

TESTIMONY BEFORE THE COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEE ON TRANSPORTATION AND MARITIME SECURITY

Examining the PRC's Strategic Port Investments in the Western Hemisphere and the  
Implications for Homeland Security

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Chairman Gimenez, Ranking Member McIver, distinguished members of the committee, thank you for the opportunity to testify on the important topic of Chinese strategic port investments in the Western Hemisphere and the implications for US homeland security.

I want to assist your work by sharing insights gleaned from my more than two decades of experience working on US national security policy at the Central Intelligence Agency, Department of Defense, the Congressional Commission on the Strategic Posture of the United States, and now as a scholar at Georgetown University, and a vice president at the Atlantic Council.

My message today is simple: China's port investments in the Western Hemisphere pose a serious national security threat to the United States and its allies and partners in the region. Washington and regional states should work together to decouple from Chinese investments in ports and other areas critical to national security.

China poses the greatest contemporary threat to US national security. It is a comprehensive challenge with economic, technological, diplomatic, ideological, and military dimensions. Ultimately, the rivalry concerns the leadership of global order.

China employs overseas infrastructure investments, including in the Western Hemisphere, as part of its grand strategy. Countries in the Western Hemisphere are often attracted to China's infrastructure investments, but they come at a cost. Through its investments, China cements access to resources, captures elites, gains leverage over governments, shifts national policies in its favor, and undermines democratic norms, and transparency and environmental standards.

China's investments in ports, including in Peru and Panama, pose a number of threats to US homeland security. Chinese-operated ports are used to facilitate the shipment of fentanyl precursors to the United States. China exploits the presence of technology and access to data for an intelligence advantage. China could restrict or block access to ports, threatening American trade and economic wellbeing. In the event of a crisis or war, China could hinder the passage of American naval vessels, undermining American war plans. China could also use deep water ports to host People's Liberation Army Navy vessels, enabling the projection of military power into the Western Hemisphere.

As Secretary of State Marco Rubio correctly stated, this status quo is unacceptable. There are a number of steps the United States should take to counter Chinese port investments in the Western Hemisphere and protect US and allied security, freedom, and prosperity.

The United States should encourage countries in the Western Hemisphere to adopt a de-risking approach to China. Regional governments do not need to choose between the United States and China. They can continue lucrative trade with China in non-sensitive domains, such as agriculture. But US allies and partners should pursue a hard decoupling with China in areas of sensitive national security concern, such as: telecommunications, advanced technology, ground satellite stations, surveillance systems, military and intelligence cooperation, critical minerals, and critical infrastructure, including ports.

President Donald J. Trump said, “China is operating the Panama Canal and we didn't give it to China, we gave it to Panama, and we're taking it back.”

I applaud the Panamanian government’s subsequent decision to forgo renewal of their participation in China’s Belt and Road Initiative (BRI). Panama should use its current audit of operators in the Panama Canal area as an opportunity to sever the contracts with Chinese companies and to re-bid the contract to US or allied companies that will better ensure American and Panamanian interests.

Pressuring regional countries to de-risk from China will often be doing these countries a favor. Many Latin American countries entered into agreements with China years ago under previous governments, in a different geopolitical environment. Today, these same countries now understand that undue Chinese influence in sensitive sectors is not in their interest, but they do not have the ability to stand up to China on their own. Pointing to American pressure, as the “bad cop,” can help these countries take necessary steps that would be difficult to take on their own.

Washington cannot, however, expect regional countries to trade something for nothing.

The United States must provide credible and affordable alternatives to Chinese infrastructure investments. The US government cannot compete with Chinese-subsidized infrastructure investments on price or scale, but it has a number of other advantages.

First, it should incentivize its vibrant private sector to invest in the region. Institutions like the International Development Finance Corporation and the Export-Import Bank should continue their transformation into instruments to advance American interests in this new era of great power confrontation.

Second, the United States should leverage its global network of allies and partners for great power competition in the Global South. The European Union and US allies in the Indo-Pacific, such as Australia, Japan, and South Korea, have world class technology companies, extensive trade relationships in the Western Hemisphere, and significant foreign aid programs. To be most effective, however, the various activities should be brought together in a coordinated fashion, guided by Washington.

Third, the United States and its allies can compete on quality. While Chinese investments are often economically attractive, they come with strings attached. The United States and its free world allies can outcompete China on free and fair-trade practices, transparency, anti-corruption, rule of law, technical know-how, and high labor and environmental standards.

Finally, as the Trump administration looks to increase defense spending and debates regional priorities, it should boost the budget of US Southern Command and increase SOUTHCOM training and exercises with regional partners. In the worst-case scenarios, SOUTHCOM must be prepared to step in and secure access to ports and open sea lines of communication.

Appended to this statement is a copy of “A Strategy to Counter Malign Chinese and Russian Influence in Latin America and the Caribbean,” an Atlantic Council report I co-authored last year that explores these issues in greater detail and provides actionable recommendations.

I am honored that the Committee on Homeland Security has invited me to share my views on these challenges, and I look forward to taking your questions.

# A STRATEGY TO COUNTER MALIGN CHINESE AND RUSSIAN INFLUENCE IN LATIN AMERICA AND THE CARIBBEAN



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The Atlantic Council's nonpartisan **Adrienne Arsht Latin America Center (AALAC)** broadens understanding of regional transformations while demonstrating why Latin America and the Caribbean matter for the world. The center focuses on pressing political, economic, and social issues that will define the region's trajectory, proposing constructive, results-oriented solutions to inform public sector, business, and multilateral action based on a shared vision for a more prosperous, inclusive, and sustainable future.

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## Executive Summary

The United States and its allies are engaged in a global strategic competition with China and Russia. The primary theaters for this contest are Europe and the Indo-Pacific, but China and Russia also are increasing their malign influence in the Global South, including Latin America and the Caribbean. Their malign actions threaten the United States in its own hemisphere and must be a high priority for US foreign and defense policy.

The United States must actively compete with Russia and, especially, China; otherwise, nations in the region may continue to be persuaded to prioritize engagement with these autocratic rivals over the United States in all or most sectors. Unfortunately, the US approach to the region has been marked by strategic errors, including a problematic lack of attention and inadequate efforts to use all tools of national power to compete with China and Russia.

The consequences of inaction are too high. What might start, for example, as a set of seemingly harmless infrastructure projects could end up with Chinese control of vital chokepoints for sea lines of communication, such as the Panama Canal. More broadly, a failure to act appropriately now will leave the region under the influence of America's chief authoritarian rivals.

China and Russia have different goals and capabilities in the region. China seeks to leverage its economic power to increase its influence in the other areas of competition, with significant success to date, whereas Russia continues to support anti-American authoritarian regimes militarily and spread disinformation throughout the region to undermine US interests. China's economic engagement often aims to cement access to resources or shift the policies of countries in the region: guaranteeing access to critical minerals in Peru,<sup>1</sup> for example, or pushing countries to loosen ties with Taiwan.<sup>2</sup> China also operates spy stations in Cuba and has a hand in the US fentanyl epidemic that continues to cost tens of thousands of lives, with chemical precursors reaching Mexico via China. Russia, for its part, has pursued military partnerships with Cuba, Venezuela, and Nicaragua, including sending Russian forces to the region.<sup>3</sup>

A note on terminology: This paper is focused on *malign* forms of Chinese and Russian influence. Not all engagement between Latin American and Caribbean countries and China and/or Russia is inherently harmful from the perspective of US interests. This paper is concerned with countering those forms of influence that undermine the security, prosperity, and freedom of the United States and the region.

In addition to Chinese and Russian malign influence, however, the region also presents many opportunities for the United States to cultivate fruitful partnerships in the western hemisphere built on shared values. Outside of Europe and North America, the western hemisphere has boasted the highest proportion of democratically elected governments for the past three decades.<sup>4</sup> Most of the population of the region lives in a democracy, and support for democracy remains high.<sup>5</sup> There is a window of opportunity for a renewal of regional commitments to democracy and reform that the United States can—and should—capitalize on to reorient its relationship with the region.

Moreover, Latin America is home to major multinational firms that play a growing role in the global economy, and the Panama Canal serves as a vital transit point for US and global trade. The region's diverse and dynamic commercial landscape presents a compelling opportunity for mutually beneficial economic partnerships. On top of that, the region is rich in biodiversity, and regional partners could play a vital role in transitioning to clean energy and a green economy.

To address these challenges and opportunities, the Atlantic Council launched an eighteen-month project spearheaded by the Atlantic Council's Scowcroft Center for Strategy and Security in collaboration with the Adrienne Arsht Latin America Center. The project included a working group of experts, strategists, and former US and Latin American officials that met for three workshops. In addition, we commissioned five background papers that have been published alongside this final report. The project benefited greatly from the insight, experience, and expertise of the working group, and the authors are grateful for their input.

This strategy paper both reports on the depth and varied dimensions of the threats posed by China and Russia in the region and proposes a strategy to counter these threats while advancing US and regional interests.

