



Honduras-U.S. Relations

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Summary

Honduras, a Central American nation of 7.9 million people, has had close ties with the United States over many years. The country served as a base for U.S. operations in Central America during the 1980s, and it continues to host a U.S. military presence and cooperate on anti-drug efforts today. Trade and investment linkages are also long-standing, and have grown stronger in recent years through the implementation of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). Migration is another central concern in bilateral relations; over 702,000 Hispanics of Honduran origin live in the United States—nearly two-thirds of whom are foreign born. Although the U.S.-Honduras relationship was somewhat strained as a result of the 2009 political crisis in Honduras, close cooperation quickly resumed in 2010. Since then, broad U.S. policy goals in Honduras have included a strengthened democracy with an effective justice system that protects human rights and enforces the rule of law, and the promotion of sustainable economic growth with a more open economy and improved living conditions.

Political Situation

Porfirio Lobo, who was inaugurated president of Honduras in January 2010, is now in the final six months of his term. Lobo assumed power after seven months of domestic political crisis and international isolation that had resulted from the June 2009 ouster of President Manuel Zelaya. While the strength of Lobo's conservative National Party in the legislature has enabled his administration to pass much of its policy agenda, Lobo has had limited success in resolving the many challenges facing Honduras. His efforts to lead the country out of political crisis, for example, have helped Honduras secure international recognition but have done little to rebuild confidence in the country's political system. Lobo is constitutionally ineligible for another term, and presidential, legislative, and municipal elections are scheduled for November 24, 2013. Several new parties have been established to contest the elections and early polling suggests that Honduras' traditional two-party system is fracturing.

Security and Human Rights

The poor security and human rights situation in Honduras has continued to deteriorate under President Lobo. Honduras has one of the highest homicide rates in the world, and common crime remains widespread. Moreover, human rights abuses—which increased significantly in the aftermath of Zelaya's ouster—have persisted. A number of inter-related factors have likely contributed to this situation, including the increasing presence of organized crime, weak government institutions, and widespread corruption. Although the Honduran government has adopted a number of policy reforms designed to address these challenges, conditions have yet to improve.

Economic Conditions

President Lobo also inherited a weak economy with high levels of poverty and inequality. Honduras suffered an economic contraction of 2.4% in 2009 as a result of the combined impact of the global financial crisis and domestic political crisis. Although the economy has partially recovered, with estimated growth of 3.3% in 2012, the Honduran government continues to face serious fiscal challenges. The central government's deficit has been growing in recent years. As it has struggled to obtain financing for the budget, public employees and contractors occasionally

have gone unpaid and basic government services have been interrupted. Honduras also continues to face significant social disparities, with over two-thirds of the population living in poverty.

Congressional Action

Members of Congress have expressed considerable interest in Honduras since the 2009 political crisis, focusing in particular on the state of the country's democratic institutions as well as the significant security and human rights challenges that have plagued the country in recent years. These issues have continued to attract interest in the 113th Congress. Members of both houses have sent letters to the State Department expressing concerns about human rights abuses, and Congress chose to maintain human rights restrictions on aid to Honduras in the Consolidated and Further Continuing Appropriations Act of 2013 (P.L. 113-6).

This report examines current conditions in Honduras as well as issues in U.S-Honduras relations.

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Recent Developments

On June 19, 2013, the U.S. State Department's Office to Monitor and Combat Trafficking in Persons issued its annual *Trafficking in Persons Report*. Honduras was once again listed as a so-called "Tier-2" country (see "Trafficking in Persons").

On June 18, 2013, 21 U.S. Senators sent a letter to Secretary of State John Kerry expressing concerns about the human rights situation in Honduras (see "Security and Human Rights Conditions").

On May 31, 2013, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) labeled *Los Cachiros*, a Honduran drug trafficking organization, as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act. OFAC had previously designated several other Honduran drug traffickers on April 9 (see "Anti-Drug Efforts").

On May 28, 2013, representatives from the two major gangs in Honduras, *Mara 18* (M-18) and *Mara Salvatrucha* (MS-13), announced a potential truce (see "Potential Gang Truce").

On May 17, 2013, the U.S. State Department released its annual *Congressional Budget Justification for Foreign Operations*. The Obama Administration's FY2014 foreign aid request includes \$54.5 million in bilateral assistance for Honduras (see "Foreign Assistance").

On May 16, 2013, a CID/Gallup poll was released showing Xiomara Castro—the wife of ousted former President Manuel Zelaya and the candidate of the leftist Liberty and Re-foundation Party—leading the race for president; the election is scheduled for November 24 (see "2013 Election").

On April 3, 2013, U.S. Secretary of Homeland Security Janet Napolitano announced that the United States would extend Temporary Protected Status (TPS) for eligible Hondurans, allowing some immigrants who would otherwise be deported to remain in the United States (see "Temporary Protected Status").

On March 26, 2013, President Obama signed into law the Consolidated and Further Continuing Appropriations Act of 2013 (P.L. 113-6). The bill includes foreign aid funding for FY2013 and maintains human rights restrictions on aid to Honduras (see "Human Rights Restrictions").

On March 14, 2013, the Board of Directors of the Millennium Challenge Corporation (MCC) approved up to \$15.7 million for a Threshold Program in Honduras (see "Peace Corps and Millennium Challenge Corporation").

On February 18, 2013, the Honduran Supreme Court ruled against restoring four justices that had been dismissed by the Honduran National Congress—a move that many analysts contend was illegal (see "Institutional Conflicts").

Political Situation

Background

Honduras, a Central American nation of 7.9 million people,¹ has suffered from political instability and authoritarian governance for much of its history. The military has traditionally played a large role in domestic politics, and essentially controlled the national government from 1963 until 1971, and again from 1972 until 1982. Hondurans elected a national constituent assembly to draft a new constitution in 1980, and the country returned to civilian rule in 1982 following presidential and legislative elections.

Even after the return to electoral democracy, the military continued to operate as an autonomous institution. While Honduras did not experience a civil conflict like those in neighboring El Salvador, Guatemala, and Nicaragua, the Honduran military pursued hard-line anticommunist security policies and was responsible for human rights abuses in the 1980s. According to the National Commission for Human Rights, an independent office of the Honduran government, security forces systematically engaged in arbitrary detentions, torture, and extrajudicial executions, disappearing at least 179 people between 1980 and 1992.² During the 1990s, successive Honduran administrations took steps to reduce the power of the military. Mandatory military service was abolished, the police and several state-owned enterprises were removed from military control, and—after the ratification of constitutional reforms in 1999—the military was subordinated to a civilian-appointed defense minister.

The Liberal (*Partido Liberal*, PL) and National (*Partido Nacional*, PN) Parties have dominated Honduran politics since the military relinquished political control in 1982. Both political parties are considered to be ideologically center-right; however, the PL includes a small center-left wing. The parties are oriented around personalist factions and are largely viewed as vehicles for patronage.³ According to a number of analysts, “the objective of political competition between the two parties has not been a competition for policies or programs, but rather a competition for personal gain in which the public sector is turned into private benefit.”⁴ Three smaller parties—the Christian Democratic Party (*Partido Demócrata Cristiano*, DC), the Innovation and Unity Party (*Partido Innovación y Unidad*, PINU), and the Democratic Unification party (*Unificación Democrática*, UD)—also participate in elections and have held seats in the National Congress.

¹ United Nations Economic Commission for Latin America and the Caribbean (ECLAC), *Statistical Yearbook for Latin America and the Caribbean, 2012*, January 2013, p.23, http://www.eclac.cl/publicaciones/xml/4/48864/AnuarioEstadistico2012_ing.pdf.

² Comisionado Nacional de los Derechos Humanos (CONADEH), *Los Hechos Hablan por Sí Mismos: Informe Preliminar sobre los Desaparecidos en Honduras, 1980-1993*, Second Edition, Tegucigalpa, Honduras, May 2002. An English language translation is available at http://www.cja.org/downloads/Honduras_Report-%22The_Facts_Speak_for_Themselves%22.pdf.

³ J. Mark Ruhl, “Honduras Unravels,” *Journal of Democracy*, vol. 21, no. 2 (April 2010).

⁴ *Honduras: A Country Study*, ed. Tim L. Merrill, 3rd ed. (Washington, DC: Library of Congress, Federal Research Division, 1995), p.174. Several more recent studies of the Honduran party system offer similar analysis. See, for example, Ramón Romero, “Los Partidos Políticos y el Estado Hondureño: Evidencias de la Miopía Partidaria,” in *Golpe de Estado: Partidos, Instituciones, y Cultura Política* (Tegucigalpa: Centro de Documentación de Honduras, 2010), pp. 23-54; and Leticia Salomón, “Honduras: Golpe de Estado, Sistema de Partidos y Reconstrucción Democrática,” in *Honduras: Retos y Desafíos de la Reconstrucción Democrática* (Tegucigalpa: Centro de Documentación de Honduras, 2011), pp. 1-22.

Figure I. Map of Honduras



Source: CRS.

2009 Political Crisis⁵

Honduras was thrown into political crisis on June 28, 2009, when the Honduran military arrested then-President Manuel Zelaya and flew him into forced exile. Honduran government institutions had become increasingly polarized in the preceding months as Zelaya—who was elected as a relatively moderate member of the PL—pursued a series of populist measures and called for a new constitution. The ouster was ultimately triggered by Zelaya’s determination to push ahead with a non-binding referendum⁶ on the possibility of constitutional reform despite judicial orders forbidding it. Although the majority of the Honduran National Congress and Supreme Court backed Zelaya’s removal, Zelaya was never given due process and the Truth and Reconciliation

⁵ For a more detailed examination of the Honduran political crisis, see CRS Report R41064, *Honduran Political Crisis, June 2009-January 2010*.

⁶ The non-binding referendum would have asked Hondurans, “Do you agree that in the general elections of 2009, a fourth ballot box should be installed in which the people decide on the convocation of a National Constituent Assembly?” “Llegó el Día de Verdad,” *El Tiempo* (Honduras), June 28, 2009.

Commission appointed to investigate the ouster (along with most other legal and political analysts) declared it a “coup d’état.”⁷

The Honduran National Congress named Roberto Micheletti, the head of Congress and a member of the more conservative faction of the PL, president of Honduras for the remainder of Zelaya’s term.⁸ While steadfastly opposing international pressure to restore Zelaya to office, Micheletti worked with the Honduran National Congress to annul more than a dozen reforms approved under Zelaya.⁹ Micheletti also maintained tight control of Honduran society, restricting the activities of those opposed to the ouster. According to the Inter-American Commission on Human Rights (IACHR), an autonomous body of the Organization of American States (OAS), serious violations of human rights occurred during the Micheletti government, including deaths; suppression of public demonstrations through disproportionate use of force; arbitrary detentions of thousands of persons; serious and arbitrary restrictions on the right to freedom of expression; and grave violations of political rights.¹⁰ Although some sectors of Honduran society strongly supported the coup and Micheletti, polling suggests that the majority of Hondurans did not.¹¹

Elections that had been scheduled prior to the political crisis were held on November 29, 2009. Former President of Congress and 2005 PN presidential nominee Porfirio Lobo easily defeated his closest rival, former Vice President Elvin Santos of the PL, 57% to 38%.¹² Lobo’s PN also obtained an absolute majority in the unicameral National Congress, winning 71 of 128 seats.

The legitimacy of the election was heavily debated—both in Honduras and the international community—given the conditions under which it was held. Micheletti’s suppression of media and demonstrators opposed to the ouster led organizations that traditionally observe elections in the hemisphere, such as the OAS, the European Union, and the Carter Center, to cancel their electoral observation missions. Likewise, a number of candidates for various offices withdrew from the election in protest.¹³ Critics of the election also claim that electoral turnout, which was just under 50% (five points lower than 2005), demonstrated a rejection of the election by the Honduran people. Supporters of the election note that candidates were selected in internationally observed primary elections in November 2008,¹⁴ and that Election Day was largely free of political

⁷ See, for example, Edmundo Orellana, “El 28 de Junio y la Constitución,” *La Tribuna* (Honduras), August 1, 2009; Tim Johnson, “All Parties Broke Law in Honduras Coup, Envoy Wrote,” *McClatchy Newspapers*, November 28, 2010; and Comisión de la Verdad y la Reconciliación, *Para que los Hechos No se Repitan: Informe de la Comisión de la Verdad y la Reconciliación*, San José, Costa Rica, July 2011.

⁸ “El Decreto de la Separación de Zelaya,” *El Heraldo* (Honduras), June 28, 2009.

⁹ “Honduras: Micheletti Prepares to Leave on High Note,” *Latin News Weekly Report*, January 21, 2010.

¹⁰ Inter-American Commission on Human Rights (IACHR), *Honduras: Human Rights and the Coup D’état*, December 30, 2009, <http://cidh.org/countryrep/Honduras09eng/Toc.htm>.

¹¹ See, for example, Orlando J. Pérez, José René Argueta, and Mitchell A. Seligson, *Cultura Política de la Democracia en Honduras, 2010*, Vanderbilt University, Latin American Public Opinion Project (LAPOP), October 2010; and Universidad Centroamericana José Simeón Cañas, Instituto Universitario de Opinión Pública (IUDOP), *Los Hondureños y Hondureñas Opinan Sobre la Situación Política y Evalúan el Primer Año de Gestión de Porfirio Lobo*, Boletín de Prensa, Año XXV, No.1, San Salvador, January 19, 2011.

