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Guatemala: Political and Socioeconomic Conditions and U.S. Relations

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Summary

Guatemala, the most populous Central American country, with a population of 16.3 million, has been consolidating its transition to democracy since the 1980s. Guatemala has a long history of internal conflict, including a 36-year civil war (1960-1996) during which the Guatemalan military held power and over 200,000 people were killed or disappeared. A democratic constitution was adopted in 1985, and a democratically elected government was inaugurated in 1986.

President Jimmy Morales is being investigated for corruption and has survived three efforts to remove his immunity from prosecution. Morales took office in January 2016, having campaigned on an anticorruption platform. The previous president and vice president had resigned and been arrested after being implicated in a large-scale corruption scandal.

In what many observers see as a step forward in Guatemala's democratic development, the Public Ministry's corruption and human rights abuse investigations in recent years have led to the arrest and trial of high-level government, judicial, and military officials. The Public Ministry is responsible for public prosecution and law enforcement, and works in conjunction with the United Nations-backed International Commission against Impunity in Guatemala (CICIG) to strengthen rule of law in Guatemala. As their anticorruption efforts prove effective, the circle of those feeling threatened by investigations broadens, and attacks against CICIG and the judicial system it supports broaden and intensify as well.

Since Morales and some of his inner circle became the targets of investigations, he has ended CICIG's mandate, tried to terminate it early, and fired some of his more reformist officials. The Guatemalan Congress is moving legislation forward that would give amnesty to perpetrators of crimes against humanity, free some high-profile prisoners held for corruption, and limit the work of nongovernment organizations. Observers within Guatemala and abroad worry that Morales and the Congress are trying to protect themselves and others from corruption and other charges, and threatening the rule of law in doing so.

Guatemala continues to face many other challenges, including insecurity, high rates of violence, and increasing rates of poverty and malnourishment. Guatemala remains a major transit country for cocaine and heroin trafficked from South America to the United States. Although Guatemala recorded record drug seizures in 2017, the lack of law enforcement and the collusion between corrupt officials and organized crime in many areas enable trafficking of illicit drugs, precursor chemicals, weapons, people, and other contraband. During Morales's first year, his administration improved tax collection, and the interior ministry reported a 5% drop in homicide rates. Morales has since fired many of the officials responsible for those advances and other reforms.

Guatemala has the largest economy in Central America and in recent decades has had relatively stable economic growth. Despite that economic growth, Guatemala's economic inequality and poverty have increased, especially among the rural indigenous population. The Economist Intelligence Unit projects that the country's economic growth rate will likely peak in 2018-2019 at 3.2%, followed by a decrease until 2022. The World Bank calls for rapid economic growth coupled with increased public investment and pro-poor policies to improve social conditions.

Traditionally, the United States and Guatemala have had close relations, with friction at times over human rights and civil/military issues. Guatemala and the United States have significant trade and are part of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). Top priorities for U.S. bilateral assistance to Guatemala include improving security, governance, and justice for citizens; improving economic growth and food security; providing access to health services; promoting better educational outcomes; and providing opportunities for out-of-school youth to reduce their desire to migrate. The U.S. Strategy for

Engagement in Central America is meant to spur development and reduce illegal emigration to the United States. The Trump Administration has proposed substantially cutting funds for Guatemala, and eliminating traditional food aid and the Inter-American Foundation in its FY2018-FY2020 budget requests. Congress rejected much of those cuts in the reports to and language in the Consolidated Appropriations Acts of 2018 (P.L. 115-141), and 2019 (P.L. 116-6). Tensions between Guatemala and much of the international community have arisen over Guatemalan efforts to oust CICIG and to grant amnesty for human rights violations. The Trump Administration suspended military aid to Guatemala in March 2019 over its misuse of armored vehicles provided by the Department of Defense to combat drug trafficking.

Bills introduced in the 116th Congress regarding Guatemala address immigration, order security, corruption and other governance issues, and include H.Res. 18, H.R. 1630, and S. 716.

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Political Conditions

President Jimmy Morales, then a relative political newcomer, ran in 2015 on a platform of governing transparently and continuing to root out corruption. He is now being investigated for corruption himself. During the election campaign, as mass protests calling for then-President Pérez Molina's resignation and an end to corruption and impunity grew, so did Morales's popular appeal. Morales framed his lack of political experience as an asset. His campaign slogan was "Neither corrupt nor a thief." He won Guatemala's 2015 presidential election by a landslide with 67% of the vote.

Morales initially supported the International Commission against Impunity in Guatemala (CICIG), which Guatemala asked the United Nations (U.N.) to form in 2007 to help the government combat corruption, human rights violations, and other crimes. After he became a target of investigations, he said he would not renew their mandate, which ends in September 2019. The President tried to terminate CICIG early unilaterally. Many observers are concerned that Morales's efforts could undermine ongoing investigations by the Guatemalan attorney general's office and judicial proceedings, make political reform more difficult, and heighten instability in Guatemala. The Guatemalan Congress is also moving legislation that, if passed, would reverse progress made in holding government officials and others accountable for corruption and crimes against humanity.

Guatemala faces many political and social challenges in addition to widespread corruption and impunity. Guatemala has some of the highest levels of violence, inequality, and poverty in the region, as well as the largest population. Indigenous people, about half of the population, experience higher rates of economic and social marginalization than nonindigenous citizens, and have for centuries. Almost half of the country's children are chronically malnourished.

Guatemala's homicide rate decreased to 26.1 per 100,000 in 2017, which nonetheless

Guatemala at a Glance

People

Population: 16.91 million (2017, WB)

Life expectancy: men, 70 years; women, 74 years (CIA)

Ethnic groups: Mixed and European (60.1%); Indigenous Maya (39.3%); other (0.6%) (CIA)

Literacy: men, 87.4%; women, 76.3% (CIA)

Poverty: 59.3% (2014)

Economy

GDP: \$75.62 billion (2017, WB)

GNI per capita: \$4,060 (2017, WB)

GDP composition by sector: agriculture, 13.3%; industry, 23.4%; services, 63.2% (2017 estimates, CIA)

Trade

Key export partners: United States (33.8%), El Salvador (11.1%), Honduras (8.8%) (2017, CIA)

Top exports to the United States (2016): edible fruit and nuts, citrus fruit, or melon peel; apparel articles and accessories; coffee, tea, mate, spices (GTA)

Key import partners: United States (39.8%), China (10.7%), Mexico (10.7%) (2017, CIA)

Top imports from the United States: mineral fuel, oil; electric machinery, sound and television equipment; nuclear reactors, boilers, machinery parts (GTA)

Leadership

President Jimmy Morales (the president is both chief of state and head of government)

Sources: CIA World Factbook (CIA), Global Trade Atlas (GTA), World Bank (WB)

remains one of the highest rates in the region.¹ Guatemala has a long history of internal conflict and violence, including a 36-year civil war (1960-1996). For most of that time, the Guatemalan military held power and violently repressed and violated the human rights of its citizens, especially its majority indigenous population. Reports estimate that more than 200,000 people were killed or disappeared during the conflict, with the state bearing responsibility for 93% of human rights violations. More than 83% of the victims were identified as Mayan.² In 1986, Guatemala established a civilian democratic government, but military repression and human rights violations continued. Peace accords signed in 1996 ended the conflict. The United States maintained close relations with most Guatemalan governments, including the military governments, before, during, and after the civil war.

Figure 1. Guatemala



Source: Graphic created by CRS using data from the Department of State (2015) and Global Administrative Areas (2017).

Since the late 1980s, Guatemala has sought to consolidate its transition from military and autocratic rule to a democracy. Democratically elected civilian governments have governed for

¹ "Homicidios bajan a 12.16 por ciento," *Diario de Centro América*, February 7, 2018.

² Christian Tomuschat, Otilia Lux de Coti, and Alfredo Balsells Tojo, *Guatemala: Memory of Silence*, Commission for Historical Clarification, 1999, pp. 17, 20.

over 30 years, but democratic institutions remain fragile due to high levels of corruption, impunity, drug trafficking, and inequitable distribution of resources. Although state institutions have investigated and arrested high-level officials, including a sitting president, for corruption, high levels of impunity in many cases continue due to intimidation of judicial officials, deliberate delays in judicial proceedings, and widespread corruption.

The Supreme Electoral Tribunal (TSE) investigated multiple political parties for violations of election campaign finance laws in 2014 and 2015, as part of its auditing process. As a result, the TSE dissolved two major parties, the Partido Patriota—former President Pérez Molina’s party—and LIDER. These investigations are ongoing and may affect the 2019 elections.

President Morales presented his General Government Policy for 2016-2020 in February 2016. The five pillars of this plan are zero tolerance for corruption, and modernization of the state; improvement in food security and nutrition; improvement in overall health and quality education; promotion of micro, small, and medium enterprises, and tourism and housing construction; and protection of the environment and natural resources.

Halfway into his four-year term (2016-2020), however, Morales was being investigated for corruption and criticized for seemingly backing off his pledge of zero tolerance for corruption. In 2017, the president’s brother and son were arrested on corruption charges. In August and September 2017, Guatemala’s attorney general and CICIG announced they were seeking to lift the president’s immunity from prosecution as they investigated alleged violations of campaign finance laws and bonuses paid to him by the military. Shortly thereafter, the president tried unsuccessfully to expel the head of CICIG, Commissioner Ivan Velásquez. In 2018, his third year in office, he prevented Velásquez from reentering the country. In January 2019 Morales tried unilaterally to terminate CICIG’s mandate. The Constitutional Court ruled that he lacks the authority to do so. (See “Efforts to Combat Impunity and Corruption,” below.) Various observers see Morales’s moves against CICIG as part of an effort to impede anticorruption investigations against him, his relatives and associates. Morales will lose his immunity from prosecution when his term ends in January 2020.

A recent opinion poll found that more than 72% of the population has little or no trust in the police, and about 65% has little to no trust in the government.³ Conversely, 83% of the population said they supported CICIG and the Public Ministry—which is headed by the attorney general—making them Guatemala’s most trusted institutions.

So far, the judicial process, protests, and mass mobilizations in the wake of high-level government corruption scandals have remained peaceful. Nonetheless, tensions have heightened as President Morales’s efforts to impede CICIG have escalated, and the Guatemalan Congress has tried to reduce criminal penalties for corruption and human rights violations. In January 2019, thousands of Guatemalans joined renewed public protests supporting CICIG and calling for the resignations of President Morales and members of Congress seen as protecting corrupt practices. (See “Tension,” below.)

Continued impunity, coupled with the state’s failure to provide basic public services to large parts of the population and limited advances in reducing Guatemala’s high poverty levels, could prolong tensions. Military-criminal enterprises and other powerful interests that have benefited from corruption and the status quo have fought against anticorruption and anti-impunity work since it began. They have threatened public prosecutors, the attorney general, and members of the judiciary. The promote legislation that would protect them from prosecution. Continued

³ Martín Rodríguez Pellecer, “Encuesta: Pro MP-CICIG y Democracia, y no por Gobierno, Cacif y Ejército,” *Nómada*, March 27, 2017.

prosecution of corruption could provoke increasingly violent responses from those whose wealth or power are threatened.