Importantly, global and regional allies and partners will be critical to the success of this strategy. US allies in Europe and the Indo-Pacific have an interest in countering Chinese and Russian malign influence in the Global South, and Washington should harness its free world alliances and partnerships in this strategy. In addition, advancing US national interests in the hemisphere will depend on cultivating closer ties in the region by leaning into overlapping priorities and interests. Governments and populations in the region share an interest

- 1 "China Regional Snapshot: South America," House Foreign Affairs Committee, Office of Chairman Michael McCaul (website), last updated October 25, 2022, <https://foreignaffairs.house.gov/china-regional-snapshot-south-america/>.
- 2 Diana Roy, "China's Growing Influence in Latin America," Council on Foreign Relations, last updated June 15, 2023, <https://www.cfr.org/backgrounder/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri->
- 3 *Hearings on Russia in the Western Hemisphere: Assessing Putin's Malign Influence in Latin America and the Caribbean Before the Senate Foreign Relations Subcomm. on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues*, 117<sup>th</sup> Cong. (2022) (statement of Dr. R. Evan Ellis, Senior Associate [Nonresident], Americas Program, Center for Strategic and International Studies, or CSIS), <https://www.csis.org/analysis/russia-western-hemisphere-assessing-putins-malign-influence-latin-america-and-caribbean>.
- 4 P. Michael McKinley, *The Case for a Positive U.S. Agenda with Latin America*, CSIS, April 22, 2021, <https://www.csis.org/analysis/case-positive-us-agenda-latin-america>.
- 5 Holly K. Sonneland, "Chart: Evaluating Latin American Democracies in 2022," Americas Society/Council of the Americas, January 11, 2022, <https://www.as-coa.org/articles/chart-evaluating-latin-american-democracies-2022>; McKinley, *The Case for a Positive U.S. Agenda*.





in countering malign forms of authoritarian influence. There is, of course, substantial heterogeneity across countries and operationalizing this strategy requires actions tailored to specific contexts.

This report identifies several goals to advance the security, prosperity, and freedom of the United States and Latin America and counter the malign influence of China and Russia.

First, the United States and regional partners should advance security in Latin America and the Caribbean (LAC). This will require reducing or eliminating Chinese and Russian military and intelligence activities in the region. It will also require preventing Chinese and Russian investments in sensitive national security areas. As this strategy will make plain in the following section, the United States and its allies and partners in Europe and the Indo-Pacific need to provide alternative avenues for security and intelligence cooperation and for infrastructure and technology investments.

Second, the United States should work alongside global and regional partners to enhance US and regional prosperity, predicated on free and fair trade, transparency, anti-corruption, the rule of law, and high labor and environmental standards. While the United States has already taken steps to limit ties to China in key sectors, both the United States and LAC countries will need to build on efforts to systematically “derisk” economic relationships with China and Russia including: a hard decoupling in areas of sensitive national security concern and countervailing measures such as tariffs to offset their unfair practices, while allowing or even promoting free and fair trade in nonsensitive areas such as agriculture. To reduce their vulnerability to economic coercion, countries of the region should diversify their economic partnerships, even in nonsensitive areas, to avoid becoming too dependent on

potentially hostile autocratic actors. To make up for potentially reduced Chinese and Russian trade and investment, the United States and its free world allies must offer attractive and affordable alternatives for regional economic development.

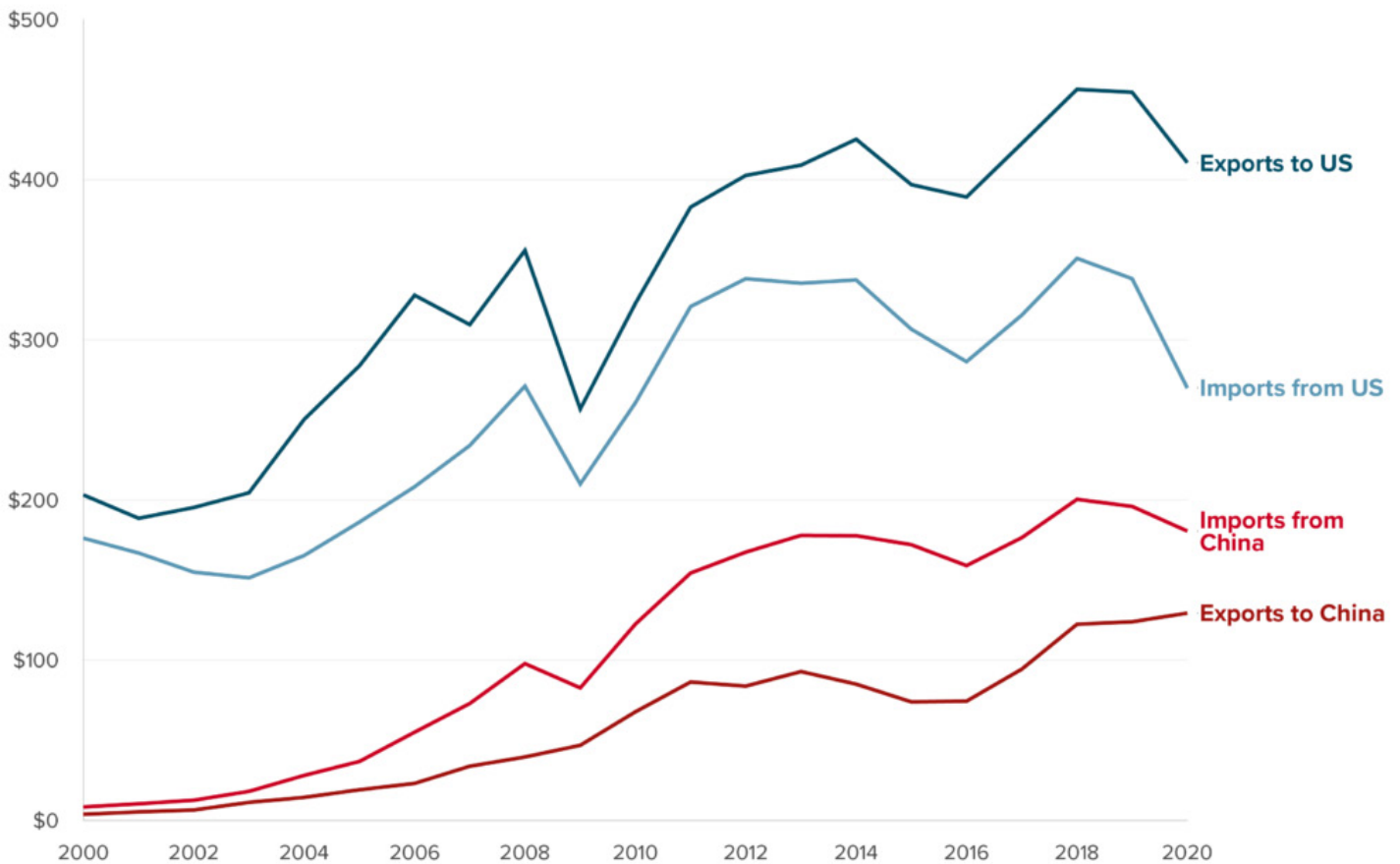
Finally, the United States and its global and regional partners should work to promote freedom, democracy, and human rights in the region. This will partly be the natural result of efforts to advance security and prosperity as Chinese and Russian malign influence is reduced and the influence of the United States and free world allies is enhanced. Advancing freedom in the region will also require countering Chinese and Russian disinformation and pressuring autocratic states in the region, while promoting democratic opposition movements.

To achieve these goals, the United States should implement a strategy made up of the following four pillars:

- **Prioritize:** The United States must prioritize strategic competition with China and Russia in the western hemisphere, and in other regions around the world beyond the border regions of the Indo-Pacific and Eastern Europe. For too long, the United States has devoted insufficient attention to Latin America and the Caribbean. If the United States is to advance its interests, it must effectively counter malign influence from two adversaries in its home hemisphere.
- **Invest:** The United States must invest in American and regional innovation, private enterprise, and economic competitiveness. Much of this effort should focus on investment alternatives to companies and programs backed by the Chinese Communist Party (CCP). The United States will need to ensure it implements the appropriate domestic and foreign policies to encourage American innovation, investment in the hemisphere, and growth alongside regional partners.

## Latin American Trade with the United States and China

Despite China's various inroads in and attempts to curry favor with Latin America and Caribbean nations, at present, the United States remains the region's top trading partner, particularly in sectors of strategic importance.



- **Message:** The United States must compete more effectively in the information domain, spotlighting positive US engagement in the region, while highlighting negative forms of Chinese and Russian influence. This effort will require strategic messaging and a more robust public diplomacy apparatus.
- **Align:** While challenging today, the United States must work toward building multilateral frameworks of like-minded nations in the region (and globally) that advance mutual prosperity while being based on shared principles of respect for the rule of law, transparency, sovereignty, and the free market. There is, and for the foreseeable future will be, resistance in the region to joining coalitions with an explicitly anti-China orientation, as countries favor a diversity of partnerships. That, however, does not preclude the United States from constructing new frameworks in which to engage countries in the region, while also cultivating people-to-people connections and including other allies and partners to deepen ties in the region.