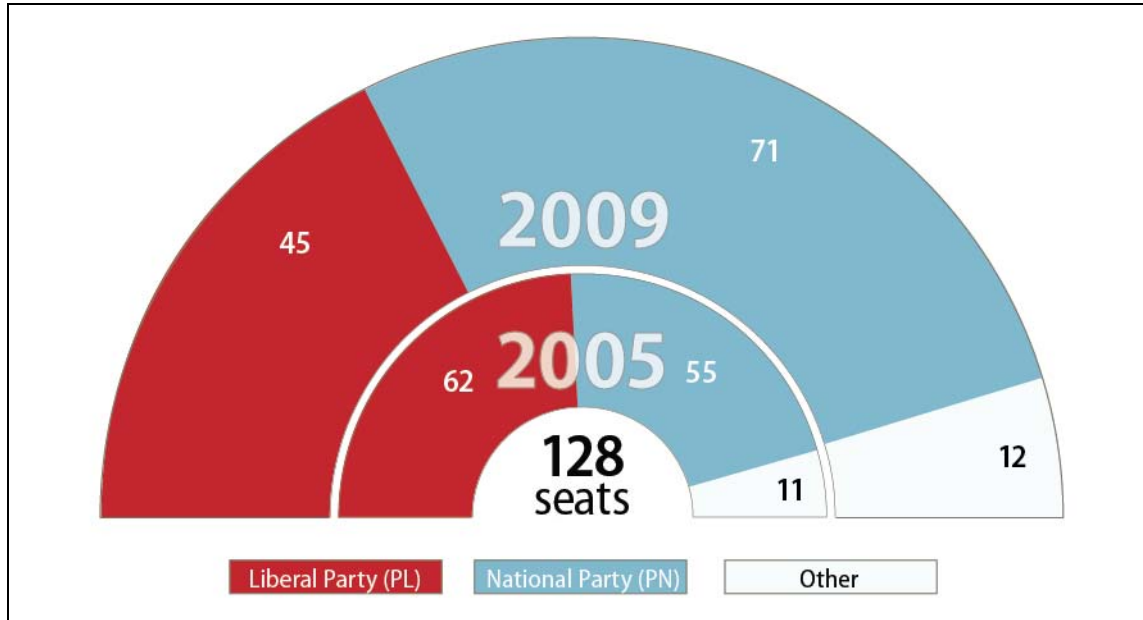
¹² “TSE Confirma el Triunfo de ‘Pepe’ en las Elecciones,” *El Heraldo* (Honduras), December 21, 2009.

¹³ “Seguidores de Zelaya No Participarán en Elecciones Aunque Haya Restitución,” *EFE News Service*, November 8, 2009; “Renuncian Importantes Dirigentes del Liberalismo,” *El Tiempo* (Honduras), November 22, 2009.

¹⁴ Former Vice President Elvin Santos did not directly participate in the primary. He was originally ruled constitutionally ineligible to run, but became the PL presidential nominee after his stand-in-candidate, Mauricio Villeda, won the PL primary and the National Congress passed a special decree to allow his candidacy.

violence.¹⁵ Moreover, they maintain that the electoral rolls were artificially inflated—distorting the turnout rate—as a result of Honduras not purging the rolls of those who had died or migrated abroad.¹⁶

Figure 2. Party Affiliation in the Honduran National Congress
(2005 and 2009 Election Results)



Source: CRS.

Notes: The Honduran National Congress is unicameral.

Lobo Administration

Porfirio Lobo, who assumed office in January 2010 after seven months of domestic political crisis and international isolation, continues to face daunting challenges in the last six months of his term. His efforts to lead Honduras out of political crisis have produced mixed results. While initiatives such as the creation of a truth commission and an agreement to allow former President Zelaya to return to the country have won support from the international community, they have done little to rebuild confidence in the political system. A constitutional crisis triggered by the National Congress's December 2012 removal of four Supreme Court justices demonstrated the extent to which democratic institutions remain fragile. Lobo's popularity has also suffered as a result of the perception that the government has made little progress in addressing the public's most pressing concerns: deteriorating security conditions and high levels of unemployment and poverty. Although the strength of Lobo's conservative National Party in the legislature (see

¹⁵ José Saúl Escobar Andrade, Enrique Ortez Sequeira, and David Andrés Matamoros Batson, "Honduran Elections," Remarks at the Inter-American Dialogue, Washington, DC, October 22, 2009; International Republican Institute, "Hondurans Turn Out to Polls in Credible Elections: IRI's Preliminary Statement on Honduras' 2009 National Elections," November 30, 2009.

¹⁶ "Honduras: Tug of War Between Opposition and De Facto Regime Regarding Flow of Voters," *Latin America Data Base, NotiCen*, December 3, 2009; "Final Results in Honduras," *Latin News Daily Report*, December 22, 2009.

Figure 2) has enabled his administration to secure passage of a number of policies designed to address these issues, Hondurans have seen few improvements thus far (see “Security and Human Rights Conditions” and “Economic and Social Conditions” below). According to a May 2013 poll, 64% of Hondurans believe the country will be in worse condition when Lobo leaves office than when he began his term.¹⁷

Political Reconciliation

In the first two years of his term, President Lobo took a number of steps designed to lead Honduras out of political crisis. After his inauguration, Lobo immediately signed a bill providing political amnesty to Zelaya and those who removed him from office. The amnesty covered political and common crimes committed prior to and after the coup, but did not include acts of corruption or violations of human rights.¹⁸ President Lobo also appointed a cabinet with representatives of each of the five political parties holding seats in the National Congress, pledged to engage in dialogue with all sectors of Honduran society, and appointed a Truth and Reconciliation Commission to investigate Zelaya’s removal and make recommendations to prevent similar events from occurring in the future.

President Lobo also successfully negotiated Zelaya’s return from exile. Following Lobo’s election, a number of South American countries joined with domestic groups like the National Popular Resistance Front (*Frente Nacional de Resistencia Popular*, FNRP)—an umbrella group of those who were opposed to Zelaya’s removal—in calling on Lobo to create the conditions necessary to allow Zelaya to return to Honduras. While Lobo initially insisted that the former president would have to stand trial for the charges that were brought against him following the coup, a Honduran court of appeals eventually dropped the case due to “procedural irregularities.”¹⁹ Lobo then entered into a dialogue with Zelaya that was mediated by then-President of Venezuela Hugo Chávez and President of Colombia Juan Manuel Santos. On May 22, 2011, Lobo and Zelaya signed the “Accord for National Reconciliation and the Consolidation of the Democratic System in Honduras,” which reaffirmed various political and human rights and paved the way for Zelaya’s return.²⁰ In addition to reducing domestic political tension, the agreement led most South American countries to reestablish diplomatic relations with Honduras and lift the country’s suspension from the OAS.²¹

Institutional Conflicts

Although Lobo’s efforts to foster political reconciliation initially restored a measure of stability to the country, new institutional conflicts have emerged over the past year. In December 2012, the Honduran National Congress voted to dismiss four of the five members of the Constitutional Chamber of the Supreme Court. The dismissal, which was backed by President Lobo, was

¹⁷ “Presidente Lobo Sosa Dejará al País en Peor Estado,” *La Prensa* (Honduras), May 15, 2013.

¹⁸ “Congreso Aprueba Amnistía para Delitos Políticos Comunes Conexos,” *El Tiempo* (Honduras), January 27, 2010.

¹⁹ “Zelaya Free to Roam,” *Latin News Daily Report*, May 3, 2011; “Honduras: Zelaya Ruling Removes Final Hurdle – Or Does It?” *Latin News Weekly Report*, May 5, 2011.

²⁰ “Acuerdo para la Reconciliación Nacional y la Consolidación del Sistema Democrático en la República de Honduras,” *La Tribuna* (Honduras), May 23, 2011.

²¹ Organization of American States (OAS), *Participation of Honduras in the Organization of American States*, OEA/Ser.P, AG/Res.1 (XLI-E/11), Washington, DC, June 1, 2011.

ostensibly due to the justices' unsatisfactory "administrative conduct."²² There are indications, however, that the move was principally an attempt by the faction of the PN allied to President Lobo and President of Congress Juan Orlando Hernández to exert control over the Supreme Court, which had issued a series of rulings declaring newly enacted laws to be unconstitutional. Many legal analysts, including Honduran Minister of Justice and Human Rights Ana Pineda, assert that the dismissal of the four justices was unconstitutional.²³ Nevertheless, the Honduran Supreme Court²⁴ ruled against restoring the justices to their seats.²⁵

Since then, Orlando Hernández and his supporters in the National Congress have quickly moved forward with their agenda, centralizing power in Congress. They enacted several pieces of legislation that previously had been ruled unconstitutional,²⁶ as well as measures that restrict the power of the Constitutional Chamber and eliminate citizens' right to challenge the constitutionality of laws.²⁷ Moreover, the National Congress enacted a constitutional reform to explicitly give itself the power to impeach the president, Supreme Court justices, legislators, and a number of other high-level officials.²⁸ The attorney general, an autonomous position in the Honduran government, was the first official to face impeachment. He and his deputy resigned in June 2013 after a congressional commission recommended initiating impeachment proceedings against him for the office's alleged failure to carry out proper investigations, poor use of resources, and various other deficiencies.²⁹

2013 Election

President Lobo is nearing the end of his term, and most political attention in Honduras is focused on what could be an extremely volatile election scheduled for November 24, 2013. Polls conducted over the past three years have consistently found high levels of dissatisfaction with democracy in Honduras. They have also found little or no confidence in almost every governmental and political institution in the country, with political parties among the least trusted.³⁰ Moreover, public approval of President Lobo and the PN-controlled National Congress is relatively low, and the PL remains divided over the 2009 coup.

²² "Juramentación es Nula, Magistrados están De Facto," *El Heraldo* (Honduras), December 14, 2012.

²³ See, for example, "Se Conculcó Principio de Independencia," *El Heraldo* (Honduras), December 18, 2012.

"Destitución de Magistrados, Clara Afrenta a la Constitución," *El Heraldo* (Honduras), December 21, 2012;

"Destitución No es Consecuente con la Democracia," *El Heraldo* (Honduras), December 13, 2012; and "Dismissal of Honduran Supreme Court Judges an Attack on Democracy – UN Expert," *United Nations News Centre*, January 29, 2013.

²⁴ According to the State Department, the Honduran justice system is "subject to patronage, corruption, and political influence." U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012*, April 19, 2013, <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

²⁵ "Corte Suprema de Justicia Dijo No al Reintegro de Cuatro Magistrados," *El Heraldo* (Honduras), February 18, 2013.

²⁶ "Honduras Congress Passes Law to Purge Police Corruption," *Reuters*, December 18, 2012; "Ratifican Juicio Político y 'Ciudades Modelo'," *El Heraldo* (Honduras), January 30, 2013.

²⁷ "Congreso Limita Aún Más Funciones de Sala Constitucional y Poder Judicial," *Proceso Digital* (Honduras), January 30, 2013.

²⁸ "Por Mayoría Aprobado el Juicio Político," *La Tribuna* (Honduras), January 23, 2013.

²⁹ "Honduras: Impeachment Threat Claims Rubí's Scalp," *Latin American Regional Report: Caribbean & Central America*, July 2013.

³⁰ See: Universidad Centroamericana José Simeón Cañas (UCA) and Equipo de Reflexión, Investigación y Comunicación, Compañía de Jesús (ERIC-SJ), *Percepciones Sobre la Situación Hondureña en el Año 2012*, January (continued...)

Given these dynamics, the 2013 election could present an opportunity for third party political forces or anti-system candidates to make political gains. Several new parties have been established,³¹ and two of them appear to have attracted substantial popular support. The leftist Liberty and Re-foundation (*Libertad y Refundación*, LIBRE) party, which was launched by former President Zelaya, brings together members of the FNRP and former supporters of the PL. The Anti-Corruption Party (*Partido Anticorrupción*, PAC), which was founded by television personality and sports commentator Salvador Nasralla as a platform for a presidential run, hopes to attract Hondurans disillusioned with the two traditional parties.

Party primaries to select candidates for the 2013 general election were held on November 18, 2012. Although there were some allegations of fraud, international observers issued generally positive reviews of the election.³² President Lobo's favored candidate, President of Congress Juan Orlando Hernández, won the PN presidential nomination; Lobo is ineligible for another term. Mauricio Villeda, the son of a former president and a negotiator for Micheletti during the 2009 political crisis, won the PL nomination, and Zelaya's wife, Xiomara Castro, won the LIBRE nomination. The smaller political parties (APH, DC, FAPER, PAC, PINU, and UD) did not hold primaries but intend to compete in the 2013 general election.