Powerful interests also use more subtle methods to try to weaken CICIG, the Public Ministry, and groups pushing for political reform. These include tactics such as discrediting the reputations of officials, activists, and their organizations; delays or cuts in the judicial system's budget; spurious legal actions that delay trials and drain fiscal and human resources; and attempts to change CICIG's mandate or terms. A 2016 International Commission of Jurists report maintains that the Guatemalan state has responded passively to defamation campaigns and attacks on judicial independence. The report suggests that criminal allegations are fabricated against judges, community leaders, human rights defenders, and others to demobilize their anticorruption activities and silence them. Since mid-2017, those opposed to anticorruption efforts have escalated many of these tactics.

2019 Elections

Guatemala is scheduled to hold national elections for president, the entire 158-seat Congress, 340 mayors, and other local posts on June 16, 2019. President Morales will not be running for reelection, since the Guatemalan constitution limits presidents to one term. If no presidential candidate wins the first round with more than 50% of the vote, the top two candidates will compete in a second round on August 11. Only a few of Guatemala's 27 parties have named a presidential candidate so far; a final list is supposed to be published on March 17. As in the last elections, corruption is a major theme for voters this year. In response to public outcry over past illegal campaign financing and other electoral crimes, Guatemala adopted electoral law reforms in 2016. Eleven of the 27 parties face charges of illicit or unreported campaign financing, and several candidates face judicial proceedings.⁴ Registered candidates have immunity from prosecution.

Former Attorney General Thelma Aldana (2014-2018) is the presidential candidate for the new Seed Movement party.⁵ Aldana has been internationally recognized for her anticorruption and judicial reform work. She, along with CICIG Commissioner Ivan Velasquez, was awarded the 2018 Right Livelihood Award, known as the "Alternative Nobel Prize," for their "innovative work in exposing abuse of power and prosecuting corruption, thus rebuilding people's trust in public institutions."⁶ The U.S. Department of State awarded her its International Women of Courage Award in 2016. Aldana has reportedly said she is on the right wing politically, although more recently indicated that she would be interested in an "inclusive platform that was open to people from the left and the right, to women, to immigrants, to young people, to indigenous people, to the private sector."⁷ The day that Aldana announced her candidacy, a Guatemalan judge ordered her arrest on charges including embezzlement.⁸ Aldana has denied wrongdoing, and said that many people in Guatemala are afraid of her continuing fight against corruption.

Sandra Torres, a 2015 presidential candidate and former first lady, is again running for president with the National Unity of Hope (UNE) party. Public prosecutors sought to lift Torres's immunity

⁴ "Upcoming Guatemala elections seen as challenge for democracy," *BBC Monitoring Americas*, February 18, 2019.

⁵ "Ex-chief prosecutor to run for president in Guatemala," *Associated Press*, January 29, 2019.

⁶ <https://www.rightlivelihoodaward.org/2018-announcement/thelma-aldana-ivan-velasquez/>

⁷ Brian Winter, "AQ Top 5 Corruption Busters: Thelma Aldana," *Americas Quarterly*, 2016; Ximena Enríquez, "Could This Prosecutor Become Guatemala's Next President?," *Americas Quarterly*, July 10, 2018.

⁸ Sofia Menchu, "Guatemala judge orders arrest of former attorney general," *Reuters*, March 19, 2019.

as a presidential candidate on February 6, over \$2.5 million in illicit campaign financing in 2015. Torres said, without offering evidence, that the request was a move to benefit Aldana's campaign.⁹ As mentioned above, the TSE has been investigating illegal campaign financing of the 2015 election process since 2014, and several parties have been dissolved as a result of illegal activities.

Zury Rios, whose father was the late Guatemalan military dictator Efraín Ríos Montt, intends to run for president. Officials initially said she would not be allowed to run, and then a legal judgment ruled in her favor.¹⁰

Some observers have expressed concern that President Morales's efforts to hinder CICIG before the elections could strengthen parties involved in corruption. CICIG helps Guatemalan institutions enforce campaign finance laws. Weakening these efforts could facilitate continued financing of politicians by drug cartels and other criminal organizations.

President Jimmy Morales's Administration

President Morales's administration achieved a few significant reforms in the first year and a half. For example, the administration developed tax reform policies covering tax collection, the tax authority administration, and the customs office structure. Since Morales and some of his inner circle became the targets of investigations, however, he has tried to terminate CICIG and fired some of his more reformist Cabinet ministers and other officials who worked closely with CICIG and the attorney general's office, replacing them with closer allies. This has raised concerns both domestically and internationally that Morales is trying to protect himself and others from corruption charges and appears to be reversing reformist policies.

The tax administration (SAT), under the leadership of Juan Francisco Solórzano for the first two years of the Morales administration, used judicial measures and intervention to increase recovery of unpaid taxes and substantially increased tax collection.

Solórzano, a former head of the criminal investigation unit at the attorney general's office, had the endorsement of CICIG as well as the Inter-American Development Bank, World Bank, and International Monetary Fund.¹¹ Under his leadership, the SAT collected \$297 million in recovered taxes in 2016 compared to \$5 million in 2015.¹² Following austerity measures in 2016 that limited government spending and decreased the deficit, the Guatemalan Congress passed an expansionary

President Jimmy Morales

Born in 1969 in Guatemala City, Guatemala, to a family of humble means, Morales made a name for himself as a TV comedian, including as a character in blackface, before entering politics. After he lost the mayoral race for Mixco in 2011, Morales joined his current party, the right-wing National Convergence Front-Nation (FCN-Nación), in 2013 and became secretary general of the party. In 2015, FCN-Nación nominated him as its presidential candidate; he drew on his outsider status to distance himself from the historically corrupt political class. Investigations by CICIG and the Public Ministry (MP) have implicated Morales's brother and son in a fraud case. Two attorneys general have sought to have Morales's immunity from prosecution lifted so he can be investigated for possible campaign finance violations and payments the military paid to him while president. The Guatemalan Congress, almost half of whose members face criminal investigations themselves, have voted three times to maintain the president's immunity from prosecution.

⁹ Sonia Perez D., "Guatemala presidential candidate targeted over financing," *Associated Press*, February 6, 2019.

¹⁰ "Upcoming Guatemala elections seen as challenge for democracy," *BBC Monitoring Americas*, February 18, 2019.

¹¹ "Morales Fills a Key Post in Guatemala," *LatinNews*, March 10, 2016.

¹² Urias Gamarro, "Intervenciones de SAT Mejoraron Cobranza," *Prensa Libre*, May 2, 2017.

budget for 2017.¹³ This was possible in part because of increased state revenues from improved tax collection. Solórzano also played a key role in prominent anticorruption cases. President Morales fired Solórzano in January 2018.

The interior ministry, which includes Guatemala's National Civil Police (PNC) force, oversaw a drop in the homicide rate from 27.3 homicides per 100,000 people in 2016 to 26.1 per 100,000 in 2017, the lowest rate in nine years.¹⁴ In February 2018, the Morales administration dismissed the three senior officials of the national police, saying it sought "to generate more positive results to benefit citizen security and the fight against organized crime."¹⁵ A wide range of people, including human rights activists and business leaders, expressed concern at their dismissal. The country's Human Rights Ombudsman, Jordán Rodas, said Guatemalans must be "very alert" to any movement that represents "regression."¹⁶ A prominent trade association known by its acronym CACIF criticized the ouster, saying that outgoing police Director Nery Ramos had reduced crime. The U.S. Embassy in Guatemala congratulated Ramos just a few weeks before his dismissal for his team's work in reducing homicides by 10% compared to January 2017 and for the PNC's "fight against corruption and to improve security throughout Guatemala."¹⁷

In response to the high level of violence over many years, a number of municipalities asked for military troops to augment their ineffective police forces; the Guatemalan government has been using a constitutional clause to have the army "temporarily" support the police in combating crime. Despite efforts to develop a comprehensive, whole-of-government approach to security, the previous five administrations' actions often have been reactive and dependent on the military. The Morales administration announced a two-phase plan to remove the military from citizen security operations by the end of 2017. The new plan includes shuffling military currently involved in citizen security efforts to the country's borders to control land routes used by traffickers and gangs.¹⁸ This would be a significant effort to comply with provisions of the 1996 peace accord calling on the army to focus solely on external threats. The interior minister who initiated the plan, Francisco Rivas, was fired by the president in January 2018. Morales said that the plan would continue, however, and military troops would be withdrawn from the streets by March 2018.¹⁹

Morales's current Minister of the Interior, Enrique Degenhart Asturias, indicated a shift in priorities away from fighting corruption to fighting gangs. One of his first actions was to ask the Guatemalan Congress to designate criminal gangs as "terrorist organizations."²⁰ On August 30, 2018, the Constitutional Court ruled that the government must justify the appointment of Degenhart, and his Vice Minister, Kamilo Rivera, in response to a complaint that their actions had put the security of Guatemalans at risk.

¹³ Economist Intelligence Unit, "Country Report: Guatemala," generated June 7, 2017, p. 2.

¹⁴ Carlos Hernández, "Monitoreo Final de PNC Reportó 258 Homicidios Menos en el País," *Ministerio de Gobernación*, January 1, 2017, and "Homicidios bajan a 12.16 por ciento," *Diario de Centro América*, February 7, 2018.

¹⁵ "Destituyen a los tres altos mandos policíacos en Guatemala," *Diario 24 Horas*, February 28, 2018.

¹⁶ Héctor Silva Ávalos, Felipe Puerta, and Kelly Grant, "Ousting of Police Director May Shift Guatemala's Balance of Power," *InSight Crime*, March 2, 2018.

¹⁷ "Ambassador Arreaga supports the efforts of the National Civil Police," U.S. Embassy in Guatemala, January 31, 2018.

¹⁸ Lorena Baires, "Guatemala Reforzaré Sus Fronteras para Cortar Rutas de Narcotráfico," *Diálogo*, April 4, 2017.

¹⁹ José Meléndez, "Guatemala retira al ejército de las calles," *El Universal*, March 8, 2018.

²⁰ "Guatemala seeks to designate criminal gangs as 'terrorists'," *Agence France Presse*, January 29, 2018.

Morales had already faced criticism for not acting forcefully enough on his pledge to crack down on corruption, and for his links to family and friends under investigation, before he tried to expel Commissioner Velásquez. Then-Attorney General Aldana worked closely with the commissioner of CICIG to prosecute high-level corruption and human rights violation cases. Both said that the president initially had not interfered directly in corruption cases—even those involving his family. But both also expressed disappointment that he had not spoken out in support of them and their anticorruption efforts when attacked by antireform elements. They also voiced concern that Morales has publicly portrayed himself and his family as victims of the judicial system, potentially biasing the judicial process.

