



RISS Report



**US POLICY IN LATIN AMERICA
UNDER TRUMP ADMINISTRATION:
CHANGE OR CONTINUITY?**

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Abstract

The election promises of Donald Trump on Latin America, such as tightening migration legislation, protectionism in the economy, and increasing political pressure on the countries of the Bolivarian alliance, demonstrated the new president's intention to make serious changes in Washington's policy toward Latin America. The report analyses if the changes in the U.S. policy toward Latin America during the first year of Trump's presidency were radical, and how they influenced the relations of the United States with its southern neighbors.

Keywords

USA – Trump – Latin America – NAFTA – Cuba – Mexico – Venezuela – protectionism – migration

The views expressed in this survey are those of the authors and do not necessarily represent the views of the Russian Institute for Strategic Studies.

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US POLICY IN LATIN AMERICA UNDER TRUMP ADMINISTRATION: CHANGE OR CONTINUITY?

When it comes to the foreign policy of Donald Trump, the focus usually lies on his actions in the Middle East, relations with China, Russia, and Northern Korea, while his relations with Latin America stay in the background. However, Latin America is still important for the United States due to certain fundamental reasons, such as its close location, strong economic relations, and various security challenges originating in Latin America. In this respect, it seems appropriate to analyse the policy of Donald Trump towards Latin America based on the results of 2017 and find out if there are more elements of succession or the policy aims at a radical break of the previous administration's course.

Since the 1990s, Washington's strategy in Latin America was based on two fundamental principles — promoting free trade in economic sphere and protection and development of the democracy in politics. Obama's administration largely followed this line making a special emphasis on the principals of partnership, mutual responsibility, and search for compromises¹. In 2013, the U.S. official stance became clear through its Secretary of State John Kerry who said that the era of the Monroe doctrine was over, and Washington desires to reengage with the region on the equality principals².

In practice, this led to a stronger partnership with the U.S. allies in the region, especially with Columbia and Mexico, and to efforts to establish good relations with the "Bolivarian countries". In line with this policy, Obama's administration decided to restore diplomatic relations with Havana and maintained overall

positive relations with Nicaragua despite some strong political differences between Washington and Managua. However, the relations with some left regimes, particularly with Venezuela and Bolivia, did not improve during Obama's presidency.

Another important initiative of Obama's administration on the Latin American trajectory was allocating large-scale financial aid to the so-called northern triangle states — El Salvador, Guatemala, and Honduras — that became one of the priorities for the U.S. in Latin America due to rising security challenges originating in this subregion.

Generally speaking, Obama's administration had to act in the context of the "left turn" in Latin America and the strengthening of the extraregional players, particularly China, which forced the U.S. to a complex multidirectional policy and search for points of contact with "uncomfortable" regimes. It looks like Hilari Clinton intended to continue this line³. But her Republican opponent Donald Trump outlined a quite different approach towards Latin America.

During the election campaign, Trump made it clear that his number one priority in the region was Mexico. The Republican candidate spoke a lot about the necessity to change trade and migration policy towards Mexico. For instance, Trump promised to renegotiate or break the North American Free Trade Agreement (NAFTA) and build a wall on the southern border to control migration and ensure security.

Trump's election campaign also implied that he would take a stronger stance than Obama on a number of leftist Latin

American regimes, particularly on Cuba and Venezuela. In September 2016, addressing his electorate in Miami, many of which were immigrants from Latin America, Trump stressed that the actions of Obama's administration only strengthened the "repressive communist regime" in Cuba. He promised to join the Venezuelans and other nations of the Western Hemisphere in their fight for freedom⁴.

In general, Latin American leaders, including the U.S. allies, were concerned about Trump's declared protectionist approach in trade, xenophobic statements about migrants and promises to cut financial aid to foreign countries. It seemed that the new president of the United States was going to change considerably Washington's policy in the region. These changes posed the most risk to Mexico, countries of Central America, leftist Latin American regimes, and some traditional U.S. allies.

KEY FIGURES IN TRUMP'S LATIN AMERICA TEAM

Apart from the views of Trump himself, the course of the White House in Latin America was largely influenced by the members of the president's administration.

One of them is John Kelly who became White House Chief of Staff in July 2017. In 2012–2016 he was commander of United States Southern Command responsible for American military operations in all countries of Latin America except for Mexico. In this position, he got an idea of the region's problems and their meaning for the U.S. security and formed his view on possible solutions. He believes that drug trafficking and illegal immigration pose much greater threat to the U.S. than it is considered to be, as various terrorist organizations can use smuggling routes to transfer their agents and even weapons of mass destruction to the United States⁵.

Clearly, such vision appeals to Donald Trump and corresponds to his plan to build the wall along the U.S.-Mexico border in order to block the inflow of illegal immigrants, drugs, and other criminal activities. However, Kelly's approach is much more than just a construction of a wall. He believes that in order to solve the problems it is essential to address security and economy issues inside the region.

Traditionally, in the U.S. policy on Latin America, an important role is given to the director for Western Hemisphere Affairs at the National Security Council and assistant secretary for Western Hemisphere Affairs at the State Department. In May 2017, the post of the director for Western Hemisphere Affairs at the National Security Council was taken by Puerto Rico born Juan Cruz, a former CIA station chief in Colombia

where he acted against top leaders of FARC leftist radical group, and helped to free a famous Colombian politician Ingrid Betancourt⁶. The appointment of Juan Cruz received the support of Mark Feierstein who was holding this position during Obama's presidency.

As for the Latin American Affairs at the State Department, as of 2017, Trump's administration did not appoint any candidate for the post of assistant secretary for Western Hemisphere. During the first year of his presidency, these responsibilities belonged to acting assistant secretary Francisco Palmieri. During the first year of Trump's presidency, a significant role in the U.S. policy on Latin America was given to Palmieri's immediate supervisor, the Under Secretary of State for Political Affairs Thomas Shannon who had been appointed to this position under Obama and had an extensive experience of interacting with the region⁷.

Special mention should be made of actions of Secretary of State Rex Tillerson who tried to soften the consequences of Trump's aggressive rhetoric towards the traditional allies of the U.S. in the region. In February 2017, together with John Kelly, the then Secretary of Homeland Security, they went to Mexico to retain close ties in the field of security. In 2017, he met several times with his Mexican Foreign minister in Washington and held a few talks with his counterparts from Brazil, Peru, Chile, as well as with the Secretary General of the Organization of American States Luis Almagro.

The U.S. Vice President Mike Pence keeps in close touch with leaders of Latin American countries and attempts to resolve the differences between Trump and

the U.S. Latin American allies. Pence was the highest-level official of Trump's administration to go on a trip to Latin America in August 2017, during which he visited Colombia, Argentina, Chile, and Panama. Pence also often receives Latin American leaders at the White House, when for some reason president Trump cannot meet them himself.

As for the trade relations with Latin America, particularly negotiating NAFTA deal, it is the responsibility of Wilbur Ross and U.S. trade representative Robert Lighthizer who shares the president's vision in many aspects. For instance, Ross believes that NAFTA causes an industrial crisis in the U.S., and many Americans lost their jobs because of the deal⁸. Like Lighthizer, he advocates revamping the agreement⁹.

In general, several groups inside Trump administration influenced the U.S. policy towards Latin America in 2017. Kelly was one of the main Trump's advisers on national security threats coming from Latin America. Thomas Shannon and Juan Cruz who had made their careers under previous administrations took an active part in implementing practical policies towards Latin America. The economic issues were largely handled by Wilbur Ross and Robert Lighthizer, while the general political interaction with the region was coordinated by Mike Pence and Rex Tillerson.

CONTRADICTIONS WITH MEXICO

Over the last few decades, Mexico was one of the main allies of the U.S. in Latin America, but Trump's protectionist stance about NAFTA and right-wing populist statements on migration led to serious tensions between Washington and Mexico City.

Already in February 2017, Donald Trump confirmed his commitment to his election promises towards Mexico naming as his first priorities the border security, fighting drug trafficking, renegotiating trade agreements with Latin America, and changing NAFTA terms to make it a fairer deal for the U.S.¹⁰ The president was especially concerned over the negative trade balance with its southern neighbor, which amounted to 71 billion dollars in 2017.

Reforming the North America Free Trade Agreement is the focal point in the bilateral contradictions¹¹. According to Washington, the agreement does not protect interests of the U.S. well enough

and causes the underemployment. The result of the deal renegotiating will be crucial for Mexico, as its economic strategy has been based on trade liberalization in North America for more than 25 years.