Early polling suggests that Honduras' traditional two-party system is fracturing. In a May 2013 poll, LIBRE's Xiomara Castro led the presidential race with the support of 28% of Hondurans. She was followed by Salvador Nasralla of the PAC (21%), Juan Orlando Hernández of the PN (18%), and Mauricio Villeda of the PL (14%). A candidate only needs to win a plurality of votes to be elected. The same poll indicated that the traditional parties may perform better in congressional elections; 32% of Hondurans expressed support for the PN, 24% for LIBRE, 18% for the PL, and 6% for the PAC.³³ Some analysts also maintain that the PL and PN may outperform their poll numbers since they are able to draw upon strong clientelist networks and political party machinery to turn out their supporters.³⁴

Security and Human Rights Conditions

Honduras has long struggled to address high levels of crime and violence, but the deterioration in security conditions has accelerated in recent years. Homicide rates have risen rapidly, from an

(...continued)

2013; Orlando J. Pérez et al., *Cultura Política de la Democracia en Honduras y en las Américas, 2012*, LAPOP, November 2012; UCA & ERIC-SJ, *Percepciones Sobre la Situación Hondureña en el Año 2011*, January 2012; and Neil Nevitte, *Democracy in Honduras: Political Values and Civic Engagement in 2011*, National Democratic Institute for International Affairs (NDI) and Hagamos Democracia, July 2011, <http://www.ndi.org/files/Democracy-in-Honduras-2011.pdf>.

³¹ In addition to LIBRE and PAC, the new parties include the Broad Political Electoral Resistance Front (*Frente Amplio Político Electoral en Resistencia*), a splinter-group of the FNRP founded by human rights advocate Andres Pavón, and the Honduran Patriotic Alliance (Alianza Patriótica Hondureña, APH), a self-described civic-military group founded by retired General Romeo Vásquez Velásquez.

³² See, for example, U.S. Embassy in Honduras, "G-16 Statement on the Honduran Primary Elections," Press Release, November 19, 2012; and OAS, "Preliminary Report of the Electoral Observation Mission of the OAS in Honduras," Press Release, December 12, 2012.

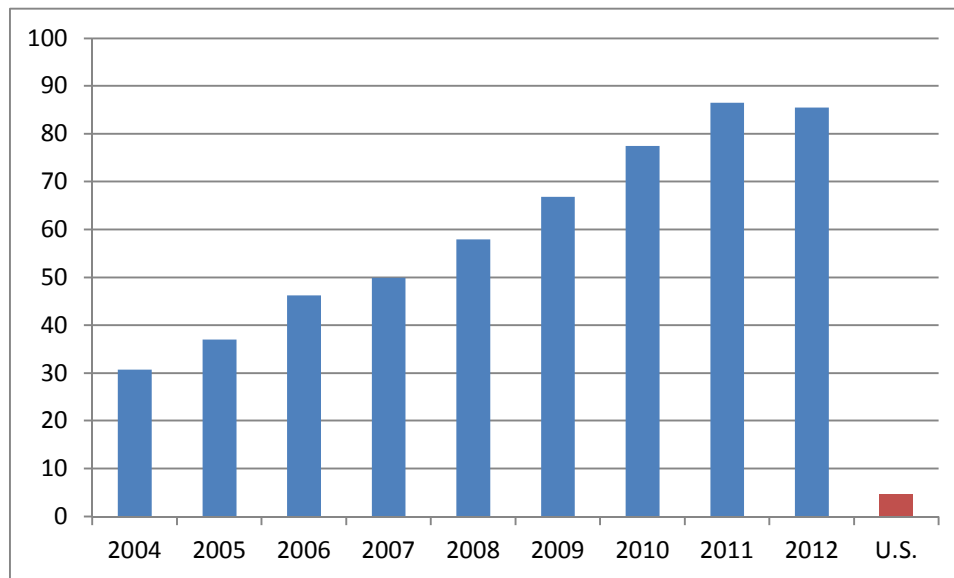
³³ "Xiomara Castro y Nasralla, Arriba en la Encuesta de CID/Gallup," *La Prensa* (Honduras), May 16, 2013.

³⁴ Thelma Mejia, "Post-Coup Polarisation Marks Honduran Election Campaign," *Inter Press Service*, May 29, 2013; "Independent's Lead Suggests Greater Uncertainty," *Latin America Monitor: Central America*, July 2013.

already high 31 murders per 100,000 residents in 2004 to a likely world-topping 86 per 100,000 in 2012 (see **Figure 3**). While the homicide rate declined slightly between 2011 and 2012, the absolute number of homicides actually increased from 7,104 to 7,172.³⁵ Common crime is also widespread. In 2012, nearly 25% of Hondurans reported they had been the victim of a crime in the past year.³⁶ Moreover, the deteriorating security situation has taken a toll on the Honduran economy. An estimated 17,500 small businesses reportedly have closed over the past year as a result of extortion and threats.³⁷ The World Bank estimates that crime and violence cost the country the equivalent of 10% of gross domestic product (GDP) annually.³⁸

Figure 3. Honduras Homicide Rate: 2004-2012

(Homicides per 100,000 residents)



Source: CRS presentation of data from the Universidad Nacional Autonoma de Honduras, Observatorio de la Violencia. U.S. homicide data, from 2011 and provided as a point of comparison, from the FBI.

Many observers have been particularly concerned by a surge in violence against journalists and political and social activists. The frequency of such attacks increased in the aftermath of the June 2009 ouster of President Zelaya, and the attacks have continued under President Lobo. At least 36 journalists and social communicators have been killed in Honduras since 2003, with 29 of the murders occurring during President Lobo's term.³⁹ Many others have been threatened, harassed, or attacked, with those who report on sensitive issues such as drug trafficking, government corruption, and land conflicts being the most frequent targets.⁴⁰

³⁵ Universidad Nacional Autonoma de Honduras (UNAH), Observatorio de la Violencia, *Boletín Nacional, Edición No.28 (Enero – Diciembre 2012)*, January 2013.

³⁶ UCA & ERIC-SJ, January 2013, op.cit., p.13.

³⁷ Marguerite Cawley, "Extortion Shuts Down Over 17,000 Honduras Businesses," *InSight Crime*, May 8, 2013.

³⁸ World Bank, "Honduras Overview," 2013.

³⁹ CONADEH, "36 Periodistas y Comunicadores Sociales Muertos Violentamente en Honduras," July 12, 2013.

⁴⁰ Committee to Protect Journalists (CPJ), *Attacks on the Press: Journalism on the Front Lines in 2012*, 2013, <http://www.cpj.org/2013/02/attacks-on-the-press-in-2012-honduras.php>.

Human rights organizations have also documented attacks against environmentalists, indigenous activists, human rights defenders, land rights activists, political organizers, unionists, and members of the lesbian, gay, bisexual, and transgender (LGBT) community.⁴¹ In the *Bajo Aguan* region of Honduras, for example, more than 100 people have been killed since 2010 as violence has escalated in a long-running land dispute between peasant farmers and large landowners. The majority of those killed have been land rights activists, though some private security guards and members of the security forces have also been killed.⁴² There are indications that members of the Honduran security forces may have been involved in some of these attacks against journalists and activists; however, it is difficult to determine the extent of such involvement since most of the cases have never been investigated.

Criminal Threats, Weak Institutions, and Corruption

A number of inter-related factors have likely contributed to the worsening security and human rights situation. One aspect is the increasing presence of organized crime. An estimated 12,000 Honduran youth have ties to the *Mara Salvatrucha* (MS-13) and *Mara 18* (M-18) gangs.⁴³ These organizations engage in a wide variety of criminal activities, including kidnapping and extortion.⁴⁴ Honduras also serves as an important 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. U.S.-backed security efforts over the past two decades have restricted trafficking through the Caribbean, weakened Colombian cartels, and disrupted direct shipping to Mexico. Consequently, Mexican criminal organizations (such as the *Sinaloa* cartel and *Los Zetas*) and local affiliates are now battling for control of Central American territory.⁴⁵ Many of the most violent municipalities in Honduras are along strategic drug trafficking corridors (see **Figure 4**). Given that two-thirds of Hondurans live below the poverty line,⁴⁶ a large portion of the population could be susceptible to recruitment by these and other criminal groups.

Institutional weaknesses and corruption in the Honduran government have also contributed to deteriorating security and human rights conditions. In 2011, the Honduran police force had 14,500 personnel and a budget of \$151 million (0.9% of GDP)⁴⁷—a force strength and resources that analysts maintain are “grossly insufficient for the efficient policing of a country the size of Honduras.”⁴⁸ The police force’s investigative body (*Dirección Nacional de Investigación*

⁴¹ IACHR, *Annual Report of the Inter-American Commission on Human Rights 2011*, April 9, 2012, <http://www.oas.org/en/iachr/docs/annual/2011/TOC.asp>; Human Rights Watch, *World Report 2013*, 2013, <http://www.hrw.org/world-report/2013/country-chapters/honduras>.

⁴² “Honduras: Un Muerto y Cuatro Heridos en Enfrentamiento en Conflictivo Aguán,” *Agence France Presse*, May 26, 2013; CONADEH, “Alrededor de 92 Muertos y Mas de 70 Heridos Deja Crisis en el Aguan,” March 11, 2013.

⁴³ United Nations Office on Drugs and Crime (UNODC), *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*, September 2012, http://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf.

⁴⁴ For more information, see CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

⁴⁵ Patrick Corcoran, “Mexican Cartels Expand into Honduras,” *InSight Crime*, April 14, 2011; UNODC, September 2012, op.cit.

⁴⁶ ECLAC, *Social Panorama of Latin America, 2012*, November 2012, p.14, <http://www.eclac.cl/publicaciones/xml/4/48454/SocialPanorama2012DocI.pdf>.

⁴⁷ Red de Seguridad y Defensa de América Latina (RESDAL), *Índice de Seguridad Pública y Ciudadana en América Latina : El Salvador, Guatemala y Honduras*, 2011.

⁴⁸ “Country Risk Assessment: Honduras,” *IHS Jane’s Defense and Security Intelligence and Analysis*, February 8, 2012.

Criminal, DNIC), for example, claims it has insufficient resources to investigate every crime, and that each agent has a backlog of over 460 pending cases.⁴⁹ The police force also suffers from widespread corruption, with analysts asserting that some officers have moved beyond taking bribes or tipping off criminals to actually participating in crimes and acting as enforcers for criminal interests.⁵⁰ Moreover, recent press investigations suggest that corruption and criminality may run to the very top of the organization.⁵¹ Over 78% of Hondurans report having little or no confidence in the police force.⁵²

Partially as a result of the serious flaws in the police force, Honduran presidents have repeatedly turned to the armed forces to provide internal security. The Honduran military, however, has its own limitations. In 2012, Honduras had roughly 10,600 military personnel, and a defense budget of \$189 million (1% of GDP). The Honduran military is almost entirely dependent on international donors for functioning equipment and technology since less than 2% of the defense budget is invested in maintenance and procurement.⁵³ Corruption is also a problem. The military has been linked to drug trafficking in Honduras since the 1980s,⁵⁴ and recent reports suggest some sectors continue to engage in illicit activities.⁵⁵ Although the military is more respected than the police force, 68% of Hondurans report little or no confidence in the armed forces.⁵⁶

Other justice sector institutions are prone to similar problems. According to the Honduran government's National Commissioner for Human Rights, 80% of crimes that are reported are never investigated.⁵⁷ This reportedly stems from the failure of public prosecutors, who are charged with coordinating investigations, to work effectively with the police to carry them out.⁵⁸ Although most criminals are never brought to justice, the Honduran prison system is overcrowded. Honduras' hard-line anti-gang laws make it relatively easy to detain suspected gang members, but the judiciary is incapable of dealing with the volume of cases.⁵⁹ Honduran prisons,

⁴⁹ "Unos 60 Mil Homicidios sin Resolver Tienen los Cuerpos de Investigación," *El Heraldo* (Honduras), February 20, 2013.

⁵⁰ Edward Fox, "Dynamics of Honduran Police Corruption Narrow Chance for Reform," *InSight Crime*, January 31, 2012; Diego Jiménez, "El Incendio en Comayagua Evidencia el Colapso del Sistema," *La Nación* (Costa Rica), February 26, 2012.

⁵¹ Frances Robles, "Graft, Greed, Mayhem Turn Honduras into Murder Capital of World," *Miami Herald*, January 22, 2012; Daniel Valencia Caravantes, "Así es la Policía del País Más Violento del Mundo," *El Faro* (El Salvador), March 19, 2012; and Katherine Corcoran and Martha Mendoza, "New Honduras Top Cop Once Investigated in Killings," *Associated Press*, June 1, 2012.

⁵² UCA & ERIC-SJ, January 2013, op.cit., p.18.

⁵³ RESDAL, *Atlas Comparativo de la Defensa en América Latina y Caribe*, 2012.

⁵⁴ Mark B. Rosenberg, "Narcos and Politicos: Politics of Drug Trafficking in Honduras," *Journal of Interamerican Studies and World Affairs*, Vol. 30, No. 2/3, (Summer-Autumn 1988).

⁵⁵ Geoffrey Ramsey, "Cable: Honduran Military Supplied Weaponry to Cartels," *InSight Crime*, April 25, 2011; "In Brief – Honduras: Soldiers Done for Munitions Theft," *Latin News Daily Report*, June 26, 2012; and "Condenados en Honduras 13 Militares por Robo de Avioneta Decomisada a Narcos," *Agence France Presse*, June 26, 2013.