Initially, President Morales's political power was limited as a result of his own inexperience and his party's weak position in the legislature. Morales's small party, the right-wing National Convergence Front-Nación (FCN-Nación), won 11 of 158 seats in the legislature. The Guatemalan Congress elected an opposition member to be president of the unicameral chamber. At the beginning of Morales's term, deputies defected from other parties, bringing the FCN-Nación's seat total to 37. People criticized Morales for allowing the deputies to join his party just before the Congress outlawed the practice. The public prosecutor received complaints alleging that bribery motivated some defections to the FCN-Nación.²¹

Morales has since formed an alliance able to pass legislation, however, and consolidated his support in the Congress. In 2017, the legislature twice voted against prosecutors' requests to lift the president's immunity for violations of campaign finance laws and bonuses paid to him by the military, blocking further investigations into the president's role in the scandals. The Congress tried to weaken anticorruption laws with a measure to reduce penalties for illegal campaign financing that the public dubbed the "Pact of the Corrupt." Public outcry was so strong that Congress repealed the law two days after passing it. Nonetheless, the Congress elected a new leadership in February 2018, all of whom, according to the State Department, voted for that pact.

In August 2018, the newly appointed Attorney General, Maria Consuelo Porras, submitted a third request to lift the President's immunity. The Guatemalan Congress voted again to maintain the President's immunity from prosecution. Almost half of the deputies in Congress are under investigation or have legal processes pending against them for corruption or other crimes.

Morales has also come under fire for two contracts with an Indiana lobbying firm that reportedly has ties to U.S. Vice President Mike Pence.²² The firm was hired to improve relations between the U.S. and Guatemalan governments outside of normal diplomatic channels. Guatemalan politicians without the authority to act in foreign affairs signed the contracts. Morales denies knowing about the contract, though one was signed on his behalf, and only he and the foreign ministry are authorized to intervene in foreign affairs.²³ Furthermore, observers criticize his reclusiveness with the press: he has removed journalists' access to the presidential palace, and rarely holds press conferences.

Morales's administration and the secretariat for Social Welfare came under scrutiny after a fire killed 41 girls in a state-run home in March 2017. The director of the shelter, the minister of Social Welfare, and his deputy were dismissed after the fire. Later that year a judge charged the former minister, his deputy, and five additional people (two police officers with abuse, and three

²¹ "Lack of Reforms Will Undermine Corruption Crackdown," *Business Monitor Online*, March 1, 2016.

²² Nina Lakhani, "Guatemala President Under Pressure over Lobbying Firm Linked to Mike Pence," *The Guardian*, June 23, 2017.

²³ Nina Lakhani, "Guatemala President Under Pressure over Lobbying Firm Linked to Mike Pence," *The Guardian*, June 23, 2017.

senior members of social and child protection agencies with manslaughter or negligence).²⁴ Trials against public officials charged in the case began in February 2019.

Links Between Morales's Party and the Military

Before the current controversy between Morales and CICIG, human rights and other observers expressed concern that Morales's party's ties to former military officers might put pressure on Morales's support of CICIG, as well as limit his government's investigation of military corruption and human rights violations. Before the new government was sworn in, then-Attorney General Aldana requested legal action against retired army colonel Edgar Ovalle, a key advisor to Morales and a legislator-elect with the FCN-Nación, for alleged civil war-era (1960-1996) human rights violations. After declining the request in 2016, Guatemala's Supreme Court lifted Ovalle's immunity in 2017. Ovalle fled, his whereabouts unknown since March 2017.

Over a dozen other military officers have been arrested on similar charges. Many of them support the FCN-Nación and belong to a military veterans' association, Avemilgua, which Ovalle helped found. Avemilgua members created the FCN-Nación in 2004, and testified in court in defense of former dictator Efraín Ríos Montt in 2013. Ríos Montt, found guilty in 2013 of committing genocide and crimes against humanity during the civil war, had his conviction effectively vacated a short time later. In 2016, a retrial began. In 2017, a judge ordered Ríos Montt to stand trial in a different case for the massacre of 201 people between 1982 and 1983 in Dos Erres.²⁵ Ríos Montt died in 2018 before the trials concluded. Morales reportedly said he did not believe genocide had been committed during the war, but that crimes against humanity had.²⁶

The Defense Ministry said in 2017 that it had been paying President Morales a substantial salary bonus since December 2016 (see "Tension" below). Two former presidents, Alfonso Portillo and Álvaro Colom, reportedly said they received no such bonus.²⁷ Morales's former defense minister has been arrested in the case.

CICIG

The United Nations and Guatemala agreed to establish CICIG in 2007. Guatemala sought the U.N.'s help in combatting a "parallel state" of criminal gangs, business elite, politicians, and security services that was undermining the elected government. The Commission's mandate is to help Guatemala dismantle illegal groups and clandestine structures responsible for organized crime, human rights violations, and other crimes through investigations and prosecutions, as well as to recommend legal reforms.

Many experts agree CICIG has made significant progress in its goals. According to public opinion polls, CICIG and the Public Ministry are the most trusted institutions in Guatemala. CICIG's current mandate ends September 3, 2019. Morales has already said he will not renew its mandate.

Efforts to Combat Impunity and Corruption

In what many observers see as a step forward in Guatemala's democratic development, the Public Ministry's corruption and human rights abuse investigations in recent years have led to the arrest and trial of high-level government, judicial, and military officials. They have also led to a

²⁴ "Guatemala: Officials and Police Charged over Girls Shelter Blaze," *BBC*, June 25, 2017.

²⁵ Henry Estuardo Pocasangre and Jerson Ramos, "Ríos Montt Enfrentará Juicio Especial por Masacre de Dos Erres," *Prensa Libre*, March 31, 2017.

²⁶ Sarah Blaskey, Jeff Abbott, "The Military Powers behind Guatemala's Comedian Presidential Front-Runner," *Tico Times*, October 9, 2015.

²⁷ Martín Rodríguez Pellecer, Javier Estrada Tobar, "Aislado y en pie de guerra, así afrontan Jimmy y FCN el Paro Nacional," *Nomada*, September 20, 2017.

backlash against those reform efforts, threats against the attorneys general and the head of an international commission, and a political crisis involving current President Jimmy Morales. The Public Ministry, which is headed by the Attorney General, is responsible for public prosecution and law enforcement, and has worked in conjunction with CICIG to strengthen rule of law in Guatemala. President Morales appointed a new attorney general, Maria Consuelo Porras, in May 2018, when Aldana's term expired.

Since 2007, CICIG has worked with the Public Ministry and the attorney general's office to reduce the country's rampant criminal impunity by strengthening Guatemala's capacity to investigate and prosecute crime. The government invited CICIG to assist with constitutional reforms and restructuring the judicial system. As a result of collaboration with CICIG, prosecutors have increased conviction rates in murder trials, and targeted corruption and organized crime linked to drug trafficking. The Guatemalan public widely supports CICIG. The United States, other governments, and international institutions have expressed broad support for the work of both the attorney general's office and CICIG over the years, and offered praise for their accomplishments.

A 2018 U.S. State Department report highlights these accomplishments:

CICIG's hundreds of investigations have resulted in charges against more than 200 current and former government officials—including two recent presidents and several ministers, police chiefs, military officers, and judges. CICIG Commissioner Ivan Velasquez and [then-] AG [Thelma] Aldana forged a strong cooperative alliance to pursue many high-profile corruption cases. CICIG also builds the capacity of prosecutors, judges, and investigators working on high-profile and corruption-related cases.²⁸

A January 2019 CICIG statement reports that the commission has supported the Public Ministry in more than 100 cases, including against former President Otto Pérez Molina and Vice President Roxana Baldetti, both of whom subsequently resigned. It also has promoted more than 34 legal reforms to strengthen transparency and judicial independence, helped identify over 60 criminal structures, and secured more than 300 convictions.²⁹ A recent International Crisis Group study estimated that CICIG-backed justice reforms contributed to a 5% average annual decrease in murder rates in Guatemala from 2007 to 2017, in contrast to a 1% average annual increase in the murder rates among other countries in the region.³⁰ The president-elect of El Salvador has called for a similar commission to be established in his country.³¹

Impeachment of a Former President, Arrest of Another

Public Ministry investigations, coupled with mass public protests, forced the resignations of the sitting president and vice president in 2015. Then-Attorney General Aldana and CICIG exposed an extensive customs fraud network, now known as the "La Linea" case, at the national tax agency (SAT), leading to the arrest of dozens of people, including the previous and then-directors of the SAT. After the Guatemalan Congress lifted then-President Otto Pérez Molina's immunity so he could be investigated, the attorney general's office indicted him, Vice President Roxana

²⁸ Department of State, "INL Work by Country: Guatemala," accessed March 6, 2019.

²⁹ CICIG, "CICIG's response to the accusations presented by the Government of Guatemala," statement, January 13, 2019.

³⁰ International Crisis Group, "Saving Guatemala's Fight against Crime and Impunity," report no. 70, October 24, 2018.

³¹ Hector Silva Avalos, "The Top Three Security Challenges Facing El Salvador's President-Elect Nayib Bukele," *InSight Crime*, February 21, 2019.

Baldetti, and other officials, who then resigned. The country proceeded lawfully and peacefully to form an interim government, hold scheduled lawful elections, and elect a new president, Jimmy Morales, who took office in January 2016.

The related corruption case implicated dozens of high-level government officials and private-sector individuals as well. The Attorney General at the time asserted that the “La Linea” case represented “just a sliver of a sprawling criminal enterprise run by the state,” which widely tolerated corruption, leading to impunity and the strengthening of criminal structures within the government.³² The attorney general and other observers have raised concerns about unnecessary delays in the sentencing process due to appeals and other litigation by defense teams. Pérez Molina remains in prison as his case proceeds. Baldetti was found guilty and is serving a 15½-year sentence in another case of embezzling millions of dollars from a fund for decontaminating a lake.

Following the historic “La Linea” case, more former and current high-level officials in the executive branch, the legislature, and the judicial system have been implicated in corruption cases. Three justices of the Supreme Court of Justice (CSJ) had their immunity removed to face charges of corruption and influence trafficking. In late March 2017, authorities arrested various congressional representatives for corruption. According to Transparency International, Guatemala ranked 143rd out of 180 countries on the organization’s Corruption Perceptions Index for 2017, the second-worst score in Central America, behind Nicaragua.

Guatemalan police arrested another former president, Alvaro Colom, in February 2018. Colom was arrested along with nine former members of his cabinet, including former Finance Minister Juan Fuentes Knight, who has chaired Oxfam International since 2015. The group faces charges related to a \$35 million fraud case involving a new bus system in the capital. Colom is free on bail while under investigation.³³ He denies the charges.

Tensions over President Morales’s Dispute with CICIG³⁴

Early in his term, President Morales had reached out to policy experts and international donors for advice on fighting corruption. In April 2016, President Morales praised CICIG and formally requested its extension until 2019—which the U.N. granted. Morales said previously that before he left office, he would extend CICIG’s term again, until 2021.³⁵

In August 2017, two days after the attorney general and CICIG announced they were seeking to lift President Morales’s immunity from prosecution, however, Morales declared the head of CICIG, Iván Velásquez, persona non grata and ordered him expelled from the country. One of Morales’s ministers resigned rather than carry out the order, and the constitutional court—Guatemala’s highest court—blocked the order. A Guatemalan congressional committee recommended that the president lose his immunity. Two-thirds of the 158-member legislature, or 105 deputies, are needed to remove an official’s immunity. On September 11, 2017, though, the Guatemalan Congress as a whole voted to protect the president from further investigation; only 25 deputies voted to remove his immunity. About 20% of the legislators are also under investigation, with more likely to become so. The legislature fell one vote short of shelving the

³² The Editorial Board, “A Corruption Crusade in Guatemala,” *New York Times*, June 11, 2016.