### Strategic Context

The strategy proposed in this paper seeks to counter Chinese and Russian malign influence across several domains: economic, technology, governance and diplomacy, and security. The strategy recognizes that the forms of influence undertaken in the region by China and Russia differ in nature. As the 2022 National Security Strategy states, China presents a more strategic, longer-term threat, while Russia is a more acute threat to the United States. Both powers seek to undermine US interests throughout Latin America and the Caribbean even though their regional efforts are not usually coordinated.

The most concerning elements of China and Russia's growing presence in the region are summarized herein.

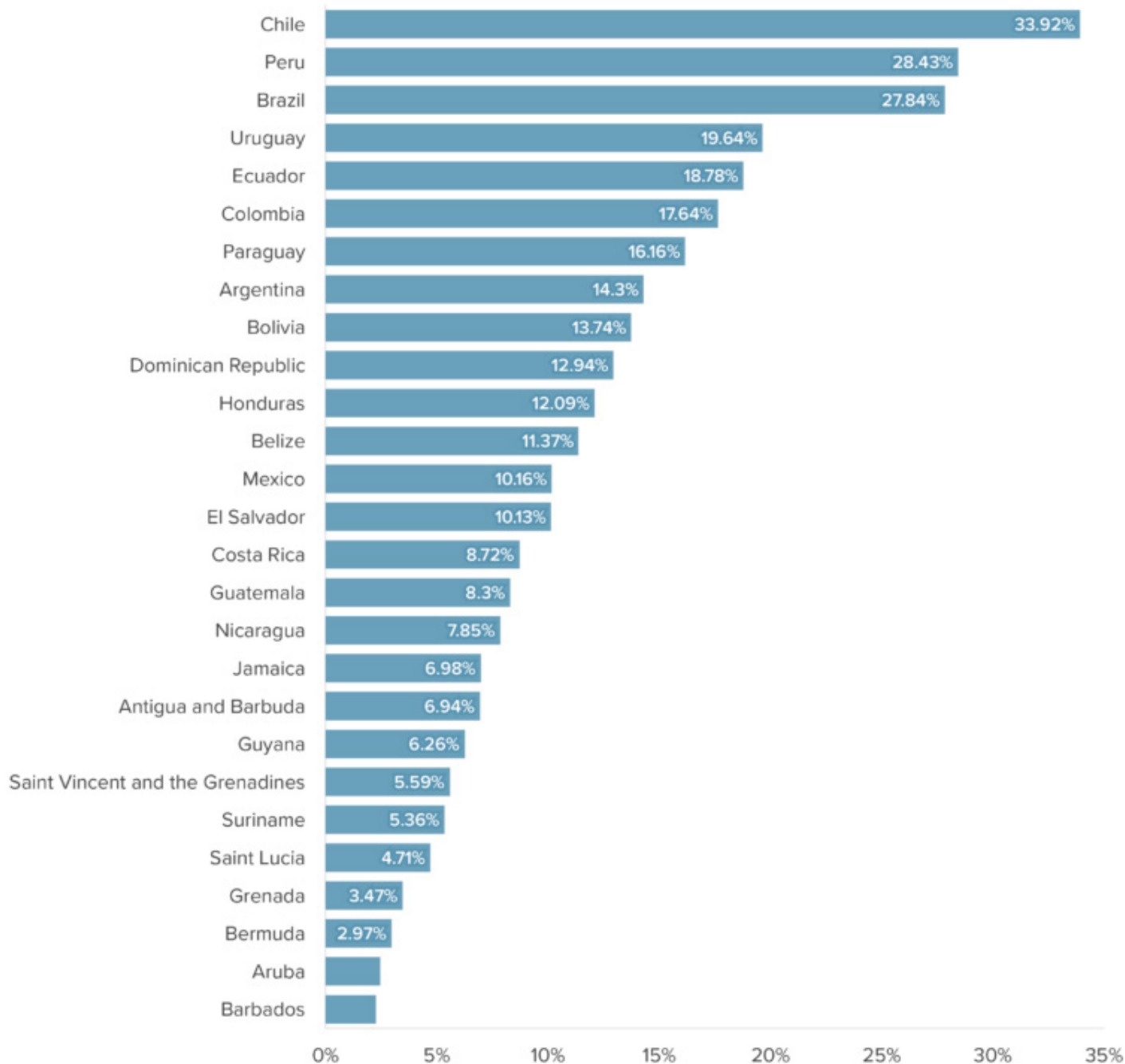
### Chinese Regional Influence

The goal of the People's Republic of China (PRC) is to supplant the United States as the world's dominant power.<sup>6</sup> In pursuit of this goal, the CCP leverages different instruments to seek greater influence in all regions of the world, including

6 Rush Doshi, "The Long Game: China's Grand Strategy to Displace American Order," Brookings Institution, August 2, 2021, <https://www.brookings.edu/articles/the-long-game-chinas-grand-strategy-to-displace-american-order/>.

### Trade with China as a share of total trade

In the first two decades of the twenty-first century, China’s trade with the region rose a dramatic twenty-six-fold from \$12 billion to \$315 billion, with projections estimating that these ties will more than double by 2035, reaching over \$700 billion.



Latin America and the Caribbean. In February 2023, the CCP fleshed out a vision for its Global Security Initiative, an effort to “present a more comprehensive vision of a new world order and formulate the ideological backbone for a global governance system that elevates Chinese influence at the expense

of American power.”<sup>7</sup> Increasingly, China has used its formidable economic capabilities, bolstered by Chinese activities in the energy and technology spheres, to dominate other major areas of competition, such as governance and security, which have significant and acute effects on regional stability. China’s

7 Michael Schuman, Jonathan Fulton, and Tuvia Gering, “How Beijing’s New Global Initiatives Seek to Remake the Global Order,” Atlantic Council, June 21, 2023, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/how-beijings-newest-global-initiatives-seek-to-remake-the-world-order/>.

activities have made the CCP a powerful actor in the region and, depending on the issue and the country, the preferred partner over the United States.

China's engagement in the region is primarily economic, including substantial investments over time, which strengthens commercial ties between the region and China. Chinese economic engagement occurs through programs such as the Belt and Road Initiative (BRI) and more direct forms of bilateral trade and investment. Economic engagement often aims to cement access to resources or shift the policies of countries in the region; for example, guaranteeing access to critical minerals in Peru,<sup>8</sup> or pushing countries to loosen ties with Taiwan.<sup>9</sup> Recently, China's support for LAC nations has included both military aid and support for nations emerging from the COVID-19 pandemic, including through the provision of vaccines.<sup>10</sup> From the perspective of many in the region, China has posed as a productive and beneficial partner.

The threat posed to the US homeland by China has become clearer over the past year: a Chinese surveillance balloon traversing the United States prompted a dramatic Air Force Downing off the East Coast as national news stations streamed coverage; China operates spy stations in Cuba and in the US homeland; China has a hand in the US fentanyl epidemic that continues to cost tens of thousands of lives, with chemical precursors reaching Mexico via China; and China has increased cooperation with transnational criminal organizations in the western hemisphere.

Unless the United States actively competes with China, regional nations may continue to prioritize engagement with the CCP over the United States in all or most sectors.

### **Economic Domain**

China's economic influence in the region is likely the most expansive and destabilizing for US interests.<sup>11</sup> These economic ties provide opportunities for malign influence in other areas, including governance, intelligence collection, and security. In

the first two decades of the twenty-first century, China's trade with the region rose a dramatic twenty-six fold from \$12 billion to \$315 billion, with projections estimating that these ties will more than double by 2035, reaching more than \$700 billion.<sup>12</sup> Several Latin American nations are part of the Asian Infrastructure Investment Bank, and twenty-one are now participating in the BRI.<sup>13</sup> Beijing has numerous free trade agreements with nations in the region; and PRC companies are involved in dozens of port construction projects throughout Latin America.<sup>14</sup>

As Laura Richardson, commander of the US Southern Command, noted in March 8, 2023, testimony before the House Armed Services Committee, China's investments in South America in "critical infrastructure, including deep-water ports, cyber, and space facilities," have the potential for dual use.<sup>15</sup> The CCP could, for example, use regional ports to restrict US naval activity.<sup>16</sup> Particularly concerning in this regard are Chinese companies working on, or attempting to bid on, projects related to the Panama Canal.<sup>17</sup> If China were to gain control over parts of the Panama Canal through seemingly benign infrastructure projects, then Beijing would control a vital waterway with the potential to constrain both US trade and military operations. Chinese economic activity in the region often occurs through state-owned enterprises, companies subsidized by the Chinese government, giving them a significant advantage in competing with local and international entities for various projects.<sup>18</sup>

China's economic threat to the region extends to other areas as well, including illegal and unregulated fishing, a consequence of the depletion of resources along China's own shores.<sup>19</sup>

### **Technology Domain**

China's growing investments in twenty-first century technology and infrastructure create a number of challenges for the United States, including for intelligence and securing supply chains. The Chinese technology company Huawei is responsible for sixty percent of the region's telecommunications in-

8 "China Regional Snapshot: South America," House Foreign Affairs Committee, Office of Chairman Michael McCaul (website), last updated October 25, 2022, <https://foreignaffairs.house.gov/china-regional-snapshot-south-america/>.

