STATEMENT OF ERICK BRIMEN

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Chairman Mills, Ranking Member Moskowitz, and distinguished Members of the Subcommittee, thank you for the invitation to testify.

I was born in Venezuela. I grew up watching what the slow destruction of a country's institutions does to the people who live under them. Venezuela in my childhood was the richest country in Latin America. I watched it become a place people flee. That happened because the rules changed, and kept changing, until no promise the government made could be believed and nothing a family built was safe. The devastation that collectivism causes is not an abstraction to me. I have seen what it does to a neighborhood, year over year, and I decided early that some part of my life would be spent freeing people from that kind of tyranny and deprivation.

That decision sent me looking for root causes. Why do some countries produce prosperity while their neighbors, with the same people and the same resources, produce exodus? The answer I kept arriving at was rules: institutions that let ordinary people own things, enforce agreements, and build without fear of confiscation. And the fastest engine for turning good rules into better lives is entrepreneurship. I have followed that thread my whole career, from co-founding the Emerging Young Entrepreneurs Society at Babson College, through a decade in banking and management consulting at Brown Brothers Harriman, A.G. Edwards, and Ernst & Young in London, to building greenfield businesses across Latin America. Along the way I kept testing one conviction: that enterprise built on trustworthy rules pulls people out of poverty faster than anything else we know. I helped launch multiple projects in Panama that deliberately hired and trained its staff from nearby villages many of who had never had steady work, and co-founded ComparaMejor, which opened Colombia's insurance market to people who had never been able to comparison-shop for coverage. In 2013 I founded NeWay Capital to do this at larger scale: invest in projects that are profitable because they drive development.

In 2017 that thread led me to Honduras, where the Honduran Congress had enacted a legal framework inviting exactly this kind of investment. We spent the years since building Prospera: a zone on Roatan and the Honduran mainland that runs on rules serious investors can trust.

Then the politics turned. Honduras elected a government whose leaders had spent years allied with the same movement I watched destroy Venezuela. What followed confirmed the fear that has driven my whole career: rules that can be erased are not rules. Today my company and two of its American affiliates are in arbitration with the Republic of Honduras before the International Centre for Settlement of Investment Disputes for a US$1.63 billion indirect expropriation claim, conservatively valued. We never wanted that fight. For the purpose of this hearing, I would ask you to discount my case entirely. The evidence that should move you is not the investor who got hurt and filed a claim. It is the far larger universe of American capital that looked at markets like this one, ran the numbers on political risk, and never showed up at all. What my experience adds is only this: when I talk about political risk, I know exactly what it looks like when it stops being a line in a financial model and arrives at your door.

Summary of my testimony

My testimony makes three points, each drawn from nearly nine years of building and operating what this administration now calls an Economic Security Zone.

First, the rules and proper administration thereof is the product. Investors did not come to our zone for subsidies, because we offered none. They came because the legal architecture was credible: a legal system, a modern regulatory environment, property rights that meant something. Governance is infrastructure. It can be built, and when it is built well, American capital follows it into places American capital has typically refused to go.

Second, the current protection framework fails at mitigating the single most important risk factor effectively: political risk. The tools currently available to an American firm when a host government turns against it are not enough. When a change of government can destroy an investment, and the recourse is a tribunal that may rule in five years and collect in over a decade, the risk is unpriceable, and the capital stays home. Where American capital stays home, state-backed capital from Beijing fills the gap.

Third, local benefit is the model's strongest stability argument, and it always will be. We are a profit-motivated American company, and that is precisely why the zone works for Hondurans: our commercial success depends on whether the people who live and work in the zone are demonstrably better off.

What we built

My company put American capital at risk in Honduras to answer a question this Subcommittee is now examining at the level of national policy: what does it actually take to build a jurisdiction that operates to the standards American investors expect at home, in a country whose workforce and geography are competitive but whose institutions are not yet trusted?