³³ Sonia Perez D., “Guatemala presidential candidate targeted over financing,” AP, February 6, 2019.

³⁴ For further information, see CRS Insight IN11029, *Guatemalan President’s Dispute with the U.N. Commission Against Impunity (CICIG)*, by Maureen Taft-Morales.

³⁵ “Guatemala’s Morales Reiterates Support for Cicig,” *LatinNews*, October 29, 2015.

request permanently, however, so a member of the Congress could reintroduce the question of lifting President Morales's immunity at a later date.

On September 13, the Guatemalan Congress passed a “national emergency” bill to reduce penalties for violations of campaign finance laws, and make party accountants—rather than party leaders—responsible for such violations. Public outcry was such that the Congress repealed the bill two days later. Thousands of protesters demanded the resignation not only of Morales, but also of the 107 legislators who voted to weaken anticorruption laws. On September 21, the Guatemalan Congress again defeated a vote to lift the president's immunity. This time, however, the number voting to rescind his immunity had risen to 70. In 2015, public protests contributed to the legislature reversing itself and rescinding the previous president's immunity.

Also in September 2017, Guatemala's federal auditor's office said that it was investigating a substantial salary bonus that the Defense Ministry acknowledged paying to the president since December 2016. The monthly bonus increased Morales's salary by more than a third, reportedly making him one of the most highly paid leaders in Latin America.³⁶ The Attorney General again asked that Morales's immunity be lifted, this time so that her office could investigate his bonus from the army. The Congress again voted against lifting Morales's immunity from prosecution.

Morales was losing support within his own government. Several officials were fired or resigned rather than carry out his order to expel Commissioner Velásquez. Three Cabinet ministers resigned, saying that as a result of the political crisis, “spaces of opportunity to carry out our work programmes have rapidly closed down.”³⁷ Initially, Morales persuaded some of those officials to stay, but in January 2018 he fired several of them and replaced them with people he considered stronger allies.

A new civic organization was launched in February 2018, the Citizens' Front against Corruption. This group of prominent businesspeople, indigenous leaders, academics, activists, and others expressed public support for both the Attorney General and CICIG Commissioner Velásquez.

In 2018 the President reversed on his earlier pledge, and said he would not renew CICIG's term. Morales made the announcement on August 13, flanked by members of the military. In what was widely seen as an act of intimidation, Guatemalan police deployed armored vehicles outside CICIG headquarters and embassies of the United States and other CICIG donors. The United States had provided the vehicles to the Guatemalan police for counternarcotics and border enforcement operations. Some Members of the U.S. Congress demanded Guatemala return the jeeps. Morales then barred CICIG Commissioner Velásquez from reentering the country, in defiance of two Constitutional Court rulings that he lacks the authority to do so.

In January 2019, Morales unilaterally tried to end CICIG's mandate, and gave CICIG staff 24 hours to leave the country. The U.N., European Union, advocates for government transparency and human rights, and others expressed concerns over Morales's decision, and thousands of Guatemalan citizens protested the decision and again called on Morales to resign. The Morales administration is trying to impeach members of the Constitutional Court who have ruled in favor of CICIG. CICIG continued its work in compliance with the judicial finding from abroad, and in February most staff returned to Guatemala under contingency safety plans. Velásquez and 11 investigators whose visas were revoked have not returned.

³⁶ Sofia Menchu, “Guatemala Federal Auditor to Probe President's Pay Bonus,” Reuters, September 12, 2017. Also see <http://www.paywizard.org/main/salary/vip-check/world-leaders-salaries> for salary comparisons.

³⁷ “Guatemala: 3 Ministers Resign, Citing ‘Political Crisis,’” BBC Monitoring Americas, September 20, 2017.

The Trump Administration expressed support for CICIG and for Commissioner Velásquez in 2017. In 2018, however, the Administration did not join other donors in doing so again. (See “U.S.-Guatemalan Relations ” below.)

Despite some differences of opinion over CICIG’s efforts, many in Congress are concerned that Morales’s efforts to hinder or oust CICIG could undermine objectives of the U.S. Strategy for Engagement in Central America, by undermining efforts to strengthen the rule of law and heightening instability in Guatemala. Some Members support Morales’s claims that CICIG has violated Guatemala’s sovereignty and maintain that the United States should end its financial support of CICIG. Other Members of Congress are calling for punitive measures against the Morales administration, including suspending foreign aid and imposing Global Magnitsky sanctions on corrupt individuals.

Prosecutions for Wartime Human Rights Violations and Efforts to Stop Them

As noted above, the Guatemalan Truth Commission found that more than 200,000 people were killed or disappeared during the country’s internal conflict. It also concluded that state forces and related paramilitary forces were responsible for 93% of documented human rights violations, and that the vast majority of victims were noncombatant civilians and Mayan.³⁸

Guatemala was the first country to convict a former leader of genocide, when ex-dictator Rios Montt was found guilty in 2013, during the term of former Attorney General Claudia Paz y Paz. (His conviction was overturned, and he died before a retrial was concluded.)

Then-Attorney General Aldana and CICIG made progress in pursuing justice for human rights violations that occurred during the civil war. In March 2016 they tried a historic case known as the “Creompaz case”—the first prosecution for sexual violence committed during the civil war. A Guatemalan high-risk court convicted two former military commanders at the Sepur Zarco military base of murder, sexual violence, sexual and domestic slavery, and enforced disappearances. In March 2017, a judge sent to trial a former military chief of staff and four other high-ranking military officials accused of crimes against humanity, aggravated assault, sexual violence, and forced disappearance. Also in March, the Supreme Court ruled to remove immunity from FCN-Nación deputy Edgar Ovalle for his alleged involvement in the case.³⁹ As noted previously, Ovalle, a key advisor to President Morales, has since disappeared. Another case dealing with forced disappearances allegedly committed by the Guatemalan military during the civil war took a dramatic turn in March 2016 when a judge seized and made public previously unknown documents detailing information about military counterinsurgency objectives, operations, and campaigns from 1983 to 1990. Since the Peace Accords were signed in 1996, the Guatemalan army had repeatedly denied such documents existed.

Observers have expressed concern that Morales has failed to protect human rights. During his election campaign, U.S. embassy officials expressed concern that Morales’s campaign team refused to cooperate with certain elements of Guatemalan civil society, particularly human rights advocates working on the protection of children and trafficking victims, and LGBTI (lesbian, gay, bisexual, transgender, intersex) issues.⁴⁰ Human Rights Ombudsman Rodas recently said that the Morales administration refused to meet with indigenous leaders to discuss a surge in violence

³⁸ “Guatemala: Memory of Silence; Report of the Commission for Historical Clarification, Conclusions and Recommendations,” 1999, pp. 17, 20, and 23. The Commission is often referred to as the Truth Commission.

³⁹ “Diputado Edgar Ovalle pierde su inmunidad y queda arraigado,” *Prensa Libre*, March 15, 2017.

⁴⁰ Communication between U.S. State Department officials and CRS Specialist.

against indigenous people.⁴¹ The Guatemalan Union of Human Rights Defenders has reportedly documented over 200 attacks against human rights defenders in Guatemala in 2018. Twenty-six indigenous people were killed in 2018, many of them activists defending indigenous rights in land and mineral conflicts.⁴²

Proposed amnesty for crimes against humanity and reforms to penal code. Guatemalan legislators are moving a bill through their Congress that would grant amnesty to perpetrators of crimes against humanity.⁴³ The bill would amend the National Reconciliation Law, which was passed after the peace accords that ended the civil war. While the original law includes amnesty for some crimes, it does not include amnesty for torture, forced disappearance, and crimes against humanity. The proposed amendment would order the release within 24 hours of people serving prison time for those crimes, including more than 30 former military officials. It would also end all current and future criminal investigations into rights abuses committed during the civil conflict.

Passage of the amendment requires three separate votes on the bill; the legislature passed the first vote in January 2019, the second in February. The third vote was suspended on March 13, when some members of the Congress walked out and left the session without a quorum, in the face of protests from human rights advocates, victims' groups, international organizations, and foreign governments. The G13 group of donors to Central America, including the United States, issued a statement saying that providing amnesty "would contravene Guatemala's international obligations; would harm reconciliation efforts; and could seriously erode faith in the rule of law in Guatemala."⁴⁴ The Inter-American Court of Human Rights ordered Guatemala to cease discussion of the amnesty bill and to permanently shelve it. Advocates of the bill reportedly dismissed such admonitions as interference in Guatemala's internal affairs.⁴⁵ Because the vote was suspended, amnesty proponents can still schedule the bill for a third and final vote, and say they will do so.

The legislature is also moving forward amendments to the penal code that could accomplish some of the same objectives of the amnesty.⁴⁶ The bill would prevent the imprisonment of people older than 70, and limit pretrial detention to one year. Final passage of the bill, which has already passed two of the three required readings, would free many former military officers convicted of crimes against humanity, and prevent the imprisonment of others. It would also free many people convicted or charged for corruption.

Judicial Reforms to Combat Corruption and the Backlash Against Them

Various Guatemalan and international organizations consider judicial reforms necessary to solidify progress against widespread corruption and to strengthen the judicial branch so it can

⁴¹ Maria Martin, "Killings Of Guatemala's Indigenous Activists Raise Specter Of Human Rights Crisis," NPR, January 22, 2019.

⁴² Maria Martin, "Killings Of Guatemala's Indigenous Activists Raise Specter Of Human Rights Crisis," NPR, January 22, 2019.

⁴³ The proposed amnesty bill is at: <https://www.congreso.gob.gt/iniciativa-de-ley-detalle/?id=5394>.

⁴⁴ Declaration of G13, posted by Ambassador of the Kingdom of The Netherlands to Costa Rica, Guatemala, Nicaragua, Honduras and El Salvador. https://twitter.com/pd_hof/status/1105921581879083009.

⁴⁵ Jo-Marie Burt, Paulo Estrada, "Amidst International Pressure, Guatemala Congress Does Not Pass Amnesty Bill, For Now," International Justice Monitor, March 17, 2019.

⁴⁶ The proposed bill amending the penal code is at: <https://www.congreso.gob.gt/iniciativa-de-ley-detalle/?id=5483>.

continue consolidating the rule of law in Guatemala. Nonetheless, forces opposed to the reforms have emerged as well.

As anticorruption efforts prove successful, the circle of those feeling threatened by investigations broadens, and attacks against CICIG and the judicial system have intensified.⁴⁷ The U.N. Office of the High Commissioner for Human Rights (OHCHR) issued a report in March 2017 saying it was “seriously concerned” about threats and attacks against various judicial authorities, including both Aldana and Judge Miguel Angel Galvez.⁴⁸ The International Commission of Jurists noted concern about efforts to criminalize lawyers, as well as community leaders, human rights defenders, and public employees, such as Supreme Court justices.

