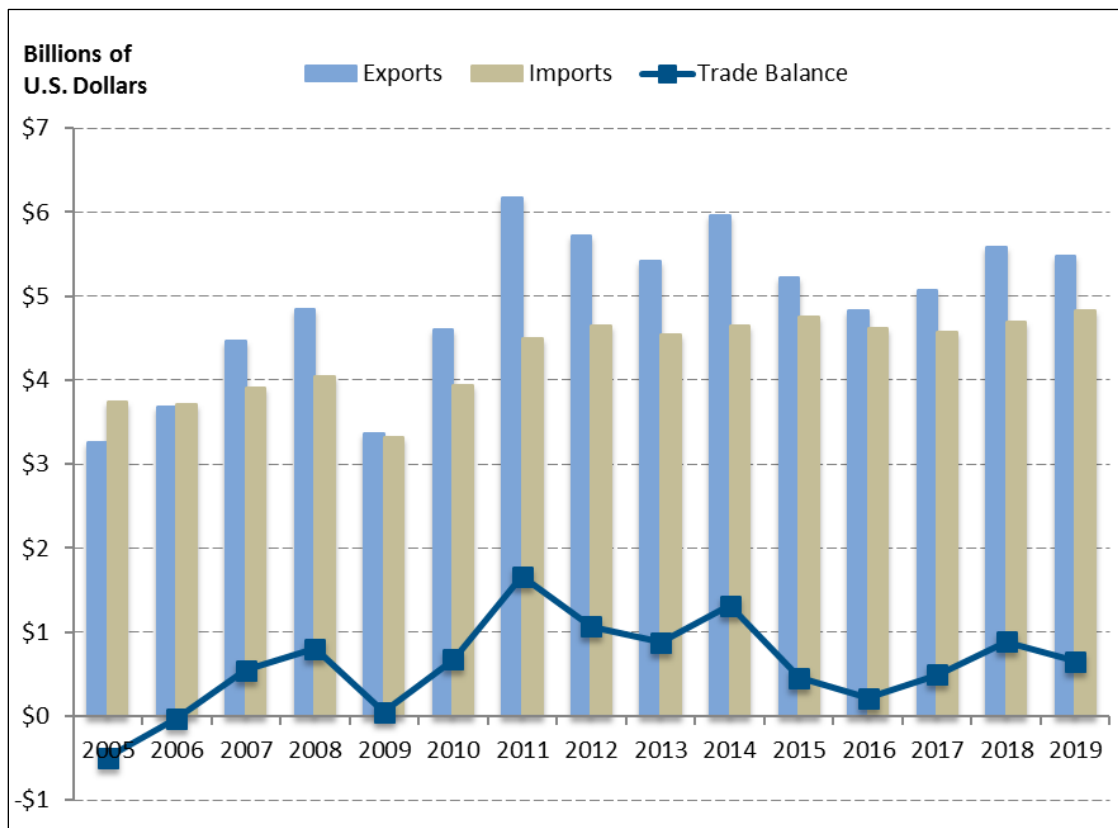
<sup>126</sup> §7045(a)(2)(A) of P.L. 116-94.

agricultural products are scheduled to phase out by 2025.<sup>127</sup> Although U.S. Trade Representative Robert Lighthizer has asserted that CAFTA-DR and other trade arrangements throughout Latin America “need to be modernized,” the Trump Administration has not yet sought to renegotiate the agreement.<sup>128</sup>

## Trade and Investment

Despite a significant decline in bilateral trade in the aftermath of the global financial crisis, total merchandise trade between the United States and Honduras has increased 47% since 2005; U.S. exports to Honduras have grown by 68%, and U.S. imports from Honduras have grown by 29% (see **Figure 4**, below). Analysts had predicted that CAFTA-DR would lead to a relatively larger increase in U.S. exports because a large portion of imports from Honduras already entered the United States duty free prior to implementation of the agreement. The United States has run a trade surplus with Honduras since 2007.

**Figure 4. U.S. Trade with Honduras: 2005-2019**



**Source:** CRS presentation of U.S. Department of Commerce data obtained through *Global Trade Atlas*, accessed April 2020.

<sup>127</sup> U.S. Trade Representative, *2020 National Trade Estimate Report on Foreign Trade Barriers*, March 31, 2020, p. 229, at [https://ustr.gov/sites/default/files/2020\\_National\\_Trade\\_Estimate\\_Report.pdf](https://ustr.gov/sites/default/files/2020_National_Trade_Estimate_Report.pdf). For more information on CAFTA-DR, see CRS In Focus IF10394, *Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)*.

<sup>128</sup> Isabelle Hoagland, “Lighthizer Says a Slew of Latin American Free Trade Deals Must be ‘Modernized’ after NAFTA,” *Inside U.S. Trade*, October 3, 2017.