⁵⁶ UCA & ERIC-SJ, January 2013, op.cit., p.18.

⁵⁷ CONADEH, "Impunidad," April 16, 2012.

⁵⁸ "Policías y Fiscales son un 'Desastre' en la Investigación Criminal," *El Heraldo* (Honduras), April 11, 2012; "La Investigación es Problema de País, Admite Directora de Fiscalías en Honduras," *El Heraldo*, (Honduras), April 15, 2012.

⁵⁹ Hannah Stone, "Honduras Prison Fire Tells of Repressive Anti-Gang Policies," *InSight Crime*, February 16, 2012.

which have capacity for about 8,400 inmates, held nearly 12,100 prisoners as of September 2012.⁶⁰

This lack of capacity and susceptibility to corruption goes well beyond the security forces and justice sector. The patronage system, which allows the political parties to place their supporters in government positions after each election, has prevented the development of a professional civil service. As a result, Honduran officials often lack technical expertise and rarely engage in long-term strategic planning.⁶¹ Likewise, Honduras ranks near the bottom of the Western Hemisphere in Transparency International's annual *Corruption Perceptions Index*, suggesting public-sector corruption is relatively widespread.⁶² This apparently includes infiltration by organized crime. According to Alfredo Landaverde—a well-respected anti-corruption advocate and former head of Honduras' Anti-Narcotics Commission who was assassinated in December 2011⁶³—10% of the members of the Honduran National Congress are involved in drug-trafficking.⁶⁴

Public Security Policies

Recent Honduran presidents have implemented varying anti-crime strategies, but none of them have achieved much success. During his term, President Ricardo Maduro (2002-2006) increased the size of the police force, sent the military into the streets, and implemented hard-line anti-gang policies that made membership illegal and punishable with 12 years in prison. Although the crackdown won popular support and initially reduced crime, its success was short-lived. President Zelaya (2006-2009) replaced the previous administration's zero-tolerance policy with dialogue and other efforts to reintegrate gang members into society. Failure to achieve concrete results, however, led the Zelaya Administration to shift its emphasis toward more traditional law enforcement operations. The deterioration in security conditions accelerated in the aftermath of Zelaya's ouster, as Roberto Micheletti (2009-2010) reoriented the security forces away from combating organized crime to controlling the population.⁶⁵ Some analysts assert that the coup also exacerbated the situation by reinforcing the general sense of impunity in Honduras.⁶⁶

Institutional Reform

Since taking office, President Lobo has undertaken a number of initiatives in an attempt to improve security conditions in Honduras. Working with the National Congress, he has enacted significant changes in the country's legal framework. These include a law against terrorism

⁶⁰ U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012*, April 19, 2013, <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>.

⁶¹ Romero, 2010, op.cit.

⁶² On a scale of 0 (the country is perceived as highly corrupt) to 100 (the country is perceived as very clean), Honduras receives a score of 28. Transparency International, *Corruption Perceptions Index 2012*, December 2012, <http://www.transparency.org/cpi2012/results>.

⁶³ Just days before he was assassinated, Landaverde appeared on a television program and stated that he had a list of Honduran officials tied to organized crime and drug-trafficking.

⁶⁴ Tim Johnson, "Drug Gangs Muscle into New Territory: Central America," *McClatchy Newspapers*, April 21, 2011.

⁶⁵ James Bosworth, *Honduras: Organized Crime Gaining Amid Political Crisis*, Woodrow Wilson International Center for Scholars, Working Paper Series on Organized Crime in Central America, December 2010, <http://www.wilsoncenter.org/sites/default/files/Bosworth.FIN.pdf>.

⁶⁶ See, for example, Annie Murphy, "'Who Rules in Honduras?' Coup's Legacy of Violence," *National Public Radio*, February 12, 2012.

finance; a reform to allow 48-hour detentions; regulations to allow asset forfeiture and wiretapping; and a constitutional amendment to allow the extradition of Honduran citizens in cases of drug trafficking, organized crime, and terrorism. Lobo and the National Congress also increased taxes on certain industries in order to invest more funding in security efforts. The tax package was partially rolled back, however, as a result of fierce private sector opposition.⁶⁷ Many of these legal changes are still in the process of implementation.

In reaction to a series of scandals in which the police were implicated in murders and other criminal activities, Honduran officials established two commissions to reform the police force and other justice sector institutions. In December 2011, the National Congress created the Directorate for the Investigation and Evaluation of the Police Career (*Dirección de Investigación y Evaluación de la Carrera Policial*, DIECP) to replace the former internal affairs unit of the police, which was reported to be rather ineffective.⁶⁸ The National Congress then established a Public Security Reform Commission (*Comisión de Reforma a la Seguridad Pública*, CRSP) in January 2012, which is empowered to investigate the police, the public prosecutor's office, and the judiciary, and suggest reforms to strengthen the institutions and reduce corruption.⁶⁹

Neither body has had much success with institutional reform thus far. The DIECP was slow to begin its effort to purge the police force of corrupt officers and only carried out 373 polygraph tests between May and November 2012. Although 142 officers (38% of those tested) failed their polygraph exams, only 7 had been dismissed as of April 2013.⁷⁰ The CRSP carried out a series of institutional evaluations and then proposed a variety of reforms to the police, the public prosecutor's office, and the judiciary. Neither Lobo nor the Honduran Congress has acted on the proposals despite receiving them from the CRSP in October 2012.⁷¹

Use of Military

Following in the footsteps of his predecessors, Lobo has also ordered the armed forces into the streets to support internal security efforts. He has deployed the military to carry out joint operations with the police on several occasions, and in late November 2011, the Honduran National Congress approved a decree to temporarily allow military personnel to carry out raids, make arrests, disarm people, and act against police officers that are involved in criminal activities. The emergency decree providing the military with broad policing powers has been extended several times, and is now scheduled to remain in force into January 2014.⁷² Some Honduran officials have suggested making the military's role in policing permanent, either by amending the constitution or creating a new gendarmerie-style force.⁷³

⁶⁷ "Honduras Cuts Security Tax After Angering Businesses," *Reuters*, September 14, 2011.

⁶⁸ "Cisma en la Policía Nacional: 60 Días de Escándalos," *El Tiempo* (Honduras), December 22, 2011.

⁶⁹ "Honduras: Lobo Makes Move to Purge Police," *Latin American Weekly Report*, February 2, 2012.

⁷⁰ "Honduras Stalls in Efforts to Clean Up US-Backed Police Widely Seen as Corrupt and Brutal," *Associated Press*, June 11, 2013.

⁷¹ "Honduras: Comisión Está en Deuda con Reformas a la Seguridad Pública," *El Heraldo* (Honduras), June 19, 2013.

⁷² "Little Rejoicing Over Small Improvement in Honduras," *Latin News Daily Report*, May 1, 2013.

⁷³ "Honduras: Lobo Leans Towards a Permanent Military-Security Role," *Latin American Regional Report: Caribbean & Central America*, April 2012; "Honduras Politics: Quick View – New Measures are Put in Place to Combat Crime," *Economist Intelligence Unit*, June 29, 2012.

While sending the armed forces into the streets is quite popular among Hondurans,⁷⁴ a number of analysts have raised concerns about this increasing reliance on the military for domestic security. Some assert that the military has begun to carve out a larger role for itself in internal political affairs, and argue that this is a worrying trend since the military repeatedly took control of the country prior to 1982 and was only subordinated to civilian leadership in the late 1990s.⁷⁵ In addition to playing a leading role in the 2009 coup against then-President Zelaya, the military reportedly surrounded the National Congress as it voted to dismiss members of the Supreme Court in December 2012.⁷⁶ U.S. military officials argue that utilizing the Honduran military for domestic security matters “is a necessary initial step to help curb the rising tide of violence,” but maintain that such an approach “is unsustainable in the long term.”⁷⁷

Potential Gang Truce

On May 28, 2013, the M-18 and MS-13 gangs announced a potential truce intended to reduce crime and violence in Honduras. Representatives of each gang asserted that they were committed to reducing violence, and called on the Honduran government to enter into dialogue with them, halt discrimination and violence against them and their families, and provide them with the support necessary to obtain employment.⁷⁸ Although the gangs initially seemed to commit to an immediate cessation of violence, it now appears as though their announcement was simply the beginning of a longer series of negotiations. President Lobo has voiced support for the potential truce and those attempting to facilitate an agreement, Catholic Bishop Rómulo Emiliani of the Dioceses of San Pedro Sula and OAS Secretary of Multidimensional Security Adam Blackwell.⁷⁹ Lobo has been unwilling to commit to more substantial support, however, such as government funding for reintegration programs.⁸⁰

Those involved hope to replicate the apparent success of the gang truce in El Salvador, which has been credited with reducing the homicide rate by 52% since it began in March 2012.⁸¹ The Salvadoran truce remains controversial for a variety of reasons,⁸² however, and many analysts maintain a truce in Honduras is likely to be substantially less successful.⁸³ The Honduran gangs do not appear to be as centrally organized as their Salvadoran counterparts, and their leadership

⁷⁴ According to a poll released at the beginning of this year, 80% of Hondurans strongly agree that the military should be placed on the streets with the police. UCA & ERIC-SJ, January 2013, op.cit., p. 16.

⁷⁵ See, for example, Thelma Mejia, “Honduras: Putting Defense in the Hands of Civilians,” *Inter Press Service*, October 4, 2011; and Geoffrey Ramsey, “New Powers for Honduran Military Will Not Clean Up Law Enforcement,” *InSight Crime*, November 30, 2011.

⁷⁶ Alberto Arce, “Flailing Honduras in Yet Another Political Crisis,” *Associated Press*, December 14, 2012.

⁷⁷ General Douglas M. Fraser, United States Air Force Commander, *Posture Statement Before the 112th Congress, House Armed Services Committee*, United States Southern Command, March 6, 2012, p. 24, <http://armed-services.senate.gov/statemnt/2012/03%20March/Fraser%2003-13-12.pdf>.

⁷⁸ “Pandilleros: ‘Queremos Tregua con Dios, la Sociedad y la Autoridades,’” *El Tiempo* (Honduras); Elyssa Pachico, “5 Questions About Honduras’ Gang Pact,” *InSight Crime*, May 30, 2013.

⁷⁹ “Presidente Apoya Proceso de Tregua entre Pandillas,” *La Tribuna* (Honduras), May 28, 2013.

⁸⁰ “Honduras: Obispo Critica a Lobo por ‘Tibio’ Apoyo a Tregua entre Maras,” *Agence France Presse*, June 17, 2013.

⁸¹ “Gang Truce Declared in Honduras,” *Latin News Daily Report*, May 29, 2013.

⁸² For more information on the gang truce in El Salvador, see CRS Report RS21655, *El Salvador: Political and Economic Conditions and U.S. Relations*, by Clare Ribando Seelke.

⁸³ See, for example, Pachico, May 2013, op.cit.; and Catherine Cheney, “Honduras Gang Truce, Modeled on El Salvador’s, Unlikely to See the Same Success,” *World Politics Review*, May 30, 2013.

may not be able to exercise effective control over their members. The Honduran government is also less able to act as a guarantor of the truce as its fiscal situation is unlikely to allow for significant new spending on reintegration initiatives. Moreover, the Honduran government has not proven itself capable of reining in rogue elements of the police force, which reportedly engage in extrajudicial killings of gang members as well as kidnappings in which members of one gang are sold to a rival gang.⁸⁴ Despite these challenges, some analysts argue that a truce could provide an opening for the Honduran government to transition away from hardline security policies and address the root causes of the country's violence.⁸⁵

Human Rights Initiatives

In addition to these security policies, the Lobo Administration has taken several steps designed to improve human rights in Honduras. Shortly after taking office in 2010, Lobo created a new Secretariat for Justice and Human Rights to promote, coordinate, and evaluate justice and human rights policies. The IACHR maintains that the Secretariat has “played an important role in public policy on human rights, having taken a number of measures to promote and protect them.”⁸⁶ In January 2013, for example, the Lobo Administration adopted a new human rights policy and plan of action that had been drafted by the Secretariat after extensive consultations with civil society.⁸⁷ The Secretariat is now working with the Honduran National Congress to establish specialized units to protect journalists, human rights defenders, and justice sector officials.⁸⁸

The Lobo Administration has also adopted many policies recommended by the international community. In November 2010, Honduras submitted to the U.N. Human Rights Council's universal periodic review process. As of May 2013, the Honduran government reportedly had completed 71 of the 129 recommendations it had received through the review, and was in the process of completing 52 others.⁸⁹ These range from ratifying various international human rights treaties to requesting that the Office of the U.N. High Commissioner on Human Rights open an office in the country.

Human rights organizations maintain that these efforts have been insufficient. They criticize the Lobo Administration for repeatedly dismissing the possibility that attacks against journalists and activists might be related to the victims' professions or activism. They also criticize the Honduran government for failing to properly investigate human rights violations and bring those responsible to justice.⁹⁰

⁸⁴ Alberto Arce, “Honduran Criminals Missing After Arrest,” *Associated Press*, May 13, 2013; CRS interview with the Comisión de Reforma de la Seguridad Pública, May 2013.