9 Roy, "China's Growing Influence."

10 Roy, "China's Growing Influence."

11 R. Evan Ellis, *A Strategy to Respond to Extra-Hemispheric Actors in Latin America and the Caribbean*, IndraStra Whitepapers, 2023, 13–14, <https://rev-anellis.com/A%20Strategy%20to%20Respond%20to%20Extra-hemispheric%20Actors%20in%20Latin%20America%20and%20the%20Caribbean%20-%20R%20Evan%20Ellis.pdf>.

12 Tatiana Prazeres, David Bohl, and Pepe Zhang, *China-LAC Trade: Four Scenarios in 2035*, Atlantic Council, May 12, 2021, <https://www.atlanticcouncil.org/in-depth-research-reports/china-lac-trade-four-scenarios-in-2035/>.

13 Roy, "China's Growing Influence."

14 Milton Ezrati, "China's Latin America Move," *Forbes*, accessed March 5, 2023, <https://www.forbes.com/sites/miltonezrati/2022/11/07/chinas-latin-america-move/>; and *Hearings on China's Role in Latin America and the Caribbean Before the Senate Foreign Relations Subcomm. on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues*, 117<sup>th</sup> Cong., 4 (2022) (statement of Dr. R. Evan Ellis, Senior Associate [Nonresident], Americas Program, CSIS), [https://www.foreign.senate.gov/imo/media/doc/033122\\_Ellis\\_Testimony1.pdf](https://www.foreign.senate.gov/imo/media/doc/033122_Ellis_Testimony1.pdf).

15 *Hearing Before the House Armed Services Comm.: US Military Posture and National Security Challenges in North and South America*, 118<sup>th</sup> Cong., 4 (2023) (statement of General Laura J. Richardson, Commander, United States Southern Command), <https://www.southcom.mil/Portals/7/Documents/Posture%20Statements/2023%20SOUTHCOM%20Posture%20Statement%20FINAL.pdf?ver=rxp7ePMqfX1aZVKA6dl3ww%3d%3d>.

16 *Hearing Before the House Armed Services Comm.*, 4 (statement of Richardson).

17 *Hearing Before the House Armed Services Comm.*, 4 (statement of Richardson).

18 *Hearing Before the House Armed Services Comm.*, 4 (statement of Richardson).

19 Steven Lee Myers et al., "How China Targets the Global Fish Supply," *New York Times*, September 26, 2022, <https://www.nytimes.com/interactive/2022/09/26/world/asia/china-fishing-south-america.html>.



frastructure.<sup>20</sup> Major regional players, such as Argentina and Brazil, are dependent on Huawei technology for their cellular networks.<sup>21</sup> Huawei is bound by PRC laws that obligate companies to provide information relevant to China's security to national security bodies within the PRC.<sup>22</sup> Other Chinese technologies that may pose a threat include the increasing prevalence of Chinese rideshare companies and scanner technology that collects personal data, and the emergence of "smart cities" throughout the region where Chinese companies have a significant presence.<sup>23</sup>

China also is making major investments in the region in the critical minerals necessary to many emerging technologies. Lithium is a strategically important material, essential to battery production and other technologies.<sup>24</sup> Half of the world's lithium reserves are contained in the "Lithium Triangle" nations of Argentina, Bolivia, and Chile, making the region a particularly attractive market.<sup>25</sup> Between 2000 and 2018, China poured \$73 billion into Latin America's raw materials sector with significant recent investments in lithium production.<sup>26</sup> If China gained a monopoly on critical minerals in Latin America, it could further restrict US access to vital materials needed for both the green energy transition and to develop and power emerging technologies.

Moreover, Latin America's green transition is largely funded by Beijing, with approximately 90 percent of all wind and solar technologies installed in the region having been produced by Chinese companies.<sup>27</sup> While Latin America's green transition is beneficial for the global environment, its dependence on China increases risks of coercion.

### **Governance and Diplomacy Domain**

Chinese economic investments allow China to exert malign influence in other ways, including on regional governance. Specifically, China has used its economic influence to push countries to end diplomatic recognition of Taiwan.<sup>28</sup> In the spring of 2023, Honduras announced that it would sever diplomatic

relations with Taiwan, becoming the fifth Central American nation to switch recognition to Beijing in the past few years, a trend indicative of Beijing's growing power.<sup>29</sup>

China is targeting international and regional institutions, such as the Organization of American States, the Inter-American Development Bank, the Caribbean Development Bank, and the Asia-Pacific Economic Cooperation, in an effort to exert greater power and control throughout the hemisphere. It does so by both diminishing US influence in these bodies and promoting its own alternative institutions such as the China Development Bank.<sup>30</sup>

China's prioritization of in-person diplomatic engagements and exchanges in the region further amplifies its malign influence. Since coming to power in 2013, President Xi Jinping has repeatedly traveled to the region, visiting at least a dozen countries.<sup>31</sup> Then-President Barack Obama made several trips to the region during his eight-year term, but presidential travel to the region has waned in recent years. President Biden has traveled to the region once since taking office in 2021, and from 2017 to 2020, President Trump made only one visit to the region, to Argentina for the Group of Twenty (G20).

China arranges other exchanges across Latin America and the Caribbean with political, business, and military leaders.<sup>32</sup> Concerningly, China also hosts meetings through CCP institutions, including the CCP International Liaison Department, to meet with political parties across the region.<sup>33</sup> Around 300 such meetings were held between 2002 and 2017, with little publicly available information on what was discussed.<sup>34</sup> Between 2020 and 2022, the United States had an opportunity to dramatically outpace China in regional engagement, given that COVID-19 restrictions significantly hampered the ability of senior Chinese officials to travel overseas. While US travel was also restricted, the constraints were less severe and did not last as long as in China. Now, however, that window has closed, and China may strive to make up for lost time in the region.

20 Celina Realuyo, "Countering China and Russia's Influence in Emerging Technologies and Cyberspace in the Americas," Paper, Atlantic Council, 2 [forthcoming]; and *Hearing Before the House Armed Services Comm.*, 5 (statement of Richardson).

21 Roy, "China's Growing Influence."

22 *Hearings on China's Role in Latin America and the Caribbean*, 6 (statement of Ellis).

23 *Hearings on China's Role in Latin America and the Caribbean*, 6–7, (statement of Ellis).

24 *Hearings on China's Role in Latin America and the Caribbean*, 3 (statement of Ellis).

25 Ezrati, "China's Latin America Move"; and Roy, "China's Growing Influence."

26 Roy, "China's Growing Influence."

27 Zdenka Myslikova, Nathaniel Dolton-Thornton, and the Conversation, "'Global China' Is a Big Part of Latin America's Renewable Energy Boom, but Homegrown Industries and 'Frugal Innovation' Are Key," *Fortune*, July 8, 2023, <https://fortune.com/2023/07/08/china-secretly-fueling-latin-america-renewable-energy-boom-chile/>.

28 *Hearings on China's Role in Latin America and the Caribbean*, 12 (statement of Ellis).

29 James Bosworth, "Taiwan Needs a New Approach in Latin America," *World Politics Review*, March 20, 2023, <https://www.worldpoliticsreview.com/honduras-taiwan-recognition-china-latin-america-investment/>.

30 "China's Engagement with Latin America and the Caribbean," CRS Report No. IF10982, Congressional Research Service, February 24, 2022, <https://sgp.fas.org/crs/row/IF10982.pdf>.

31 Roy, "China's Growing Influence."

32 Evan Ellis, "Chinese Security Engagement in Latin America," CSIS, November 19, 2020, <https://www.csis.org/analysis/chinese-security-engagement-latin-america>; *Hearing on China's Diplomatic and Political Approach in Latin America and the Caribbean Before the US-China Economic and Security Review Commission*, 117<sup>th</sup> Cong., 8 (2021) (statement of Dr. R. Evan Ellis, Latin America Research Professor, Strategic Studies Institute, US Army War College), [https://www.uscc.gov/sites/default/files/2021-05/Evan\\_Ellis\\_Testimony.pdf](https://www.uscc.gov/sites/default/files/2021-05/Evan_Ellis_Testimony.pdf); and R. Evan Ellis, *China's Advance in the Caribbean*, Wilson Center, October 2020, 5, <https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/China%E2%80%99s%20Advance%20in%20the%20Caribbean.pdf>.

33 Ryan Berg, "Chinese and Russian Influence on Governance, Institutions, and the Rule of Law in Latin America," Atlantic Council, 3 [forthcoming].

