



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 731,000 Hispanics of Honduran origin live in the United States, 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 was inaugurated president of Honduras in January 2010, assuming 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. An ongoing constitutional crisis triggered by the National Congress' December 2012 removal of four Supreme Court justices demonstrates the extent to which democratic institutions remain fragile. Lobo is relatively unpopular as he enters the final year of his term, with 70% of Hondurans disapproving of his performance in office.

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

Lobo also inherited a weak economy with high levels of poverty and inequality. Honduras suffered an economic contraction of 2.1% 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 3.8% in 2012, the Honduran government continues to face serious fiscal challenges. The central government's deficit has been growing since 2011, and it has struggled to finance the budget. Public employees and contractors 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 the 111th and 112th Congresses expressed considerable interest in Honduras, focusing in particular on the state of the country's democratic institutions in the aftermath of the 2009 political crisis as well as the significant security and human rights challenges that have plagued the country in recent years. These issues are likely to remain on the agenda for the 113th Congress.

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

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Recent Developments

- On December 19, 2012, the Millennium Challenge Corporation (MCC) announced that Honduras is eligible to continue developing a Threshold Program in FY2013. Threshold Programs are designed to assist countries that are currently ineligible for larger compacts in addressing policy barriers to improved governance and economic growth (see “Millennium Challenge Corporation”).
- On December 12, 2012, the Honduran National Congress voted to dismiss four members of the Constitutional Chamber of the Supreme Court, a move that most analysts contend was illegal. The resulting political crisis has yet to be resolved (see “2012 Political Crisis”).
- On November 19, 2012, the United States resumed sharing radar intelligence with Honduras in support of anti-drug efforts. The United States had suspended such cooperation for several months after the Honduran Air Force used the intelligence to shoot down at least two civilian planes in violation of bilateral agreements (see “Security Cooperation”).
- On November 18, 2012, Honduras held party primaries to select candidates for the general election scheduled for November 2013. The upcoming general election will be the first to be held since the controversial 2009 vote in the aftermath of the ouster of President Manuel Zelaya (see “2013 Election”).
- On November 7, 2012, the U.S. Department of Labor’s Office of Trade and Labor Affairs announced that it was extending an investigation into allegations that the Honduran government has failed to uphold its labor commitments under CAFTA-DR (see “Trade and Investment”).
- In September 2012, the U.S. Peace Corps indefinitely suspended its operations in Honduras as a result of poor security conditions in the country. The agency had previously pulled all of its volunteers from Honduras (see “Peace Corps” and “Security and Human Rights Conditions”).
- On August 8, 2012, the U.S. State Department issued a report certifying that the Honduran government had met the human rights requirements set forth in the Consolidated Appropriations Act of 2012 (P.L. 112-74). The report was required prior to obligation of 20% of the foreign aid appropriated for Honduran police and military forces. The funds continue to be withheld, however, as a result of ongoing concerns of some Members of Congress (see “Human Rights Conditions on Assistance”).

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. Nevertheless, 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 Honduran government's National Commissioner for Human Rights, the 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 The PL has traditionally had the broadest political base in the country, winning five of the eight presidential elections held since 1982. 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 hold a few 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 Recomposición 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

Manuel Zelaya of the PL was elected president in November 2005, narrowly defeating the PN's Porfirio Lobo. As a wealthy landowner who founded a center-left faction within the PL, Zelaya was regarded as a moderate when he was inaugurated to a four-year term in January 2006.⁶ As his term progressed, however, Zelaya advanced a number of populist policies, including a 60% increase in the minimum wage in December 2008.⁷ Zelaya also forged closer relations with Venezuelan President Hugo Chávez, joining initiatives such as PetroCaribe, which provides oil at preferential discounted rates, and the Bolivarian Alliance (*Alianza Bolivariana para los Pueblos de Nuestra América*, ALBA), a socially-oriented trade block.⁸ Although Zelaya's populist policies helped him maintain support among certain sectors of Honduran society, they alienated many

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

⁶ "Manuel Zelaya to Head Honduras and Redefine His Party," *Latin America Data Base, NotiCen*, December 15, 2005; "Country Profile: Honduras," *Economist Intelligence Unit*, November 14, 2006.

⁷ "Elevar a L.5500 el Salario Mínimo en Honduras," *El Herald* (Honduras), December 24, 2008.

⁸ It should be noted that the National Congress ratified Honduras' entrance into both PetroCaribe and ALBA.

within the traditional economic and political elite. Likewise, his administration's inability to achieve concrete results on a number of issues of importance—such as poverty and violent crime—significantly weakened his public standing.

On June 28, 2009, the Honduran military detained President Zelaya and flew him to forced exile in Costa Rica. The ouster followed several months of political polarization between Honduran governmental institutions resulting from Zelaya's intention to hold a non-binding referendum and eventually amend the constitution. While Zelaya insisted that the referendum was nothing more than an opinion poll to consult the Honduran populace on the possibility of voting to convene a constituent assembly,⁹ others in Honduras maintained that it was an unconstitutional attempt to remain in power. In the aftermath of Zelaya's expulsion, the Honduran Supreme Court¹⁰ produced documents asserting that an arrest warrant for President Zelaya had been issued in secrecy on June 26, 2009 as a result of his noncompliance with judicial rulings suspending all activities related to the referendum.¹¹ Likewise, the Honduran National Congress ratified the ouster by accepting an alleged letter of resignation, which Zelaya declared fraudulent, and passing a decree that disapproved of Zelaya's conduct, removed him from office, and named the head of Congress, Roberto Micheletti, the president of Honduras for the remainder of Zelaya's term.¹²

The legality of Zelaya's removal has been heavily debated; however, most legal and political analysts—including the Truth and Reconciliation Commission appointed to investigate the ouster—have declared it a “coup d'état.”¹³ They assert that although Zelaya disobeyed judicial rulings by attempting to carry out the non-binding referendum, the Honduran military denied the president due process by expelling him from the country. Additionally, they maintain that the Honduran National Congress did not have any legal authority to remove Zelaya from office, and the interim government of Roberto Micheletti was therefore unconstitutional. Nevertheless, supporters of the ouster insist that Zelaya's removal amounted to a “constitutional succession.”¹⁴

After assuming office in late June 2009, Micheletti remained in power for nearly seven months. He worked with the Honduran National Congress to pass a budget that severely reduced government expenditures, and enacted measures that annulled more than a dozen decrees and reforms approved under Zelaya.¹⁵ Micheletti also maintained tight control of Honduran society. The Inter-American Commission on Human Rights (IACHR), an autonomous body of the Organization of American States (OAS), asserts that serious violations of human rights occurred during the Micheletti government, including “deaths; an arbitrary declaration of a state of emergency; suppression of public demonstrations through disproportionate use of force;

⁹ 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.

¹⁰ It should be noted that although the Honduran judicial system is nominally independent, in practice, it is “subject to patronage, corruption, and political influence” according to the U.S. State Department's *Country Reports on Human Rights Practices for 2011*.

¹¹ Poder Judicial de Honduras, *Expediente Judicial Relación Documentada Caso Zelaya Rosales*, July 2009.

¹² “El Decreto de la Separación de Zelaya,” *El Heraldo* (Honduras), June 28, 2009.

¹³ 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.

¹⁴ Roberto Micheletti, “Moving Forward in Honduras,” *Washington Post*, September 22, 2009.

¹⁵ “Honduras: Micheletti Prepares to Leave on High Note,” *Latin News Weekly Report*, January 21, 2010.

criminalization of public protest; arbitrary detentions of thousands of persons; cruel, inhuman and degrading treatment and grossly inadequate conditions of detention; militarization of Honduran territory; a surge in incidents of racial discrimination; violations of women's rights; serious and arbitrary restrictions on the right to freedom of expression; and grave violations of political rights."¹⁶ Although some sectors of Honduran society strongly supported Micheletti and the ouster of Zelaya, polling suggests that the majority of Hondurans did not.¹⁷

2009 Election

On November 29, 2009, Honduras held a general election to fill nearly 3,000 posts nationwide, including the presidency and all 128 seats in the unicameral National Congress. 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%. Three minor party candidates won a combined 5% of the presidential vote.¹⁸ Lobo's PN also won an absolute majority in the unicameral National Congress, with 71 of the 128 seats.