The negotiations on changing the deal are going with great difficulties. Five rounds in 2017 did not resolve the main problems and the discussion was extended to 2018. Despite a convergence in some issues (i.e., in communications), a lot of contradictions remained, as the Mexican foreign minister Ildefonso Guajardo admitted in October¹². Mexico and Canada do not seem to be willing to give in to the American demands. After the November talks in Mexico City, the U.S. trade representative Robert Lighthizer acknowledged that both partners expressed no willingness to accept Washington's proposal¹³.

One of the main reason for contradictions are the harsh terms for regulating

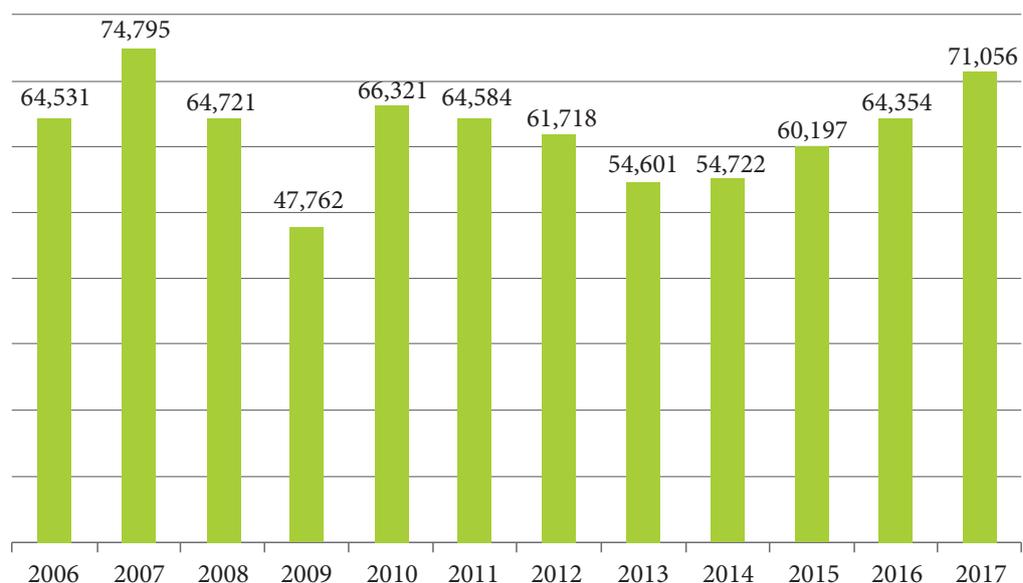


Fig. 1. US trade deficit with Mexico, 2006–2017 (billion Dollars)

Source: United States Census Bureau. Trade in goods with Mexico. URL: <https://www.census.gov/foreign-trade/balance/c2010.html> (date of reference: 28/05/2018)

the automotive industry proposed by the U.S. Washington demands that the North American content of vehicles made in NAFTA nations increase from 62.5 % to 80–85 %¹⁴. Still, Trump's team envisages increasing the compulsory share of U.S. produced components in the products that are freely sold in NAFTA countries to 50 %¹⁵. This will make the markets of the three nations more protected from outside suppliers, particularly from German auto corporations that will face tariff barriers. According to the White House, such a "dual-ring" protectionism will give American companies the leading positions on the North American market and will push the corporations to transfer production sites from Mexico to the U.S.

Even inside the U.S., there is no consensus on the issue. A number of American experts are skeptical about the prospects for the return of production to the U.S. warning that a lower appeal of Mexican territory could push manufacturers to take production to India and Southeast Asia. Another disputable point is how to calculate the share of American components on the cars imported from Mexico. The U.S. Secretary of Commerce Wilbur Ross believes that the American content is only 16 %¹⁶. A Harvard survey states that it reaches 38 % if the cross-border supply chains are taken into account¹⁷. Some automotive companies fear a possible disrupt of these ties if the White House proposal is implemented.

American farmers are even more worried. The Mexican and Canadian markets are available to them mainly thanks to lower trade barriers under NAFTA deal. The end of the deal would lead to a mutual rise of tariffs and bring them substantial losses. Meanwhile, the annual beef export from the U.S. to Mexico is 800 million dollars. The export turnover

of wheat, corn, and other agricultural products is also very significant¹⁸.

A good example of a controversial attitude towards possible renegotiating of NAFTA is Ohio, one of the crucial states for Trump's win in the presidential election of 2016. While the state's working class wants at least part of the production and jobs to return from Mexico, the local farmers are worried about the destruction of free trade zone that would cut them from neighboring markets. Ironically, both senators from Ohio, a Democrat and a leftwing populist Sherrod Brown and a Republican Rob Portman criticize the White House's intention to change the deal terms¹⁹.

In other words, neither mainstream politicians nor leftist democrats, who had been criticized NAFTA for many years, supported Trump in his intention to renegotiate the deal. In fact, the White House seeks to form new economic relations with Mexico in spite of what a large part of the U.S. establishment thinks.

Another strategic problem of Washington and Mexico is the issue of illegal immigration to the territory of the United States. Nearly a half of all illegal immigrants in the U.S. are Mexican (5.6 mln people against the total of 11.3 mln)²⁰. Unauthorized Mexican workers are deeply integrated into the American economy and have adapted working under their illegal status. Mexicans also account for more than a half of the total of 58 mln of the U.S. citizens of Latin American origin (36 mln people)²¹. However, over the last years, the overall rate of Mexican immigration has slowed down (1 mln leaving the U.S. against 870 thousand coming in 2015)²², which is why Trump's critics argue that he set out to tackle a problem that is going to resolve itself. According to the Pew Research Center, since 2005, the net migration from Mexico has been negative.

Still, Mexico is a transit corridor to the U.S. for many natives of Central America (El Salvador, Guatemala, Honduras, etc.)

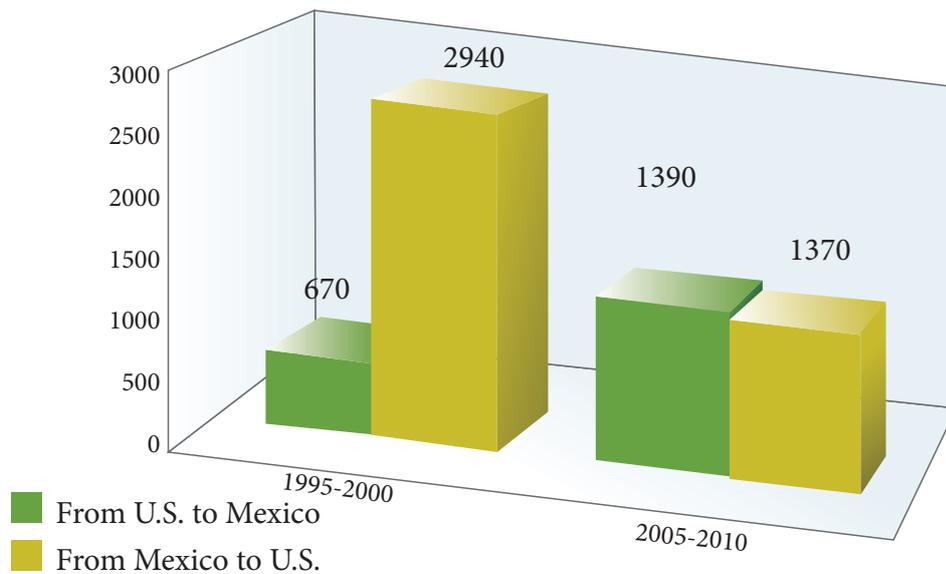


Fig. 2. Migration flows between the U.S. and Mexico (1995-2000; 2005-2010) (thousand people)

Source: Net Migration from Mexico Falls to Zero—and Perhaps Less // Pew Research Center 23.04.2012. URL: <http://www.pewhispanic.org/2012/04/23/net-migration-from-mexico-falls-to-zero-and-perhaps-less/> (date of reference: 28/05/2018)

The Latin Americans are the youngest ethnic and racial group in the American society in terms of average age, and with the current rate of immigration through the southern border, the racial wakeup of the U.S. population will change considerably in the coming decades. While this is a good trend for the Democrats that rely heavily on the support of minorities, for the Republicans it is an alarming prospect. Trump supporters especially worry that the relatives of the migrants follow them to the U.S. (the so-called "chain migration")²³.