⁸⁵ See, for example, Mike Allison, “Ganging Up on Violence in Honduras,” *Al Jazeera*, June 8, 2013.

⁸⁶ IACHR, *Annual Report of the Inter-American Commission on Human Rights 2012*, June 6, 2013, p.382, <http://www.oas.org/en/iachr/docs/annual/2012/TOC.asp>.

⁸⁷ “Aprueban Política Pública en Derechos Humanos,” *El Heraldo* (Honduras), January 22, 2013.

⁸⁸ “Buscan Fondos para Proteger Periodistas,” *El Heraldo* (Honduras), July 10, 2013.

⁸⁹ “Honduras Ha Cumplido Unas 71 Recomendaciones Sobre DDHH,” *El Tiempo* (Honduras), May 7, 2013.

⁹⁰ Committee to Protect Journalists, *Attacks on the Press in 2011, 2012*, http://www.cpj.org/attacks_on_the_press_2011.pdf; Human Rights Watch, *World Report, 2012*, <http://www.hrw.org/world-report-2012/world-report-chapter-honduras>.

Economic and Social Conditions

Honduras is a lower-middle-income developing country. In 2012, it had an estimated gross domestic product (GDP) of \$18.4 billion and an estimated per capita GDP of \$2,242.⁹¹ The Honduran economy has historically been dependent on agricultural exports such as coffee and bananas. While these commodities remain important, the Honduran economy has grown more diversified as a result of significant growth in nontraditional sectors such as the *maquiladora*, or export-processing industry. In 1998, Honduras was devastated by Hurricane Mitch, which killed more than 5,000 people and caused billions of dollars in damage. The economy contracted by 1.9% in 1999, but rebounded with average annual growth of 5.1% between 2000 and 2008.⁹² During the same time period, international financial institutions provided Honduras with \$2.4 billion in debt relief to free government resources for poverty alleviation efforts.⁹³

Honduras in Brief

Approximate Geographic Size: Slightly larger than Virginia

Population (2012 est.): 7.9 million

Ethnic Groups: 90% *Mestizo* (mixed Amerindian and European), 7% Amerindian, 2% black, 1% white

Religions: 65% Roman Catholic, 35% Protestant

Official Language: Spanish

GDP (2012 est.): \$18.4 billion

GDP per Capita (2012 est.): \$2,242

Poverty Rate (2010): 67.4%

Indigence Rate (2010): 42.8%

Adult Literacy Rate (2010): 85%

Life Expectancy (2011): 73 years

Infant Mortality Rate (2011): 18 per 1,000 live births

Sources: U.S. State Department, IMF, World Bank, and ECLAC.

Crises and Recovery

The global financial crisis and domestic political crisis took a significant toll on Honduras. As an open economy that is closely tied to the United States, Honduras is sensitive to international downturns. By early 2009, Honduras was experiencing significant declines in remittances, tourism, and export earnings as a result of the global financial crisis and U.S. recession.⁹⁴ The ouster of President Zelaya exacerbated these economic problems, as the international community, which had been expected to finance 20% of the government's budget,⁹⁵ imposed a series of economic sanctions on Honduras. International financial institutions withheld access to loans and other transfers, the European Union and United States terminated some foreign aid, and Venezuela stopped supplying the country with subsidized oil. Domestic opponents of the ouster placed additional pressure on the economy, engaging in strikes, transportation blockades, and other measures designed to paralyze economic activity. Curfews implemented by the Micheletti

⁹¹ International Monetary Fund (IMF), *World Economic Outlook Database*, April 2013.

⁹² World Bank, *World dataBank*, <http://data.worldbank.org/country/honduras>.

⁹³ IMF, "IMF and World Bank Support US\$1 Billion in Debt Service Relief for Honduras," Press Release No. 05/76, April 5, 2005; Inter-American Development Bank (IDB), "IDB Governors Approve \$4.4 Billion in Debt Relief for Bolivia, Guyana, Haiti, Honduras and Nicaragua," Press Release, March 16, 2007.

⁹⁴ "Honduras: Country Report" *Economist Intelligence Unit*, April 2009.

⁹⁵ Robin Emmott, "Aid Freeze in Post-Coup Honduras Hurting Poor," *Reuters*, November 12, 2009.

government to suppress demonstrations by the political opposition further inhibited economic activity as workers were unable to reach their places of employment. These external and internal shocks contributed to an economic contraction of 2.4% in 2009.⁹⁶

While the Honduran economy has partially recovered from the financial and political crises, the government continues to face serious fiscal challenges. Improving conditions in the United States (Honduras' main source of trade, investment, and remittances) have boosted economic growth. Real GDP increased by 3.7% in 2010, 3.7% in 2011, and an estimated 3.3% in 2012. The economy is expected to grow by 3.3% again this year.⁹⁷ Even as the economy has begun to recover, however, the Honduran government's budget deficit has widened, reaching an estimated 6% of GDP in 2012.⁹⁸ Losses at state-owned enterprises, misused government funds, and weak tax collection reportedly have all contributed to the problem.⁹⁹ Honduras' stand-by agreement with the International Monetary Fund (IMF) expired in March 2012, and the government has been unable to secure a new deal as a result of its failure to meet the IMF's fiscal targets.¹⁰⁰ As the Honduran government has struggled to obtain financing for its obligations, public employees and contractors occasionally have gone unpaid, and basic government services have been interrupted.¹⁰¹ Honduras issued \$500 million in bonds in March 2013; nevertheless, some analysts maintain it still may be unable to meet its 2013 budgetary obligations.¹⁰²

Poverty and Inequality

Honduras remains one of the poorest and most unequal countries in Latin America. Nevertheless, international debt relief and higher levels of economic growth over the past decade have allowed the Honduran government to dedicate more resources to poverty alleviation efforts. Between 2002 and 2010, public social spending increased from 8.8% of GDP to 12.1% of GDP. During the same time period, the poverty rate fell from about 77% to 67% and the indigence rate fell from about 54% to 43%.¹⁰³ The reduction in poverty has not been accompanied by a reduction in income disparities. The top 10% of Hondurans received 43% of all income in 2010, which is more than the bottom 80% combined and a level virtually unchanged from 1999.¹⁰⁴ Likewise, there continue to be significant barriers to social mobility. According to a 2010 World Bank report, only 51% of the basic housing and education services necessary to succeed in life are available and distributed equitably among Honduran children.¹⁰⁵

⁹⁶ IMF, *World Economic Outlook Database*, April 2013.

⁹⁷ Ibid.

⁹⁸ IMF, *IMF Executive Board Concludes 2012 Article IV Consultation with Honduras*, Public Information Notice (PIN) No. 13/19, February 15, 2013.

⁹⁹ Eduardo López García, "Sin Respaldo Presupuestario," *La Nación* (Costa Rica), January 7, 2013; "Honduras Economy: Quick View – 2013 Budget to Rise Despite Financial Difficulties," *Economist Intelligence Unit*, January 22, 2013.

¹⁰⁰ "Honduras: There's No Pleasing the IMF," *Latin American Economy & Business*, August-September 2012

¹⁰¹ "Honduran Government in Chaos, Can't Pay Its Bills, Neglects Basic Services," *Associated Press*, January 24, 2013.

¹⁰² "Fears Mounting Over Possible Need for a Bail-Out," *Economist Intelligence Unit*, June 28, 2013.

¹⁰³ ECLAC, November 2012, op.cit.

¹⁰⁴ ECLAC, January 2013, op.cit. p. 68.

¹⁰⁵ José R. Molinas et al., *Do Our Children Have a Chance? The 2010 Human Opportunity Report for Latin America and the Caribbean*, World Bank, Conference Edition, Washington, DC, 2010, p. 52, http://siteresources.worldbank.org/INTLACREGTOPPOVANA/Resources/840442-1260809819258/6645553-1273515611898/Livro2010_final1.pdf.

Honduras spends less on its social protection system (0.6% of GDP in 2010) than any other country in Latin America.¹⁰⁶ Nevertheless, the Lobo Administration has implemented a new conditional cash transfer program designed to strengthen the system. When Lobo took office, Honduras had a number of social assistance programs that were poorly coordinated and offered varying levels of coverage. Lobo has consolidated several of these programs under his *Bono 10,000* initiative, which provides an annual stipend of 10,000 *Lempiras* (about \$491) to families in extreme poverty. In exchange, the families agree to keep their children in school and attend regular preventative health check-ups. The program currently reaches at least 229,000 households, and is expected to incorporate 600,000 families by the end of 2014. The World Bank expects *Bono 10,000* to have a significant impact on household income, but is concerned that Honduras may not be able to sustain the program once it reaches its full projected coverage.¹⁰⁷ As the Lobo Administration continues to face pressure to tighten its fiscal policies, social protection programs like *Bono 10,000* could face cuts.

U.S.-Honduras Relations

The United States has had close relations with Honduras over many years. The bilateral relationship became especially close in the 1980s when Honduras returned to civilian rule and became the lynchpin for U.S. policy in Central America. At that time, the country was a staging area for U.S.-supported excursions into Nicaragua by the *Contra* forces attempting to overthrow the leftist *Sandinista* government. Economic linkages also intensified in the 1980s after Honduras became a beneficiary of the Caribbean Basin Initiative, which provided duty-free importation of Honduran goods into the United States. Bilateral economic ties have further expanded 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. The Obama Administration quickly condemned the June 28 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 Micheletti government. Micheletti reacted angrily to U.S. policy toward Honduras, reportedly declaring, "It isn't possible for anyone, no matter how powerful they are, to come over here and tell us what we have to do."¹⁰⁸ 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.¹⁰⁹

¹⁰⁶ ECLAC, *Social Panorama of Latin America, 2011*, November 2011, p.225, <http://www.eclac.cl/publicaciones/xml/5/45175/PSE2011-Social-panorama-of-Latin-America.pdf>.

¹⁰⁷ World Bank, *Project Information Document, Appraisal Stage: HN-Social Protection*, Report No.AB5677, May 17, 2010; World Bank, *Information Status & Results: Honduras Social Protection*, Report No.ISR5625, July 12, 2011.

¹⁰⁸ Carlos Salinas, "Honduran De Facto Leader Vows to Cling to Power Over US Objections," *El Pais* (Spain), August 5, 2009.

¹⁰⁹ Ginger Thompson, "U.S. Tries to Salvage Honduras Accord," *New York Times*, November 10, 2009.

Relations have improved considerably since the inauguration of President Lobo, whose efforts to resolve the political crisis led the United States to restore foreign assistance and resume cooperation on other issues. Current U.S. policy toward Honduras seeks to consolidate democracy, protect human rights, promote the rule of law, and encourage more open economic policies that improve the business climate and produce sustainable growth.¹¹⁰ To advance these policy objectives, the United States provides Honduras with substantial amounts of foreign assistance, maintains significant security and commercial ties, and engages on transnational issues such as migration and human trafficking.

Foreign Assistance

The United States has provided significant amounts of foreign assistance to Honduras over several decades. In the 1980s, the United States provided about \$2.5 billion (constant 2011 dollars) in economic and military aid to Honduras as the country supported U.S. policy objectives in the region. In the 1990s, U.S. assistance to Honduras began to wane as regional conflicts subsided and competing foreign assistance needs grew in other parts of the world. Hurricane Mitch changed that trend as the United States provided considerable amounts of aid to help the country recover from the 1998 storm. As a result of the influx of aid, total U.S. assistance to Honduras for the 1990s amounted to around \$1.2 billion (constant 2011 dollars). With Hurricane Mitch funds expended by the end of 2001, U.S. foreign aid levels to Honduras again began to decline. From 2000 to 2009, total U.S. assistance to Honduras amounted to nearly \$923 million (constant 2011 dollars).¹¹¹

State Department and U.S. Agency for International Development

Most U.S. assistance for Honduras is provided through the State Department and the U.S. Agency for International Development (USAID), and is funded through the annual Department of State, Foreign Operations, and Related Programs appropriations measure. The State Department and USAID request bilateral assistance specifically for Honduras in the annual *Congressional Budget Justification for Foreign Operations*. Honduras also receives a considerable amount of assistance through the Central America Regional Security Initiative (CARSI). The State Department and USAID request CARSI funding for Central America as a whole and then later allocate assistance to individual countries or regional programs.

¹¹⁰ U.S. Department of State, Bureau of Western Hemisphere Affairs, "U.S. Relations with Honduras," Fact Sheet, January 14, 2013.

¹¹¹ These figures are actual obligations, not appropriations, from all U.S. agencies. U.S. Agency for International Development (USAID), *U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945-September 30, 2011*, 2013, <http://gbk.eads.usaidallnet.gov/>.