The election was a major defeat for the PL, which has traditionally had the broadest base of support in Honduras. On top of its poor presidential showing, it won 45 seats in Congress, down from 62 in 2005 (see **Figure 2** below).¹⁹ Some analysts assert that Hondurans held the PL responsible for the country's political crisis as a result of Zelaya and Micheletti both belonging to the party. Likewise, traditional PL supporters were divided over the political crisis, leading some from the Zelaya-allied faction to stay home on election day.²⁰

There has been considerable debate—both in Honduras and the international community—concerning the legitimacy of the November 2009 election as a result of it being held under the Micheletti government. Supporters of the election note that the electoral process was initiated, and the members of the autonomous Supreme Electoral Tribunal (TSE) were chosen, prior to Zelaya's ouster. They also note that the candidates were selected in internationally observed primary elections in November 2008,²¹ and that election day was largely²² free of political violence.²³ Nonetheless, some Hondurans and international observers have argued that the

¹⁶ 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>.

¹⁷ See, for example, Orlando J. Pérez, José René Argueta, and Mitchell A. Seligson, *Cultura Política de la Democracia en Honduras, 2010*, 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.

¹⁸ "TSE Confirma el Triunfo de 'Pepe' en las Elecciones," *El Heraldo* (Honduras), December 21, 2009.

¹⁹ "Final Results in Honduras," *Latin News Daily Report*, December 22, 2009.

²⁰ Noé Leiva, "El Partido Liberal de Zelaya, el Gran Perdedor de los Comicios Hondureños," *Agence France Presse*, November 30, 2009; "Partido Liberal Sacrificó el Poder para Salvar Democracia," *La Tribuna* (Honduras), December 3, 2009.

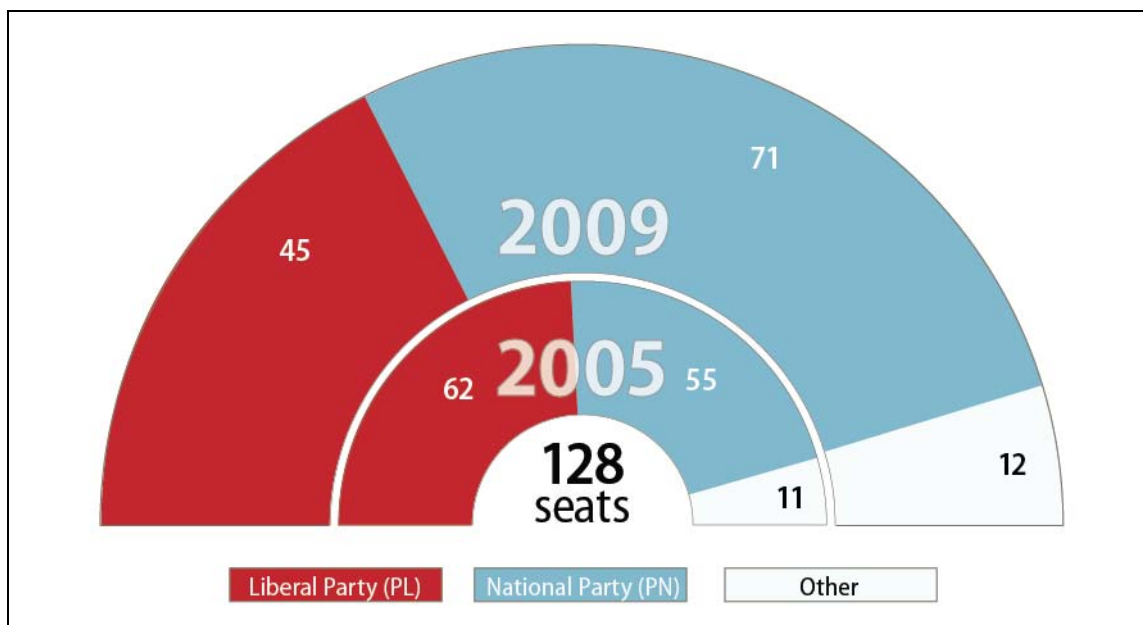
²¹ Former Vice President Elvin Santos was originally ruled constitutionally ineligible to run by the TSE, but became the PL presidential nominee after his stand-in-candidate, Mauricio Villeda, won the PL primary and Congress passed a special decree to allow his candidacy.

²² A demonstration in San Pedro Sula by those opposed to the government of Roberto Micheletti was forcefully dispersed on election day.

²³ José Saúl Escobar Andrade, Enrique Ortez Sequeira, and David Andrés Matamoros Batso, "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 (continued...)"

Micheletti government's suppression of opposition media and demonstrators prevented a fair electoral campaign from taking place. This led to boycotts and a number of left-leaning candidates for a variety of offices withdrawing from the election.²⁴ It also 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. Critics of the election also assert that the 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 counter this assertion by arguing that Lobo won more absolute votes in 2009 than Zelaya did in 2005, and that the electoral rolls are artificially inflated—distorting the turnout rate—as a result of Honduras not purging the rolls of those who have died or migrated abroad.²⁵

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 was inaugurated president of Honduras in January 2010, assuming power after seven months of domestic political crisis and international isolation that had resulted from the June 2009 ouster of President Zelaya. As he enters the final year of his term, Lobo continues to face daunting challenges. His efforts to lead Honduras out of the country's political crisis have

(...continued)

Elections," November 30, 2009.

²⁴ "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.

²⁵ "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.

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. An ongoing constitutional crisis triggered by the National Congress's December 2012 removal of four Supreme Court justices demonstrates 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 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). Consequently, 70% of Hondurans disapprove of Lobo's performance in office.²⁶

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 being inaugurated in late January 2010, Lobo immediately signed a bill providing political amnesty to Zelaya and those who removed him from office. The amnesty covers political and common crimes committed prior to and after the removal of Zelaya, but does not include acts of corruption or violations of human rights.²⁷ President Lobo also appointed a cabinet with representatives of each of the five political parties holding seats in the National Congress, and pledged to engage in dialogue with all sectors of Honduran society.

In April 2010, President Lobo established a Truth and Reconciliation Commission to investigate the ouster of Zelaya and to make recommendations to prevent similar events from occurring in the future.²⁸ The commission was criticized throughout its operations by various sectors of Honduras' polarized society. While some conservatives feared it could be used as a means to promote the constitutional reforms that Zelaya favored,²⁹ the leftist National Popular Resistance Front (*Frente Nacional de Resistencia Popular*, FNRP)—an umbrella group of those who were opposed to Zelaya's removal—viewed the commission as an attempt to "whitewash" the ouster.³⁰

The Truth and Reconciliation Commission issued its final report in July 2011. Among other findings, the report asserts: (1) Zelaya refused to recognize or obey orders from the judicial branch and other governmental institutions; (2) the Honduran military partially acted on a judicial order in detaining Zelaya but the high command's decision to force the president into exile violated due process and thus amounted to a coup d'état; (3) the Honduran National Congress had no power to remove President Zelaya or name a substitute and therefore the government of Roberto Micheletti was illegal; (4) there is no reliable evidence that President Zelaya intended to dissolve Congress, remain in office, or directly install a national constituent assembly after

²⁶ "Presidente Lobo Obtiene Desaprobación del 70% en Honduras," *El Heraldo* (Honduras), January 30, 2013.

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

²⁸ The creation of a truth commission had previously been agreed to by Zelaya and Micheletti as part of the Tegucigalpa-San José Accord, which they signed in late October 2009 in a failed attempt to end the political crisis. Although the accord fell apart almost immediately, Lobo implemented several of its provisions after taking office.

²⁹ Germán Reyes, "Lobo Pide No Temer a Comisión de Verdad y Avala Consulta para Constituyente," *Agencia EFE*, May 4, 2010.