Civil society groups and elements of the government have called for further reforms to combat impunity. An April 2017 report from the International Commission of Jurists found that despite tackling historic cases, Guatemalan courts still show signs of irregularity and impunity, such as many judges’ failure to condemn litigation that results in delays of trials. Many of the accused in the La Linea case still await sentencing three years after the scandal broke in late 2015, in part because of litigation filed by their own lawyers in what are widely seen as delaying tactics.

According to CICIG head Iván Velásquez, the work of CICIG and the attorneys general has resulted in more than 300 people either in prison, facing trial, or being charged. These include high-level officials, such as the former president and vice president, five former Cabinet ministers, three former presidents of Congress and various deputies, two former CSJ magistrates, the former president of the Instituto Guatemalteco de Seguridad Social (IGSS), two former banking superintendents, and a director of the prison service, among others.⁴⁹

President Morales spoke before the U.N. General Assembly in September 2017. He pledged to strengthen and support CICIG, but he also said Guatemala was revising the interpretation and application of its agreement with CICIG and no institution should interfere in Guatemala’s administration of justice.⁵⁰ On the same day, three of Morales’s Cabinet members resigned over the political crisis instigated by the president’s effort to expel CICIG’s commissioner. In February 2018, Morales sent a representative to the U.N. to express his administration’s concerns about CICIG.

Many in the U.S. Congress expressed concern over President Morales’s effort to expel CICIG’s commissioner. The House Foreign Affairs Committee chairman at the time issued a statement reading, “The U.S. Congress has spoken with one voice in support of the International Commission against Impunity in Guatemala. We will continue to stand with the Guatemalan people, and especially those in poverty, who are hurt most by corruption.”⁵¹

The Guatemalan Congress approved changes concerning judge and magistrate selection and requirements. A recent International Commission of Jurists (ICJ) report concluded that reforming the selection process of judges and separating judicial processes from administrative processes

⁴⁷ Former Attorneys General Paz y Paz and Aldana, as well as judges presiding over prominent cases, have faced death threats and intimidation. Intimidation has included public and anonymous attempts to discredit the AGs, the head of CICIG, as well as other officials, activists, and their organizations.

⁴⁸ *Annual Report of the United Nations High Commissioner for Human Rights on the Activities of His Office in Guatemala*, U.N. General Assembly, A/HRC/34/3/Add.1, March 22, 2017, p. 4.

⁴⁹ “Latin American Weekly Report,” *LatinNews*, May 4, 2017.

⁵⁰ “At UN, Guatemalan President Pledges Government’s Full Commitment to Fight Corruption,” U.N. News Centre, September 19, 2017.

⁵¹ “Chairman Royce Statement on Guatemala,” House Foreign Affairs Committee News Release, U.S. Government Publishing Office, August 28, 2017.

could strengthen Guatemala's judicial system. CICIG and others launched a judicial observatory of criminal justice to analyze judiciary rulings and make recommendations to improve the justice system in other ways as well.

The ICJ found that the Guatemalan state has responded passively to defamation campaigns, attacks on judicial independence, and other forces trying to influence judges, prosecutors, and investigators.⁵² According to the director of the Guatemalan Institute of Comparative Studies in Criminal Sciences, the groups seeking to stop the reforms are the same elements that launched defamation campaigns on social media against CICIG head Iván Velásquez in early 2017.⁵³

Shortly after then-President Perez Molina was forced to resign and was arrested on corruption charges in 2015, the Guatemalan legislature took some actions to advance various types of reform. The Guatemalan Congress passed two major reform packages in 2016, for example, that were designed to streamline legislative procedures and make political and electoral system procedures more transparent and equitable. In late 2017, the legislature passed two laws intended to improve the judicial process. One created a Judicial Career Council to relieve the Supreme Court of having to address internal human resources administrative matters, and the other created a National Bank of Genetic Data to be used in judicial processes as well as a Register of Sexual Aggressors.

Other of its actions, however, reflect an effort to reverse or stall reform efforts. A lengthy national process produced 60 proposed amendments to the constitution and other laws to promote judicial reform. Congress did not pass an initial package of the reforms in 2016 and has not brought it up again. The most divisive proposed change was a stronger recognition and use of the indigenous justice system. Some observers express concern that the current Congress does not wish to pass the reforms due to their links to people under investigation for corruption, or because they themselves are under investigation. This latter view was reinforced by congressional actions in September 2017 preserving the president's immunity and trying to reduce penalties for violations of campaign finance laws.

The bill amending the penal code mentioned in the previous section would free many former government officials and businesspeople facing charges for corruption, including former President Perez Molina. Many of those people were placed in pretrial detention over concerns they would flee the country. Some of their trials have not proceeded, as noted above, in part because of motions filed by their own lawyers, in what are widely viewed as delaying tactics.

Economic and Social Conditions

Guatemala enjoyed relatively stable economic growth in recent decades, and the World Bank named it a top performer in Latin America. As economic growth rates have slowed in more recent years, however, Guatemala has struggled to address its high poverty rates. The country has the largest economy in Central America, with a gross domestic product (GDP) of \$75.62 billion and a per-capita income of \$4,060 in 2017.⁵⁴ The World Bank characterizes Guatemala as a lower-middle-income country, and it ranks 127th out of 189 on the 2018 Human Development Index.

Guatemala's stable growth rates have not been enough to decrease some of the highest levels of economic inequality and poverty in the region. Instead, Guatemala has backtracked. After

⁵² Carlos Rafael Rodríguez Cerna Rosada, *La Independencia Judicial en Guatemala*, International Commission of Jurists, November 2016.

⁵³ "Se Plantean 60 Enmiendas a Reformas," *Prensa Libre*, February 13, 2017.

⁵⁴ World Bank data online, at <http://data.worldbank.org/country/guatemala>, accessed February 7, 2019.

decreasing the overall poverty rate from 56% to 51% between 2000 and 2006, the rate increased to 59% in 2014, with a rate just over 79% for indigenous people, according to a national survey. Some elements of Guatemalan society and government have tried to bring about equitable development, yet its rural and indigenous populations remain socially and economically marginalized. For rural municipalities, which constitute 44% of the country, almost 8 out of 10 people live in poverty.⁵⁵ Demonstrating the difference in economic and social conditions, literacy rates for the nonindigenous population were 88.9% for men and 83.7% for women, but rates decreased to 77.7% for indigenous men and 57.6% for indigenous women 15 years and older.⁵⁶

The International Monetary Fund (IMF) concluded that Guatemala lags behind similar countries in terms of development outcomes.⁵⁷ While the government has incorporated global Sustainable Development Goals into their national strategy, the IMF reports that the steps necessary to implement those policies “remain largely unaddressed.”

Furthermore, extreme poverty increased and school enrollment decreased. Nonindigenous children average twice as many years of schooling as indigenous children.⁵⁸ To improve social conditions, the World Bank calls for rapid economic growth coupled with increased public investment and pro-poor policies. According to the Economist Intelligence Unit (EIU), Guatemala’s economic growth rate is expected to average out at 2.9% in 2019. EIU projects average growth from 2019 to 2023 at 3% but with a dip to 2.4% for 2020.⁵⁹ The IMF concludes that slowed economic growth and rapid population growth will keep per-capita income growth too low to reduce poverty.⁶⁰ A recent major economic analysis found that economic growth in Guatemala is “largely a result of the strong inflow of family remittances from abroad.”⁶¹

Factors that impede economic growth and development include corruption, limited government revenues, weak institutions, and weak transportation and energy infrastructure. A recent economic analysis concluded that corruption has a negative impact on economic activity across Central America. It also concluded that

... anti-corruption measures, such as those launched by the MP and CICIG help create a favorable environment for increasing economic growth in Guatemala because they reduce the avenue for corruption and strengthen the government’s effectiveness as a provider of wellbeing.⁶²

⁵⁵ World Bank, *Guatemala: Overview*, accessed March 29, 2017, <http://www.worldbank.org/en/country/guatemala/overview>.

⁵⁶ Instituto Nacional de Estadística Guatemala, *República de Guatemala: Encuesta Nacional de Condiciones de Vida 2014*, December 2015, <https://www.ine.gob.gt>.

⁵⁷ International Monetary Fund Western Hemisphere Department, *Guatemala: Staff Report for the 2018 Article IV Consultation*, International Monetary Fund, June 8, 2018, <https://www.imf.org/~media/Files/Publications/CR/2018/cr18154-GuatemalaBundle.ashx>, p. 8.

⁵⁸ UNDP, *Human Development Report 2016*, March 2017, http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf.

⁵⁹ EIU, *Guatemala Country Report*, generated February 8, 2019, pp. 2, 9.

⁶⁰ International Monetary Fund Western Hemisphere Department, *Guatemala: Staff Report for the 2018 Article IV Consultation*, International Monetary Fund, June 8, 2018, <https://www.imf.org/~media/Files/Publications/CR/2018/cr18154-GuatemalaBundle.ashx>.

⁶¹ Instituto Centroamericano de Estudios Fiscales, *The Economic and Fiscal Impact of the Fight Against Corruption in Guatemala*, August 7, 2018, p. 12.

⁶² Instituto Centroamericano de Estudios Fiscales, *The Economic and Fiscal Impact of the Fight against Corruption in Guatemala*, August 7, 2018, pp. 7-8.

Guatemala's persistent failure to deliver services and improve the quality of education and health care contribute to a low-skilled workforce, which also limits growth. According to the U.N. Educational, Scientific, and Cultural Organization (UNESCO), Guatemalan adults had only 3.6 years of education, on average, in 2005, and "if Guatemala had matched the regional average, it could have **more than doubled** [emphasis in original] its average annual [economic] growth rate between 2005 and 2010."⁶³ Current mean years of education is 6.4 for men and for women.⁶⁴

Guatemala has the lowest tax-to-GDP ratio in the region at 12.6%, compared to 22.7% for Latin America in 2016.⁶⁵ This is due in part to the high rate of employment in the informal economy—the Instituto Nacional de Estadística found that 71% of the population held informal employment in 2018.⁶⁶ The percentages were even higher for women, people aged 15-24, and rural and indigenous segments of the population. Another contributing factor includes the business and elite sectors' historical resistance to paying taxes. While the tax administration improved tax collection in 2016-2017 (see "President Jimmy Morales's Administration"), an IMF report on Guatemala cautions that maintaining an improved rate "will require strong and sustained political commitment," which previous efforts have lacked.⁶⁷ Tax reforms in 2012, for example, gave the government tools to increase revenues through taxes, but, the same report notes, weak implementation left Guatemala "with virtually unchanged tax-to-GDP ratio [several years] after the reform." The IMF has called for a tax revenue rate increase to at least 15% of GDP in order to address social, security, and infrastructure needs.