Total two-way trade amounted to \$10.3 billion in 2019: \$5.5 billion in U.S. exports to Honduras and \$4.8 billion in U.S. imports from Honduras. Top U.S. exports to Honduras included textile and apparel inputs (such as yarns and fabrics), mineral fuels, machinery, and cereals. Top U.S. imports from Honduras included apparel, insulated wire, bananas and melons, and coffee. The United States was Honduras's largest trading partner.<sup>129</sup>

After several years of growth, U.S. foreign direct investment in Honduras declined significantly in 2018 (the most recent year for which data are available). The total stock of U.S. foreign direct investment in the country amounted to \$504 million, a 64% decrease compared to 2017. The drop appears to be driven by investment withdrawn from the manufacturing sector.<sup>130</sup> According to the State Department, approximately 200 U.S. companies operate in Honduras. While relatively low labor costs, proximity to the U.S. market, and the large Caribbean port of Puerto Cortés make Honduras attractive to investors, the country's investment climate is reportedly hampered by high levels of crime, weak institutions, corruption, low educational levels, and poor infrastructure.<sup>131</sup>

## Labor Rights

Some observers in the United States and Honduras have expressed concerns about the enforcement of the labor rights provisions of CAFTA-DR.<sup>132</sup> In 2012, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) joined with 26 Honduran trade unions and civil society organizations to file a petition with the U.S. Department of Labor asserting that the Honduran government had failed to meet its obligations to effectively enforce its laws relating to freedom of association, the right to organize and bargain collectively, child labor, and the right to acceptable working conditions. They identified specific violations in the port, apparel, agriculture, and auto manufacturing sectors.<sup>133</sup>

After a nearly three-year investigation, the Department of Labor issued a public report in 2015 stating that it had found evidence of labor law violations in nearly all of the cases included in the petition. The report stated that the department "has serious concerns regarding the protection of internationally recognized labor rights in Honduras, including concerns regarding the Government of Honduras's enforcement of its labor laws." It also noted that "there has not yet been measurable systematic improvement in Honduras to address the concerns raised."<sup>134</sup> In December 2015, U.S. and Honduran officials signed a monitoring and action plan designed to address the legal, institutional, and practical challenges to labor law enforcement in Honduras.<sup>135</sup>

<sup>129</sup> U.S. Department of Commerce, Census Bureau, and INE data, as presented by *Global Trade Atlas*, accessed February 2020.

<sup>130</sup> U.S. Bureau of Economic Analysis, "Balance of Payments and Direct Investment Position Data," accessed February 2020.

<sup>131</sup> U.S. Department of State, Bureau of Economic and Business Affairs, *2019 Investment Climate Statement—Honduras*, July 11, 2019, at <https://www.state.gov/reports/2019-investment-climate-statements/honduras/>.

<sup>132</sup> The labor rights provisions of CAFTA-DR are available at [https://ustr.gov/sites/default/files/uploads/agreements/cafta/asset\\_upload\\_file320\\_3936.pdf](https://ustr.gov/sites/default/files/uploads/agreements/cafta/asset_upload_file320_3936.pdf).

<sup>133</sup> American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) et al., *Public Submission to the Office of Trade & Labor Affairs (OTLA) under Chapters 16 (Labor) and 20 (Dispute Settlement) of the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA)*, March 26, 2012, at <http://www.dol.gov/ilab/reports/pdf/HondurasSubmission2012.pdf>. AFL-CIO.

<sup>134</sup> U.S. Department of Labor, *Public Report of Review of U.S. Submission 2012-01 (Honduras)*, February 27, 2015, at [http://www.dol.gov/ilab/reports/pdf/Final\\_Report\\_of\\_Review-Honduras\\_Submission\\_022715\\_redacted.pdf](http://www.dol.gov/ilab/reports/pdf/Final_Report_of_Review-Honduras_Submission_022715_redacted.pdf).

<sup>135</sup> U.S. Department of Labor, "US and Honduras Sign Landmark Labor Rights Agreement," press release, December 9, 2015. The Labor Rights and Monitoring Action Plan is available at <https://www.dol.gov/ilab/media/pdf/>

Although Honduras enacted a comprehensive labor inspection law in 2017, the Honduran government has not enforced it effectively. Anti-union discrimination also continues to be a “serious problem,” according to the U.S. State Department.<sup>136</sup> The Network against Anti-Union Violence in Honduras has documented at least 107 incidents of violence against labor activists since 2015, including seven murders and a forced disappearance.<sup>137</sup> USAID has provided assistance to Honduras intended to improve the Honduran government’s ability to uphold labor rights and enhance Honduran civil society’s capacity to advocate for labor rights and monitor compliance with labor legislation.<sup>138</sup>

## Outlook

Honduras has made uneven progress in addressing the country’s considerable domestic challenges over the past six years. Public prosecutors had begun to combat high-level corruption with the support of the MACCIH, but the future of those efforts is now in question due to the closure of the international mission. The Honduran government’s finances have improved, but living standards for most Hondurans remain poor. The homicide rate has declined considerably, but human rights abuses have persisted and U.S. investigations have demonstrated extensive collusion between high level Honduran officials and drug traffickers.

Since launching the U.S. Strategy for Engagement in Central America, the United States has significantly increased foreign assistance to Honduras to strengthen government institutions, foster economic prosperity, and improve security in the country. These are difficult and long-term endeavors, however, and significant improvements in living conditions in Honduras will likely require concerted efforts by the Honduran government and the international community over many years. U.S. policy is now uncertain as Congress has continued to appropriate funding for the Central America strategy, but the Trump Administration has closed down or scaled back numerous foreign assistance programs and prioritized efforts to reduce short-term migration flows. In the absence of sustained support and engagement from the United States and other international partners, Honduras is likely to continue struggling with political and social instability, which, given the country’s geographic proximity, is likely to affect the United States.

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<sup>136</sup> U.S. Department of State, March 2020, p. 22.

<sup>137</sup> Red Contra la Violencia Antisindical and Solidarity Center, *Resisting Anti-Union Violence, Report 2018-2019: Honduras*, 2019.

<sup>138</sup> USAID, “Country Narrative: Honduras,” CN #19, October 14, 2016.



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