³⁰ "Zelaya Calls on Former Officials Not to Collaborate with Truth Commission," *ACAN-EFE*, June 8, 2010; "Honduran Resistance Sets Up Alternative Commission," *Latin News Weekly Report*, July 1, 2010.

holding the non-binding referendum; (5) the November 2009 elections were legitimate; and (6) members of the Honduran military and police killed at least 12 citizens as a result of the disproportionate use of force to suppress political demonstrations during the Micheletti government. The report also provides a number of recommendations to avoid similar crises in the future. These include reforming the constitution to establish clear impeachment procedures, and investigating, processing, and punishing those responsible for the human rights abuses that took place in the aftermath of the ouster.³¹

President Lobo also successfully negotiated Zelaya's return from exile. Following Lobo's inauguration, a number of countries joined with domestic groups like the FNRP in calling on Lobo to create the conditions necessary to allow Zelaya to return to Honduras. Lobo encouraged Zelaya to return but initially insisted that the former president would have to stand trial for the charges that were brought against him following the ouster, including fraud, falsification of public documents, and embezzlement of nearly \$3 million from the presidency and the Honduran Fund for Social Investment. Zelaya insisted that the charges were politically motivated and refused to return until they were dropped. On May 2, 2011, a Honduran court of appeals voted 2-1 to annul the criminal charges against Zelaya due to "procedural irregularities."³² With criminal charges out of the way, Zelaya entered into a dialogue with Lobo that was mediated by President Hugo Chávez of Venezuela and President Juan Manuel Santos of Colombia. 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.³³ The agreement also led a number of South American countries to reestablish diplomatic relations with Honduras and lift the country's suspension from the OAS.³⁴

2012 Political Crisis

In the early hours of December 12, 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 ostensibly due to the justices' unsatisfactory "administrative conduct."³⁵ 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. Tension between the judicial branch and the executive and legislative branches of the Honduran government had been building for some time as a result of a series of Supreme Court rulings that found newly enacted laws to be unconstitutional. The Congressional report prepared in advance of the justices' dismissal specifically cited their November 2012 ruling that overturned the country's police purification law.³⁶ The law was designed to cleanse the police force of corruption, but the justices ruled that it lacked due process since it allowed officers to be dismissed without appeal for failing polygraphs or other elements

³¹ Comisión de la Verdad y la Reconciliación, 2011, op.cit.

³² "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

³³ "Acuerdo para la Reconciliación Nacional y la Consolidación del Sistema Democrático en la República de Honduras," *La Tribuna* (Honduras), May 23, 2011.

³⁴ 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.

³⁵ "Juramentación es Nula, Magistrados están De Facto," *El Heraldo* (Honduras), December 14, 2012.

³⁶ "Informe Presentado por la Comisión al Pleno del Congreso Nacional," *El Heraldo* (Honduras), December 13, 2012.

of a background check.³⁷ Some observers have also suggested that Orlando Hernández wanted to gain effective control over the Supreme Court before it ruled on a petition for a ballot-by-ballot recount of the November 2012 primary election in which he was selected to be the PN's presidential candidate. The runner-up in the primary has alleged that Orlando Hernández secured the nomination through electoral fraud.³⁸ (For more on the primary election, see "2013 Election").

Most legal analysts assert that the dismissal of the four justices was unconstitutional.³⁹ Honduran Minister of Justice and Human Rights Ana Pineda, for example, argues that justices cannot be removed as a result of their rulings, and that doing so violates the independence of the judiciary.⁴⁰ Legislators who supported the dismissal argue it was legal under a provision of the Honduran constitution that allows the National Congress to approve or disapprove of the administrative actions of the executive and judicial branches.⁴¹ This provision was also cited in support of the 2009 ouster of President Zelaya; however, the Truth and Reconciliation Commission that investigated that political crisis asserted that the National Congress had no power to remove the president.⁴²

The four dismissed justices filed a petition with the Supreme Court in hope of overturning their removal. On January 29, 2013, four of the five justices chosen to hear the case as part of a Special Constitutional Chamber voted to rule the appeal inadmissible. Since the decision was not unanimous, however, the petition now moves to the full Supreme Court for a final ruling.⁴³

In the meantime, Orlando Hernández and his supporters in the National Congress have quickly moved forward with their agenda. They adopted several pieces of legislation that were previously ruled unconstitutional by the Supreme Court, including a new police purification law. The National Congress has also passed 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.⁴⁴ The reform allows the National Congress to dismiss such officials if they face serious accusations about their performance in office, if they carry out actions contrary to the constitution or national interest, or if they demonstrate negligence or incompetence in their job.⁴⁵ Furthermore, the National Congress passed legislation that restricts the power of the Constitutional Chamber, and removes Honduran citizens' right to challenge the constitutionality of a law. Now, citizens may only challenge the regulations adopted to enforce a law.⁴⁶

³⁷ Russell Sheptak, "Honduran Police Cleanup Law May be Unconstitutional," *Christian Science Monitor*, November 29, 2012.

³⁸ "2013 Looking a Lot Like 2009," *Southern Pulse*, January 22, 2013; "Rolling Changes in Honduras," *Latin News Daily Report*, January 25, 2013.

³⁹ See, for example, "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.

⁴⁰ "Se Conculcó Principio de Independencia," *El Heraldo* (Honduras), December 18, 2012.

⁴¹ "Another Institutional Crisis Looms in Honduras," *Latin News Daily Report*, December 12, 2012.

⁴² Comisión de la Verdad y la Reconciliación, 2011, op.cit., p.391.

⁴³ "Sin Lugar Recursos de Amparo Interpuestos por Exmagistrados," *La Tribuna* (Honduras), January 30, 2013.

⁴⁴ "Honduras Congress Passes Law to Purge Police Corruption," *Reuters*, December 18, 2012; "Ratifican Juicio Político y 'Ciudades Modelo'," *El Heraldo* (Honduras), January 30, 2013.

⁴⁵ "Por Mayoría Aprobado el Juicio Político," *La Tribuna* (Honduras), January 23, 2013.

⁴⁶ "Congreso Limita Aún Más Funciones de Sala Constitutucional y Poder Judicial," *Proceso Digital* (Honduras), January 30, 2013.

2013 Election

President Lobo has a little less than a year left in his term, and the political scene in Honduras is increasingly focusing on what could be an extremely volatile election in November 2013. Polls conducted over the past two 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.⁴⁷ As Hondurans' confidence in the parties has eroded, so too has their traditional affiliation with the PL and PN.⁴⁸ Moreover, public approval of President Lobo and the PN-controlled National Congress is relatively low, and the PL remains divided over the 2009 ouster of President Zelaya.

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 created. Former President Zelaya and some sectors of the FNRP have launched the Liberty and Re-foundation (*Libertad y Refundación*, LIBRE) party, under which they hope to unite FNRP members and disillusioned former supporters of the PL. Human rights advocate Andres Pavón and sectors of the FNRP that distrust Zelaya have formed the Broad Political Electoral Resistance Front (*Frente Amplio Político Electoral en Resistencia*, FAPER). Salvador Nasralla, a television personality and sports commentator, has created the Anti-Corruption Party (*Partido Anticorrupción*, PAC) as a platform for a presidential run. And retired General Romeo Vásquez Velásquez, the commander of the Honduran armed forces when Zelaya was deposed, has founded the Honduran Patriotic Alliance (*Alianza Patriótica Hondureña*, APH), a self-described civic-military group.

These new parties will face a number of challenges. First and foremost, they lack the clientelist networks and political party machinery of the established parties. Moreover, the cynicism of Hondurans toward politics may be difficult to overcome. Voter abstention has increased in each election since 1997, and those abstaining constituted a majority in 2009.⁴⁹ To be successful, the new parties will need to convince the dissatisfied majority that electoral democracy is capable of producing real changes in Honduras.

Party primaries to select candidates for the 2013 general election were held on November 18, 2012. President Lobo is ineligible for reelection, but his favored candidate, President of Congress Juan Orlando Hernández, won the PN presidential nomination. Mauricio Villeda, the son of a former president who served as one of Micheletti's negotiators during the 2009 political crisis, won the PL nomination, and Zelaya's wife, Xiomara Castro won the LIBRE nomination. The

⁴⁷ 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 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>.

⁴⁸ Ruhl, April 2010, op.cit.

⁴⁹ NDI, *2009 Honduran General Elections: International Election Assessment Mission Final Report*, Washington, DC, January 27, 2010, p. 13, http://www.ndi.org/files/NDI_Honduras_Final_Report_International_Election_Assessment_Mission_%20English.pdf.

smaller political parties (APH, DC, FAPER, PAC, PINU, and UD) did not hold primaries but are expected to compete in the 2013 general elections.