Table I. U.S. Assistance to Honduras: FY2010-FY2014

(Thousands of U.S. dollars)

Account	FY2010	FY2011	FY2012 (Estimate) ^a	FY2013 (Request)	FY2014 (Request)
Bilateral Assistance, Subtotal	50,268	56,017	57,040	58,150	54,476
DA	37,491	42,266	46,266	49,000	49,326
GHP-USAID	11,000	10,988	8,000	4,500	0
GHP-State	1,000	1,000	1,000	1,000	0
IMET	777	765	774	650	650
FMF	0	998	1,000	3,000	4,500
CARSI, Subtotal	12,085	13,962	24,800	NA	NA
ESF	5,500	7,425	16,500	NA	NA
INCLE	6,585	6,537	8,300	NA	NA
DOD, Subtotal^b	NA	8,500	8,236	NA	NA
Total Aid	62,353	78,479	90,076	58,150	54,476

Sources: DA, GHP, IMET, and FMF data from U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, Fiscal Years 2010-2014*; ESF and INCLE data from U.S. Government Accountability Office (GAO), *Status of Funding for the Central America Regional Security Initiative*, GAO-13-295R, January 30, 2013, and U.S. Department of State, *Congressional Notification for the Central America Regional Security Initiative (CARSI) – Honduras*, July 13, 2012; and DOD data from the *Foreign Assistance Dashboard*, July 2013.

Notes: DA=Development Assistance; GHP=Global Health Programs; ESF=Economic Support Fund; INCLE=International Narcotics Control and Law Enforcement; IMET=International Military Education and Training; FMF=Foreign Military Financing; DOD=Department of Defense, and CARSI=Central America Regional Security Initiative.

- a. FY2012 DA, GHP, IMET, and FMF figures are actual appropriations. ESF and INCLE figures are estimates. The Congressional Notification states that USAID and the State Department could use regional CARSI funds to allocate “up to an additional” \$7.75 million in ESF and \$38.45 million in INCLE to Honduras.
- b. DOD only includes Title 10 security sector assistance. Data are only available for FY2011 and FY2012 at this time.

Bilateral Assistance

U.S. bilateral assistance for Honduras has been on an upward trajectory in recent years, but may be starting to decline. It amounted to \$50.3 million in FY2010, \$56 million in FY2011, and \$57 million in FY2012. The Obama Administration requested \$58.2 million for Honduras in FY2013, though the actual amount that Honduras will receive is currently unclear as a result of the delayed approval of a full year appropriations bill and the budget sequestration process.¹¹² The

¹¹² In September 2012, Congress enacted a six-month continuing resolution (P.L. 112-175) that included funding for foreign aid programs during the first half of FY2013. Prior to the expiration of that stopgap measure, Congress approved new legislation on March 21, signed by the President on March 26, 2013 (P.L. 113-6), that included funding for foreign aid programs through the end of the fiscal year. Under P.L. 113-6, most State-Foreign Operations accounts are funded at the same level as in FY2012. These accounts are subject to the budget sequestration process, however, which may significantly reduce the actual funding levels that are made available to agencies.

Administration's FY2014 request includes about \$54.5 million in bilateral assistance for Honduras (see **Table 1**).

The vast majority of the FY2014 bilateral request (\$49.3 million) would be provided through the Development Assistance (DA) account, and would be used to support development efforts. About \$13.1 million would be dedicated to democracy programs designed to reduce corruption, decentralize resources and authority, and strengthen the capacities of municipal governments. Another \$10.7 million would be dedicated to basic education programs designed to improve early grade literacy and numeracy, improve the quality of teacher training, and provide learning materials to students. Programs designed to improve food security, strengthen rural markets, and help extremely poor rural families start and expand micro-enterprises would receive about \$22.4 million. Additionally, \$3 million would be dedicated to environmental programs designed to strengthen protected areas, increase access to renewable energy, and build local capacity to respond to climate-related natural disasters.

The rest of the FY2014 bilateral request (\$5.2 million) would support the Honduran military. Approximately \$4.5 million in Foreign Military Financing (FMF) would provide equipment intended to strengthen the Honduran military's ability to control national territory. An additional \$650,000 in International Military Education and Training (IMET) funding would provide training for Honduran soldiers.¹¹³

Central America Regional Security Initiative

In addition to bilateral assistance, Honduras receives substantial amounts of aid through CARSI,¹¹⁴ a regional program that provides Central American nations with equipment, training, and technical assistance to address security challenges. As noted above, CARSI funding is appropriated for all of Central America and then allocated to individual nations or regional programs. Honduras received \$12.1 million in FY2010, nearly \$14 million in FY2011, and an estimated \$24.8 million in FY2012. It also may have received some additional funding that was allocated to regional programs. The Obama Administration requested \$107.5 million for CARSI in FY2013 and \$161.5 million for CARSI in FY2014; it is currently unclear how much of that funding may be allocated to Honduras.

CARSI funding supports a wide variety of activities in Honduras. Some U.S. agencies are using the funds to establish and support specially vetted units and task forces. Equipment and training are provided to Drug Enforcement Administration (DEA) and Immigration and Customs Enforcement (ICE) vetted units and a U.S.-Honduran joint Financial Crimes Task Force in support of complex investigations into drug trafficking, money laundering, and arms and bulk cash smuggling. The Federal Bureau of Investigation (FBI) leads a Transnational Anti-Gang unit designed to interrupt criminal gang activity. A Special Victims Task Force—consisting of vetted members of the Honduran police, the Public Ministry, and U.S. advisors—is looking into high profile violent crime cases, such as the persecution of journalists and members of the LGBT community. Other CARSI-funded efforts to strengthen Honduran institutions include support for a joint Criminal Investigative School, and border and prison management reforms. CARSI funds

¹¹³ U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, Fiscal Year 2014*, May 17, 2013, <http://www.state.gov/documents/organization/208291.pdf>.

¹¹⁴ For more information on CARSI, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

are also being utilized to support civil society and municipal government violence prevention programs.¹¹⁵ At least 32 community outreach centers have been established to provide vocational training, employment resources, and other opportunities for at-risk youth.¹¹⁶

A U.S. Senator reportedly has placed a hold on approximately \$10.3 million in FY2012 CARSI assistance for Honduras. This includes \$10 million in regional CARSI funding to provide six helicopters to Honduras, and \$300,000 to support the DEA's vetted unit. The Senator who placed the hold reportedly remains concerned about a series of 2012 counternarcotics raids by Honduran security forces and DEA advisors that left at least six people dead (see "Controversy" below).¹¹⁷

Department of Defense

The U.S. Department of Defense (DOD) also provides aid to Honduras, which is funded through annual DOD appropriations measures. Congress has authorized DOD to provide several types of humanitarian and security assistance, though Honduras appears to benefit most from DOD's counternarcotics authorities. Under Section 1004 of P.L. 101-510, the National Defense Authorization Act of 1991, as amended, DOD can train and transport personnel, construct facilities and certain types of infrastructure, and provide reconnaissance and intelligence analysis services in support of counternarcotics efforts. Under Section 1033 of P.L. 105-85, the National Defense Authorization Act of 1998, as amended, DOD can provide equipment and maintenance support to certain countries (including Honduras) for counternarcotics purposes.¹¹⁸ For example, several units attached to U.S. Special Operations Command South recently provided training to the newly established Honduran Naval Special Forces (*Fuerza Especiales Naval*, FEN) unit. The training was designed to strengthen the FEN unit's ability to combat transnational organized crime in and around Honduran waterways.¹¹⁹ DOD security sector assistance to Honduras was estimated to be \$8.5 million in FY2011 and \$8.2 million in FY2012.¹²⁰

Peace Corps and Millennium Challenge Corporation

The Peace Corps and the Millennium Challenge Corporation (MCC) have provided some additional assistance to Honduras in recent years. The Peace Corps was active in Honduras from 1963 until January 2012, when the agency pulled all 158 of its volunteers out of the country. Following an in-depth safety and security assessment, the Peace Corps decided to indefinitely suspend its operations. More than 5,700 Americans served in Honduras over the program's nearly four decades in the country, working on projects related to HIV/AIDS prevention and child survival; protected area management; water and sanitation; and business, municipal, and youth development.¹²¹

¹¹⁵ U.S. Embassy in Honduras, "Current CARSI Projects in Honduras," March 6, 2012.

¹¹⁶ Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson, "Security and Human Rights in Honduras," Remarks at the Inter-American Dialogue, Washington, DC, March 7, 2013.

¹¹⁷ CRS communication with State Department official, June 2013.

¹¹⁸ For more information on Department of Defense counterdrug authorities, see CRS Report RL34543, *International Drug Control Policy: Background and U.S. Responses*, by Liana Sun Wyler.

¹¹⁹ Brian Bird and Gino Rullo, "US Navy Special Forces Help Honduras Form Elite Counter Trafficking Force," *U.S. Southern Command*, February 4, 2013.

¹²⁰ Data from the *Foreign Assistance Dashboard*, July 2013, <http://foreignassistance.gov/>.

¹²¹ Peace Corps, "Frequently Asked Questions: Peace Corps Operations in Honduras," September 2012.

The MCC provided Honduras with a five-year, \$205 million¹²² economic growth compact, which was completed in September 2010. The compact had two components: a rural development project designed to provide farmers with skills to grow and market new crops, and a transportation project designed to improve roads and highways to link farmers and other businesses to ports and major production centers in Honduras.¹²³ In January 2011, MCC announced that it would not be renewing the compact. Although Honduras passed 16 of 20 indicators on the MCC scorecard, it performed below the median on corruption, which is a “pass-fail” indicator for compact eligibility.¹²⁴

In FY2012, the MCC Board declared Honduras eligible for a so-called threshold program. Threshold programs are designed to help countries identify and address barriers to compact eligibility and constraints to economic growth and poverty reduction. In March 2013, the Board approved up to \$15.7 million to support Honduran government efforts to strengthen public financial management and increase the transparency and efficiency of public-private partnerships.¹²⁵

Human Rights Restrictions

Congress has placed specific human rights conditions on aid to Honduras since FY2012. Like all countries, Honduras is subject to a legal provision (Section 620M of the Foreign Assistance Act of 1961, as amended, the so-called “Leahy amendment”) that requires the State Department to vet its assistance for foreign security forces, and prohibits funding for any unit if there is credible evidence it has committed “a gross violation of human rights.” There have been additional restrictions on aid to Honduras since the enactment of the Consolidated Appropriations Act of 2012 (P.L. 112-74), which requires that 20% of the funds appropriated for Honduran military and police forces be withheld until the Secretary of State can report that “the Government of Honduras is implementing policies to protect freedom of expression and association, and due process of law; and is investigating and prosecuting in the civilian justice system, in accordance with Honduran and international law, military and police personnel who are credibly alleged to have violated human rights, and the Honduran military and police are cooperating with civilian judicial authorities in such cases.” The 20% withholding requirement does not apply to “assistance to promote transparency, anti-corruption, and the rule of law within the military and police forces.” Nor does it apply to assistance provided by the Department of Defense.

On August 8, 2012, the State Department issued a report certifying that the Honduran government had met the required human rights conditions for FY2012. According to the report, the State Department “believes Honduras has exhibited significant political will in making the difficult legislative and constitutional changes required to reinforce the rule of law.” The report also noted that the State Department is investigating allegations that Honduran Chief of Police Juan Carlos Bonilla committed human rights violations earlier in his career,¹²⁶ and that it will withhold

¹²² The compact was originally for \$215 million, but the final \$10 million was terminated as a result of the 2009 coup.

¹²³ Millennium Challenge Corporation (MCC), “Honduras Compact: Raising Incomes, Realizing Dreams” November 3, 2010.

¹²⁴ For more information on MCC and how it allocates assistance, see CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

¹²⁵ MCC, *Congressional Budget Justification, Fiscal Year 2014*, p.11, <http://www.mcc.gov/documents/reports/report-fy2014-cbj.pdf>.

¹²⁶ The former head of the police internal affairs unit has accused Bonilla of running a death squad that murdered (continued...)

assistance from law enforcement units “under Bonilla’s direct supervision.”¹²⁷ After critics pointed out that the entire police force is legally under Bonilla’s supervision, the State Department asserted that it would not provide any funding to Bonilla or to the officers immediately below him in the police hierarchy.¹²⁸

Some analysts and Members of Congress have questioned the State Department’s FY2012 certification. They argue that continuing reports of security force involvement in crime and violence as well as a lack of investigations into human rights violations suggest that the Honduran government has not met the necessary conditions.¹²⁹ Congress maintained the Honduras-specific conditions from FY2012 in the appropriations legislation providing assistance to Honduras in FY2013 (P.L. 113-6); the State Department has yet to issue a certification for this fiscal year.

Security Cooperation

The United States and Honduras have closely cooperated on security issues 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 has hosted a U.S. troop presence—Joint Task Force Bravo—ever since (see text box). Current bilateral security efforts primarily focus on citizen safety and drug trafficking. A high level task force, co-chaired by President Lobo and the U.S. Ambassador, convenes quarterly to oversee and direct these efforts—many of which are funded through CARSI.

Joint Task Force (JTF) Bravo

The United States maintains a troop presence of about 500 military personnel known as Joint Task Force (JTF) Bravo at *Soto Cano* Air Base in Honduras. JTF Bravo was first established in 1983 with about 1,200 troops who were involved in military training exercises and in supporting U.S. counterinsurgency and intelligence operations in the region. In the aftermath of Hurricane Mitch in 1998, U.S. troops provided extensive assistance in the relief and reconstruction effort. Today, U.S. troops in Honduras support activities such as disaster relief, medical and humanitarian assistance, counternarcotics operations, and search and rescue operations that benefit Honduras and other Central American countries.