Some ideas of the new head of state on how to strengthen the southern border seem too radical to the moderate part of the society. Already in the beginning of Trump's presidency, just a bit over a third of the U.S. citizens supported building the wall on the southern border (with the white population support being a little bit more)²⁴. Other efforts to reduce immigration receive more approval from

the U.S. citizens but are harshly criticized by the Democratic Party.

Left-wing liberals are deeply concerned over the new approach of the U.S. Department of Homeland Security to the fight against illegal immigrants. Since Trump took office, the department increased the rate of immigrants arrests by 40 % inside the country and expanded the participation in the fight against illegal aliens of Immigration and Customs Enforcement of the DHS, whose actions are increasingly complementing border control measures²⁵. Critics think they are deliberately cracking down on informal connections between immigrants and their relatives. Such a view was expressed by experts of pro-Democrat Center for American Progress. They blame Trump for ignoring how desperate is the situation of people in Central America which is why they seek refuge in the U.S.²⁶

Some representatives of the administration make attempts to sweeten Trump's harsh rhetoric about building a wall on the Mexican border. During

her confirmation hearing before the Senate, the secretary of homeland security Kirstjen Nielsen said there was no need for a wall 'from sea to shining sea'²⁷. Still, though the Congress can refuse to allocate funds for the wall erection, it cannot fully forbid the White House to erect it because the administration could act based on the Secure Fence Act of 2006²⁸.

The president's uncompromising stance on the issue is based on a quite practical rationale: his steps bring him political dividends through mobilizing committed supporters. A softer course in immigration policy may not bring such an effect: right-wing populists will be disappointed, while liberal circles will still not support the Head of the White House. Also, the administration does not think that destroying the family connections of the immigrants is bad but rather sees it as an advantage of the strategy against the chain migration. According to DHS, under president Trump, illegal immigration has declined dramatically over the last year²⁹.

While strengthening the immigration policy, the U.S. President attempted to reach a deal with Democratic leaders Chuck Schumer and Nancy Pelosi. He promised not to deport 800,000 immigrants brought illegally to the U.S. as kids (the so-called "dreamers", under the name of the law adopted by the Democrats, allowing them to stay for an additional period due to lack of ties with their homeland), but in exchange he requested funding for the wall, which was unacceptable for the Democrats, and the deal was thwarted.

Finally, in September, the White House announced that in 6 months DACA program (The Deferred Action for Childhood Arrivals) that shielded "dreamers" from deportation and allowed them to find jobs will be terminated. Trump and attorney general Sessions strongly believe that this Obama era initiative led to a massive inflow of underage immigrants from Central

America through the Mexican border, which is why it needs to be replaced. Mr. Trump also told Congress that it is necessary to expand immigration services and introduce more rigorous requirements for people with expired visas and non-residents applying for refuge and willing to transfer their families³⁰.

The measures proposed by Trump could dramatically change the situation of Mexicans in the U.S. In 2015, about 170,000 Mexican citizens illegally crossed the American border. Another 42,000 came legally but overstayed their visas³¹, which could be the reason for deportation under the stricter regulations. Nearly 800,000 unauthorized immigrants received benefits through DACA, including 548,000 Mexicans, and more than 100,000 people from other countries of Latin America and the Caribbean³².

The Mexican authorities stressed that although the decision on DACA is an internal affair of the United States, Mexico is concerned about the future of the "dreamers" and is ready to accept them on its territory in case of deportation. The Mexican Ministry of Foreign Affairs is making significant lobbying efforts in the U.S. Congress to protect the interests of persons affected by this program³³.

As a result of the White House's policy to reduce immigration, Mexican attitudes toward their northern neighbor have taken a dramatic turn for the worse. In spring 2017, 65 % of Mexicans expressed a negative opinion of the U.S. And this includes 42 % who are "very unfavorable", a manifold increase over just two years³⁴. In 2015, 66 % of Mexicans had a positive view of the United States³⁵. For the last 25 years, the economic integration of the two countries has improved a historically complicated sentiment toward Americans. But the protectionist turn in the Washington policy is having a negative impact. Trump's promise to build a wall and harsh statements about Mexican immigrants became a symbol of his

election campaign and worsened the image of the United States among Mexicans.

Trump's policy put Mexican president Enrique Peña Nieto in a complicated position, as many Mexicans think that his reaction to Trump's initiatives is too soft. This led to a growing popularity of left-wing populists, particularly, Andrés Manuel López Obrador³⁶. Mexico's central bank is also in a difficult situation, as it depends on the monetary policy of the U.S. While the Mexican regulator intends to lower the interest rates to boost the economic growth, it may stumble upon the Federal Reserve's new strategy to gradually increase the rates, which means that Mexico and the Federal Reserve would be moving in the opposite directions.

The cancellation of Peña Nieto's visit to the United States in January 2017 and the following, largely confrontational meeting with Trump on the sidelines at G-20 summit in Hamburg clearly demonstrated the standstill between Mexico and the U.S. With Trump's aggressive position, the Mexican Secretariat of Foreign Affairs tries to find potential allies in the United States to soften the Trump's stance, particularly among senators of agricultural and bordering states. According to some media, the Mexican foreign secretary Luis Videgaray is a good acquaintance to Jared Kushner, President Trump's son-in-law. The politicians had contacts during Trump's presidential campaign and continued coordinating the interaction of the two states after he assumed office. Secretary of state Rex Tillerson and White House chief of staff John Kelly also have a constructive stand toward their Mexican counterparts. Throughout 2017, they met several times in order to keep close interaction in matters of security and fight against organized crime³⁷.

Mexican diplomats are also engaged in events on U.S.-Mexico relations organized by experts in the U.S. The former and the current Mexican ambassadors voiced their support for close

cooperation of the neighboring nations at Brookings Institution in May 2017. Brookings Vice President Martin Indyk and its other representatives attempted to discredit Trump's position on all the key issues related to the country "to the south of the Rio Grande". They argued that the reason for the trade deficit is the structure of the U.S. economy. The wall that Trump is proposing will do little to curb drug flows, nor would it promote security. It will only increase tension with Mexico³⁸.

However, Trump's economic program "America First" is his priority, but the heavy American-Mexican interdependence makes it difficult to achieve. If Mexico elects a president who is less loyal to the U.S., it won't be just a problem for Washington, but also a perfect excuse to reduce cross-border connections.

The U.S.-Mexico relations have become a battlefield between supporters of protectionist and liberal political and economic approaches. The revision of NAFTA and U.S. migration policy can have a significant impact not only on the relations between Mexico and the United States but also on the trend of global development. If Trump's economic nationalism, even partially, overcomes the resistance of the "mainstream" in Washington, it may trigger practical implementation of these approaches in other regions of the world.

CHALLENGES FOR CENTRAL AMERICA

Central America is a heterogeneous region that has undergone significant political and socio-economic transformations in recent years. The countries of Central America can be conventionally divided into three groups. The first group includes the countries of so-called Northern Triangle (El Salvador, Guatemala, and Honduras) with disastrous public security and social situation. The second includes Panama and Costa Rica, the countries with stable democratic institutions and relatively high living standards for Latin America. Nicaragua has a special place in the region. Traditionally poor, this country has grown considerably during the rule of Sandinistas in terms of social development and fight against organized crime. The U.S. has quite different policies towards these three groups.

Through the countries of Central America comes the biggest drug flow into the US. Moreover, every year, tens of thousands citizens from Northern Triangle countries cross the U.S. southern border. In this regard, Washington is paying increasing attention to Central America, especially after the migration crisis of 2014, when thousands of underage illegal migrants from this region rushed to the United States. In response, the Obama administration developed an integrated U.S. strategy for engagement in Central America that planned to support the law enforcement of Central American countries, help reform judicial systems, encourage private investment and infrastructural projects, support civil society, develop trade inside the region, and between the United States and Central American countries. In January 2015, the Obama administration decided to allocate 1 billion dollars for Central American countries in 2016 (primarily, to the Northern Triangle states), about

three-fold increase compared to appropriations in the previous years.

For the first year in office, Trump's administration made it clear that Central America, especially Northern Triangle states, remain one of the top priorities of the U.S. in Latin America. This is well illustrated by the great attention given to the region by key figures in the Trump administration, particularly by John Kelly and Mike Pence, as well as visits of the presidents of Central American states to Washington in 2017. Nevertheless, in the draft budget for 2018, as part of the general trend to reduce financial assistance to foreign countries, the Trump administration proposed reducing the funding of Central American countries by approximately 30 %.