The primary elections received generally positive reviews from international observers. The United States, on behalf of the international donor group (G-16), congratulated Honduras on “an overall peaceful and orderly electoral process” that “was carried out in a generally free, fair, and transparent manner.” It also asserted that the primaries represented “the most professional and technically advanced electoral process that has taken place in Honduras.”⁵⁰ The OAS electoral observation mission also congratulated the Honduran authorities for the peaceful and transparent conduct of the primaries while noting some areas for improvement.⁵¹

Despite these assessments, some candidates and 73% of the Honduran population believe the primary elections were marred by fraud.⁵² The slow vote tabulation, which was not completed until three weeks after the election, likely contributed to this perception. Moreover, the PN’s top two candidates, Juan Orlando Hernández and Ricardo Álvarez, both declared victory on election night. After the Supreme Electoral Tribunal (TSE) announced Orlando Hernández was the winner,⁵³ Álvarez alleged that the results were fraudulent and called for a ballot-by-ballot recount. On January 24, 2013, the Constitutional Chamber of the Supreme Court dismissed Álvarez’s recount request. Four of the five justices that ruled on the case were appointed by the National Congress headed by Orlando Hernández as replacements for the four justices the legislators controversially dismissed in December 2012 (see “2012 Political Crisis”).⁵⁴

Early polling for the general election suggests that Honduras’ traditional two party system may be fracturing. In the presidential race, LIBRE’s Xiomara Castro leads with the support of 25% of Hondurans. She is followed by Juan Orlando Hernández of the PN (23%), Salvador Nasralla of the PAC (18%), and Mauricio Villeda of the PL (16%).⁵⁵

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 already high 51 murders per 100,000 residents in 2000 to a world-topping 92 per 100,000 in 2011 (see **Figure 3** below).⁵⁶ Preliminary data suggest that the absolute number of homicides in Honduras once again increased in 2012.⁵⁷ Common crime is also widespread. In 2012, nearly 25% of Hondurans reported they had been the victim of a crime in the past year.⁵⁸ In addition to the extensive human cost, the deteriorating security situation has taken a toll on the Honduran

⁵⁰ U.S. Embassy in Honduras, “G-16 Statement on the Honduran Primary Elections,” Press Release, November 19, 2012.

⁵¹ OAS, “Preliminary Report of the Electoral Observation Mission of the OAS in Honduras,” Press Release, December 12, 2012.

⁵² UCA & ERIC-SJ, January 2013, op.cit., p.15.

⁵³ According to the TSE, Orlando Hernández won 45% of the valid PN vote and Álvarez won 39%.

⁵⁴ “Sala Constitucional Declara Inadmisible Conteo Voto por Voto,” *El Heraldo* (Honduras), January 24, 2013.

⁵⁵ “Xiomara Castro y Juan Hernández en Empate Técnico, Según Encuesta,” *EFE News Service*, January 29, 2013.

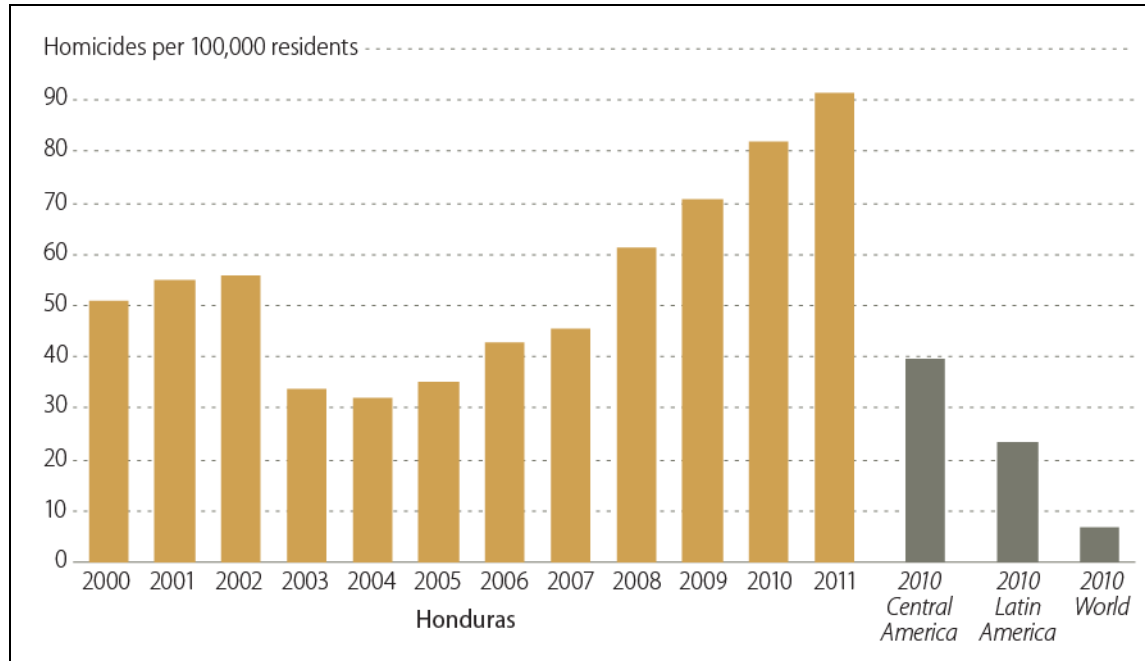
⁵⁶ UNODC, “Homicide Statistics 2012,” available at <http://www.unodc.org/unodc/en/data-and-analysis/homicide.html>.

⁵⁷ Edward Fox, “2012 Record Year for Homicides in Honduras,” *InSight Crime*, January 22, 2013.

⁵⁸ UCA & ERIC-SJ, January 2013, op.cit., p.13.

economy. The World Bank estimates that crime and violence cost the country the equivalent of 10% of gross domestic product (GDP) annually.⁵⁹

Figure 3. Honduras Homicide Rate, 2000-2011



Source: CRS presentation of data from the United Nations Office on Drugs and Crime (UNODC), “Homicide Statistics 2012,” and UNODC, *Global Study on Homicide*, 2011.

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 32 members of the press have been killed in Honduras since 2003, with 25 of the murders occurring during President Lobo’s term.⁶⁰ Many others have been threatened, harassed, or attacked, with those who report on or criticize the 2009 ouster, drug trafficking, government corruption, and human rights abuses being the most frequent targets. 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.⁶¹ In the *Bajo Aguán* region of Honduras, for example, nearly 90 people have been killed since 2010 as violence has escalated in a long-running land dispute between peasant farmers and large landowners.⁶² There are indications that members of the

⁵⁹ “World Bank: Crime, Violence Cost Honduras 10 Percent of GDP Annually,” *Associated Press*, March 28, 2012.

⁶⁰ CONADEH, “Lista de Periodistas Ejecutados,” Press Release, May 2012; Rev. Ismael Moreno Coto, S.J., testimony before the U.S. Congress, Tom Lantos Human Rights Commission, *Worldwide Threats to Media Freedom*, 112th Cong., 2nd sess., July 25, 2012, http://tlhrc.house.gov/docs/transcripts/2012_7_25_Media%20Freedom/Media_Freedom_06_25_12.pdf.

⁶¹ At least 75 such activists were reportedly murdered between June 2009 and March 2011. 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>.

⁶² “Mueran Otros Dos Campesinos en Conflictivo Valle del Aguán en Honduras,” *Agence France Presse*, February 2, 2013.

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 18th Street (M-18) gangs.⁶³ These organizations engage in a wide variety of criminal activities, including kidnapping and extortion.⁶⁴ 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.⁶⁵ Given that two-thirds of Hondurans live below the poverty line,⁶⁶ a large portion of the population may 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 National Police had 14,500 officers and a budget of \$151 million (0.9% of GDP)⁶⁷—a force strength and resources that analysts maintain are “grossly insufficient for the efficient policing of a country the size of Honduras.”⁶⁸ 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.⁶⁹ Moreover, recent press investigations suggest that corruption and criminality may run to the very top of the organization.⁷⁰ Over 78% of Hondurans report having little or no confidence in the police force.⁷¹

⁶³ 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.