Anti-Drug Efforts

In recent years, Honduras has become a major transshipment point for illicit narcotics. According to the State Department, up to 40% of all cocaine destined for the United States makes its initial landfall in Honduras.¹³⁰ Much is trafficked through the air to remote areas that lack state presence, such as the *Mosquitia* region along Honduras’ northeastern coast, though maritime

(...continued)

suspected gang members and criminals between 1998 and 2002. See: Katherine Corcoran and Martha Mendoza, “New Honduras Top Cop Once Investigated in Killings,” *Associated Press*, June 1, 2012.

¹²⁷ U.S. Department of State, *Report on the Government of Honduras’ Protection of Human Rights and the Investigation and Prosecution of Security Services Personnel Credibly Alleged to Have Violated Human Rights*, August 8, 2012.

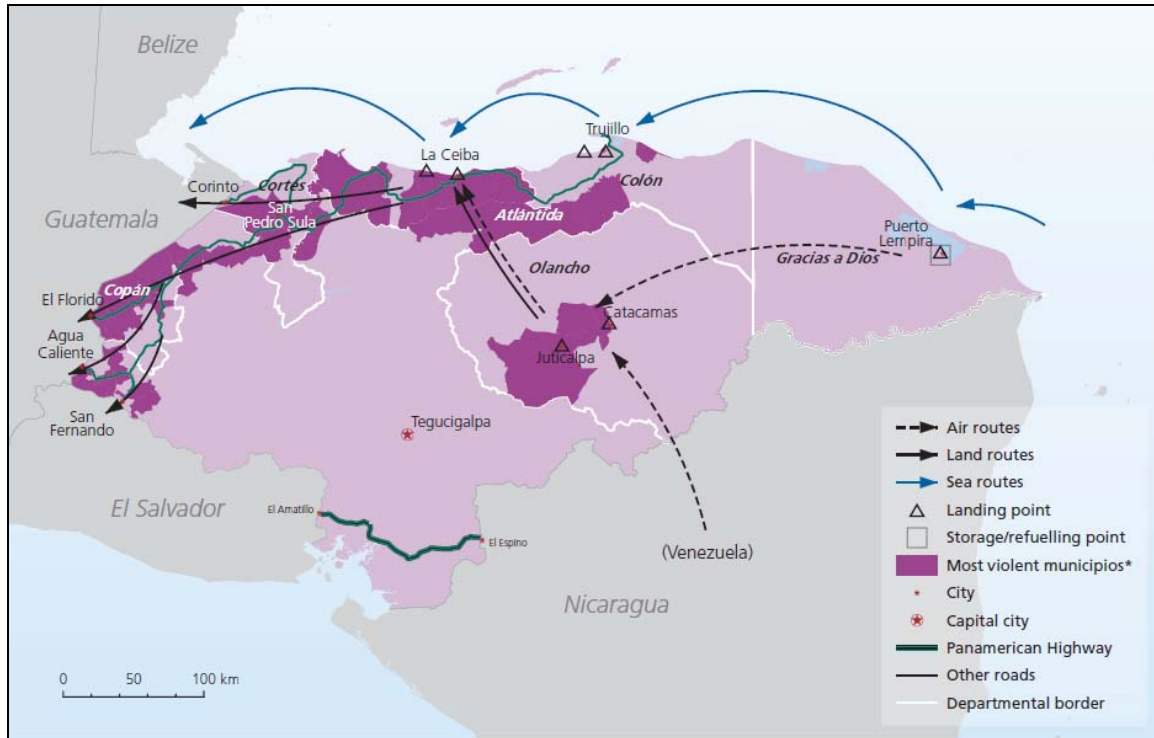
¹²⁸ “EEUU Apoyará a Policía Hondureña sin Pasar por Su Director, Dice Brownfield,” *Agence France Presse*, March 28, 2013.

¹²⁹ See, for example, Dana Frank, “Human Rights in Honduras: State Department Looks the Other Way,” *Los Angeles Times*, August 24, 2012; and Letter from Benjamin L. Cardin, United States Senator, et al. to The Honorable John Kerry, Secretary of State, June 18, 2013.

¹³⁰ U.S. Department of State, August 2012, op.cit.

trafficking also plays a large role. After making initial landfall in Honduras, cocaine continues on toward the United States on subsequent flights or via sea or overland routes (see **Figure 4**).¹³¹

Figure 4. Cocaine Trafficking Routes in Honduras



Source: U.N. Office on Drugs and Crime (UNODC), *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*, September 2012, p.38, http://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf.

In order to reduce this flow of illicit narcotics, the U.S. government has significantly increased its antidrug support to Honduras. For example, a DEA Foreign-deployed Advisory Support Team (FAST) has reportedly been operating in the country. The elite detachment of military-trained agents works with specially vetted members of the local security forces to counter drug trafficking in the country.¹³² In 2012, the Honduran government (with U.S. support) interdicted 22 metric tons of cocaine and seized \$21 million in drug-related cash and assets.¹³³

Among other efforts, the United States supported a drug interdiction program known as Operation Anvil between mid-April and mid-July 2012. During the 90-day operation, six helicopters that the State Department had provided to Guatemala through CARSII were transferred to Honduras to intercept suspected drug smuggling flights. The helicopters were piloted by Guatemalans and contractors, and carried vetted members of the Honduran police as well as DEA advisors. During

¹³¹ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report (INCSR)*, March 5, 2013, <http://www.state.gov/j/inl/rls/nrcrpt/2013/vol1/204050.htm#Honduras>.

¹³² Charlie Savage, Randal C. Archibold, and Ginger Thompson, "D.E.A. Squads Extend Reach of Drug War," *New York Times*, November 7, 2011.

¹³³ *INCSR*, 2013, op.cit.

the operation, Honduran and U.S. authorities interdicted at least 2.25 metric tons of cocaine, arrested seven drug traffickers, and provided a significant deterrent for drug flights entering Honduras.¹³⁴

In recent months, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) has labeled several Honduran individuals and organizations as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act, freezing any assets they may have had under U.S. jurisdiction and prohibiting U.S. citizens from conducting financial or commercial transactions with them. On April 9, 2013, OFAC announced the designation of José Miguel "Chepe" Handal Perez, his wife, his father, and various businesses under their control. OFAC asserts that Handal is the head of a Honduran drug trafficking organization that facilitates the movement of multi-ton shipments of cocaine between Colombian sources and two Mexican trafficking organizations, *Los Zetas* and the *Sinaloa* cartel.¹³⁵ On May 31, 2013, OFAC designated *Los Cachiros*, a drug trafficking group that is reportedly headed by Javier and Leonel Rivera Maradiaga and controls 90% of the clandestine airstrips in Honduras and Guatemala.¹³⁶

Controversy

Several controversial incidents in recent years have led some to raise questions about U.S. antidrug strategy in Honduras as well as the effectiveness of U.S. support for Honduran security forces more broadly. In May 2012, a raid conducted under Operation Anvil that included U.S. helicopters and DEA advisors left four Hondurans dead and several others injured after Honduran police opened fire on a river boat. While the boat passengers maintain they were traveling the river for a variety of legitimate reasons,¹³⁷ U.S. and Honduran officials assert that the boat was involved in a drug trafficking operation and that Honduran police officers fired in self-defense.¹³⁸ DEA agents killed two suspected drug traffickers in separate raids in June and July 2012. The agents maintain they fired in self-defense during both incidents.¹³⁹ Reportedly, three of the five joint interdiction operations conducted under Operation Anvil ended with suspects being killed.¹⁴⁰

In January 2013, 58 Members of Congress called on the State Department and the Department of Justice to carry out a "thorough and credible investigation" into the May 2012 killings.¹⁴¹ The DEA reportedly conducted an internal investigation that determined that the agents involved in the incident acted appropriately and did not fire their weapons. A former State Department

¹³⁴ Ibid.

¹³⁵ U.S. Department of the Treasury, "Treasury Designates Honduran Traffickers," Press Release, April 9, 2013.

¹³⁶ U.S. Department of the Treasury, Office of Foreign Assets Control, "Specially Designated Nationals Update," May 31, 2013; "Lobo: Seguridad Debe Conocer de Los Cachiros," *La Prensa* (Honduras), July 9, 2013.

¹³⁷ See: Annie Bird and Alexander Main, *Collateral Damage of a Drug War: The May 11 Killings and the Impact of the U.S. War on Drugs in La Moskitia, Honduras*, Center for Economic and Policy Research & Rights Action, August 2012, <http://www.cepr.net/documents/publications/honduras-2012-08.pdf>.

¹³⁸ Katherine Corcoran and Alberto Arce, "Operation Anvil: U.S. Drug Strategy Led to Deadly Honduras Raid," *Associated Press*, June 25, 2012; U.S. Department of State, Office of the Spokesperson, "Taken Question: Drug Enforcement Administration Investigation Honduras," June 6, 2012.

¹³⁹ Charlie Savage, "Man is Killed by U.S. Agent in Drug Raid in Honduras," *New York Times*, June 24, 2012; U.S. Department of State, Office of the Spokesperson, "Update on Incident in Honduras (Taken Question)," July 9, 2012.

¹⁴⁰ Damien Cave and Ginger Thompson, "U.S. Rethinks a Drug War After Deaths in Honduras," *New York Times*, October 12, 2012.

¹⁴¹ Letter from Henry C. "Hank" Johnson, Jr., Member of Congress, et al. to The Honorable John Kerry, Secretary of State, January 30, 2013.

inspector general investigator has alleged that William Brownfield, the Assistant Secretary of State for International Law Enforcement Affairs, obstructed an investigation into the killings; Brownfield asserts the allegations are false.¹⁴²

Shortly after Operation Anvil came to an end, the United States stopped sharing radar intelligence with Honduras. The decision was the result of at least two incidents in which the Honduran air force violated bilateral agreements by using the intelligence to shoot down civilian aircraft suspected of carrying drugs.¹⁴³ The United States did not resume sharing radar intelligence until November 2012, after the Honduran government had replaced the head of the air force, revised procedures, retrained pilots, and reportedly signed an agreement not to use U.S. intelligence to “damage, destroy, disable, or threaten civilian aircraft.”¹⁴⁴

In addition to these incidents, there have been numerous allegations that members of the Honduran security forces have committed human rights abuses. In May 2012, a teenager was allegedly killed by Honduran soldiers for driving through a military checkpoint. The soldiers believed to be responsible were part of a unit that had been vetted, trained, and equipped by the United States. Moreover, an officer reportedly involved in trying to cover up the killing had received U.S. training on multiple occasions.¹⁴⁵ There have also been allegations that U.S.-trained members of the Honduran military have committed a series of human rights violations in the *Bajo Aguan* region,¹⁴⁶ and that members of the Honduran police are carrying out extrajudicial killings of gang members.¹⁴⁷

Commercial Ties

U.S. commercial ties with Honduras have increased significantly since the early 1980s. In 1984, Honduras became one of the first beneficiaries of the Caribbean Basin Initiative (CBI), 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, mostly concentrated in the north coast region. The passage of the Caribbean Basin Trade Partnership Act in 2000, which provided Caribbean Basin nations with North America Free Trade Agreement (NAFTA)-like preferential tariff treatment, further boosted the *maquila* sector. Trade relations have expanded most recently as a result of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which significantly liberalized trade in goods and services after entering into force in April 2006.¹⁴⁸

¹⁴² John Hudson, “I Didn’t Block an Investigation into Drug War Deaths, Says State Department Official,” *Foreign Policy: The Cable*, June 12, 2013.

¹⁴³ Alberto Arce and Martha Mendoza, “US Suspends Anti-Drug Radar Support in Honduras,” *Associated Press*, September 7, 2012.

¹⁴⁴ Damien Cave, “As U.S. Shares Intelligence with Honduras, Other Antidrug Aid Stays Frozen,” *New York Times*, November 27, 2012.

¹⁴⁵ Alberto Arce, “Dad Seeks Justice for Slain Son in Broken Honduras,” *Associated Press*, November 12, 2012.

¹⁴⁶ Annie Bird, *Human Rights Violations Attributed to Military Forces in the Bajo Aguan Valley in Honduras*, Rights Action, February 20, 2013, http://rightsaction.org/sites/default/files/Rpt_130220_Agvan_Final.pdf.

¹⁴⁷ Alberto Arce and Katherine Corcoran, “US Aids Honduran Police Despite Death Squad Fears,” *Associated Press*, March 23, 2013.