34 Berg, "Chinese and Russian Influence," 3.

China also has branched into the educational sphere, establishing Confucius Institutes across Latin America and the Caribbean to promote a positive view of China among the next generation of regional leaders.<sup>35</sup> In 2020, the United States designated the Confucius Institute US Center as a foreign mission of China due to the “opacity” and “state-directed nature” of the organization.<sup>36</sup> Chinese propaganda—through Xinhua News Agency, The People’s Daily, China Radio International, and other news and media agencies—bolsters these initiatives, amplifies CCP propaganda and misinformation, and expands China’s regional influence.<sup>37</sup>

Furthermore, competition for Chinese investment has exacerbated already pervasive networks of corruption and elite capture in the region, especially in countries with authoritarian or authoritarian-leaning regimes.<sup>38</sup> In Ecuador, for example, faulty and dangerous infrastructure projects have been negotiated in exchange for oil contracts.<sup>39</sup> Corrupt leaders, such as

Nicolás Maduro in Venezuela, are buoyed by Chinese loans and investment, at the expense of oppressed citizens.<sup>40</sup>

### Security Domain

In the security domain, increased Chinese military presence in the region is particularly alarming for US national interests given its proximity to the United States. China has targeted authoritarian and populist regimes in particular, having provided significant arms to Bolivia, Ecuador, and Venezuela.<sup>41</sup> China also supports militaries and police forces more broadly throughout Latin America and the Caribbean with training and equipment, in addition to participating in regional peacekeeping missions, exchanges, and humanitarian support through a People’s Liberation Army (PLA) hospital ship.<sup>42</sup>

In June 2023, news broke of an agreement between China and Cuba to establish a spy station to monitor signals intelligence and eavesdrop on US electronic communications.<sup>43</sup> It was later revealed that the base had been running for at

35 *Hearings on China’s Role in Latin America and the Caribbean*, 10–11 (statement of Ellis); and Ellis, *China’s Advance in the Caribbean*, 5.

36 “Confucius Institute U.S. Center’ Designation as a Foreign Mission,” US Department of State, August 13, 2020, <https://2017-2021.state.gov/confucius-institute-u-s-center-designation-as-a-foreign-mission/>.

37 *Hearing on China in Latin America and the Caribbean Before the U.S.-China Economic and Security Review Commission*, 117<sup>th</sup> Cong., 7 (2021) (statement of Dr. Ryan C. Berg, Senior Fellow, Americas Program, CSIS), [https://www.uscc.gov/sites/default/files/2021-05/Ryan\\_Berg\\_Testimony.pdf](https://www.uscc.gov/sites/default/files/2021-05/Ryan_Berg_Testimony.pdf).

38 Evan Ellis, *Populism, China, and Covid-19: Latin America’s New Perfect Storm*, CSIS, April 20, 2021, <https://www.csis.org/analysis/populism-china-and-covid-19-latin-americas-new-perfect-storm>.

39 Nicholas Casey and Clifford Krauss, “It Doesn’t Matter if Ecuador Can Afford This Dam. China Still Gets Paid,” *New York Times*, December 24, 2018, <https://www.nytimes.com/2018/12/24/world/americas/ecuador-china-dam.html>.

40 “China Regional Snapshot,” House Foreign Affairs Committee, Office of Chairman McCaul.

41 *Hearings on China’s Role in Latin America and the Caribbean*, 8 (statement of Ellis).

42 *Hearings on China’s Role in Latin America and the Caribbean*, 8–10 (statement of Ellis).

43 Warren P. Strobel and Gordon Lubold, “Cuba to Host Secret Chinese Spy Base Focusing on U.S.,” *Wall Street Journal*, last updated June 8, 2023, <https://www.wsj.com/articles/cuba-to-host-secret-chinese-spy-base-focusing-on-u-s-b2fed0e0>; and John Feng, “China’s Growing Clout on U.S. Doorstep,” *Newsweek*, June 16, 2023, <https://www.newsweek.com/china-us-cuba-spying-influence-latin-america-caribbean-1806510>.





least four years.<sup>44</sup> Beijing maintains ground satellite stations in Bolivia, Brazil, Ecuador, and Venezuela, and the largest space facility outside of China is in Argentina.<sup>45</sup> The space stations could be used to collect intelligence and intercept information from the United States.<sup>46</sup> The station in Argentina is particularly worrisome given the lack of access and oversight for Argentine officials.<sup>47</sup> A subentity of the PLA's Strategic Support Force (overseeing space, cyber, and electronic warfare) had been allowed access to two antennae out of the Santiago Satellite Station in Chile, which is owned and operated by the Swedish Space Corporation (SSC). In 2020, the SSC announced that it would not renew contracts allowing Beijing use of its Australian facilities due to concerns about intelligence gathering and surveillance, but there was no indication this would affect contracts with China in other parts of the world.<sup>48</sup>

### Russian Regional Influence

Russia's activities in the region center on primarily two objectives: first, orienting nations away from the United States, especially with military equipment and security cooperation and often in the service of buttressing authoritarian governments; and second, using propaganda and information warfare to curry favor with local governments and fuel anti-American sentiment. Russia does not have the economic and military might of China, and its activities in the region therefore are not as pervasive. Although Russian activity poses a less serious threat to US strategic interests in the region, countering Russian malign influence will advance American national security objectives and complement efforts to mitigate the threats posed by the increasing CCP presence throughout Latin America and the Caribbean.

In contrast to China's approach, Russia's engagement in the region is more opportunistic and sporadic in its effort to orient countries away from the United States. Russia has pursued military partnerships with Cuba, Venezuela, and Nicaragua. This has included dispatching Russian troops, planes, and ships to the region.<sup>49</sup> In the aftermath of Russia's invasion of Ukraine, Russia has sought to convey that it does not want countries to

have to choose sides between Russia and the United States when, in fact, it has used its war to drive a wedge in Western relationships with countries in the region.<sup>50</sup> Russia has encouraged the idea that US support for Ukraine and attempts by the United States to persuade Latin American countries to condemn Russia and support Ukraine is a form of modern-day imperialism.<sup>51</sup> This view has been amplified through Russia's use of disinformation and misinformation, which is primarily spread through media organizations, such as Sputnik Mundo and RT en Español. In the energy sector, Russia has its most significant investments in Venezuela, where Russian oil companies are well represented. In the wake of a full European Union embargo on Russian oil products, Russia has significantly boosted its exports to Brazil, Panama, Uruguay, Cuba, and other countries in the region.<sup>52</sup>

### Economic Domain

Russia's economic inroads in Latin America and the Caribbean, though less extensive than China's, cannot be ignored. Through the BRICS group (i.e., Brazil, Russia, India, China, and South Africa, with six additional nations to join in 2024), Russia has sought to undermine the US dollar through the establishment of a rival BRICS currency. The feasibility of this initiative is questionable, but its support among BRICS nations—and other countries harboring dollar-denominated debt—should be cause for concern to the United States.<sup>53</sup> While many factors militate against a complete transition away from US dollar dominance, the Atlantic Council's Carla Norrlöf has warned, "For the first time since the collapse of the Bretton Woods gold standard, we are seeing a systemic limit on the dollar centered economic order and US foreign policy."<sup>54</sup>

Cultivating economic ties with economies in Latin America has helped Russia bolster its resilience against Western sanctions and restrictions. Following the invasion of Ukraine, Russian exports to Brazil, one of the largest economies in Latin America, surged by 106 percent.<sup>55</sup> In April 2023 alone, Brazil's imports of Russian oil rose by 53 percent, compared to a less than 1 percent surge the prior year.<sup>56</sup> US-led global efforts to

44 Karoun Demirjian and Edward Wong, "China Has Had a Spy Base in Cuba for Years, U.S. Official Says," *New York Times*, June 10, 2023, <https://www.nytimes.com/2023/06/10/us/politics/china-spy-base-cuba.html>.

45 Roy, "China's Growing Influence."

46 Matthew P. Funairole et al., "Eyes on the Skies: China's Growing Space Footprint in South America," CSIS, October 4, 2022, <https://features.csis.org/hid-denreach/china-ground-stations-space>.

47 *China's Role in Latin America and the Caribbean*, 6 (statement of Ellis).

48 Funairole et al., "Eyes on the Skies."

49 *Hearings on Russia in the Western Hemisphere*, (statement of Ellis).

50 Kirk Randolph, "Lavrov in Latin America: Russia's Bid for a Multipolar World," United States Institute of Peace, April 27, 2023, <https://www.usip.org/publications/2023/04/lavrov-latin-america-russias-bid-multipolar-world>.

51 Randolph, "Lavrov in Latin America."

52 "Russia Boosts Diesel Exports to Latin America Since EU Embargo," Reuters, April 10, 2023, <https://www.reuters.com/business/energy/russia-boosts-diesel-exports-latin-america-since-eu-embargo-2023-04-10/>; and *Hearings on Russia in the Western Hemisphere*, (statement of Ellis).

53 Joseph W. Sullivan, "A BRICS Currency Could Shake the Dollar's Dominance," *Foreign Policy*, April 24, 2023, <https://foreignpolicy.com/2023/04/24/brics-currency-end-dollar-dominance-united-states-russia-china/>.