⁶⁴ For more information, see CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

⁶⁵ Patrick Corcoran, “Mexican Cartels Expand into Honduras,” *InSight Crime*, April 14, 2011; UNODC, September 2012, op.cit.

⁶⁶ ECLAC, *Social Panorama of Latin America, 2012*, November 2012, p.14, <http://www.eclac.cl/publicaciones/xml/4/48454/SocialPanorama2012DocI.pdf>.

⁶⁷ Red de Seguridad y Defensa de América Latina (RESDAL), *Índice de Seguridad Pública y Ciudadana en América Latina : El Salvador, Guatemala y Honduras*, 2011.

⁶⁸ “Country Risk Assessment: Honduras,” *IHS Jane’s Defense and Security Intelligence and Analysis*, February 8, 2012.

⁶⁹ 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.

⁷⁰ 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.

⁷¹ UCA & ERIC-SJ, January 2013, op.cit., p.18.

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.⁷² Corruption is also a problem. The military has been linked to drug trafficking in Honduras since the 1980s,⁷³ and recent reports suggest some sectors continue to engage in illicit activities.⁷⁴ Although the military is more respected than the police force, 68% of Hondurans report little or no confidence in the armed forces.⁷⁵

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.⁷⁶ 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.⁷⁷ Although most criminals are never brought to justice, the Honduran prison system is overcrowded. While Honduras' hard-line anti-gang laws make it relatively easy to detain suspected gang members, the judiciary is incapable of dealing with the volume of cases.⁷⁸ Consequently, Honduran prisons, which have capacity for 8,000 inmates, currently hold 13,000 prisoners—60% of whom have not been convicted.⁷⁹

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.⁸⁰ 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.⁸¹ This apparently includes infiltration by organized crime. According to Alfredo Landaverde—a well-respected anti-corruption advocate and former head of

⁷² RESDAL, *Atlas Comparativo de la Defensa en América Latina y Caribe*, 2012.

⁷³ 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).

⁷⁴ 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.

⁷⁵ UCA & ERIC-SJ, January 2013, op.cit., p.18.

⁷⁶ CONADEH, "Impunidad," Press Release, April 2012.

⁷⁷ "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.

⁷⁸ Hannah Stone, "Honduras Prison Fire Tells of Repressive Anti-Gang Policies," *InSight Crime*, February 16, 2012.

⁷⁹ "Honduras Crea Instituto para Atender Severa Crisis de las Cárcels," *Agence France Presse*, April 11, 2012.

⁸⁰ Romero, 2010, op.cit.

⁸¹ 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>.

Honduras' Anti-Narcotics Commission who was assassinated in December 2011⁸²—10% of the members of the Honduran National Congress are involved in drug-trafficking.⁸³

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.⁸⁴ Some analysts assert that the ouster also exacerbated the situation by reinforcing the general sense of impunity in Honduras.⁸⁵

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 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 to increase funding for security efforts. The tax package was partially rolled back, however, as a result of fierce private sector opposition.⁸⁶ 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. It replaces the former Internal Affairs Unit of the police, which was reported to be rather ineffective.⁸⁷ In January 2012, the National Congress established a Public Security Reform Commission. It is empowered to investigate the police, the public prosecutor's office, and the judiciary, and suggest reforms to strengthen the institutions and reduce corruption.⁸⁸

⁸² 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.

⁸³ Tim Johnson, "Drug Gangs Muscle into New Territory: Central America," *McClatchy Newspapers*, April 21, 2011.

⁸⁴ 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>.

⁸⁵ See, for example, Annie Murphy, "'Who Rules in Honduras?' Coup's Legacy of Violence," *National Public Radio*, February 12, 2012.

⁸⁶ "Honduras Cuts Security Tax After Angering Businesses," *Reuters*, September 14, 2011.

⁸⁷ "Cisma en la Policía Nacional: 60 Días de Escándalos," *El Tiempo* (Honduras), December 22, 2011.

⁸⁸ "Honduras: Lobo Makes Move to Purge Police," *Latin American Weekly Report*, February 2, 2012.

The commissions have produced mixed results thus far. While over 500 officers—including middle- and upper-level officials—have been dismissed from the police force,⁸⁹ there have been allegations that some high-ranking officers are simply removing rivals,⁹⁰ and the Honduran judicial system has demonstrated little interest in pursuing criminal charges against the allegedly corrupt officers. Likewise, the Public Security Reform Commission has proposed a series of initiatives, but the Honduran government has yet to act on any of them.⁹¹

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 three times, and is now scheduled to remain in force into March 2013.⁹² 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.⁹³

While sending the armed forces into the streets is quite popular among Hondurans,⁹⁴ 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.⁹⁵ In addition to playing a leading role in the 2009 ouster of President Zelaya, the military surrounded the National Congress as it voted to dismiss members of the Supreme Court in December 2012 and the commanders of the armed forces appeared with President Lobo the following day.⁹⁶ 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.”⁹⁷

Although some of these security policies—such as police reform—could improve human rights conditions in Honduras, the Honduran government has implemented few initiatives specifically

⁸⁹ Pablo Ferri, “(Sobre) Vivir en el País Más Violento del Mundo,” *El Universal* (Mexico), December 2, 2012.

⁹⁰ James Bargent, “Honduran Police Responsible for 149 Deaths in 2 Years: Report,” *InSight Crime*, December 4, 2012.

⁹¹ “Varadas las Reformas a la Seguridad Pública,” *La Tribuna* (Honduras), January 7, 2013.

⁹² Alberto Arce, “Honduran Army Moves to Protect Bus Lines,” *Associated Press*, September 28, 2012.

⁹³ “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.

⁹⁴ According to one recent poll, 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.

⁹⁵ See, for example, Thelma Mejía, “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.

⁹⁶ Alberto Arce, “Flailing Honduras in Yet Another Political Crisis,” *Associated Press*, December 14, 2012; “Backed by the Military, Lobo Takes the High Ground,” *Latin News Daily Report*, December 13, 2012.

⁹⁷ 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>.

designed to do so. President Lobo created a new Ministry of Justice and Human Rights shortly after taking office, and recently issued a new human rights policy and plan of action designed to establish a culture supportive of human rights throughout the government.⁹⁸ Lobo has also acknowledged that the Honduran government lacks investigatory capacity, and has requested international assistance to resolve human rights cases.⁹⁹ 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, and for failing to hold accountable those responsible for such attacks.¹⁰⁰

Economic and Social Conditions

Honduras is a lower-middle-income developing country. In 2011, it had a gross domestic product (GDP) of \$17.4 billion and an estimated per capita GDP of \$2,162.¹⁰¹ 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 2008.¹⁰² 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.¹⁰³

Honduras in Brief

Approximate Geographic Size: Slightly larger than Virginia

Population (2012): 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 (2011): \$17.4 billion

GDP per Capita (2011): \$2,162

Poverty Rate (2010): 67.4%

Indigence Rate (2010): 42.8%

Adult Literacy Rate (2010): 85%

Life Expectancy (2010): 73 years

Infant Mortality Rate (2010): 19 per 1,000 live births

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

⁹⁸ "Aprueban Política Pública en Derechos Humanos," *El Heraldo* (Honduras), January 22, 2013.

⁹⁹ "Honduras Pide Ayuda a Colombia, España, y EEUU en Investigación Sobre DDHH," *Agence France Presse*, January 27, 2011.

¹⁰⁰ Human Rights Watch, *World Report*, 2012, <http://www.hrw.org/world-report-2012/world-report-chapter-honduras>; Committee to Protect Journalists, *Attacks on the Press in 2011*, 2012, http://www.cpj.org/attacks_on_the_press_2011.pdf.

¹⁰¹ International Monetary Fund (IMF), *World Economic Outlook Database*, October 2012.

¹⁰² World Bank, *World dataBank*, <http://data.worldbank.org/country/honduras>.

¹⁰³ 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.