A more detailed analysis of the draft budget shows that the administration's priority is to cut the financing of programs related to the economic and social development of the countries of the Northern Triangle⁴⁰. At the same time, the idea of providing financial assistance to these states enjoys bipartisan support in Congress⁴¹, so the final version may contain an increased financial support⁴².

Migration has traditionally been one of the main topics in relations of the U.S. and Central America. El Salvador and Honduras worried that the administration would not extend a number of immigration programs related to these countries and will deport the citizens staying on the U.S. territory under the "temporary protected status"⁴³. For these countries, Washington's immigration policy has a tremendous significance as their economies largely rely on the remittances coming from migrants. Moreover, the large numbers of deportees will affect the social situation in the Northern Triangle,

Table 1.

The funding of the U.S. Strategy for Engagement in Central America, 2016-2018 (mln dollars)

	2016	2017	2018
Costa Rica	1.8	5.7	0.4
Salvador	67.9	72.7	46.3
Guatemala	127.5	125.5	80.7
Honduras	98.3	95.3	67.9
Nicaragua	10.0	9.5	0.2
Panama	3.3	3.2	1.2
Central America Re-regional Security Initiative (CARSI) ³⁹	348.5	329.2	263.2
Other programs	91.4	12.5	0.0
Total	748.7	653.7	458.8

Source: Meyer P.J. U.S. Strategy for Engagement in Central America: Policy Issues for Congress // Congressional Research Service. 2017. June 8. URL: <https://fas.org/spp/crs/row/R44812.pdf> (date of reference: 11/30/2017). The forecast for 2018 is based on the draft budget proposed by the Trump administration

as the economy of these countries cannot reintegrate the repatriates.

When Trump has just took office John Kelly calmed down Central Americans promising there will be "no mass deportations"⁴⁴. Indeed, 33,750 Guatemalans, 22,381 Hondurans and 18,838 Salvadorans were deported in 2017 from the U.S., which is similar to the number of deportees in the last year of Obama's presidency⁴⁵. Besides, the Trump administration terminated the temporary protected status only for Haiti and Nicaragua and postponed the decision on El Salvador and Honduras until 2018⁴⁶.

In 2005, the Central American countries and the U.S. signed a multilateral free trade agreement (CAFTA-DR)⁴⁷. With Trump's harsh rhetoric about North American free trade agreement (NAFTA), many feared that he would next hit other similar agreements, such as CAFTA-DR. But in 2017, the Trump administration did not announce intentions to cancel this agreement, apparently because the United States has a trade surplus with all Central American countries except for Nicaragua. At the same time, certain terms of the agreement might change in the coming years. In October 2017, the U.S. trade

representative Robert Lighthizer said that CAFTA-DR and some other free trade agreements of the U.S. "need to be modernized, more or less"⁴⁸.

In the first year of Trump's presidency, the relations with Panama and Costa Rica, the traditional allies of the U.S., did not suffer any substantial changes. In March 2017, Costa-Rican president Luis Guillermo Solis visited Washington and was received by vice-president Mike Pence who underscored that Costa Rica remained a key partner of the U.S. in the Western Hemisphere⁴⁹. Solis also met with under Secretary of State for political affairs Thomas A. Shannon and with Trump's chief of staff John Kelly, where the parties agreed to continue close cooperation in fighting drug trafficking and illegal migration⁵⁰.

In June 2017, President of Panama Juan Carlos Varela met with Trump, which was a confirmation of the special relationship between the countries⁵¹, and in August 2017, Panama was the last stop in the Latin American tour of Mike Pence. The U.S. Vice President noted that his visit is a recognition of the historic friendship between the U.S. and Panama and confirmed Washington's intention

to strengthen partnership with this country during the Trump presidency⁵².

In late 2017, the Trump administration had to respond to the political crisis in Honduras, which is one of Washington's closest allies in Latin America⁵³. Presidential elections in this country were held with numerous violations, the results of the vote were not recognized by the opposition, and the Secretary General of the OAS Luis Almagro called for a new election⁵⁴. However, Washington backed the reelection of the incumbent president Juan Orlando Hernandez, which was a key factor that helped him to retain the power.

The U.S. and Nicaragua have quite peculiar relations because of the political orientation of Nicaragua's government. During Obama's presidency, despite ideological contradictions, the two nations have developed pragmatic and mutually beneficial relations. They reached a new level of economic cooperation and actively engaged in combating drug trafficking. But then Cuba-born Ileana Ros-Lehtinen and Albio Sires, the ideological opponents of all Latin American left-wing forces, formed an anti-Nicaraguan lobby in the U.S. Congress. They argue that the Sandinistas suppress opposition and violate human rights⁵⁵. Ortega's reelection for a third term in November 2016 in the vote without the main opposition party also contributed to a serious drop in relations with the United States.

After a long debate in October 2017, the House of Representatives voted in favor of the Nicaraguan Investment Conditionality Act that blocks the provision of financial resources to Nicaragua through international financial organizations unless the Sandinista government holds "free and fair elections"⁵⁶. In response to the U.S. Congress, Ortega announced his intention to demand compensation from the United States for damages caused by the interference in the internal affairs of Nicaragua in the 1980s,

when Washington actively supported the "Contras" against the Sandinistas.

In 2017 the relationship between the U.S. and Nicaragua went back to confrontation. While the Nicaraguan Investment Conditionality Act has not been approved yet, it could become a law in 2018. Though the deterioration of the relations was initiated by Congress, Trump's administration also pitched in. In November 2017, the Department of State voiced concern over Nicaraguan municipal elections and noted that the democratic process in this country had a number of persistent flaws⁵⁷. In the same month, the Trump administration terminated the temporary protected status for Nicaraguans, and in December imposed sanctions against the president of Nicaraguan Supreme Electoral Council Roberto Rivas Reyes⁵⁸.

In conclusion, it should be noted that in the first year of Trump's presidency, the U.S. policy toward Central America retained a significant share of continuity. Washington's priorities in this sub-region are still issues of drug trafficking, migration, organized crime and, to a lesser extent, economic cooperation. The Trump administration continued its policy of strengthening partnerships with Panama and Costa Rica, which are the most stable and economically developed countries in Central America. As for the states of the Northern Triangle, Washington is still interested in comprehensive cooperation with them but intends to reduce financial assistance, especially for the socio-economic development of these countries. Washington's relations have worsened only with Nicaragua, and the Congress has played a crucial role in this setback.

PRESSURE ON VENEZUELA

During Obama's presidency, the U.S. strategy toward Venezuela was that Washington applied limited pressure on the Venezuelan authorities and supported the opposition, without breaking contacts with the government. Within the frame-work of this paradigm, the periods of acute conflicts between the U.S. and Venezuela took turns with attempts to establish a dialogue.

The election of Donald Trump and the aggravation of the domestic political situation in Venezuela led to a serious escalation in bilateral relations. On February 13 of 2017, Washington imposed sanctions against Venezuela's Vice President Tareck El-Aissami, who was then considered one of the possible successors of Nicolas Maduro, accusing him of playing a significant role in international drug trafficking and involvement with the largest Mexican narcocartel, Los Zetas⁵⁹. The accusation of drug trafficking against such a high-ranking official of the Venezuelan government meant a new level of confrontation and set a more hostile tone in U.S.-Venezuela relations under the Trump administration, although U.S. officials stressed that the sanctions are the result of years of investigation that had began during the Obama presidency⁶⁰.

Earlier, on February 8, 2017, 34 members of the U.S. Congress representing both the Republican and Democratic parties sent a letter to Trump urging him to take immediate action against key figures of the Maduro government to send a signal to the regime officials⁶¹. The members of Congress also spoke in favor of increasing the funding of democracy support programs and called for the restriction of any interaction of American companies with "corrupt" Venezuelan state companies⁶². The letter was written by prominent members of Congress,

Cuban Americans Ileana Ros-Lehtinen and Robert Menendez, for whom the change of the regime in Venezuela is a way of exerting additional pressure on Cuba, which receives oil from Caracas on preferential terms.

At the end of March, a constitutional crisis began in Venezuela, accompanied by mass protests, during which dozens of people died. Maduro's government eventually managed to consolidate its positions. The opposition failed to stop the election of a new constitutional assembly, antigovernment rallies calmed down, as Maduro's opponents split over a strategy and tactics of fighting the regime. In this situation, the United States, trying to prevent the transformation of Venezuela into a "second Cuba", attempts to influence the current situation and turn it in favor of the Venezuelan opposition.