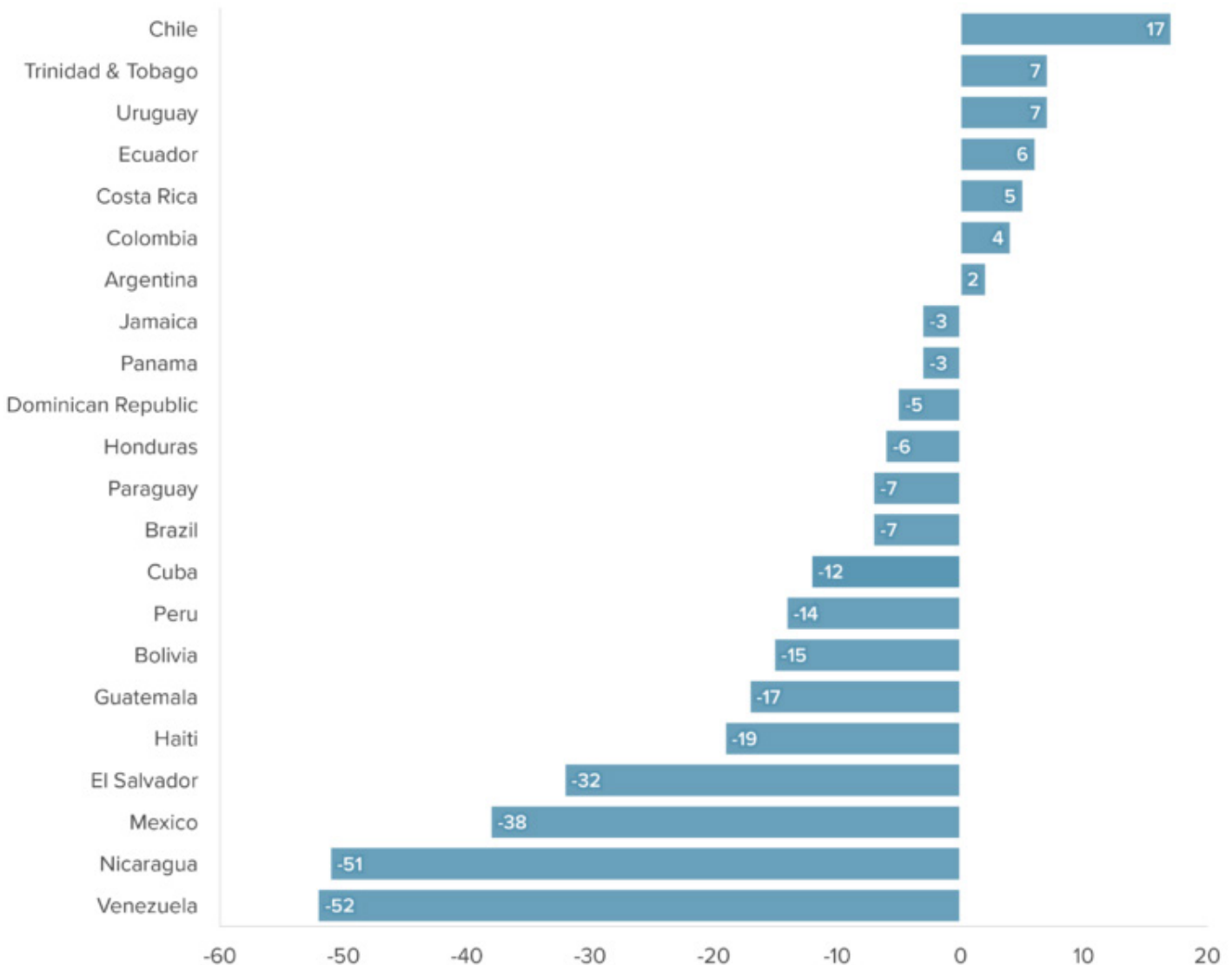
54 Carla Norrlöf, *Dollar Dominance: Preserving the US Dollar's Status as the Global Reserve Currency*, Atlantic Council, June 8, 2023, <https://www.atlantic-council.org/commentary/testimony/dollar-dominance-preserving-the-us-dollars-status-as-the-global-reserve-currency/>.

55 Lazaro Gamio and Ana Swanson, "How Russia Pays for War," *New York Times*, October 30, 2022, <https://www.nytimes.com/interactive/2022/10/30/business/economy/russia-trade-ukraine-war.html>.

56 "Brazil Imports of Russian Diesel Seen Surging to 53% in April: Report," Reuters, April 11, 2023, <https://www.reuters.com/markets/commodities/brazil-imports-russian-diesel-seen-surging-53-april-report-2023-04-11/>.

### Changes in Latin America and Caribbean country index rankings over a 10 year period

Globally, democratic norms and freedoms have been on a decline, and the Latin American and Caribbean region is without exception. Russian and Chinese autocratic influences only exacerbate these conditions. However, recent renewals of regional commitments to democracy and reform present a window of opportunity to combat this negative trend



Source: Economist Intelligence • Change in ranking of Latin American countries calculated based on 2012/2022 rankings. Change in ranking of Caribbean countries calculated based on 2013/2023 rankings.

economically isolate the Kremlin have not resonated in Latin America as they did in Europe.

#### Governance and Diplomacy Domain

Russia’s most prominent activity in the region arguably concerns the spread of disinformation and propaganda, which

pumps out anti-American sentiment. Russia’s messaging apparatus is among the region’s most formidable,<sup>57</sup> leveraging social media platforms including Twitter, Instagram, Facebook, and WhatsApp, bot technologies, and state disinformation outlets such as RT and Sputnik to spread narratives favorable to Moscow, undermine democratic institutions, and foment

57 Ilan Berman, “Russia’s Propaganda Is More Persuasive Than We Think,” *Newsweek*, January 5, 2023, <https://www.newsweek.com/russias-propaganda-more-persuasive-we-think-opinion-1771678>.

discord.<sup>58</sup> Russian information warfare has had notable success in Latin America, leveraging Spanish-language news media. RT en Español, for example, has sixteen million Facebook followers, which is triple the number of its English-language alternative.<sup>59</sup> Russia's efforts have borne fruit. In Mexico, 34 percent of people in one survey said they had a somewhat or very favorable view of Russia.<sup>60</sup>

Russia has focused particular attention on a concentrated set of anti-American, authoritarian states. Under Putin, Russia has continued close cooperation with Venezuela, Cuba, and Nicaragua, supporting these regimes through the use of military, economic, and political aid. Nevertheless, since launching its full-scale invasion of Ukraine, Russia has made overtures to states across the region, trying to diminish support for Washington and Kyiv. This has included deepening ties with Argentina, Mexico, and Brazil, all three of which abstained from a resolution approved at the Organization of American States to expel Russia as an observer nation.<sup>61</sup>

### Security Domain

A legacy of Russia's Cold War foray into the western hemisphere is the continued use of Soviet-era military equipment by countries across the region, including US partners. Since the end of the Cold War, Russia has continued military sales to its allies in the region. Russia's military support to the region has primarily centered on assistance to Cuba, Venezuela, and Nicaragua. Russia has provided substantial security support to all three regimes in the form of advanced equipment, arms, training, and troops.<sup>62</sup> American partners in the region including Colombia and Peru continue to use Russian equipment, and Brazil has explored modernizing its military through Russian equipment in the past.<sup>63</sup> Overall, the share of Russian arms sales to Latin America was approximately 20 percent between 2000 and 2017—about the same percentage as US sales to the region.<sup>64</sup>

Although Russian military activities are limited in scope in Latin America and the Caribbean, particularly as compared to China, they still provide a potential “port of entry” for Moscow.<sup>65</sup> For example, Russia maintains a permanent military presence of between 200 and 300 troops in Nicaragua.<sup>66</sup> Nicaragua is also home to a base for the GLONASS satellite system, Moscow's homegrown equivalent to the US-developed Global Positioning System (GPS).<sup>67</sup>

Through opaque organizations created under the guise of fostering economic and trade partnerships, the Kremlin has expanded its already extensive intelligence and cyber capabilities to the western hemisphere. A prime example is Russia's National Committee for the Promotion of Economic Trade with Countries of Latin America (NC SESLA), chaired and led by former high-level officials involved with Soviet and later Russian intelligence security services.<sup>68</sup> NC SESLA is a grouping of companies that provide intelligence and surveillance, including one that built a multibillion-dollar secure communications network for the Russian military.<sup>69</sup>

Regionally, Russia has expanded the use of its surveillance tool, the System for Operative Investigative Activities (SORM), which has the ability to intercept phone conversations, written communications, and track other internet-based communications. SORM has been exported to countries including Nicaragua and Venezuela.<sup>70</sup> In Russia, SORM is regularly weaponized against political opponents, dissidents, and activists to monitor and clamp down on their activities.<sup>71</sup>

### Opportunities for Positive US and Allied Engagement in Latin America and the Caribbean

In addition to the challenges posed by increasing Chinese and Russian influence, there are many positive reasons for the United States and its global allies and partners to engage the region. Latin America and the Caribbean are home to just under 660 million people, many of whom share a commitment

58 *Hearings on Russia in the Western Hemisphere*, 4 (statement of Ellis).

59 David Klepper and Amanda Seitz, “Russia Aims Ukraine Disinformation at Spanish Speakers,” Associated Press, April 2, 2022, <https://apnews.com/article/russia-ukraine-ap-top-news-facebook-europe-media-fb3758a9a1f182558976a3a4f3b121dd>.

60 Moira Fagan, Jacob Poushter, and Sneha Gubbala, “Overall Opinion of Russia,” Pew Research Center, July 10, 2023, <https://www.pewresearch.org/global/2023/07/10/overall-opinion-of-russia/>; and Richard Wike et al., “International Views of Biden and U.S. Largely Positive,” Pew Research Center, June 27, 2023, <https://www.pewresearch.org/global/2023/06/27/international-views-of-biden-and-u-s-largely-positive/>.