Crisis 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.¹⁰⁴ 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,¹⁰⁵ 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 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 2.1% in 2009.¹⁰⁶

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 the economy, though growth rates remain somewhat subdued. Real GDP increased by 2.8% in 2010, 3.6% in 2011, and an estimated 3.8% in 2012.¹⁰⁷ Even as the economy has begun to recover, however, the Honduran government's budget deficit has grown to an estimated 5.5% of GDP.¹⁰⁸ Losses at state-owned enterprises, misused government funds, and weak tax collection have all contributed to the problem.¹⁰⁹ 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. The lack of an agreement with the IMF also prevents Honduras from accessing certain credits from the World Bank and Inter-American Development Bank.¹¹⁰ The Honduran government is now struggling to obtain financing for its obligations; public employees and contractors have gone unpaid, and basic government services have been interrupted.¹¹¹ This precarious financial situation also leaves the government with little room to pursue counter-cyclical spending should the international economy enter another downturn.

¹⁰⁴ "Honduras: Country Report" *Economist Intelligence Unit*, April 2009.

¹⁰⁵ Robin Emmott, "Aid Freeze in Post-Coup Honduras Hurting Poor," *Reuters*, November 12, 2009.

¹⁰⁶ IMF, *World Economic Outlook: Coping with High Debt and Sluggish Growth*, October 2012.

¹⁰⁷ *Ibid.*

¹⁰⁸ Reynaldo Yanes, "Déficit Fiscal es el Principal Escollo Frente al FMI," *La Prensa* (Honduras), November 27, 2012.

¹⁰⁹ 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.

¹¹⁰ "Honduras: There's No Pleasing the IMF," *Latin American Economy & Business*, August-September 2012

¹¹¹ "Honduran Government in Chaos, Can't Pay Its Bills, Neglects Basic Services," *Associated Press*, January 24, 2013.

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%.¹¹² 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 1999.¹¹³ 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.¹¹⁴

Honduras spends less on its social protection system (0.6% of GDP in 2010) than any other country in Latin America.¹¹⁵ 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 \$500) 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.¹¹⁶ 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

¹¹² ECLAC, November 2012, op.cit.

¹¹³ ECLAC, January 2013, op.cit. p. 68.

¹¹⁴ 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.

¹¹⁵ 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>.

¹¹⁶ 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.

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 in 2009 because of the country's political crisis. The Obama Administration quickly condemned the June 28 ouster, 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."¹¹⁷ 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 ouster 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.¹¹⁸

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 objectives in Honduras include (1) improving the human-rights climate, especially regarding allegations that journalists and other individuals have been targeted for their political views; (2) combating high levels of corruption, crime, and drug-trafficking; and (3) promoting and implementing social and economic reforms to boost growth and reduce poverty and inequality levels that are among the highest in the hemisphere.¹¹⁹ To advance these policy objectives, the United States provides Honduras with 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 considerable amounts of foreign assistance to Honduras. In the 1980s, the United States provided about \$2.5 billion (constant 2010 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 significant 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 2010 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 just over \$900 million (constant 2010 dollars).¹²⁰

¹¹⁷ Carlos Salinas, "Honduran De Facto Leader Vows to Cling to Power Over US Objections," *El País* (Spain), August 5, 2009.

¹¹⁸ Ginger Thompson, "U.S. Tries to Salvage Honduras Accord," *New York Times*, November 10, 2009.

¹¹⁹ Testimony of Craig Kelly, Principal Deputy Assistant Secretary of State for Western Hemisphere Affairs, U.S. Department of State, before the House Subcommittee on the Western Hemisphere, March 18, 2010.

¹²⁰ These figures represent 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, 2010, 2012*.

Bilateral Assistance

U.S. bilateral assistance to Honduras supports a variety of projects designed to strengthen democracy and the rule of law, enhance citizen security, improve health systems, increase food security, and conserve the environment. Recent bilateral U.S. assistance to Honduras amounted to \$50.3 million in FY2010, \$56 million in FY2011, and an estimated \$57 million in FY2012.

Honduras would receive \$58.2 million under the Obama Administration's request for FY2013. This includes \$49 million in Development Assistance, \$5.5 million for Global Health Programs, \$3 million in Foreign Military Financing, and \$650,000 for International Military Education and Training (see **Table 1** below). Most assistance to the country is managed by the U.S. Agency for International Development (USAID) and the U.S. Department of State.

Since Congress has yet to pass a full year foreign aid appropriations bill, assistance for FY2013 is currently being funded through the Continuing Appropriations Resolution, 2013 (P.L. 112-175), which President Obama signed into law on September 28, 2012. The resolution funds regular foreign aid accounts through March 27, 2013, at the same level as in FY2012 plus 0.612%. The aid allocations for particular countries, such as Honduras, are left to the discretion of the responsible agencies. Until a full year appropriation is approved, however, the State Department and USAID plan only to fund programs that are running out of resources or meet some urgent foreign policy priority.

Table 1. U.S. Bilateral Assistance to Honduras, FY2008-FY2013

(U.S. \$ in thousands)

Account	FY2008	FY2009	FY2010	FY2011	FY2012 (Estimate)	FY2013 (Request)
DA	15,149	21,382	37,491	42,266	46,266	49,000
GHP (USAID)	12,035	11,750	11,000	10,988	8,000	4,500
GHP (State)	1,000	1,000	1,000	1,000	1,000	1,000
P.L. 480	10,150	5,771	0	0	0	0
INCLE	744	0	0	0	0	0
IMET	936	329	777	765	700	650
FMF	496	0	0	998	1,000	3,000
Total	40,510	40,232	50,268	56,017	56,966	58,150

Sources: U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Fiscal Years 2010, 2011, 2012, and 2013*, <http://www.state.gov/f/releases/iab/index.htm>.

Notes: DA=Development Assistance; GHP=Global Health Programs; P.L. 480=Food For Peace; INCLE=International Narcotics Control and Law Enforcement; IMET=International Military Education and Training; and FMF=Foreign Military Financing.

Additional Aid

Honduras receives significant amounts of U.S. aid beyond the bilateral assistance noted above. Additional sources of U.S. assistance in recent years include the Central America Regional Security Initiative, the Department of Defense, the Millennium Challenge Corporation, and the Peace Corps.

*Central America Regional Security Initiative*¹²¹

Honduras receives some assistance provided through the Central America Regional Security Initiative (CARSI, formerly known as Mérida-Central America), which is funded through the State Department's Western Hemisphere Regional account. In addition to providing the seven nations of Central America with equipment, training, and technical assistance to support immediate law enforcement and interdiction operations, CARSI is designed to strengthen the capacities of governmental institutions to address security challenges and the underlying conditions that contribute to them. Honduras was allocated nearly \$45 million in CARSI funding from FY2008-FY2011.¹²² In FY2012, the State Department and USAID informed Congress of their intent to allocate up to \$72 million to Honduras.¹²³ Taken together, about a quarter of all CARSI funds appropriated between FY2008 and FY2012 have been allocated to Honduras. The country may also have benefitted from CARSI funding allocated to region-wide programs over the same time period. The Obama Administration has requested \$107.5 million to be provided to the countries of Central America through CARSI in FY2013.

CARSI funding supports a wide variety of activities in Honduras. Some U.S. agencies are using CARSI funds to establish and support specially-vetted units and task forces. Drug Enforcement Administration (DEA) and Immigration and Customs Enforcement (ICE) vetted units and a U.S.-Honduran joint Financial Crimes Task Force receive equipment and training 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 National 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 are also being utilized to support civil society and municipal government prevention programs. At least 25 community outreach centers have been established to provide vocational training, employment resources, and other opportunities for at-risk youth.¹²⁴

Department of Defense

The U.S. Department of Defense provides Honduras with additional security assistance. Congress has authorized the Department of Defense to provide certain types of support for foreign counterdrug efforts, including training, equipment, infrastructure, transportation, reconnaissance, and intelligence analysis.¹²⁵ In recent years, this has included the construction of Honduran naval bases in *Caratasca* and on the island of *Guanaja*, both of which are designed to enhance

¹²¹ For more information, see CRS Report R41731, *Central America Regional Security Initiative: Background and Policy Issues for Congress*, by Peter J. Meyer and Clare Ribando Seelke.

¹²² This includes \$23.2 million in INCLE, \$20.1 million in ESF, and \$1.5 million in FMF. U.S. Government Accountability Office, *Status of Funding for the Central America Regional Security Initiative*, GAO-13-295R, January 30, 2013, <http://www.gao.gov/assets/660/651675.pdf>.