Before the election to the Venezuelan Constituent Assembly, Trump tried to influence this process saying that the U.S. "will take strong and swift economic actions" if the assembly is imposed⁶³. A number of observers expected sanctions against the oil industry, particularly, the U.S. refusal to import Venezuelan oil and the ban on PDVSA for using dollars in its transactions.

It should be noted that Venezuela is the third largest oil exporter in the United States after Canada and Saudi Arabia. It accounts for about 8 % of the oil imported by the United States, but if necessary, the U.S. will find alternative sources. But for Venezuela the loss of the American market can be a disaster, as it brings Caracas most of the foreign currency proceeds. China, another major consumer of Venezuelan oil, receives it as repayment of debt (about \$ 65 billion), and Central American and Caribbean countries get it on preferential terms with significant

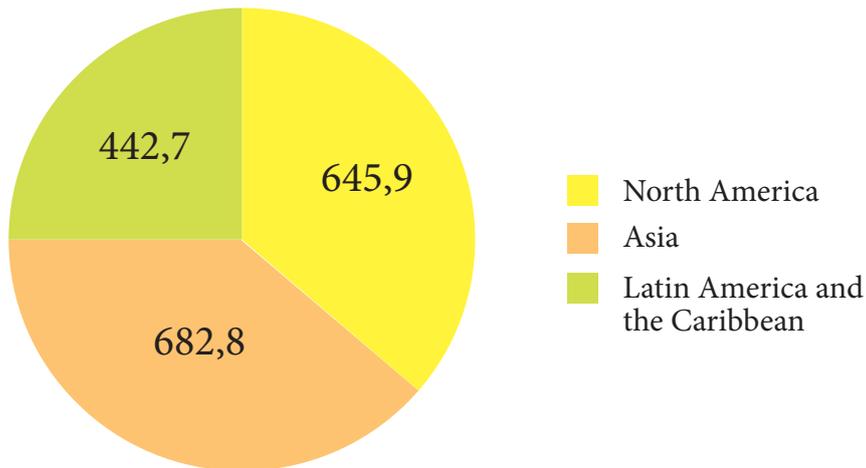


Fig. 3. Export of crude oil from Venezuela (thousand barrels per day)⁶⁴

Source: OPEC Annual Statistical Bulletin 2017. URL: http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2017_13062017.pdf P. 57 (date of reference: 12/28/2017)

discounts. Dependence on the United States is aggravated by the fact that Venezuela imports from the United States a number of oil products and use them, among other things, to create its export oil blend.

The opponents of imposing restrictions on the Venezuelan oil sector in the United States are primarily American companies engaged in the processing of hydrocarbons coming from Venezuela (Chevron, Valero Energy, Philips 66, etc.) American oil industry representatives, closely associated with Trump, are actively lobbying their interests in his administration. In their view, the ban on the import of Venezuelan oil will harm the U.S. companies and consumers⁶⁵. A number of facts also show that the U.S. Department of State, particularly the under secretary of state for political affairs Thomas Shannon, prefers to keep the dialogue with Caracas and avoid radical measures⁶⁶.

Because of these factors Trump did not impose sanctions against the Venezuelan oil industry. But trying to save face, after the Venezuelan elections to the Constituent Assembly, the White House added President Maduro and a number of his associates to the sanctions

lists. The Department of State, for its part, just issued a statement that the U.S. did not recognize the National Constituent Assembly and called the Maduro government a dictatorship.

In the midst of the Venezuelan crisis, part of the U.S. strategy was to support the multilateral initiatives of the Latin American countries directed against the Venezuelan government. This was supported by the power shift in Latin America: the "left turn" ended and was followed by the resurgence of the right-leaning parties, the majority of which criticize the Venezuelan government. It even seemed that the Organization of American States would eventually apply the Inter-American Democratic Charter to Venezuela⁶⁷. Before one of the key vote in the OAS on Venezuela, an influential senator Marco Rubio warned the Caribbean states that if they don't vote against Venezuela, the U.S. might cut off its financial aid⁶⁸ Still, a number of Caribbean countries dependant on Venezuelan oil shipments did not support sanctions against Caracas.

In August 2017, Donald Trump suddenly claimed that the use of military force against Venezuela was an option⁶⁹, but this threat was an option putting additional pressure on the Maduro

government and influencing the internal dynamics of the Venezuelan crisis. Trump's advisors hastened to smooth out the president's statement⁷⁰, and the Latin American allies of Washington categorically denied the military option⁷¹.

*In general, the announcement of the possible military intervention of the United States was a serious misstep made by Trump. It allowed Maduro to strengthen the unity of the Chavistas, increase his popularity in the country and accuse the opposition of helping the foreign aggressor, as some opposition leaders stated that the U.S. military intervention in Venezuela could become "inevitable"*⁷².

Not risking to introduce restrictions against the oil sector and, moreover, to launch a military operation, the Trump administration imposed financial sanctions at the end of August 2017 cutting off the Venezuelan government and the state-run oil company PDVSA access to the U.S. financial market. These sanctions forbid the U.S. financial institutions and investors to make transactions with new debt bonds of Venezuela's government and PDVSA, but they are still allowed to carry out transactions with debt bonds on the secondary market⁷³. The Trump administration paid special attention to PDVSA's subsidiary company CITGO operating in the United States. Transactions involving CITGO in the American territory were excluded from the sanctions list, but the company cannot transfer profits to Venezuela.

The financial sanctions marked a new stage in the U.S. policy towards Venezuela. Previously, Washington only imposed personal sanctions and used aggressive rhetoric, but now the U.S. aims at taking away the most important source of funding from the Maduro government. It is no accident that after the sanctions, the Venezuelan president stated that Washington's goal is to provoke a default⁷⁴. Issuing new debt bonds and selling them on the U.S. securities market allowed the Venezuelan authorities to cover current

expenses. In May 2017, the American firm Goldman Sachs bought Venezuelan debt obligations with a face value of \$ 2.8 billion for \$ 865 million, allowing the Venezuelan government to curb the acute shortage of hard currency in the country.

This, in turn, caused resentment of the Venezuelan opposition. Parliamentary speaker Julio Borges wrote a letter to the CEO of Goldman Sachs, urging the company to stop funding the "Maduro dictatorship"⁷⁵. Some representatives of the Venezuelan opposition may have recommended the Trump administration to take measures to prevent such actions from the American investment funds in the future.

As Maduro strengthening his position, Washington is trying to use economic levers more actively to influence the situation in Venezuela. Financial sanctions imposed by the United States will complicate any negotiations on restructuring Venezuelan debt, which in turn can lead to the loss of a number of Venezuelan assets located outside Venezuela. The United States can cause real damage if they refuse to buy Venezuelan oil, but most likely, they will only impose sanctions against the Venezuelan oil industry after having exhausted all other possibilities.

In general, the policy of the Trump administration towards Venezuela in 2017 was determined by contradictions. On the one hand, Washington sought to prevent the consolidation of Chavista power and the formation of a Cuban-like regime in Venezuela. This as well as the lobbying of a number of influential members of Congress (primarily Senator Marco Rubio) and representatives of the Venezuelan opposition, seeking to use the U.S. in the domestic political struggle against the Chavistas, led to several rounds of sanctions. On the other hand, the Trump administration took into account the interests of American oil companies which imports Venezuelan oil and have a number of assets in the territory of Venezuela. As a result,

after the first year in office, the U.S. policy toward Venezuela was not always consistent. Harsh statements of the president often remained just words, while in practice, only half measures were taken. Nevertheless, in general, the U.S. policy in Venezuela began to be much more aggressive compared to Barack Obama's approach. In addition to personal sanctions against virtually all of Venezuela's top leadership, concrete steps were taken to exert economic pressure⁷⁶.

CUBA

In September 2015, replying to a question about a concept of opening with Cuba, Donald Trump, who was then fighting for the nomination of the Republican party, said that it was fine, but the United States should have made a better deal⁷⁷.

A few times later, he spoke about it in the same spirit, but as the election campaign developed, his position on the Cuban issue started to change. In March 2016, Trump admitted the possibility of closing the U.S. embassy in Havana, until the U.S. reaches a "better deal" with Cuba, and during the debates on CNN, he said that he was "some where in the middle" between supporters of the engagement with Cuba and vigorous critics of Castro⁷⁸. Then, at the end of the race, Trump attacked the government of Cuba and Obama's policy towards the Island, stating that the actions of the democratic administration were one-sided and only strengthened the Castro regime⁷⁹. He added that all "concessions" granted by Obama could easily be reversed by the next president, and he will do so if the Cuban government does not release political prisoners and does not commit to respecting political and religious freedoms⁸⁰.