61 David J. Kramer, “Russia and Latin America After February 24,” George W. Bush Presidential Center, October 31, 2022, <https://www.bushcenter.org/publications/russia-and-latin-america-after-february-24>.

62 *Hearings on Russia in the Western Hemisphere*, 1 (statement of Ellis); Berg, “Chinese and Russian Influence,” 2; and John E. Herbst and Jason Marczak, “Russia's Intervention in Venezuela: What's at Stake?,” Policy Brief, Atlantic Council, September 2019, <https://www.atlanticcouncil.org/wp-content/uploads/2019/09/Russia-Venezuela-Policy-Brief.pdf>.

63 *Hearings on Russia in the Western Hemisphere*, 10–13 (statement of Ellis).

64 Julia Gurganus, *Russia: Playing a Geopolitical Game in Latin America*, Carnegie Endowment for International Peace, May 3, 2018, <https://carnegieendowment.org/2018/05/03/russia-playing-geopolitical-game-in-latin-america-pub-76228>.

65 *Hearings on Russia in the Western Hemisphere*, 6 (statement of Ellis).

66 Douglas Farah and Marianne Richardson, *Dangerous Alliances: Russia's Strategic Inroads in Latin America*, Institute for National Strategic Studies, 2022, 18–19, <https://ndupress.ndu.edu/Portals/68/Documents/stratperspective/inss/strategic-perspectives-41.pdf>.

67 Stephen Blank, “Russia's Ongoing Impact in Latin America,” Jamestown Foundation, April 11, 2023, <https://jamestown.org/program/russias-ongoing-impact-in-latin-america/>.

68 Farah and Richardson, *Dangerous Alliances*.

69 Farah and Richardson, *Dangerous Alliances*.

70 Robert Muggah, “With Russian Support, Nicaragua Smothers Dissent,” *Foreign Policy*, March 9, 2023, <https://foreignpolicy.com/2023/03/09/nicaragua-or-tega-crackdown-surveillance-authoritarianism-russia-opposition-dissent/>.

71 James Andrew Lewis, “Reference Note on Russian Communications Surveillance,” CSIS, April 18, 2014, <https://www.csis.org/analysis/reference-note-russian-communications-surveillance>.





to democracy, human rights, and sovereignty, as laid out at the Inter-American Democratic Charter, adopted in 2001 by all members of the Organization of American States.<sup>72</sup> In 2018, 25 percent of immigrants to the United States were from Mexico and another 25 percent were from elsewhere in Latin America. Across the region, 84 percent of the population still lives in a democracy, and while the percentage is declining, a large share of Latin Americans still see democracy as the ideal form of government.<sup>73</sup>

Latin America is home to major multinational firms that play a growing role in the global economy. In 2019, Brazil ranked third worldwide among countries that had companies attain “unicorn status,” with valuations of \$1 billion or more.<sup>74</sup> The region also contains the Panama Canal, which is critical for US and global trade. Forty percent of US container traffic makes its way through the Panama Canal, which transports \$270 billion in goods every year. The canal is especially important for US agricultural and energy exports, reducing the cost and time needed to transport goods to Asia.<sup>75</sup> The region’s diverse and

dynamic commercial landscape presents a compelling opportunity for mutually beneficial economic partnerships.

Latin America and the Caribbean contain 40 percent of the world’s biodiversity and 57 percent of its primary forests. The region’s forests and mangroves act as a carbon sink, holding ten times the amount of carbon that China creates each year.<sup>76</sup> Moreover, collaboration is urgently needed to address the effects of climate change on shipping through the Panama Canal, where low waters and changing weather patterns are negatively affecting trade.<sup>77</sup> When President Biden made his first calls to leaders in Argentina, Chile, and Costa Rica, he discussed climate change with his counterparts.<sup>78</sup> The LAC region has a vital role to play in the transition to clean energy and a green economy.

### Strategic Errors by the United States

The United States has made four strategic errors that have enabled China and Russia to develop increasing influence throughout Latin America and the Caribbean. These errors can and should be corrected.

72 “Population, Total-Latin America & Caribbean,” World Bank, accessed September 13, 2023, <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=ZJ>; and Antony J. Blinken, “20th Anniversary of the Inter-American Democratic Charter,” Press Statement, US Department of State, September 16, 2021, <https://www.state.gov/20th-anniversary-of-the-inter-american-democratic-charter/>.

73 Sonneland, “Chart.”

74 McKinley, *The Case for a Positive U.S. Agenda*.

75 Lori Ann LaRocco, “U.S. Trade Dominates Panama Canal Traffic. New Restrictions Due to ‘Severe’ Drought Are Threatening the Future of the Shipping Route,” CNBC, June 24, 2023, <https://www.cnbc.com/2023/06/24/us-trade-dominates-panama-canal-traffic-a-drought-is-threatening-it.html>.

76 Gregory Watson, Xavier Debade, and Alejandra Paris Gallego, “Nature for Latin America and the Caribbean’s Prosperity,” Inter-American Development Bank, March 13, 2023, <https://blogs.iadb.org/sostenibilidad/en/nature-for-latin-america-and-the-caribbeans-prosperity/>.

77 Somini Sengupta, “Climate Risks Loom Over Panama Canal, a Vital Global Trade Link,” *New York Times*, August 25, 2023, <https://www.nytimes.com/2023/08/25/climate/panama-canal-drought-global-trade.html>.

78 Lisa Viscidi, “Let’s Work with Latin America to Fight Climate Change,” *New York Times*, January 11, 2021, <https://www.nytimes.com/2021/01/11/opinion/biden-climate-change-latin-america.html>.

The United States has paid a problematic lack of attention to the region, which has resulted in the United States ceding unnecessary ground to China and Russia. This has been driven by a lack of adequate prioritization of Latin America and the Caribbean in strategic competition. This lack of attention has resulted in diminished resources and focus that could have been devoted to building strong, results-oriented partnerships that counter Chinese and Russian malign influence. Correcting this problem is a necessary step to success in the region and the United States must reprioritize the region amid new realities of strategic competition with China and Russia.

In addition, the United States has inadequately utilized all tools of national power to compete with China and Russia in Latin America and the Caribbean, especially with regard to fully utilizing economic tools and strategic messaging to counter Chinese and Russian malign influence.

Furthermore, there has been a failure to develop serious alternatives to the proposals and partnerships offered by China and Russia in the region. The United States must develop alternatives to Chinese regional projects, particularly in the economic sphere, and be clear that partnering with the United States offers a better path for independence, growth, and sovereignty.

Finally, the historic policies of the United States toward the region have bred distrust. During the height of the Cold War, and in the early part of the twentieth century, the United States regularly interfered in the domestic affairs of Latin American nations. Trust between many countries in Latin America and the United States is still low. Both China and to a lesser extent Russia lack the previous history of intervention in the region.

Failure to correct these errors and turn to a better strategy will have grave consequences for the United States. Should Chinese and Russian malign influence continue to grow unabated in the region, the geostrategic picture will be bleak for the United States. Technology and digital infrastructure in Latin America and the Caribbean will be closely tied to Chinese enterprise. This could increase vulnerability to Chinese intelligence gathering, while also enabling China to embed autocratic norms in the region's technological infrastructure. The net effect will be to corrode democracy and bolster authoritarian actors. The region will increasingly depend on China for trade and investment, including in sectors critical to national security. Democracy will retreat as China and Russia buttress authoritarian regimes and sow disinformation that undermines support for democracy. The consequences of inaction are too dire to keep making the same mistakes.

## Goals

To correct past mistakes, seize opportunities in the region, and counter Chinese and Russian malign influence, the United States and its global and regional allies and partners should pursue a new strategy for the western hemisphere. A good strategy starts with clear goals.

This report identifies several goals to advance the security, prosperity, and freedom of the United States and LAC and counter the malign influence of China and Russia.

- **Security:** The United States and regional partners should advance security in LAC. This will require reducing or eliminating Chinese and Russian military and intelligence activities in the region. It also will require preventing Chinese and Russian investments in sensitive national security areas. As this strategy will make plain in the following section, the United States and its allies and partners in Europe and the Indo-Pacific need to provide alternative avenues for security and intelligence cooperation and for infrastructure and technology investments.
- **Prosperity:** The United States should work alongside global and regional partners to enhance US and LAC prosperity, predicated on free and fair trade, transparency, anti-corruption, the rule of law, and high labor and environmental standards. The United States should build on its existing efforts and work with the region to derisk economic relationships with China and Russia. To make up for potentially reduced Chinese and Russian trade and investment, the United States and its free world allies must offer attractive and affordable alternatives for regional economic development.
- **Freedom:** The United States and its global and regional partners should work to promote freedom, democracy, and human rights in the region. This will partly be the natural result of efforts to advance security and prosperity as Chinese and Russian malign influence is reduced and the influence of the United States and free world allies is enhanced. Advancing freedom in the region will also require countering Chinese and Russian disinformation and pressuring autocratic states in the region, while promoting democratic opposition movements.