Land conflicts, especially those involving mining, are contentious, and often violent, in Guatemala and elsewhere throughout the region.⁶⁸ Governments often see mines as a source of revenue, potentially for poverty reduction and social programs. Indigenous populations often object to mining under current conditions, however, because they say it violates their ancestral land rights, removes them from and/or damages their source of livelihood, and/or excludes them from the decisionmaking process as to how mine profits should be spent. Guatemala is a signatory to the Indigenous and Tribal Peoples Convention, 1989, also known as the International Labour Organization's (ILO's) Convention 169. The treaty calls on governments to consult indigenous peoples before permitting exploitation of natural resources on their land. According to a recent report by the ILO, the Guatemalan government granted 367 mining licenses between its ratification of the convention in 1996 and 2014, and held only 60 community consultations, all of which had expressed opposition to the projects.⁶⁹ The report found that Guatemala's

⁶³ UNESCO, "Education Transforms Lives," 2013, p. 7.

⁶⁴ UNDP, *Human Development Report 2017*, March 2018.

⁶⁵ Organisation for Economic Co-operation and Development, *Revenue Statistics in Latin America and the Caribbean 2018*, March 27, 2018.

⁶⁶ Instituto Nacional de Estadística Guatemala, *Estadística: Tema/Indicadores*, accessed February 8, 2019, <https://www.ine.gob.gt/index.php/estadisticas/tema-indicadores>.

⁶⁷ International Monetary Fund Western Hemisphere Department, *Guatemala: Staff Report for the 2018 Article IV Consultation*, International Monetary Fund, June 8, 2018, <https://www.imf.org/~media/Files/Publications/CR/2018/cr18154-GuatemalaBundle.ashx>, pp. 37-38.

⁶⁸ For example, Guatemala's Constitutional Court upheld the suspension of two mining licenses of Tahoe Resources Inc. in September 2018. The court ordered an immediate consultation with the Xinka indigenous people. Mine workers are accused of kidnapping and violent intimidation. See: Sofia Menchu, "Guatemala court confirms suspension of Tahoe mining licenses," *Reuters*, September 3, 2018, and David Alire Garcia, "Guatemalan mine conflict alarms industry across Latin America," *Reuters*, December 24, 2018.

⁶⁹ Organización Internacional del Trabajo, *Convenio núm. 169 de la OIT Sobre Pueblos Indígenas y Tribales en Países Independientes y la Consulta Previa a los Pueblos Indígenas en Proyectos de Inversión. Reporte Regional: Colombia, Costa Rica, Guatemala, Chile*, Lima, OIT, Oficina Regional para América Latina y el Caribe, 2016. Findings cited here are on pp. 46, 34, and 15, respectively.

Constitutional Court had found such consultations nonbinding. Guatemala has not developed regulations to govern prior consultations.

Ongoing conflicts around land use are likely to continue to delay such projects. Other types of land conflicts and evictions are related to biofuels, dams, ranching, and drug trafficking; these are also frequently violent.

Coffee is one of Guatemala's key exports. Yet several obstacles are driving coffee farmers from the market: coffee leaf rust (a deadly fungus), extremely low coffee prices, and a drought, which has triggered increases in food prices. Smallholder farmers, with less than 7.5 acres of land, produce 80% of Central America's coffee. According to a recent NPR report, "Some 70 percent of the farms have been affected [by the rust], and over 1.7 million coffee workers have lost their jobs. Many are leaving the coffee lands to find work elsewhere."⁷⁰

Remittances from Guatemalans abroad boost the Guatemalan economy as they constitute over 10% of the GDP, and this percentage is forecast to grow to an average of 13.8% through 2023.⁷¹ Private consumption accounts for 85% of GDP.

U.S.-Guatemalan Relations

Traditionally, the United States and Guatemala have had close relations, with friction at times over human rights and civil/military issues. According to the State Department, current U.S. policy objectives in Guatemala include addressing the underlying drivers of illegal migration; supporting the institutionalization of democracy; encouraging respect for human rights and rule of law, and the efficient functioning of CICIG; supporting broad-based economic growth and sustainable development and maintaining mutually beneficial trade and commercial relations, including ensuring that benefits of CAFTA-DR reach all sectors of Guatemalan society; cooperating to fight money laundering, corruption, narcotics trafficking, alien smuggling, trafficking in persons, and other transnational crimes; supporting Central American integration through support for resolution of border and territorial disputes; reinforcing the government's economic development and political reform plan in the Alliance for Prosperity to be self-reliant in addressing drivers of migration and illicit trafficking of goods and people; and improving Guatemala's business climate.⁷²

In 2017, the Trump Administration expressed support for CICIG and for Commissioner Velásquez.⁷³ In February, then-Homeland Security Secretary John Kelly met with President Morales and Commissioner Velásquez in Guatemala, and reiterated U.S. support for the Public

⁷⁰ Jeff Koehler, "Coffee Rust Threatens Latin American Crop; 150 Years Ago, It Wiped Out An Empire," National Public Radio, October 16, 2018. See also: U.S. Department of Agriculture, Foreign Agricultural Service, May 15, 2018, at https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Coffee%20Annual_Guatemala%20City_Guatemala_5-9-2018.pdf.

⁷¹ EIU, Guatemala Country Report generated on February 8, 2019, p. 10.

⁷² U.S. Department of State, "U.S. Relations with Guatemala," Fact Sheet, February 16, 2018, accessed March 19, 2019.

⁷³ See, for example: "Statement by Ambassador Haley on President Morales' Decision to Expel the Head of the International Commission against Impunity in Guatemala," U.S. Mission to the United Nations, August 28, 2017; Dudley Althaus, "U.S. Urges Guatemala's President to Allow Corruption Probe; Comments from Officials Come a Day After Jimmy Morales Moved to Expel Special Prosecutor," *Wall Street Journal*, August 28, 2017; U.S. Embassy, Guatemala, tweet, @usembassyguate, February 22, 2017, <http://pic.twitter.com/xkY8mg66rs>.

Ministry's and CICIG's fight against corruption.⁷⁴ On the same day, a U.S. court indicted former Guatemalan Vice President Roxana Baldetti and former Interior Minister Mauricio Lopez Bonilla on criminal drug trafficking charges.⁷⁵ A Guatemalan court approved a U.S. request for Baldetti's extradition in June 2017, but first she will face prosecution on four charges of corruption in Guatemalan courts.⁷⁶ She was convicted and is serving time for one case of embezzlement there. Lopez Bonilla must first face three counts of corruption in Guatemalan courts. The United States arrested former Guatemalan presidential candidate Manuel Baldizón as he entered the country in January 2018. The U.S. Embassy in Guatemala said the United States would "return Mr. Baldizón to Guatemala to face justice"; he faces charges of bribery, conspiracy and money-laundering related to helping the Odebrecht company win construction contracts in Guatemala. The Odebrecht scandal is enveloping politicians across Latin America. Baldizón requested asylum in the United States.⁷⁷

U.S. Vice President Mike Pence, then-Secretary of State Rex Tillerson, Secretary of Commerce Wilbur Ross, then-Secretary of Homeland Security Kelly, and Secretary of the Treasury Steven Mnuchin attended meetings with President Morales, as well as his Honduran counterpart and the Salvadoran vice president, in June 2017 at the Conference on Prosperity and Security in Central America in Florida. Pence said that addressing migration to the United States requires strengthening the sending countries' economies, including through foreign assistance.⁷⁸ Nonetheless, the Trump Administration has proposed significantly cutting aid to the region and emphasizing security over development in its budget requests. The President has sometimes threatened to cut off aid to Guatemala and the other northern triangle counties. Congress has rejected most of the Administration's proposed cuts.

President Morales followed President Trump's lead in December 2017 in announcing his country would move its embassy in Israel to Jerusalem from Tel Aviv. The change has been widely criticized internationally. A nonbinding U.N. General Assembly resolution called for the United States to shelve its recognition of Jerusalem. Trump threatened to cut off aid to countries that supported the resolution.⁷⁹ In February 2018, Trump met with Morales in Washington, thanking him for his support on Israel. According to the White House, Trump "also underscored the importance of stopping illegal immigration to the United States from Guatemala and addressing Guatemala's underlying challenges to security and prosperity."⁸⁰

In 2018, the Trump Administration did not join other commission donor countries in stating support of CICIG and the Commissioner. Secretary Pompeo spoke with President Morales on September 6, 2018, expressing continued support for "a reformed CICIG," but did not report mentioning either the termination of CICIG's mandate or the barring of Velásquez.⁸¹

⁷⁴ U.S. Embassy, Guatemala, tweet, @usembassyguate, February 22, 2017, <http://pic.twitter.com/xkY8mg66rs>.

⁷⁵ U.S. Embassy, Guatemala, tweet, @usembassyguate, "Roxana Baldetti and Mauricio Lopez Bonilla indicted in US Court," press release, February 24, 2017, <http://pic.twitter.com/W2NQo5AMMg>.

⁷⁶ Associated Press, "Guatemala Court, ex-VP Baldetti Accept Her Extradition to US," June 15, 2017.

⁷⁷ Sofia Menchu, "Guatemala businessman, wanted on graft charges, seeks U.S. asylum," *Reuters*, January 21, 2018.

⁷⁸ Ben Fox, Gisela Salomon, "US, Central America Work Toward Common Ground at Security Conference," Associated Press, June 16, 2017.

⁷⁹ "Guatemala follows Trump's lead and will relocate its Israeli embassy to Jerusalem," *Reuters*, March 4, 2018.

⁸⁰ "Readout of President Donald J. Trump's Meeting with President Morales of Guatemala," The White House, February 8, 2018.

⁸¹ U.S. Department of State, "Secretary Pompeo's Call with Guatemala President Jimmy Morales," readout, September 6, 2018.

In March 2019 the Administration joined other donor countries in speaking out against Guatemala's proposed amnesty bill, and suspended military aid to Guatemala over the misuse of jeeps that had been provided by the Department of Defense.

U.S. Foreign Assistance

The United States has been providing assistance to Guatemala through regional initiatives: the Central American Regional Security Initiative (CARSI), for combating narcotics trafficking and preventing transnational crime; the President's Emergency Plan for AIDS Relief (PEPFAR); and Food for Peace. Currently, U.S. assistance to Guatemala is guided by the U.S. Strategy for Engagement in Central America. The various programs are integrated for a greater impact in the Western Highlands region of the country, which has the highest rates of poverty, chronic malnutrition, and out-migration in Guatemala, and in high-crime areas. According to the State Department, "The overall objective of U.S. assistance efforts is to create effective structures and organizations sustainable by the Guatemalan government."⁸² While some structures, such as the attorney general's office, have greatly improved their effectiveness with U.S. and other support, other institutions remain weak.

U.S. bilateral assistance to Guatemala complements CARSI programs and the regional Alliance for Prosperity Plan (see "The Alliance for Prosperity and Other Regional Initiatives" below). Economic Support and Development assistance aims to expand economic opportunities; improve governance, accountability, and transparency; strengthen the juvenile justice system; and improve living conditions in Guatemala.

In 2014, the Obama Administration launched the U.S. Strategy for Engagement in Central America (the Strategy), a whole-of-government approach aimed at addressing the root causes of illegal immigration from the region by improving prosperity, regional economic integration, security, and governance.⁸³ The Strategy complements the Plan of the Alliance for Prosperity (AFP) in the northern triangle proposed by the presidents of El Salvador, Guatemala, and Honduras (see "The Alliance for Prosperity and Other Regional Initiatives" below). Congress has appropriated \$2.1 billion for the Strategy for FY2016-FY2018.