The reason for such a sharp turn was that Trump needed to win in the key state of Florida, so he used the support of influential representatives of the Cuban diaspora — Senator Marco Rubio and Congressman Mario Diaz-Balart. Apparently, they managed to convince him to take a hard-line stance on Cuba in exchange for promoting him in Florida⁸¹. A few days after the speech in Miami, Trump was endorsed by Ted Cruz,

another Cuban American senator who had been Trump's outspoken adversary.

Already as the president-elect, commenting the death of Fidel Castro, Trump called him "a brutal dictator who oppressed his own people for nearly six decades"⁸², adding that if Havana does not want to make an agreement serving the interests of the Cuban people, the Cuban diaspora, and the U.S., he will reverse all the measures Obama took⁸³.

Despite this rhetoric, it remained unclear what policy toward Havana Trump would pursue. On the one hand, his position on the Cuban issue was largely influenced by Senator Rubio; on the other hand, those who support the normalization of relations, particularly American companies that are already doing business with Cuba or are interested in it, also put in plenty of lobbying efforts.

In February 2017, the White House said that the administration was carefully studying the U.S. policy toward Cuba, conducted in previous years, and noted that the new approach would be focused on human rights⁸⁴. At the end of May, on Cuban Independence Day, Donald Trump addressed the Cuban American community noting that "the Cuban people deserve a government that peacefully upholds democratic values, economic liberties, religious freedoms, and human rights", and the new administration is committed to achieving that vision⁸⁵.

After several months spent on building the strategy, on June 16, 2017, Trump gave a speech announcing the termination of the policy of engagement with Cuba and signed a memorandum on the new principles of Washington's new approach toward Cuba. The memorandum outlined the hardening of the U.S. policy toward Havana, but despite the extremely aggressive rhetoric, Trump

did not reverse most of the steps taken by the previous administration. The two nations retained diplomatic relations and direct regular flights. No restrictions were imposed on the trips to Cuba of Cubans living in the United States or on the remittances to their relatives. All transactions of the U.S. companies concluded before the memorandum and programs supporting the Cuban private sector remained in place. However, American firms and citizens were banned from interacting with the Cuban military, particularly with GAESA group operating under the Cuban Ministry of Defense and bringing together dozens of organizations from various sectors of the economy. Measures were also taken to limit trips of American citizens to Cuba⁸⁶.

The memorandum was, in fact, a compromise between the supporters of the hard-line and those who want the relations to be normalized. Strategically, the new course on Cuba put an end to the normalization process and significantly impeded further convergence, as the conditions for the progress in the bilateral relations put forward by the U.S.

president (release of political prisoners, no persecution of dissidents, extradition of the U.S. fugitives residing in Cuba, and a number of others) can hardly be satisfied by the Cuban side.

The memorandum did not enter into force immediately. Trump instructed the Department of the Treasury and the Department of State to start drafting the relevant regulatory and legal acts, which took several months. During this period, there was a further deterioration in relations between Cuba and the United States as a result of so-called "sonic attacks" against American diplomats in Havana, conducted, according to some sources, in the period between late 2016 and August 2017⁸⁷. On September 29, the U.S. State Department evacuated two-thirds of the staff from the U.S. embassy in Havana, and in October expelled 15 Cuban diplomats from the United States. Because of the significantly reduced number of American diplomats in Havana, the U.S. stopped issuing American visas to Cubans in Cuba for an indefinite period⁸⁸. The representatives of the U.S. State Department said that this situation

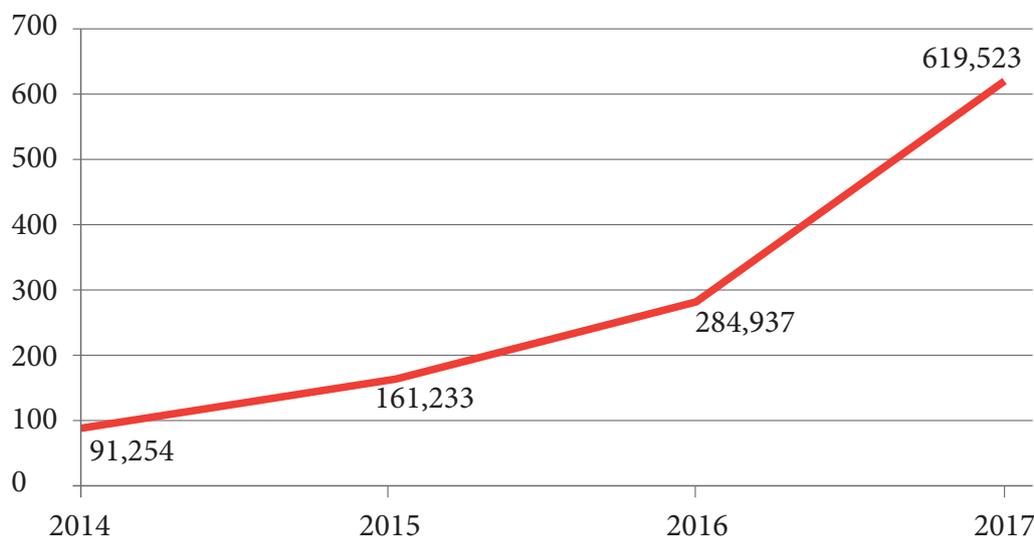


Fig. 4. Number of U.S. citizens who visited Cuba in 2014–2017 (thousand people)*

*Excluding Cubans residing in the U.S. Sources: La Oficina Nacional de Estadísticas de Cuba (ONE). URL: <http://www.one.cu/aec2015/15%20Turismo.pdf> Cubadebate. Prensa Latina. URL: <http://www.prensa-latina.cu/index.php?o=rn&id=143022&SEO=crecio-en-2017-la-llegada-a-cuba-de-estadounidenses> (date of reference: 19/06/2018)

will continue until the Cuban government provides guarantees that there will be no more "sonic attacks"⁸⁹. Moreover, the Department of State recommended that American citizens refrain from traveling to Cuba⁹⁰.

In the midst of the crisis caused by the so-called "sonic attacks," the U.S. Treasury Department announced regulations explaining the Trump's memorandum on policy toward Cuba. The State Department presented a list of Cuban companies that they believe are included in the GAESA holding and are thus subject to sanctions. The list included 38 military companies, 80 Cuban hotels, two travel agencies, and the Mariel Special Economic Zone⁹¹. Starting from November 9, 2017, the U.S. companies and citizens are banned from interacting with persons involved in the sanctions list, except for activities related to selling agricultural and medical goods, providing Internet access to Cuban citizens, arranging air travel, and several others.

Restrictions on the travel of American citizens to Cuba and sanctions against the Cuban tourist companies are particularly important. Tourism plays a key role in the Cuban economy; if the restrictions are lifted, a lot of American tourists will rush to the Island. This will bring significant revenues to the Cuban state and can help Cuba to modernize its economy. The Obama administration believed that personal contacts between Americans and Cubans will change Cuban society, which is why they did a lot to facilitate travel to Cuba. Thus, they introduced a much-simplified procedure for obtaining travel permits, made it possible for American citizens to use debit and credit cards issued by U.S. banks on Cuba's territory, and allowed individuals to visit Cuba with educational purposes, not only as part of organized groups. As a result, the number of Americans who visited Cuba increased by several times⁹². Now, the new regulations passed by the U.S. Treasury Department will apparently

reduce the number of American citizens visiting Cuba.

Overall in 2017, the supporters of engagement with Cuba, who had a great impact during the Obama presidency, lost their influence over the current administration as a result of active lobbying by the opponents of the Cuban government.

The situation was also shaped by the fact that during the time of the Obama-initiated normalization, American companies failed to carry out a large-scale expansion into the Cuban market. In this regard, a truly powerful business lobby, capable of ensuring further progress in the normalization of relations, did not emerge. The U.S Chamber of Commerce spends tens of millions of dollars every year lobbying for the lifting of the embargo, but this is not enough to form the majority in Congress and lift the sanctions.

It is very likely that in the coming years the tension in U.S.-Cuban relations will continue. U.S. trade embargo, the lifting of which seemed so close during the Obama administration, will remain in place at least until Donald Trump leaves the office. In this situation, the interest of American companies in the Cuban market will decline, given a large number of legal and other obstacles that arise in the process of investing in the economy of Cuba.