The answer, it turns out, is everything. Working under the framework the Honduran Congress enacted, the zone stood up a commercial legal system drawn from the best models of the common-law world, a commercial registry that incorporates a business in hours rather than months, and health, building, and safety codes calibrated to advanced-economy standards and applied predictably. My company's role was the private developer's role: we proposed, we financed, we built, and we were selected on the merit of our good governance business model to administer the zone's services. The public policy adopted belongs to the zone's public institutions, and we operate under them like every other business there. From the first day, the zone provided stronger due-process protections than most of the region's ordinary court systems: every resident and every business joins knowingly, by written agreement; every Honduran inside it keeps every constitutional right a Honduran citizen holds.

On that foundation, the results came fast. More than 500 businesses have registered in the zone. Several thousand people have obtained a residency. The large majority of the workforce is Honduran, earning wages above the national average, and dozens of Honduran businesses supply the zone's projects. And the businesses the zone attracts are not the maquilas of the old zone era. Medical and biotech firms located in Honduras because the zone offered them regulation worth complying with: written standards drawn from leading international models, applied predictably, and binding on every tenant alike. Data-center and digital-infrastructure operators are following close behind. Manufacturers looking to move supply chains out of Asia and closer to the United States are evaluating the zone for exactly the nearshoring many have encouraged in hemisphere policy. That happened because, inside one jurisdiction of one country, the rules were now worth trusting.

Under Secretary Helberg has described the objective as combining "the predictability and certainty of the American common law system" with the comparative advantages of an allied country. I can report to the Subcommittee that this is not a theory waiting to be tested. Hondurans and Americans built it together. It works. It is working right now despite the prior Castro administration's effort to dismantle the legal framework on which our investment relied.

What a political transition taught us

In 2022, the new pro-CCP/PRC Castro government took office and immediately turned hostile against the zone framework – supported by PRC, Russia, Cuba, and the Venezuelan Maduro regime. If the new government had closed the framework to future zones, that would have been a policy choice we disagreed with and respected.

What happened instead was different in kind. The repeal reached backward. It erased commitments the Honduran state had already made and that American investors had already relied on, including a treaty-backed legal-stability guarantee with fifty years to run. The zone was building, employing, and paying good wages when the Castro administration attempted to withdraw the framework beneath retroactively. That distinction, between a government changing the rules going forward and a government erasing the commitments it inherited, is the single most important distinction I can offer this Subcommittee, because every serious investor prices it, and capital that stays out of the hemisphere stays out because of it.

It also means I have firsthand experience with the inadequacies of the existing solutions for political risk. The protections existed on paper, and we had layered in every one available: treaty protections, contractual stabilization commitments, an arbitration clause, that fifty-year statutory guarantee. When the moment came, every one of them turned out to be an invitation to litigate rather than a reason for the breach to stop. Arbitration gives us a claim, but a claim does not build: it compels nothing while years pass, and it cannot restore the pace of construction, investment, and higher-paying Honduran jobs the commitments promised. A commitment that carries no consequence for breaking it is, in the final tally, a suggestion, and sophisticated actors on every continent have learned to treat American investors' paper protections as exactly that.

Consider the math every emerging-market investment committee runs. If the downside case is that retroactive repeal can erase the investment, and the recourse is a tribunal that may rule in five years and collect in a decade or more, then the risk is effectively unpriceable. No sane investment committee will sign off on an investment into a project that could disappear overnight; our investors signed off only because Honduras offered extraordinary legal guarantees, and what we have learned since is that even guarantees like ours arrive too slowly when the only remedy is years of arbitration. That is the quiet failure that never makes the news:

the factories not built, the ports not modernized, the minerals left in the ground for someone else. And someone else does come. I have watched it in Honduras: in 2023 the country switched diplomatic recognition from Taiwan to Beijing and welcomed various sorts of cooperation agreements, SOEs, and CCP dignitaries, while American capital sat on the sidelines because of political risk they could not price nor effectively insure. Where American capital judges the risk unpriceable and stays home, state-backed capital fills the vacuum.