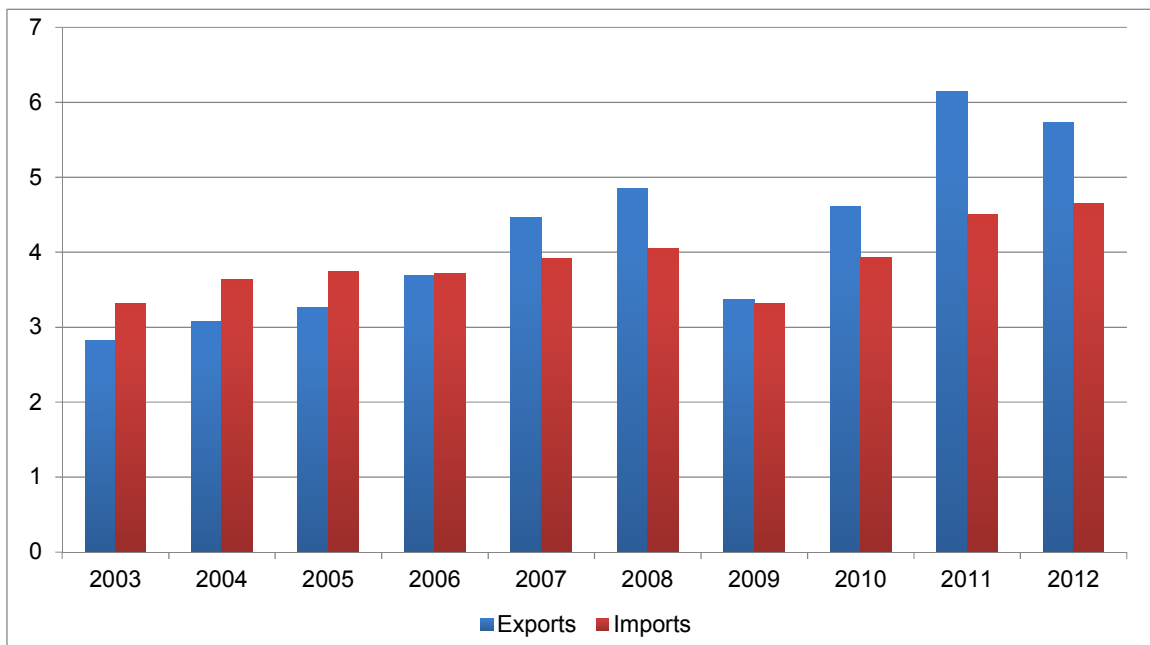
¹⁴⁸ For more information on CAFTA-DR, see CRS Report R42468, *The Dominican Republic-Central America-United* (continued...)

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 40% since the implementation of CAFTA-DR; U.S. exports to Honduras have grown by 55% and U.S. imports from Honduras have grown by 25% (see **Figure 5**). Since a large portion of imports from Honduras entered the United States duty free prior to implementation of the agreement, analysts had predicted that CAFTA-DR would lead to a relatively larger increase in U.S. exports. Total two-way trade amounted to \$10.4 billion in 2012, \$5.7 billion in U.S. exports to Honduras and \$4.6 billion in U.S. imports from Honduras.¹⁴⁹ Similar to previous trade arrangements, CAFTA-DR has provided substantial benefits to the Honduran *maquila* sector. Textiles and apparel (assembled products from the *maquila* sector) account for 57% of U.S. imports from Honduras. Likewise, textile and apparel inputs, such as yarns and fabrics, account for a substantial portion of U.S. exports to Honduras. Other major U.S. exports to Honduras include oil and machinery.¹⁵⁰

Figure 5. U.S. Trade with Honduras: 2003-2012

(Billions of U.S. dollars)



Source: CRS presentation of U.S. Department of Commerce data obtained through *Global Trade Atlas*, 2013.

U.S. foreign direct investment in Honduras has also increased since the implementation of CAFTA-DR. The total stock of U.S. foreign direct investment in the country amounted to \$930 million in 2011, down slightly from 2010 but up 18% from \$787 million in 2006.¹⁵¹ According to

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States Free Trade Agreement (CAFTA DR): Developments in Trade and Investment, by J. F. Hornbeck.

¹⁴⁹ U.S. International Trade Commission (USITC) data as presented by the *USITC Interactive Tariff and Trade DataWeb*, January 2013.

¹⁵⁰ U.S. Department of Commerce data, as presented by *Global Trade Atlas*, July 2013.

¹⁵¹ U.S. Department of Commerce, "U.S. Direct Investment Abroad Tables," *Survey of Current Business*, September (continued...)

the State Department, relatively low labor costs, proximity to the U.S. market, and the Caribbean port of Puerto Cortés make Honduras attractive to investors. At the same time, high levels of crime, a weak judicial system, corruption, low levels of educational attainment, and poor infrastructure hamper investment.¹⁵²

Labor Rights

Despite these increases in trade and investment, some in the United States and Honduras have expressed concerns about the implementation of CAFTA-DR. Labor rights provisions have received particular attention. According to the State Department, Honduran law provides for unionization and collective bargaining, but places a number of restrictions on those rights and frequently fails to enforce labor protections. In 2012, “antiunion discrimination continued to be a serious problem.... Employers commonly threatened to close unionized factories and harassed or dismissed workers seeking to organize; they also fired leaders with impunity soon after unions were formed to prevent the union from functioning.” Moreover, “there was credible evidence that apparel assembly factory employers continued with impunity to blacklist employees seeking to form unions.”¹⁵³

In March 2012, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) joined with Honduran trade unions to file a petition with the U.S. Department of Labor. The petition asserts that the government of Honduras has failed to effectively enforce its labor laws and meet its obligations under CAFTA-DR, and calls on the U.S. government to engage Honduras on these issues to ensure future compliance.¹⁵⁴ The Labor Department’s Office of Trade and Labor Affairs (OTLA) accepted the petition in May 2012, initiating a review of up to 180 days to determine the accuracy of the charges. In November 2012, OTLA announced that it would need to extend the review period. Once the review is complete, OTLA will issue a public report with its findings and recommendations.¹⁵⁵

Migration Issues

Migration issues are central to the U.S.-Honduran relationship as about 702,000 Hispanics of Honduran origin reside in the United States. Nearly two-thirds (447,000) of the Hondurans in the United States are foreign born, 78% of whom have arrived since 1990.¹⁵⁶ Migration from Honduras to the United States is primarily driven by high levels of poverty and unemployment,

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2012.

¹⁵² U.S. Department of State, Bureau of Economic, Energy and Business Affairs, *2013 Investment Climate Statement – Honduras*, February 2013, <http://www.state.gov/e/eb/rls/othr/ics/2013/204655.htm>.

¹⁵³ U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2012*, April 19, 2013, <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>.

¹⁵⁴ AFL-CIO, “The AFL-CIO Joins Honduran Trade Unions in Filing a Petition with Department of Labor against Honduran Government for Failing to Enforce Labor Laws under Trade Agreement,” Press Release, March 29, 2012.

¹⁵⁵ U.S. Department of Labor, Bureau of International Labor Affairs, “Dominican Republic-Central America-United States Free Trade Agreement; Notice of Extension of the Period of Review for Submission 2012-01 (Honduras),” 77 *Federal Register* 66870, November 7, 2012.

¹⁵⁶ Anna Brown and Eileen Patten, *Hispanics of Honduran Origin in the United States, 2011*, Pew Research Hispanic Center, June 19, 2013.

though the deteriorating security situation in Honduras is increasingly playing a role.¹⁵⁷ Given the persistence of these conditions, polling indicates that about one-third of Honduran citizens who still live in their home country would like to emigrate.¹⁵⁸ Honduras reportedly has joined with other Central American nations to lobby the U.S. Congress in favor of comprehensive immigration reform.¹⁵⁹

In addition to relieving social pressure, emigration plays an important role in the Honduran economy. Remittances from migrant workers abroad are the largest single source of foreign exchange for Honduras. They more than tripled between 2003 and 2008 before declining in 2009 as a result of the global financial crisis and U.S. recession, which left many Honduran immigrants unemployed. Remittances have since recovered, however, growing by 14% between 2010 and 2012 to reach \$2.9 billion (equivalent to about 16% of Honduras' GDP).¹⁶⁰ The United States and Honduras have sought to maximize the development impact of remittance flows with the Building Remittance Investment for Development Growth and Entrepreneurship (BRIDGE) Initiative that was launched in September 2010. Under the initiative, the United States and Honduras partner with financial institutions to leverage the remittances they receive to obtain lower-cost, longer-term financing in international capital markets and fund investments in infrastructure, public works, and commercial development.¹⁶¹

Temporary Protected Status¹⁶²

Since Hurricane Mitch struck Honduras in 1998, the U.S. government has provided temporary protected status (TPS) to allow eligible Hondurans—who may otherwise be deported—to stay in the United States. Originally slated to expire in July 2000, TPS has now been extended 11 times. The most recent TPS extension came on April 3, 2013, when the Secretary of Homeland Security announced that the United States would continue to provide TPS for an additional 18 months, expiring on January 5, 2015 (prior to this extension, TPS would have expired July 5, 2013). According to the *Federal Register* notice on the most recent extension, the Secretary of Homeland Security determined that the extension was warranted because “there continues to be a substantial, but temporary, disruption of living conditions in Honduras resulting from Hurricane Mitch, and Honduras remains unable, temporarily, to handle adequately the return of its nationals.”¹⁶³ An estimated 64,000 Hondurans residing in the United States benefit from TPS.¹⁶⁴

¹⁵⁷ “Masiva Fuga de Hondureños por Inseguridad y Desempleo en el País,” *El Heraldo* (Honduras), June 16, 2013.

¹⁵⁸ UCA & ERIC-SJ, January 2013, op.cit., p.10.

¹⁵⁹ “Central America Will Lobby as One for US Migration Reform,” *Latin News Daily Report*, February 14, 2013.

¹⁶⁰ Inter-American Development Bank (IDB), Multilateral Investment Fund (MIF), “Remittances to Latin America and the Caribbean,” 2013, <http://www5.iadb.org/mif/en-us/home/knowledge/developmentdata/remittances.aspx>.

¹⁶¹ U.S. Department of State, Office of the Spokesman, “U.S. BRIDGE Initiative Commitments with El Salvador and Honduras,” September 22, 2010.

¹⁶² For more information on TPS, see CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester.

¹⁶³ U.S. Department of Homeland Security, “Extension of the Designation of Honduras for Temporary Protected Status,” 78 *Federal Register* 20123-20128, April 3, 2013.

¹⁶⁴ “Gobierno Anunciará Hoy Ampliación para el TPS,” *La Tribuna* (Honduras), June 3, 2013.

Deportations

Deportations to Honduras have increased significantly over the past decade. Approximately 32,500 Hondurans were deported from the United States in FY2012, making Honduras one of the top recipients of deportees on a per capita basis.¹⁶⁵ Increasing deportations from the United States have been accompanied by similar increases in deportations 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. Individuals who do not speak Spanish, who are tattooed, who have criminal records, and/or who lack familial support face additional difficulties re-integrating into Honduran society. In addition to these social problems, leaders are concerned that remittances may start to fall if the current high rates of deportations continue.¹⁶⁶

Some analysts contend that U.S. deportations of individuals with criminal records have exacerbated the gang problem in Honduras and other Central American countries. They maintain that gang-deportees have "exported" a Los Angeles gang culture to Central America, and that they have recruited new members from among the local populations.¹⁶⁷ U.S. Immigration and Customs Enforcement (ICE) does not provide receiving countries with the complete criminal records or gang affiliations of deportees, however, it may provide them with some information regarding deportees' criminal histories and gang affiliations when specifying why the deportees were removed from the United States. Likewise, receiving countries may contact the FBI to request criminal history checks on particular criminal deportees once they have arrived. About 43% of the Hondurans deported from the United States in FY2012 were removed on criminal grounds.¹⁶⁸

Trafficking in Persons

According to the State Department's 2013 *Trafficking in Persons Report*, Honduras is primarily a source and transit country for men, women, and children trafficked for the purpose of commercial sexual exploitation and forced labor. Many victims are subjected to forced prostitution in urban and tourist locales such as Tegucigalpa, San Pedro Sula, and the Bay Islands. Destination countries for trafficked Honduran women and children include El Salvador, Guatemala, Mexico, and the United States. There are also foreign victims of commercial sexual exploitation in Honduras, most having been trafficked from neighboring countries. Additionally, there have been reports of rural families leasing out children for forced labor, and urban gangs coercing young males to transport drugs or act as hit men.

The State Department maintains that Honduras does not fully comply with the minimum standards for the elimination of trafficking; however, it notes that the government is making significant efforts to do so. As a result, Honduras is considered a so-called "Tier 2" country. The State Department report recognizes the Honduran government for passing a comprehensive anti-

¹⁶⁵ CRS communication with Department of Homeland Security official, July 2013.

¹⁶⁶ Pamela Constable, "Deportees' Bittersweet Homecoming; Migration is Boon, Bane for Honduras," *Washington Post*, June 27, 2007.

¹⁶⁷ Ana Arana, "How the Street Gangs Took Central America," *Foreign Affairs*, May/June 2005.

¹⁶⁸ CRS communication with Department of Homeland Security official, July 2013.

trafficking law in 2012 that prohibits all forms of trafficking, includes sufficiently stringent punishments, and establishes more robust victim protections. Nevertheless, the report asserts that the Honduran government's services for victims remain inadequate, and its efforts against forced labor remain weak. The State Department's recommendations for Honduras include increasing efforts to investigate and prosecute trafficking offenses, and ensuring dedicated funding to provide specialized services and shelter to trafficking victims.¹⁶⁹

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¹⁶⁹ U.S. Department of State, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report 2013*, June 19, 2013, <http://www.state.gov/j/tip/rls/tiprpt/2013/index.htm>.