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Before the House Foreign Affairs Subcommittee on the Western Hemisphere
Communism on Our Doorstep: The Threat of China’s Malign Influence in Latin America
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Chairwoman Salazar, Ranking Member Castro, distinguished members of the subcommittee—thank you for the opportunity to discuss the way that USAID is responding to the People’s Republic of China’s (PRC) growing interest and investment in Latin America and the Caribbean.

The work to prevent the PRC from gaining hold in the region is deeply personal to me. I came to the United States from Cuba with my family when I was nine years old. Like so many from families who fled here to escape communism, I know firsthand the type of corruption and tyranny that it fosters. During my formative years growing up in Miami, my neighborhood was full of other families who had lived through the same challenges. For me, the threats of communism to basic freedoms and human rights are not just theoretical.

And now, as Deputy Assistant Administrator, I oversee our operations in countries where concerns about the PRC’s growing footprint are real and warranted.

The Challenge of PRC’s Growing Presence

The PRC pursues foodstuffs for its domestic population, raw materials for its industry, markets for its products, derecognition of Taiwan, and geopolitical influence in the Western Hemisphere. Governments look to Beijing for economic benefits, but increasingly experience the downsides to increased PRC influence. These include: predatory economic lending; unsustainable infrastructure investments; security sector support that enables increased surveillance; and ideological education and research programs.

Since launching the Belt and Road Initiative (BRI) in 2013, Beijing has become the region's largest provider of official finance. Between 2013 and 2020 the PRC offered more than \$215 billion in financing, largely for infrastructure projects that come with strings attached. Beijing also has increased its influence on and within multilateral institutions in the region, such as in the Central American Parliament (PARLACEN) where they recently replaced Taiwan who previously held an observer role.

USAID Offers our Neighbors an Alternative

The United States is not forcing countries in the Western Hemisphere or anywhere else to choose between the United States and the PRC, but at USAID, we offer our neighbors a clear alternative to the PRC's approach.

Our partners in the region know that, like our interagency colleagues, USAID does not take a coercive, manipulative approach to development. Instead, we offer them an affirmative agenda based on our shared values and goals for the hemisphere. We work to advance democracy, economic freedom, human rights, and the rule of law, which we know to be the best foundations for open, just, transparent, and sovereign societies.

We offer immediate assistance in times of need. So far this fiscal year, USAID has provided nearly \$282 million in emergency response in 13 countries across the hemisphere—from food security projects in El Salvador, Guatemala and Honduras, to wildfire response in Chile, to respond to storms and floods in Peru—providing protection, multipurpose cash assistance, search and rescue, and logistics support.

During the COVID-19 pandemic, we helped deliver 70 million vaccines donated by the U.S. government in 29 countries—contributing to an over 70 percent vaccination rate in the region.

USAID also works to go beyond a donor-recipient mentality to one that puts us on equal footing. We prioritize developing trusted relationships that put local actors in the lead. And we work to help countries prepare themselves to confront the greatest challenges of our time—from the impacts of our changing climate, to economic downturns, to food insecurity.

USAID leverages our long-term relationships with these nations, our partners in civil society, and our network of foreign service nationals who are trusted advocates in their communities to show the benefits of partnering with the United States every day.

Window of Opportunity

Our neighbors in the region recognize the difference between the approaches of the PRC and the United States, and they see the different results they produce. They see that more than 35 percent of Belt and Road Initiative infrastructure projects have been linked to major

implementation problems, including corruption scandals, labor violations, environmental hazards, and public protests.

For example, in Ecuador, the PRC provided billions of dollars in loans and financing which were used to fund a number of public works projects, several of which are now under investigation due to questionable standards and lax planning—like the Coca Codo Sinclair Dam, which was riddled with cracks and caused significant soil erosion. Moreover, the PRC negotiated debt payment plans that require Ecuador to hand over the vast majority of its extracted petroleum to China—up to 80 to 90 percent of its oil production by some estimates.

Governments in the region are becoming increasingly aware of the downsides of working with the PRC and the coercive and predatory tactics it often employs. We see countries continue to approach the U.S. as their partner of choice, with support from their citizens. USAID knows this because we track perceptions of the PRC across Latin America and the Caribbean through our support of the Americas Barometer public opinion survey—and Beijing's star is falling in the region as more countries have buyer's remorse. Latin Americans' trust in the PRC has fallen by nearly 20 percentage points over the course of the past ten years; while trust in the United States has risen by about the same amount since 2019.

So USAID is thinking critically about how we can take advantage of these changing dynamics and how we work in support of the Partnership for Global Infrastructure and Investment (PGI) to provide our partners with a viable alternative.

Four Strategic Lines of Effort

USAID recognizes that development assistance is not only a reflection of our values as a people, but also a strategic tool that helps advance our national security strategy and objectives.

USAID's approach to mitigating the challenges posed by the PRC focuses on four strategic lines of effort.

First, we are working to strengthen democratic institutions and the rule of law by supporting our neighbors who are working to show that democracies can deliver results for their citizens. We invest in stronger institutions, programs that strengthen checks and balances, and support actors who shine a light on the actions and motivations of the PRC and their own governments.

USAID supports investigative journalists across the region whose reporting throughout the region calls citizens' attention to the environmental, financial, and dependency perils of China's opaque and opportunistic investment model.

Second, we focus on increasing the economic resilience of partner countries so that they can more effectively rebuff external coercion. In Ecuador, El Salvador, Guatemala, Honduras, and throughout the Caribbean, USAID is working with host governments and the private sector to create the kinds of transparent, efficient public procurement systems necessary for private investment in the infrastructure, energy, and telecommunications sectors.

Under the PGI initiative, we invest in procurement systems that help our partners reduce corruption and assess the risks of PRC transactions. In the Dominican Republic, our support for the establishment of international procurement standards created the transparency necessary to prevent back-room deals the PRC was pursuing for Port of Manzanillo infrastructure projects. Instead, two U.S. firms were able to win tenders for construction at better terms and with better environmental safeguards.

Additionally, USAID works to combat direct threats to our neighbors' economies posed by PRC activity, like illegal fishing practices.

Third, we focus on realizing the promise of an open and secure digital ecosystem. USAID provides an alternative to the PRC's digital investments in state-sponsored construction, which often increase surveillance, enable autocratic policing, impose high long-term costs, and crowd out the private sector.

In line with PGI priorities, USAID works to increase cyber resilience in the public and private sectors, offering partner nations secure alternatives with respect to 5G technology and cybersecurity. In Jamaica, we invested \$3.5 million in efforts to strengthen the government's cybersecurity institutions and provide trusted technologies to reduce vulnerabilities to frequent cyber attacks that could potentially fuel regional instability and put U.S. national security at risk.

And finally, we advance the transparent management of natural resources. By supporting climate initiatives like the U.S.-Caribbean Partnership to Address the Climate Crisis, PACC 2030, under PGI, and new climate-finance partnerships like the Blue Green Bank in Barbados that can attract capital for competitive, private sector-led investments in climate resilience, we help our neighbors reduce their reliance on PRC finance for infrastructure and energy.

Conclusion

But there's no question we will continue to search for new tools and opportunities to do more to provide what our partners are looking for and outcompete the PRC. We are looking to use

every tool available to us, including the PGI, as well as leveraging the Development Finance Corporation (DFC) and the Inter-American Development Bank Invest, to provide a viable alternative to PRC investment.

By working with our allies and partners, USAID will continue to advance our national security goals, counter the growing influence of the PRC, and make the Western Hemisphere stronger, more prosperous, and more secure.

Thank you for your continued support for the region. I look forward to your questions.