BRAZIL

Throughout the history the United States has viewed Brazil as one of its key partners in the Western Hemisphere and the most significant player in Latin America⁹³. In determining its course toward Brazil, the American administration takes into account not only the powerful political influence of this country but also the size of its economy (the second in the Western Hemisphere), the capacity of the 200 million people market and the availability of rich natural resources, including oil.

Brazil takes an active part in the existing economic and political associations and establishes new blocs without the United States, aiming at reducing the influence of the "northern partner" in the region and strengthening the position of the leader in the Latin American political and economic agendas.

Such a policy of Brazil did not cause an open resentment of Washington, but at the expert level, it was said to be a point of controversy between the two nations. Brazil's active support of Cuba and Venezuela, both politically and economically, was the most painful for the United States. Americans also worry about the Chinese involvement in the regional structures that were founded with the active participation of Brazil. The U.S. believes that such cooperation threatens its national security, as it reorientates the region, not in favor of the United States⁹⁴.

The greatest concern of the United States is Brazil's involvement with BRICS, as Washington believes that the cooperation within this organization has the greatest impact on the country's stance to other key international problems sensitive to the U.S. This applies primarily to issues related to the UN and the IMF reforms, where the stance

of Brazilians may, in the long run, affect the positions of the United States as the world leader. Moreover, the idea of the BRICS Development Bank and the Contingent Reserve Arrangement pose a direct threat to the economic interests of the United States, along with the growing economic influence of China as one of the active and influential members of the Organization. This destroys the financial and economic instruments of the U.S. influence on the policy of the Brazilian leadership.

The Trump administration continued the course started by Barack Obama to exert pressure on the left-wing forces of Brazil. At the beginning of this pressure president Dilma Rousseff was removed from office, but now Washington aims to prevent the return of left-wing government and tries to secure the neoliberal agenda of the government of Michel Temer.

One of the key instruments of pressure on the former president Dilma Rousseff and Michel Temer is the corruption allegations. Namely, the corruption scandal surrounding the Brazilian state-owned oil company Petrobras. As a result, the United States was able to fulfill several goals at once, including those of regional importance. The scandal provoked a tremendous internal political crisis in Brazil and created the preconditions for blocking the possible re-election of the leftists in 2018. This was of particular importance for the United States in terms of ending the "left turn" on the continent and opened a "window of opportunity" to increase pressure on Cuba and Venezuela, depriving them of one of the main allies in the region — Brazil, which changed its foreign policy direction almost immediately after the impeachment calling off the support for

Havana and Caracas. At the same time, Washington managed to internationalize the corruption investigation into key Latin American countries, thus creating an additional instrument of influence on a number of Latin American regimes, including countries such as Argentina, Colombia, Guatemala, Mexico, Panama, Peru, and Venezuela⁹⁵.

Moreover, the scandal worsened the largest economic recession in the history of Brazil and paralyzed key domestic investors — Petrobras and the largest construction holdings Odebrecht, Camargo Correa, and others. This had a significant impact on the value of Brazil's key assets, especially oil, allowing the largest U.S. investors to increase their participation in Petrobras and to unlock the access of oil companies (including Exxon Mobil) to the oil fields on the Atlantic shelf of Brazil.

Within the framework of the normalization of relations with Brazil and the restoration of its influence in this country, the U.S. offers a positive trade agenda, which calls for agreements on avoidance of double taxation, removal of trade barriers and the formation of a joint program to develop telecommunication technologies⁹⁶.

The current U.S. administration is very likely to continue the course started by the Democrats aiming to increase their influence in Brazil, especially in the economic sphere. The U.S. will benefit from a strong neoliberal government in the post-Temer period and the country's status as a laboratory of neoliberalism⁹⁷ in the region as it will help promote the interests of American business. The current U.S. administration confirmed its interest in building up investment activity in Brazil⁹⁸, especially in key economic sectors, including oil, mining, energy, and infrastructure. At the same time, they will continue to influence regional integration, trying to neutralize associations without Washington with a strong role of Brazil⁹⁹. The U.S. will keep considering

Brazil as an important ally in the Venezuelan crisis and will use its influence to increase pressure on Caracas ahead of the next election in 2018.

During Trump's presidency military cooperation between the U.S. and Brazil is strengthening. Agreements on cooperation in the defense (2010) and on the exchange of confidential and defense information (2015)¹⁰⁰ allows Washington to count on enhancing the cooperation in this sensitive area.¹⁰¹ Developing military and technical cooperation is one of the highest priorities for the U.S.¹⁰², especially in light of growing competition with China, Russia and the EU. The U.S. is also expected to increase its participation in joint exercises, training civilian personnel for the armed forces and harmonizing the core standards for the armed forces. Apparently, this kind of cooperation serves to a longer-term goal of the United States in Brazil: establishing its military presence in the country¹⁰³. Washington is considering several potentially feasible options in this direction. Particularly, the U.S. might be planning to use the Brazilian spaceport Alcântara under the pretext of working together on the Brazilian space program and justify sending the U.S. military to the border zone with Colombia and Peru with a need to unite their efforts in fighting illegal drug trafficking and training special forces.

ARGENTINA

When developing a policy toward Argentina, the White House takes into account its influence in the region, its importance in the regional integrational associations (MERCOSUR, UNASUR), its status as the main non-NATO ally of the United States, the GDP of 545.8 billion dollars (in 2016), business opportunities for American investors, and the important changes in foreign policy carried out by the government of Mauricio Macri.

The new Argentine administration has started to move towards normalizing relations with the United States, significantly improved relations with neighboring Brazil and Uruguay and with the "pro-market" countries of the Pacific Alliance. Buenos Aires also changed the attitude towards Venezuela, turning into one of the main critics of president Nicolas Maduro and his policy.

When Mauricio Macri came to power in 2015, he reversed the Argentine political and economic course, and Washington used this window of opportunity to normalize the relations with Buenos Aires and promote its interests. The Obama administration backed by Congress initiated reengagement. Chairman of the House of Representatives' Foreign Affairs Committee Ed Royce sent a letter to the president urging the administration to pay more attention to the relations with Argentina. Royce recommended to consider several areas for boosting the bilateral relations: raising the level of public diplomacy with Argentina; initiating a high-level economic dialogue; technical assistance on economic and trade issues; support for the decisions of arbitration courts and private holders of Argentina's debt obligations on delayed payment claims; more cooperation in combating drug trafficking.

This policy was largely continued by president Donald Trump. In February

2017, president Trump and Vice-President Mike Pence had a telephone conversation with Mauricio Macri, and in April Macri was received at the White House. During the talks, Washington expressed concern about the political situation in Venezuela. The U.S. considers Argentina as a key ally in the confrontation with the Venezuelan government and is relying on Argentinian support in its policy toward Caracas, especially in the Organization of American States. The Argentinian efforts to increase diplomatic pressure on President Maduro and force Venezuela out of MERCOSUR are supported and encouraged by the current administration of the United States.

Trade and investment remain important issues in the policy of the Trump Administration towards Buenos Aires. In 2016, the positive trade balance in the U.S. bilateral trade with Argentina amounted to \$ 3.9 billion (exports \$ 8.6 billion, mainly machinery and petroleum products, imports about \$ 4.7 billion, mainly bio-diesel, wine, and aluminum). In 2016, Argentina became the 30th largest export market for the United States. The United States is also the third largest trading partner of Argentina (after Brazil and China). The current U.S. administration continues to insist that Argentina should take additional measures to liberalize its economy and create more favorable conditions for imports and investors from the United States. First of all, this concerns the removal of tariff restrictions on agricultural imports.

In April 2017, to secure the emerging positive trend in the U.S.-Argentina relations, the U.S. Congress adopted a resolution upholding the partnership with Buenos Aires, which, among other things, refers to its special status, confirmed by the position of Argentina as the major

non-NATO ally in Latin America. No other state of the Latin American region has such status. It is reasonable to assume that this will push Argentina further towards Washington and, most importantly, will open door for military and technical cooperation, primarily related to the export of American military equipment and weapons.