Congress placed numerous conditions on aid for Guatemala (and El Salvador and Honduras) in each of the foreign aid appropriations measures enacted since FY2016. Through the Consolidated Appropriations Act, 2018 (P.L. 115-141), Congress withheld 25% of aid to the three central governments until the Secretary of State certified that conditions relating to limiting irregular migration were met. Congress conditioned another 50% of aid until the governments addressed another 12 concerns, including combating corruption; countering gangs and organized crime; increasing government revenues; supporting programs to reduce poverty and promote equitable growth; and protecting the rights of journalists, political opposition parties, and human rights defenders to operate without interference.

The State Department certified that the three northern triangle governments met Congress's conditions in FY2016 and FY2017. The department certified that the three countries had met the first set of conditions in FY2018, but not the second set. The 2019 Consolidated Appropriations Act (P.L. 116-6) maintained the legislative conditions enacted in prior years but combined them into a single certification requirement for 50% of assistance to the central government.

⁸² U.S. Department of State, *International Narcotics Control Strategy Report*, March 2018.

⁸³ See CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer.

Table I. U.S. Bilateral Assistance to Guatemala by Account and Fiscal Year

(in thousands of U.S. dollars)

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Estimate^a	FY2020 Request	FY2018- FY2020 Increase/ Decrease
Development Assistance	112,000	110,000	—	—	—	—
Economic Support Fund	—	—	—	—	—	—
NEW IN FY2018: Economic Support and Development Fund (Pre FY2018 DA + ESF, to compare)	(112,000)	(110,000)	93,000	NA	65,650	(-27,350)
Foreign Military Financing	1,740	1,740	1,740	NA	—	-1,740
Global Health Programs- USAID	13,000	13,000	13,000	NA	3,000	-10,000
International Military Education and Training	775	753	713	NA	760	+47
P.L. 480 Title II	3,711	14,953	0	NA	—	—
TOTAL	131,226	140,446	108,453	NA	69,410	-39,043

Sources: U.S. Department of State, Congressional Budget Justification for Foreign Operations: FY2017-2020.**Notes:** NA=Not Available.

- a. The Consolidated Appropriations Act, 2019 (P.L. 116-6) provides the Secretary of State with flexibility to decide how to allocate the funds appropriated for the U.S. Strategy for Engagement in Central America among the nations of the region.

The Trump Administration has proposed cutting aid to Guatemala by 36% for FY2020 compared to FY2018 and emphasizing security over development. The budget request for Central America would also reduce aid, and tip the balance toward security and away from traditional development goals—such as good governance, economic growth, and social welfare.

The Administration's proposed budget would also eliminate traditional food aid (P.L. 480, Title II), and food aid would be provided only through the International Disaster Assistance account. Some critics are concerned that reducing nonemergency food aid could increase the already high levels of malnutrition and stunting in Guatemala. In addition, a recent study by several major international organizations found that “there is clearly a link between food insecurity and emigration from [Guatemala, El Salvador and Honduras].”⁸⁴

The Trump Administration proposes closing down the Inter-American Foundation (IAF), an independent U.S. agency that supports grassroots development throughout Latin America,

⁸⁴ Inter-American Development Bank, International Fund for Agricultural Development, International Organization for Migration, Organization of American States, and the World Food Programme, *Food Security and Emigration: Why People Flee and the Impact on Family Members Left Behind in El Salvador, Guatemala, and Honduras*, August 2017.

including in all three northern triangle countries, and merging it into USAID. Many IAF programs in Guatemala are in areas that have high levels of emigration to the United States; these programs aim to improve agricultural and food production; improve the livelihoods of youth, women, and indigenous people, and increase their participation in civil society and community development; and ease the transition of migrants who return to Guatemala.⁸⁵

Congress rejected most of the cuts for aid to Central America proposed by the Trump Administration in its previous budgets. The FY2017 Consolidated Appropriations Act (H.R. 244, P.L. 115-31) provided just under \$126 million for Guatemala as part of the \$655 million for the continued implementation of the Strategy. The FY2018 Consolidated Appropriations Act (H.R. 1625, P.L. 115-141) provided less than \$120 million for Guatemala as part of the \$615 million for the Strategy.

The 116th Congress remains invested in the U.S. Strategy for Engagement in Central America. In February 2019, it passed the FY2019 Consolidated Appropriations Act (H.J.Res. 31, P.L. 116-6), including \$528 million for Central America. The act did not provide specific funding amounts for individual countries, but instead gave the Department of State the authority to allocate funding among the Central American nations. The act's conference report, however, did specify \$13 million in Global Health Program aid for Guatemala and \$6 million for CICIG.

The 116th Congress has introduced other bills that touch on perennial concerns involving Guatemala, such as immigration, border security, and governance issues. For example, H.Res. 18, introduced in January, would express the sense of the House that the President should redirect and target foreign assistance provided to Guatemala, El Salvador, and Honduras in a manner that addresses the driving causes of illegal immigration into the United States. S. 716 and H.R. 1630, introduced in March 2019, would impose targeted sanctions under the Global Magnitsky Human Rights Accountability Act against Guatemalan nationals found responsible for, or complicit in, acts of corruption, laundering money, or violating human rights.

In March 2019 the Department of Defense announced it was suspending military aid to Guatemala's Ministry of the Interior, which it said had repeatedly used armored jeeps provided by the United States "in an incorrect way" since August 2018, when they were deployed outside CICIG and donor embassies when Morales announced he was not renewing CICIG's mandate.⁸⁶

The Alliance for Prosperity and Other Regional Initiatives

In response to increased Central American immigration in 2014, the Obama Administration and some Members pressed the northern triangle governments (Guatemala, Honduras, and El Salvador) to invest more heavily in their own development and security. Later that year, the Guatemalan, Salvadoran, and Honduran governments proposed the Plan of the Alliance for Prosperity in the northern triangle with the help of the Inter-American Development Bank. The five-year, \$22 billion initiative seeks to (1) stimulate the productive sector to create economic opportunities; (2) develop human capital through improved education, job training, and social protections (health care, nutrition); (3) improve public safety and access to the legal system; and (4) strengthen institutions and improve transparency to increase public trust in the state.⁸⁷ Some observers, including some U.S. officials, criticized the initial plan for not focusing on

⁸⁵ "Guatemala," Inter-American Foundation, accessed March 19, 2019, <https://www.iaf.gov/country/guatemala/>.

⁸⁶ "US Suspends Some Military Aid to Guatemala over Vehicle Use," *The Associated Press*, March 15, 2019.

⁸⁷ See El Salvador, Guatemala and Honduras, *Plan of the Alliance for Prosperity in the Northern Triangle: A Road Map*, September 2014, <http://iadbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39224238>. See CRS Report R44812, *U.S. Strategy for Engagement in Central America: Policy Issues for Congress*, by Peter J. Meyer.

development and poverty-reduction efforts in the poorest regions, from which the highest numbers of people emigrate. The Guatemalan Embassy says that the government has since shifted some of its programs toward those regions.

Guatemala, Honduras, and El Salvador launched a trilateral task force to address the region's security issues in November 2016. The task force focuses on greater border protection, undertaking operations to dismantle gangs and criminal structures, taking action against human trafficking, cracking down on terrestrial drug trafficking across borders, and stopping the flow of contraband products through the northern triangle.⁸⁸ The initiative includes increased information sharing and cooperation among the three countries' governments, as well as law enforcement and investigative agencies.

The governments of El Salvador, Guatemala, Honduras, and Mexico agreed on a Comprehensive Development Plan in December 2018, and met in January 2019 to begin its design.⁸⁹ They say they intend to be the first region in the world to implement the Global Compact for Migration, which seeks to improve cooperation between countries and regions to facilitate safe, orderly, and regular international migration. Honduran Foreign Minister Maria Dolores Agüero stated that "[r]especting the dignity of migrant persons will be prioritized in line with international law and with special emphasis on a child's best interest and the protection of human rights, regardless of migratory status." Mexican Secretary of Foreign Affairs Marcelo Ebrard said the group wished to demonstrate that addressing the causes of migration is more effective than exclusion and containment measures.

Trade and CAFTA-DR

Guatemala and the United States have significant trade relations, and are part of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), implemented in 2006. Supporters of CAFTA-DR point to reforms it spurred in transparency, customs administration, intellectual property rights, and government regulation. Critics note that the commercial balance between the two countries previously favored Guatemala, and that Guatemala already had duty-free access under the Caribbean Basin Initiative. Since CAFTA-DR, the balance has shifted in favor of the United States. The U.S. goods trade surplus with Guatemala reached \$2.9 billion in 2017, a 16% increase from 2016. From 2005 (pre-CAFTA-DR) to 2017, U.S. exports to Guatemala increased by 143%, whereas Guatemalan exports to the United States increased by only 28% during the same period.⁹⁰ President Trump has ordered reviews of U.S. trade agreements.⁹¹

Total U.S.-Guatemala trade in goods and services for 2017 reached \$13.5 billion, and U.S. exports to Guatemala amounted to \$8.5 billion. Mineral fuels, articles donated for relief, machinery, electrical machinery, and cereals accounted for the majority of U.S. exports. U.S. agricultural exports include corn, soybean meal, wheat, poultry, and cotton. U.S. imports from

⁸⁸ "Presidente Hernández Asegura que 'Fuerza Trinacional' con El Salvador y Guatemala Va Por Buen Camino," *La Tribuna*, January 5, 2017.

⁸⁹ Information in this paragraph drawn from: Norma Gutierrez, "Central American Northern Triangle Authorities, Mexico, and UN Economic Commission Meet to Implement Global Compact for Migration," *Global Legal Monitor*, Law Library of Congress, February 6, 2019.

⁹⁰ This and the data that follow are from Office of the U.S. Trade Representative, *Guatemala: U.S.-Guatemala Trade Facts*, <https://ustr.gov/countries-regions/americas/guatemala>, accessed February 11, 2019.

⁹¹ Gregory Korte, "On His 100th Day in Office, Trump Orders Review of Free Trade Agreements," *USA Today*, May 1, 2017.

Guatemala amounted to about \$4 billion, with bananas, plantains, knit apparel, woven apparel, coffee, silver, and gold accounting for the majority. Guatemala was the United States' 43rd-largest trading partner in 2017.

The U.S. Labor Department initiated a dispute settlement process alleging that the Guatemalan government violated its CAFTA-DR labor commitments, the first labor rights complaint lodged under a U.S. free trade agreement.⁹² In 2011, the U.S. Trade Representative officially requested an arbitral panel. In 2017, the panel concluded that although it agreed that Guatemala had failed to enforce its labor laws effectively in certain cases, the United States had failed to prove that the lack of enforcement negatively affected trade, as required under CAFTA-DR. Some observers say the finding brings into question the effectiveness of labor regulations in U.S. free trade agreements. The Trump Administration may consider renegotiating CAFTA-DR.