I say this with respect for how much this administration has done, because from the operator's side of the table the change is real. The American Economic Statecraft doctrine the administration has articulated is exactly the right doctrine for our country. But here is what I have learned watching investment committees evaluate the announced doctrine of any new administration: they discount any commitment they believe expires with an election. However capable the executive branch, a counterparty pricing a thirty-year investment asks one question first: what survives the next transition, in the host capital and in Washington? Today, the answer is not enough. The missing ingredient is commitment written into law, and writing it is work only Congress can do.

Despite all of these political headwinds, our project has continued to grow and to create new jobs. What we see today is a fraction of what would have been possible with real legal stability, but that the project held and grew through it all shows how powerful credible governance is at keeping American capital committed once it arrives.

What it will take to make the model repeatable

Secretary Bessent has called the Economic Statecraft framework "the new template for U.S. policy for decades to come." From the field, I agree, and I can report what the template requires, because I have built one copy of it the hard way.

What the Administration has called an Economic Security Zone is a defined area inside a U.S.-aligned country where the host government, acting under its own law, establishes the governance serious investment requires: common law, secure property rights, fair and fast adjudication of disputes, lack of corruption, and a modernized regulatory environment. The host country keeps its sovereignty; its citizens gain what they most need: jobs, infrastructure, skills, and institutions that remain whoever wins its next election. The United States gains trusted ground for its firms and its supply chains inside allied countries, at no cost to the American taxpayer, because the capital is private.

To understand what tools American capital needs to fulfill the administration's call for investment, start with what a zone actually solves. Strategic industries avoid emerging markets because the operating environment inside the country cannot support complex industry, and the political risk of a future government reversing course cannot be priced.

A zone solves this problem. Governance is infrastructure, and a zone can build it consistently with the sovereignty of its host: alternative dispute resolution, codes, registries, utilities, standards. Nothing in the current U.S. toolkit even attempts to solve the operating-environment problem, which is why the zone model matters so much. But the second problem, political durability, cannot be solved by any operator, however well capitalized, because it is a problem of sovereign commitment. Only agreements between governments, made durable by legislatures on both sides, reach it. That durability is the template's first requirement.

And I want to say something about Honduras itself, we are in a legal dispute with the government as a result of what a prior pro-CCP/PRC administration did; we are not adversaries of its people, and the outcome I have wanted from the first filing is the one where we get back to building together. I still believe the model's promise will continue to be proven. The zones of the future need host governments as friends and allies, and any American framework worth enacting will strengthen those alliances.

The third requirement is speed, because the window is not open indefinitely. The nations that will host the next generation of zones are making their choices now. What they cannot yet get from the United States is the one thing that makes an American commitment bankable on both sides: durability. If Congress supplies it, the American model outcompetes the alternative everywhere it shows up, because ours is the only offer where the host country's own citizens are the primary beneficiaries and the terms survive everyone's next election. If Congress does not, the template Secretary Bessent described will remain a set of announcements, and the map will keep filling in with someone else's zones, usually Beijing's.

The condition

Members of the Subcommittee, each of us on this panel builds something different, but we will fail or succeed on the same condition, so let me state it as plainly as I can.

American operators will take on the hardest, most strategic markets at scale when the commitments those markets make to them are written into law, survive a change of government on their end and on ours, and carry consequences that arrive in time to matter when they are broken. That condition does not exist today. None of it requires a subsidy; and we are not asking for one now. I am living proof of the condition's absence.

Congress can solve these problems by establishing a framework: put zone partnerships on a legal footing that makes the commitments on both sides durable — written into law, built to survive elections, and carrying consequences for breach that arrive in time to matter. The doctrine is articulated and the capital is ready. Durability is the missing ingredient, and it is the one ingredient only Congress can supply.

Thank you, and I welcome your questions.