In its cooperation with Argentina, the administration of Donald Trump continues to focus on such areas as combating illicit drug trafficking, money laundering, terrorist financing, corruption, and other types of illegal financial activities. In this regard Trump continues Obama's policy, who worked to find common ground with the government of Cristina Fernández de Kirchner and to secure at least a minimal military presence in Argentina. In this context, the U.S. pressure on Macri has born some fruit. In May 2016, a delegation from the Argentine Ministry of Defense came to Washington. As a result, the Argentine government and the U.S. military reached an agreement to enhance their military cooperation and signed a document granting the United States permission to build military bases in the area of Ushuaia (province of Tierra del Fuego) for scientific purposes. They are also negotiating setting up similar bases on the border with Brazil and Paraguay to strengthen the fight against illicit drug trafficking. In fact, the U.S. is attempting to form a center of its military presence in the region, piercing it from the South in Colombia through Brazil and Argentina, for potential control over the western Atlantic and the key states of South America. If Washington's plans prove successful, it will create a new geo-regional reality aiming to restore the U.S. domination.

The Trump administration also managed to jump-start the military-technical cooperation and to lobby the purchase of 12 TEXAN II training aircraft worth \$ 160 million by the Argentine Air Force. It is symptomatic that in this deal the

Argentines used the Ministry of Defense's rights to purchase equipment on "special conditions" bypassing tendering procedures.

Despite this level of "trust" between the administrations of Trump and Macri, their trade relations are controversial. On one hand, in August 2017, after lengthy negotiations, the U.S. opened its market for Argentine lemons, and Argentina announced its commitment to do the same for American pork. In addition, Argentina reinstated membership in the Generalized System of Preferences for developing countries (GSP), which was lost by Buenos Aires in 2012 because "the country did not act in good faith with respect to compliance with arbitral awards in favor of U.S. citizens or corporations." As a result, more than 500 names of Argentinian goods have received duty-free access to the American market.

However, Trump's administration does not lift the ban on the import of Argentine beef, leaving the final solution to this issue to legislators. There is also apparent contradiction in biodiesel trade, as the U.S.A. and Argentina are competitors in this market. For the United States, American industry has been seriously affected by imports of biodiesel from Argentina, which, according to Washington, is subsidized by Buenos Aires. As a result, the U.S. Department of Commerce imposed high duties on Argentine biodiesel, which virtually banned Argentina's supply to the United States.

In 2017, the Trump administration and the government of Macri showed a trend towards a better understanding in the political and military sector. At the same time, the countries retain some fundamental contradictions in trade relations, partly because of the protectionist approach of Donald Trump.

COLOMBIA

Building its strategy towards Colombia, the administration of Donald Trump relies primarily on the fact that this country is one of the key allies of the United States in the region, and is following the established policy of "close partnership" that has been formed since the late 1990s.

This approach was initially based on the cooperation in the fight against drug trafficking then against terrorism and for the implementation of Plan Colombia adopted in 1999. Plan Colombia became the cornerstone for the strategic partnership of the two nations resulting in substantial assistance from the United States. The strategic partnership with Bogota gave Washington a consistent ally for implementing its strategy in the entire region. Specifically, concerning the sensitive topic of the Venezuelan crisis. On many issues related to Venezuela, Colombia follows the White House. Within the OAS, Bogota entered the so-called Group of 14 (Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, the United States, Guatemala, Honduras, Mexico, Panama, Paraguay, and Uruguay), which actively promoted the American resolution on Venezuela at the 29th meeting of consultation of foreign ministers of the member countries. The document urged the Nicolas Maduro to stop his plan to convene a constituent assembly, hold presidential elections and release political prisoners.

The consistent Colombian support of the initiatives of the White House in Latin America is very important to the United States, as it is crucial to the processes of regional integration. Bogota is an active member of the Andean Community of Nations, and the Pacific Alliance (PA), which, following Trump's trade policy, has greatly increased efforts to strengthen the ties both within the organization

and outside its framework with an orientation toward the Asia-Pacific region. The PA free trade zone and a free trade agreement between the United States and Colombia gave Washington additional opportunity for a closer cooperation with the countries of the association and also political and economic influence against the growing economic expansion of China in the region.

The United States remains the main partner of Colombia in the military cooperation, which is seen as one of the priorities for maintaining the U.S. presence in this competitive market in view of the growing supplies of arms to the region from the EU and China. Bogotá is not only the largest recipient of American military aid in Latin America but also a partner in preparing military forces of a number of Central American countries in the direction that is advantageous to Washington. First of all, this concerns Guatemala, Honduras, Panama, Costa Rica, and the Dominican Republic.

The new U.S. administration involves Bogotá in joint exercises with the armed forces of the border states, including Brazil and Peru. They use military facilities on the border of the participating countries, which is important to the U.S. military, because this creates an element of influence on the situation in these areas and helps to secure Washington's informal military presence in South America.

It is remarkable that with such a close partnership between the U.S. and Colombia, Donald Trump makes serious claims to Bogota and raises the question of reducing financial aid to this country. Particularly, the U.S. President's memorandum for the Secretary of state, issued in September 2017, argues that Washington might include Colombia to the list of countries that do not fulfill their

obligations in combating drug trafficking, as in the past three years there has been a sharp increase in the production of cocaine. The memorandum stresses that Colombia has not yet been included in this list, as it is a close ally of the United States in security matters that cooperates with Washington through law enforcement agencies, but if Colombia does not show significant progress in reducing the area of coca cultivation and cocaine production, this decision might be reconsidered.

The Trump Memorandum caused a serious damage to the bilateral relations. Colombian foreign minister Maria Angela Holguin argued that consumer countries should also make efforts to reduce demand. If the demand for drugs in the U.S. and Europe remains high, Latin American states will not be able to solve the problem of drug trafficking. In the end, the crisis was curbed by the efforts of the members of the Trump administration (in particular, John Kelly), who seek to keep the close cooperation with Colombia. In October 2017, Trump sent a letter to president Juan Manuel Santos, in which he stressed that Bogota is a strategic ally of the United States in Latin America and thanked the Colombian authorities for their efforts in the fight against organized crime. Nevertheless, it is possible that in the future Washington and Bogota will have new tensions related to the progress of the fight against drug trafficking.

CONCLUSION

Reviewing the results of the first year of Donald Trump's presidency, many prominent experts believe that his policy made the relations between the U.S. and Latin America significantly worse. They think that the Trump administration does not have a clear strategy in the region, and it doesn't consider Latin America as an important direction in the U.S. foreign policy. Latin American countries, in turn, do not see the current administration as a reliable partner for making long-term agreements.

Such a point of view seems fair. On a number of issues that are important to Latin America, the Trump administration took a stance that causes harsh resentment of Latin American nations. Particularly, in terms of migration, Trump took measures to reduce the number of incoming migrants from Latin America and announced that he plans to deport certain categories of Latin Americans who already live in the United States. Concerning the financial aid to the region, the Trump administration has been in favor of a significant reduction through cutting programs for socio-economic development and promoting democracy. In terms of trade and granting Latin American goods the access to the U.S. market, the current administration took up a protectionist approach in most cases.

Curiously, Trump's policy damaged relations not only with left-wing regimes (especially Cuba and Venezuela), that had always been challenging but also with a number of the closest allies of the U.S. in the region, particularly, with Mexico and Colombia. These actions led to a sharp decline of the U.S. image in the region. Opinion polls show that 58 % of Latin Americans have a negative attitude towards the United States.

Over the last few decades, the key elements of the U.S. strategy in Latin America has been free trade and democracy promotion. This approach was favored both by the Republican and the Democratic parties, but it was undermined by the new president and his unconventional ideology. However, despite the big differences between the Obama administrations, the U.S. policy toward Latin America has kept many elements of continuity. Washington continues to support long-time allies, such as Panama, Peru, Honduras, and Columbia, does not terminate free trade agreements and maintains close cooperation with the region in military and security sector.

These elements of continuity can be largely explained by the actions of influential lobbyists from Congress and other trade and economic groups. It is also due to the fact that top-ranking officials of the Trump administration (Mike Pence, John Kelly, Rex Tillerson), promote a constructive approach and they soften the harsh rhetoric of the president, especially towards the traditional allies of the U.S. in the region. The complex system of checks and balances helped to contain many potential threats that Trump addressed to Latin America.

It should be emphasized that in the first year of Trump's presidency, the U.S. did not put forward any new constructive initiative aimed at developing cooperation with the Latin American region in a multilateral format, while previous administrations, both democratic and republican, offered Latin American countries various projects in economy, security, integration, etc.

Overall in 2017, Trump's policy toward Latin America helped further diversify political and economic connections of Latin American nations that are

developing their relations with China and the European Union and strengthening interaction inside the region. In this regard, it's safe to assume that Trump's actions weakened the U.S. positions in the region, though this weakening is relative. As of now, the majority of key agreements between Washington and Latin American countries remain intact, despite the efforts of the 45th president of the United States to entirely renegotiate some of them.

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