Counternarcotics Cooperation

Guatemala remains a major transit country for illicit drugs, particularly cocaine, trafficked from South America to the United States. Guatemala's porous borders and lack of law enforcement presence in many areas enables minor poppy and opium production, as well as smuggling of precursor chemicals, narcotrafficking, and trafficking of weapons, people, and other contraband. Unlike former President Pérez Molina, current President Morales opposes legalization of illicit drugs. According to the State Department, in 2017 Guatemala recorded record drug seizures and arrested 106 high-profile drug traffickers. In response to increased drug consumption, Guatemala doubled its budget for domestic reduction activities. The United States provides assistance in the areas of vetted units, and a range of training, with the goal of improving the professional capabilities and integrity of Guatemala's police forces and judicial institutions.

The 2018 International Narcotics Control Strategy Report (INCSR) highlighted the above improvements in Guatemala's drug control and border security, but noted the following:

Corruption levels remain high and public confidence in government institutions is low. Limited budget resources hinder the government's effectiveness. Despite Guatemala's many successes in 2017, the government needs to take additional steps to further build sustainable drug control mechanisms, including support for anti-corruption efforts, accelerated judicial processes, improved interagency cooperation, and adequate financial resources for relevant agencies and government ministries.⁹³

Corruption within the Guatemalan government has enabled illicit drug trafficking. The U.S. Department of Justice requested the extradition of former Interior Minister Lopez Bonilla, who oversaw the Guatemalan police and prisons under the Perez Molina administration. The Justice Department reportedly said that Lopez Bonilla received money from various drug cartels, including the notorious Los Zetas, in exchange for allowing them to operate freely across Guatemala.⁹⁴ A U.S. court also indicted former Guatemalan Vice President Roxana Baldetti on

⁹² Information in this section is from Office of the U.S. Trade Representative, "In the Matter of Guatemala – Issues Relating to the Obligations Under Article 16.2.1(a) of the CAFTA-DR," <https://ustr.gov/issue-areas/labor/bilateral-and-regional-trade-agreements/guatemala-submission-under-cafta-dr>, accessed June 27, 2017; Kevin Banks, et al., "Dominican Republic – Central America – United States Free Trade Agreement Arbitral Panel Established Pursuant to Chapter Twenty: In the Matter of Guatemala—Issues Relating to the Obligations Under Article 16.2.1(a) of the CAFTA-DR, Final Report of the Panel," June 14, 2017; and Isabelle Hoagland and Jenny Leonard, "Sources: U.S. Loses to Guatemala in FTA Labor Dispute Settlement Case," World Trade Online, June 22, 2017.

⁹³ U.S. Department of State, "Guatemala," *2017 International Narcotics Control Strategy Report*, March 2018.

⁹⁴ Louisa Reynolds, "Former Guatemala Interior Minister Accused of Receiving Money from Los Zetas," *Noticen*, August 17, 2017.

criminal drug trafficking charges.⁹⁵ In 2017 a Guatemalan court approved their extradition to the United States, but first they must face prosecution on multiple charges of corruption in Guatemalan courts.⁹⁶ Baldetti was convicted and is serving time for one case in Guatemala.

The Trump Administration suspended military aid to Guatemala intended for police counternarcotics and border security operations task forces in March 2019. The Department of Defense announced it was ending the “transfer of equipment and training to the task forces” because the Interior Ministry, which oversees the police, had repeatedly misused armored jeeps provided by the United States since August 2018.⁹⁷ (See “Tensions over President Morales’s Dispute with CICIG” above.)

Migration Issues⁹⁸

Approximately 1.5 million U.S. residents claim Guatemalan ethnicity, and there were over 950,000 foreign-born persons from Guatemala living in the U.S. in 2017.⁹⁹ The Pew Research Center estimates that in 2016, 575,000 of the Guatemalan foreign-born population were unauthorized (about 60%).¹⁰⁰ From the 1970s to 1990s, the civil war fueled some migration. During the 2000s, migration became motivated by socioeconomic opportunities, natural disasters, social violence, and family reunification. Unlike their neighbors in the region, Honduras and El Salvador, Guatemalans have not received Temporary Protected Status (TPS), which offers immigration relief from removal under specific circumstances.¹⁰¹

Some Guatemalans benefit from the Deferred Action for Child Arrivals (DACA) program, which allows people without lawful immigration status who came to the United States as children and meet certain requirements to request protection from removal for two years, subject to renewal.¹⁰² On September 5, 2017, the Trump Administration announced plans to phase out the DACA program.¹⁰³ President Trump later tweeted that if Congress did not pass DACA-like legislation by early 2018, he would “revisit” the issue.¹⁰⁴ As of the date of this report, no such legislation has been passed. Due to federal court orders, DACA renewals are once again being accepted; new applications for DACA, however, are not.¹⁰⁵

From FY2009 to FY2014, the number of unaccompanied migrant children (sometimes referred to as Unaccompanied Alien Children, or UAC) from Guatemala apprehended at the U.S. border rose

⁹⁵ U.S. Embassy, Guatemala, tweet, @usembassyguate, “Roxana Baldetti and Mauricio Lopez Bonilla indicted in US Court,” press release, February 24, 2017, <http://pic.twitter.com/W2NQo5AMMg>.

⁹⁶ Associated Press, “Guatemala Court, ex-VP Baldetti Accept Her Extradition to US,” June 15, 2017.

⁹⁷ “US Suspends Some Military Aid to Guatemala over Vehicle Use,” *The Associated Press*, March 15, 2019.

⁹⁸ For further information see CRS Report R45489, *Recent Migration to the United States from Central America: Frequently Asked Questions*, coordinated by Jill H. Wilson.

⁹⁹ https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_17_1YR_B03001&prodType=table.

¹⁰⁰ <http://www.pewhispanic.org/interactives/unauthorized-trends/>.

¹⁰¹ See CRS Report RS20844, *Temporary Protected Status: Overview and Current Issues*, by Jill H. Wilson.

¹⁰² See CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno.

¹⁰³ U.S. Department of Justice, Office of Public Affairs, “Attorney General Sessions Delivers Remarks on DACA,” Washington, DC, September 5, 2017.

¹⁰⁴ Sophie Tatum, “Trump: I’ll ‘revisit’ DACA If Congress Can’t Fix in 6 Months,” CNN, September 6, 2017.

¹⁰⁵ See CRS Legal Sidebar LSB10057, *District Court Enjoins DACA Phase-Out: Explanation and Takeaways*, coordinated by Hillel R. Smith and Ben Harrington.

from 1,115 to 17,057, causing concern among Congress and the executive branch.¹⁰⁶ In the years since, the trend has fluctuated, as the number of unaccompanied Guatemalan minors apprehended at the border decreased to 13,589 in 2015; rose to 18,913 in FY2016; fell to 14,827 in FY2017; and rose to 22,327 in FY2018.¹⁰⁷

To offer a safer alternative to travelling to the United States to request asylum, the U.S. government launched the Central American Minors (CAM) Refugee/Parole program in December 2014. The program allowed children living in El Salvador, Guatemala, and Honduras, whose parents reside legally in the United States, to apply for legal entry to the United States. In July 2016, the U.S. government expanded the CAM program to include additional family members. According to State Department data, 45 Guatemalans left for the United States under refugee status and 31 as parolees between the program's start in December 2014 and September 2017. The Trump Administration ended the CAM program in November 2017.

According to the U.N. High Commissioner for Refugees, 62% of unaccompanied migrant children interviewed in 2013 did not mention serious harm as a reason for leaving Guatemala, and 84% cited hopes for family reunification, increased work or study opportunities, or helping their families as motivation for coming to the United States.¹⁰⁸

Two Guatemalan children, 7 and 8 years old, died while in U.S. Customs and Border Protection (CBP) custody in December 2018. CBP Commissioner Kevin McAleenan subsequently issued guidelines for the agency to conduct health inspections on all children in custody, and said he was looking for ways to reduce congestion in government holding facilities, including having nongovernment organizations provide short-term housing for immigrants seeking asylum.¹⁰⁹ McAleenan also said that holding facilities had been built for single adult males, not for family groups with children, and that a different approach was needed. "We need help from Congress. We need to budget for medical care and mental health care for children in our facilities," he said.¹¹⁰

The U.S. Strategy for Engagement in Central America and the Central American Plan of the Alliance for Prosperity in the northern triangle were developed in large part as a response to the surge in immigration in 2014. They represent efforts to spur development and reduce illegal emigration to the United States. The Trump administration's proposed budgets have emphasized security over development, and substantial cuts in assistance to the region.

Intercountry Adoption

U.S. laws and policies concerning intercountry adoption are designed to ensure that all children put up for adoption are truly orphans, and have not been bought, kidnapped, or subjected to human trafficking, smuggling, or other illegal activities. Similarly, the goals of the Hague

¹⁰⁶ U.S. Customs and Border Protection (USCBP), "Southwest Border Unaccompanied Alien Children Statistics FY2016," accessed February 2018, <https://www.cbp.gov/site-page/southwest-border-unaccompanied-alien-children-statistics-fy-2016>.

¹⁰⁷ USCBP, "U.S. Border Patrol Southwest Border Apprehensions by Sector FY2018," <https://www.cbp.gov/newsroom/stats/usbp-sw-border-apprehensions>.

¹⁰⁸ U.N. High Commissioner for Refugees, *Children on the Run: Unaccompanied Children Leaving Central America and Mexico and the Need for International Protection*, May 2014.

¹⁰⁹ Nicole Goodkind, "Another Guatemalan Migrant Child Has Died in Government Custody, U.S. Immigration Authorities Say," *Newsweek*, December 25, 2018.

¹¹⁰ Doug Stanglin, "8-year-old Guatemalan boy who died in US custody had the flu, medical investigator says," *USA Today*, December 28, 2018.

Convention on Protection of Children and Cooperation in Respect of Intercountry Adoption are to ensure transparency in adoptions to prevent human trafficking, child stealing, or child selling, and to eliminate confusion and delays caused by differences among the laws and practices of different countries. Both the United States and Guatemala are party to the convention. Because Guatemala has not yet established regulations and procedures that meet convention standards, the convention has not entered into force there.

In FY2007, U.S. citizens adopted 4,726 children from Guatemala, more than from any other country except China (5,453 adoptions). When the convention went into effect in the United States in 2008, adoptions from Guatemala were suspended because Guatemala was not in compliance with the convention's standards. Since then, the only cases of adoptions by U.S. citizens of Guatemalan children that have been permitted are those that were already in-process on December 31, 2007.¹¹¹ There were about 3,000 such adoption cases pending at the time. As of 2016, all but 3 cases had been resolved. According to the U.S. State Department, the Guatemalan government's priority is to continue developing its domestic adoption processes, but it is receptive to ongoing discussions. The State Department says it continues efforts to work with Guatemala to establish intercountry adoption procedures.

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¹¹¹ This and the following information is from the U.S. Department of State, Intercountry Adoption, "Guatemala: Hague Convention Information," accessed by CRS on January 29, 2019, <https://travel.state.gov/content/adoptionsabroad/en/country-information/learn-about-a-country/guatemala.html>.