¹²³ This would include \$46.75 million in INCLE funds and \$25.25 million in ESF funds. U.S. Department of State, *Congressional Notification for the Central America Regional Security Initiative (CARSI) – Honduras*, July 13, 2012.

¹²⁴ U.S. Embassy in Honduras, "Current CARSI Projects in Honduras," March 6, 2012.

¹²⁵ 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.

Honduras' capabilities to detect and interdict illicit drug shipments in high volume maritime trafficking corridors.¹²⁶ Estimated direct and indirect Department of Defense counternarcotics support totaled \$8.5 million in FY2011, \$4.9 million in FY2012, and is expected to total \$4.4 million in FY2013.¹²⁷

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC) provided Honduras with a five-year, \$205 million¹²⁸ economic growth compact, which was completed in September 2010. The compact had two components: a rural development project to provide farmers with skills to grow and market new crops, and a transportation project to improve roads and highways to link farmers and other businesses to ports and major production centers in Honduras.¹²⁹ 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. MCC declared Honduras eligible for a smaller Threshold Program, however, to diagnose constraints to economic growth and address policy barriers to a second compact.¹³⁰ In December 2012, MCC announced that Honduras is eligible to continue developing its Threshold Program in FY2013.¹³¹

Peace Corps

The Peace Corps, which had been active in Honduras since 1963, indefinitely suspended its operations in the country in September 2012. The agency had previously pulled all 158 of its volunteers out of Honduras in January 2012, and decided to close the program after conducting an in-depth safety and security assessment. 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.¹³²

Human Rights Conditions on Assistance

Since the 2009 ouster of President Zelaya, Members of Congress have expressed serious concerns about the human rights situation in Honduras. A provision in the Consolidated Appropriations Act of 2012 (P.L. 112-74) requires the State Department to withhold some assistance for the Honduran security forces until certain human rights conditions are met. According to the

¹²⁶ “Central America: Behind the Growing Presence of the US,” *Latin American Security & Strategic Review*, July 2010; U.S. Department of Defense, *Fiscal Year 2010 DoD Foreign Counterdrug Activity Report*, April 4, 2011.

¹²⁷ These are estimates as the Department of Defense budgets its counternarcotics assistance by program rather than by country. U.S. Department of Defense, *Counternarcotics (CN) Support for Foreign Countries*, February 17, 2012.

¹²⁸ The compact was originally for \$215 million, but the final \$10 million was terminated as a result of the 2009 ouster of President Zelaya.

¹²⁹ Millennium Challenge Corporation (MCC), “Honduras Compact: Raising Incomes, Realizing Dreams” November 3, 2010.

¹³⁰ MCC, “Report on Selection of Eligible Countries for Fiscal Year 2012,” December 15, 2011.

¹³¹ MCC, “MCC Board Selects Countries Eligible for Compacts and Threshold Programs,” press release, December 19, 2012.

¹³² Peace Corps, “Frequently Asked Questions: Peace Corps Operations in Honduras,” September 2012.

legislation, 20% of the funds appropriated for the Honduran military and police forces must be withheld until the Secretary of State reports 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 restriction 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 any of the security support being provided by the U.S. Department of Defense. It does apply, however, to funds appropriated as part of CARSI.

On August 8, 2012, the State Department issued a report certifying that the Honduran government had met the required human rights conditions. 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 notes that the State Department is investigating allegations that Honduran Chief of Police Juan Carlos Bonilla committed human rights violations earlier in his career,¹³³ and that it will withhold assistance from law enforcement units “under Bonilla’s direct supervision” until the review is complete.¹³⁴ Despite these assurances, some U.S. Members of Congress remain concerned about human rights conditions in Honduras and continue to withhold assistance.¹³⁵ Should their concerns persist, Congress may once again place human rights conditions on aid for Honduran security forces in FY2013.

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 (see “Central America Regional Security Initiative” above).

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 such activities as disaster relief, medical and humanitarian assistance, counternarcotics operations, and search and rescue operations that benefit Honduras and other Central American countries.

¹³³ The former head of the police internal affairs unit has accused Bonilla of running a death squad that murdered 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.

¹³⁴ 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.

¹³⁵ Damien Cave and Ginger Thompson, “U.S. Rethinks a Drug War After Deaths in Honduras,” *New York Times*, October 12, 2012; Damien Cave, “As U.S. Shares Intelligence with Honduras, Other Antidrug Aid Stays Frozen,” *New York Times*, November 27, 2012.

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.¹³⁶ Much is trafficked through the air to remote areas that lack state presence, such as the *Mosquitia* region along Honduras' northeastern coast, though maritime trafficking also plays a large role.¹³⁷ After making initial landfall in Honduras, cocaine continues on toward the United States on subsequent flights or via sea or overland routes.

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.¹³⁸ In 2011, the Honduran government (with U.S. support) interdicted 22 metric tons of cocaine—four times the amount interdicted in 2010.¹³⁹ Building on this success, 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 CARSI 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 the operation, Honduran and U.S. authorities reportedly interdicted at least 4.7 metric tons of cocaine and the number of drug flights entering Honduras fell significantly.¹⁴⁰

Controversy

A series of controversial incidents over the past year have led some to raise questions about the current 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 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.¹⁴¹

The same month, a raid conducted under Operation Anvil that included a U.S. helicopter and DEA advisors left four people dead and several others injured after Honduran security forces opened fire on a river boat. While the boat passengers maintain they were innocent civilians traveling the river by night,¹⁴² U.S. officials assert that the Honduran security forces fired in self-

¹³⁶ U.S. Department of State, August 2012, op.cit.

¹³⁷ U.S. Department of State, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report (INCSR)*, March 7, 2012, <http://www.state.gov/j/inl/rls/nrcrpt/2012/vol1/184100.htm#Honduras>.

¹³⁸ Charlie Savage, Randal C. Archibold, and Ginger Thompson, "D.E.A. Squads Extend Reach of Drug War," *New York Times*, November 7, 2011.

¹³⁹ *INCSR*, 2012, op.cit.

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

¹⁴¹ Alberto Arce, "Dad Seeks Justice for Slain Son in Broken Honduras," *Associated Press*, November 12, 2012.

¹⁴² See: Annie Bird and Alexander Main, *Collateral Damage of a Drug War: The May 11 Killings and the Impact of* (continued...)

defense.¹⁴³ In separate raids in June and July 2012, DEA agents killed two suspected drug traffickers. The agents maintain they fired in self-defense during both incidents; one suspect allegedly reached for a weapon and the other reportedly was shot “after making a threatening gesture.”¹⁴⁴ In total, three of the five joint interdiction operations conducted under Operation Anvil ended with suspects being killed.¹⁴⁵

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.¹⁴⁶ 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 their procedures, retrained their pilots, and reportedly signed an agreement not to use U.S. intelligence to “damage, destroy, disable, or threaten civilian aircraft.”¹⁴⁷

Trade and Investment

U.S. trade and investment linkages 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, most 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

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 44% since the implementation of CAFTA-DR; U.S. exports to Honduras have grown by 66% and U.S. imports

(...continued)

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>.

¹⁴³ 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, “Drug Enforcement Administration Investigation Honduras,” June 6, 2012.

¹⁴⁴ 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.

¹⁴⁵ Damien Cave and Ginger Thompson, “U.S. Rethinks a Drug War After Deaths in Honduras,” *New York Times*, October 12, 2012.

¹⁴⁶ Alberto Arce and Martha Mendoza, “US Suspends Anti-Drug Radar Support in Honduras,” *Associated Press*, September 7, 2012.

