

**(U) Assistant Secretary Nichols' Opening Statement for
FY2024 Congressional Budget Testimony**

Wednesday, June 7, 2023, 2:00 p.m., 5 minutes

Thank you, Chairwoman Salazar, Ranking Member Castro, and distinguished members of the sub-committee for the opportunity to speak with you about the Administration's proposed FY 2024 budget for the Western Hemisphere.

The Western Hemisphere is experiencing the most pivotal moment in the last 30 years. The ability of the United States to advance its national security interests at such a time of dynamic change while continuing to galvanize regional action in response to a number of significant shared regional and global challenges, requires a clear articulation of our approach to the Western Hemisphere that consistently supports accountable and representative democracies, a prosperous and inclusive middle class, thriving and safe communities, and transparent and sustainable development. The Department's FY 2024 budget request does just that by demonstrating our sustained engagement in support of the President's vision of a region that is secure, middle class, and democratic as a sharp contrast to the often transactional nature of our strategic competitors.

More than in any other part of the world, the terms of geopolitical competition between the major powers in the Western Hemisphere will have direct implications for the prosperity and security of the United States and the American people. Already, the People's Republic of China (PRC) is outpacing the United States on trade metrics by becoming the top trading partner for the four largest economies in South America. The United States remains by far the greatest source of investment and remittances in the region, but to compete effectively today the United States needs to be more ambitious and employ the full toolkit at our disposal.

Similarly, 21 Latin American and Caribbean countries have signed on to the Belt and Road Initiative, but the expansion of BRI has also brought with it a growing buyer's remorse from many countries in the region. Countries are increasingly weary of China's lack of transparency and disrespect of norms and freedoms that characterize its commercial engagement with the world. Nations bristle at the total absence of constructive engagement and consultation by China with non-state stakeholders, including civil society, that underpin the strength of the hemispheric consensus in favor of democracy. Worse still is the widespread understanding that Chinese offerings always, always comes with strings attached. By contrast, most of the countries of the Western Hemisphere traditionally view the United States as the partner of choice on matters of governance, rule of law, and

human rights. Now they want us to present a viable alternative to Chinese economic engagement, and it is vital that we answer their call.

Our proposed budget will use diplomatic engagement and foreign assistance strategically to build partnerships in areas of common interest, like we are doing with the Americas Partnership for Economic Prosperity. We will create compelling conditions for U.S. companies to do business, help our partners analyze the risks of working with strategic adversaries, and develop safeguards against cyber-attacks, illegal resource extraction, and other malign activities. These investments are vital to our neighbors' safety, prosperity, and democratic future – as well as our own.

This budget request prioritizes comprehensive solutions to address the political, economic, and security challenges driving irregular migration. As part of a broader interagency effort, we request \$979 million for State and USAID to implement the U.S. Strategy for Addressing the Root Causes of Migration in Central America in alignment with the United States-Northern Triangle Enhanced Engagement Act. The budget also includes \$184 million for bilateral and regional programs that advance legal pathways, integrate migrants, and stabilize communities hosting large numbers of migrants. Of this amount, \$51 million for the Americas Partnership Opportunity Fund will help countries take responsibility for long-term migration management through sustainable public planning and community-based solutions. Funds

used to message directly to prospective migrants will raise awareness of U.S. immigration laws and programs and the dangers of irregular migration.

With U.S. support, democratic governments that honor the rights of all persons and deliver for their people will foster societies where citizens feel they can build their futures at home.

The proposed budget bolsters democracy, social inclusion, and human rights by funding support to civil society, democratic actors, independent media, and the Organization of American States and its Inter-American Commission on Human Rights to work toward keeping governments accountable.

Bolstering democratic institutions will help us push back against democratic backsliding, corruption, and the false narratives perpetuated by illiberal regimes.

The Department's economic policy and programs in the Western Hemisphere focus on a long-term, rules-based order that creates sustainable growth, roots out corruption, and reduces the appeal of opaque lending and infrastructure practices from strategic competitors. The FY 24 budget will contribute to more equitable societies where people can benefit from formal educational and economic opportunities in their home countries and build the skills to participate in the value chain for critical sectors close to our shores. Funding for deliverables announced by the White House at the

Ninth Summit of the Americas will further enhance regional economic integration and shared prosperity, including, through Treasury, the President's call for a capital increase for the Inter-American Investment Corporation, better known as IDB Invest.

Violence and insecurity perpetuated by transnational criminal organizations (TCOs) and gangs erode faith in democratic institutions, suppress economic opportunities, and drive migration. We work with our partners to combat TCOs, gangs, and the problematic activities of state and non-state actors. Our efforts protect U.S. lives by combating the illegal production and trafficking of fentanyl, cocaine, and other drugs. Our engagement builds stronger institutions, promotes judicial reform, strengthens law enforcement, and provides alternative development to at-risk populations.

The budget includes more than \$291 million for Haiti to address longstanding food insecurity, political instability, and gang activity – and would complement the objectives of the 10-year plan to implement the U.S. Strategy to Prevent Conflict and Promote Stability in Haiti. Efforts to combat gang activity focus on enhanced training and equipment for the Haitian National Police. This assistance is necessary but not sufficient on its own to build a more stable and economically viable Haiti, focusing on improving health and education outcomes, advancing economic and food security, and improving the independence and accountability of government institutions.

We are under no illusions that the deeply rooted problems in Haiti can be solved without Haitian actors coming together to find a way forward.

Finally, the budget includes \$370 million to build climate resilience through direct and indirect programs that will contribute to protecting biospheres like the Amazon, advancing clean energy solutions, enhancing food security, building early warning and response systems for natural disasters, and improving enforcement of environmental crimes often perpetrated by TCOs and companies linked to strategic competitors.

Our budget priorities for the Western Hemisphere deeply envision a hemisphere that thrives together to benefit the American people. I look forward to your questions and comments.