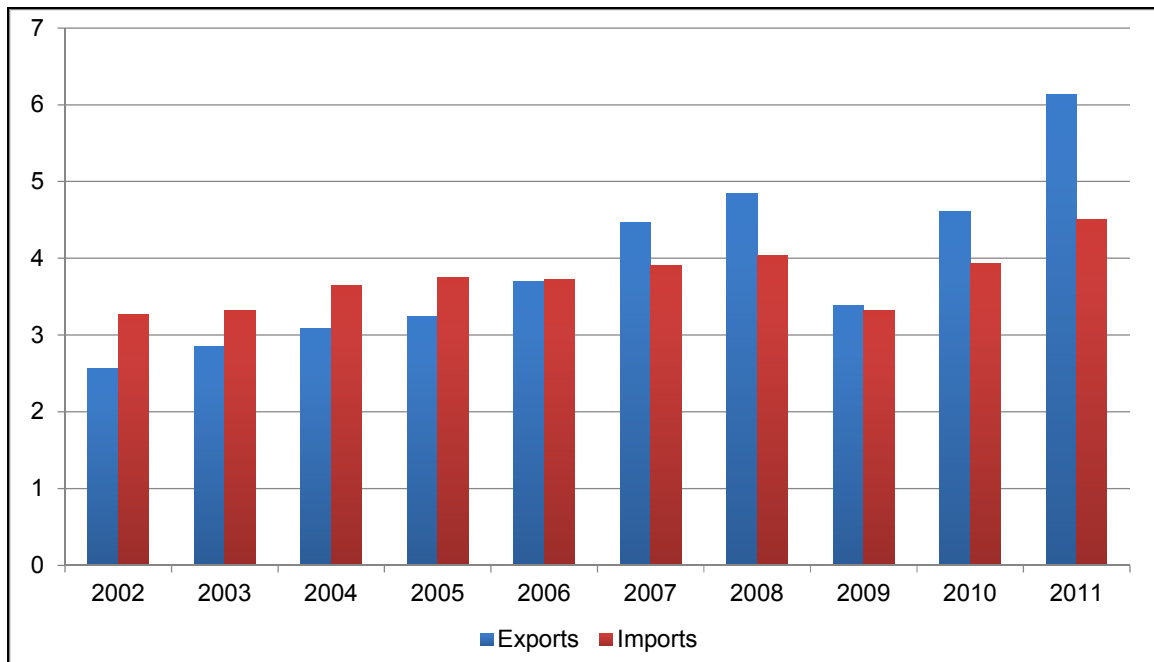
¹⁴⁷ Damien Cave, “As U.S. Shares Intelligence with Honduras, Other Antidrug Aid Stays Frozen,” *New York Times*, November 27, 2012.

¹⁴⁸ For more information on CAFTA-DR, see CRS Report R42468, *The Dominican Republic-Central America-United States Free Trade Agreement (CAFTA DR): Developments in Trade and Investment*, by J. F. Hornbeck.

from Honduras have grown by 21% (see **Figure 4**). 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 \$10.6 billion in 2011, \$6.1 billion in U.S. exports to Honduras and \$4.5 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 60% 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 4. U.S. Trade with Honduras: 2002-2011

(Billions of U.S. dollars)



Source: CRS Presentation of U.S. International Trade Commission data.

Notes: 2012 data is not yet available.

U.S. foreign direct investment in Honduras has also increased since the implementation of CAFTA-DR. Total 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 the State Department, relatively low labor costs, proximity to the U.S. market, and Central America's largest port (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

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*, April 2012.

¹⁵¹ U.S. Department of Commerce, "U.S. Direct Investment Abroad Tables," *Survey of Current Business*, September 2012.

infrastructure hamper investment.¹⁵² Some Members of Congress have raised additional concerns about the investment climate in Honduras as a result of several cases in which U.S.-owned companies allegedly were driven out of business by anticompetitive practices or were expropriated without compensation.¹⁵³

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 some restrictions on those rights and frequently fails to enforce them. In 2011, “employers commonly threatened to close unionized factories and harassed or dismissed workers seeking to unionize, including firing leaders 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.”¹⁵⁴

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.¹⁵⁵ 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. OTLA will issue a public report with its findings and recommendations once the review is complete.¹⁵⁶

Migration Issues

Migration issues are central to the U.S.-Honduran relationship as more than 731,000 Hispanics of Honduran origin—equivalent to over 9% of the Honduran population—reside in the United States. Some 487,000 (67%) of the Hondurans in the United States are foreign born, 80% of whom have arrived since 1990.¹⁵⁷ Immigration from Honduras to the United States is primarily driven by high levels of poverty and unemployment. Given the persistence of those conditions,

¹⁵² U.S. Department of State, Bureau of Economic, Energy and Business Affairs, *2012 Investment Climate Statement - Honduras*, June 2012, <http://www.state.gov/e/eb/rls/othr/ics/2012/191162.htm>.

¹⁵³ U.S. Congress, House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, *Next Steps for Honduras*, 111th Cong., 2nd sess., March 18, 2010, Serial No. 111-94 (Washington: GPO, 2010).

¹⁵⁴ U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2011 – Honduras*, May 2012, <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?dliid=186524#wrapper>.

¹⁵⁵ 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.

¹⁵⁶ 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.

¹⁵⁷ Seth Motel and Eileen Patten, *Hispanics of Honduran Origin in the United States, 2010*, Pew Hispanic Center, Statistical Profile, June 27, 2012.

polling indicates that a third of Honduran citizens who still live in their home country would like to emigrate.¹⁵⁸

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 2002 and 2008 before declining in 2009 as a result of the global financial crisis and U.S. recession, which left many Honduran immigrants unemployed.¹⁵⁹ Remittances have since recovered, however, growing by 13% in 2011 to reach \$2.9 billion (equivalent to 17% of 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 Status

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 10 times. The most recent TPS extension came on November 4, 2011, when the Secretary of Homeland Security announced that the United States would continue to provide TPS for an additional 18 months, expiring on July 5, 2013 (prior to this extension, TPS would have expired January 5, 2012). 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 temporarily unable to adequately handle the return of its nationals.¹⁶² An estimated 66,000 Hondurans residing in the United States benefit from TPS.¹⁶³

Deportations

Deportations to Honduras have increased significantly over the past decade. Approximately 23,800 Hondurans were deported from the United States in FY2011, making Honduras one of the

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

¹⁵⁹ “Roundtable Discussion: Outlook for Remittances to Latin America in 2010,” *Inter-American Dialogue*, April 12, 2010; “Latin America: Remittances Slide,” *Economist Intelligence Unit*, January 26, 2009.

¹⁶⁰ Rene Maldonado, Natasha Bajuk, and Maria Luisa Hayem, *Remittances to Latin America and the Caribbean: Regaining Growth*, Inter-American Development Bank, Multilateral Investment Fund, Washington, DC, 2012, <http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36723460>.

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

¹⁶² Department of Homeland Security, “Extension of the Designation of Honduras for Temporary Protected Status and Automatic Extension of Employment Authorization Documentation for Honduran TPS Beneficiaries,” 76 *Federal Register* 68488-68493, November 4, 2011.

¹⁶³ For more information on TPS, see CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester.

top recipients of deportees on a per capita basis.¹⁶⁴ 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 are concerned 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.¹⁶⁵

Some analysts contend that increasing U.S. deportations of individuals with criminal records has 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.¹⁶⁶ 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. Nearly half of the Hondurans deported from the United States in FY2011 were removed on criminal grounds.¹⁶⁷

Trafficking in Persons

According to the State Department's 2012 *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 recruited from rural areas with promises of employment and later 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 Belize, 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, including economic migrants en route to the United States. Recently, there have also been reports of rural families leasing out children for forced labor, and urban gangs coercing young males to transport drugs.

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 lauds the Honduran government for passing a comprehensive anti-trafficking law 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 victim services remain inadequate, and its efforts against forced labor remain weak.

¹⁶⁴ Information provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Congressional Relations, October 31, 2011.

¹⁶⁵ Pamela Constable, "Deportees' Bittersweet Homecoming; Migration is Boon, Bane for Honduras," *Washington Post*, June 27, 2007.

¹⁶⁶ Ana Arana, "How the Street Gangs Took Central America," *Foreign Affairs*, May/June 2005.

¹⁶⁷ Information provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Congressional Relations, October 31, 2011.

The State Department's recommendations for Honduras include vigorously implementing the new anti-trafficking law, increasing efforts to investigate and prosecute trafficking offenses, and ensuring dedicated funding to provide specialized services and shelter to trafficking victims.¹⁶⁸

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¹⁶⁸ U.S. Department of State, Office to Monitor and Combat Trafficking in Persons, *Trafficking in Persons Report*, June 2012, <http://www.state.gov/j/tip/rls/tiprpt/2012/index.htm>.