In pursuing this strategy, the United States should consider the following four benchmarks of success over the coming decade and beyond:

- **Chinese and Russian malign influence across critical domains identified in this paper (e.g., economy, governance, etc.) does not significantly advance and, in fact, is reduced.** The United States must take steps in the immediate term to prevent irreversible advancement by China and Russia across the domains under study. These efforts will be particularly important in sectors of acute relevance to US national security, such as the military and technological domains. Evidence of this objective being achieved would include a slowdown in new BRI or other Chinese investments and infrastructure projects, reduced or nonexistent efforts at further space and satellite cooperation, etc. At the same time, the United States would have begun working in earnest with regional partners to strengthen cooperation in these and other areas.
- **Critical national security sectors are secure.** The United States has secured key sectors from malign Chinese and Russian influence, ensuring that foreign competitors and adversaries do not have undue access to critical components of regional infrastructure, technology, and security. The United States is therefore insulated from potential



vulnerability in areas that could have direct and significant effects on US national security. Through partnerships with regional nations, the United States and the region enjoy secure supply chains, communication lines, critical infrastructure, and resource access.

- **America is the partner of choice for the region, economically and in other areas.** Much of China's malign influence in the region is linked to its economic relationships. Russia, albeit at a smaller scale, has also indicated a willingness to invest in multiple sectors across Latin America and the Caribbean. If successful, the United States will achieve measurable improvement in its level of trade, investment, and commercial partnerships in the region built on the basis of fairness, reciprocity, free market principles, transparency, and mutual benefit. It will have stepped up significantly on bilateral trade, investment, and other economic engagements throughout the region. The United States and US companies are also the favored partners in technology and security agreements. Respect for free markets, private-sector development, and innovation is increasingly the norm across the region in concert with expanded US-regional economic partnership.
- **Democratic principles and human rights are strengthened.** Democratic backsliding initially recedes, reversing recent trends towards autocracy. Indexes show authoritarian inroads diminishing, and even signs of democratic improvement on benchmarks assessing rule of law, open markets, and governance. Ultimately, governance in the region trends toward increased accountability, transparency, and respect for the rule of law, and away from authoritarianism, with increases in civil liberties and individual freedoms across the region.

## Elements of the Strategy

To achieve the goals outlined above, this strategy consists of four elements: prioritize, invest, message, and align. These pillars of action will make the United States and its free-world allies more competitive as a partner for Latin American and Caribbean countries, not only because of the values the United States espouses—importantly including respect for the rule of law, sovereignty, and independence—but also because the United States and its allies can offer compelling alternatives that will benefit these nations in multiple ways, including boosting economic prosperity, safeguarding democracy and freedom, and improving security. Some actions may need to precede others, though they should not necessarily be interpreted as sequential pillars.

Within these pillars, the United States and its allies should employ all tools of national power, including: economic, diplomatic, and military. Competing economically helps counter China in all domains. Improved diplomacy, including public diplomacy, counters the malign influence of China and Russia in the disinformation sphere and helps to ensure that the nations of the region understand the United States seeks to meaningfully engage the region as a trustworthy, reliable partner. Military engagement also has an important role to play, though the United States should eschew an overly militaristic approach, which risks fostering distrust given the history of US interventions in the region.

One key idea that cuts across the pillars outlined below is the need to derisk relations with China and Russia. Derisking is predicated on four components: First, the United States and Latin American countries should decouple from China in areas sensitive to national security. This includes leveraging tools





such as investment screening and export restrictions. Second, in areas where unfair trade practices are employed, the United States and regional countries should counter with tariffs or other countervailing measures. Third, consistent with the principle outlined at the start of the paper that not all forms of Chinese and Russian influence are malign, free and fair trade can continue in areas of minimal national security risk. Finally, as a rule, the United States and Latin American allies and partners should diversify economic relationships, even in nonsensitive areas, to reduce vulnerability to coercion.

### **Prioritize**

The United States and its allies must begin to prioritize the strategic importance of the western hemisphere in their broader national security strategy. US leadership in the region is critical to advancing US national security and prevailing in strategic competition around the world. The United States and its allies must place a high priority on dialogue and partnerships with nations in this region even as they continue to advance their interests in other important regions, such as Europe, the Indo-Pacific, and the Middle East.

For too long, the United States has taken the Latin American and Caribbean region for granted and failed to adequately recognize that the countries in the region are important partners. Success in strategic competition will demand a change in mindset that highlights the urgency of countering Chinese and Russian power in the home hemisphere of the United States. Nevertheless, the United States should not frame its engagement in the region only as a means to counter China and Russia; rather, the United States must also recognize the broader strategic importance of strong relationships with its Latin American and Caribbean neighbors.

Applying the aforementioned tools, the United States can prioritize Latin America and the Caribbean in several ways. Economically, the United States needs to devote substantial attention to the strategic sectors of energy, technology, space, and critical minerals, among others, where Chinese dominance and malign influence could more significantly undermine US interests. Already, the United States has taken some steps toward this end in recent years. For example, both the Trump and Biden administrations called for reviews of the US critical minerals supply chain and directed federal resources to strengthen the US mining sector. The launch of the Minerals Security Partnership in June 2022 was a good step,<sup>79</sup> but the failure to include any South American nations is a key oversight, and the United States should work to engage regional partners in the effort.<sup>80</sup>

Relatedly, the United States can reform its bureaucracy to better enable it to compete in the region. The Treasury and Com-

merce Departments, along with various economic entities in the US government, should be empowered and encouraged to lead efforts to more effectively engage in the region. While the State Department and Defense Department are vital for US foreign policy, economic institutions will be particularly important given China's leveraging of its economic heft in the western hemisphere. For many countries in the region, economic aid and fruitful commercial partnerships are a priority over other forms of engagement.

Still, the State Department, in particular, has an important role to play. Congress and the executive branch need to come to terms on ambassadorial appointments, ensuring the United States does not leave its embassies underserved in the region. Currently, seven ambassadorial appointments in the region are vacant.<sup>81</sup> In general, the United States must place a higher priority on direct engagement with the region by increasing the number of bilateral and multilateral engagements between regional actors and leading US national security, foreign policy, and economic officials. This LAC outreach includes, but is not limited to, increasing the number of state visits with nations, presidential and cabinet-level travel, and interagency cooperation as applicable. The United States must also prioritize attendance of high-ranking officials at regional and international fora. Since taking office, President Biden has visited Mexico but not South America. Secretary of State Antony Blinken has traveled more broadly, visiting nine countries in the region. A presidential trip to South America should be top of mind for President Biden and would be a clear way to show a commitment to the region.

The United States should also develop positions or offices within bureaus dedicated to addressing the challenge of strategic competition in Latin America. US officials should encourage allies and partners to develop similar, counterpart entities in order to facilitate coordination on policy toward the region.

This could also bolster US efforts to promote democracy in countries such as Venezuela, Cuba, and Nicaragua. As our colleagues Hardy Merriman, Patrick Quirk, and Ash Jain suggest in the context of advancing democracy broadly, "Departments and agencies within the US government should set up working groups to review options and establish improved processes for supporting [pro-democracy civil resistance] movements." The executive branch should position itself to be able to jump into action to support civil resistance movements, including through training.<sup>82</sup>

In the context of security cooperation, the United States can streamline provisions that make it harder to compete with Rus-

79 See "Minerals Security Partnership," US State Department (website), accessed January 15, 2024, <https://www.state.gov/minerals-security-partnership/#:~:text=Initial%20Announcement%20of%20the%20MSP,2022%2C%20Under%20Secretary%20Jose%20W.>

80 Zongyuan Zoe Liu, "How to Secure Critical Minerals for Clean Energy without Alienating China," Council on Foreign Relations, May 25, 2023, <https://www.cfr.org/blog/how-secure-critical-minerals-clean-energy-without-alienating-china>.

81 "Tracker: Current US Ambassadors," American Foreign Service Association, accessed January 17, 2024, <https://afsa.org/list-ambassadorial-appointments>. Ambassadorial nominations are pending for The Bahamas, Colombia, Haiti, and Peru.

82 Hardy Merriman, Patrick Quirk, and Ash Jain, *Fostering a Fourth Democratic Wave: A Playbook for Countering the Authoritarian Threat*, Atlantic Council, 2023, <https://www.atlanticcouncil.org/wp-content/uploads/2023/05/Fostering-a-Fourth-Democratic-Wave-A-Playbook-for-Countering-the-Authoritarian-Threat.pdf>.

sia, which has been a willing supplier of military equipment and training across the region. One such way to do so would be by reforming the “Leahy law,” the US government provision that prevents funds from going to train or equip armed forces accused of human rights violations. The process by which the State Department evaluates partner countries’ suitability for military assistance is lengthy and opaque, potentially causing yearslong delays to the establishment of security partnerships. Finding ways to make the process transparent and shorter—while maintaining its efficacy and integrity—would facilitate greater US military cooperation in the region. One way to do so would be to amend the condition that aid be suspended to an entire unit if one member of the unit is implicated in violating human rights. The current law states that aid cannot resume until the recipient country deals with the alleged offender, a process that is lengthy and may not ever occur. Streamlining access to arms sales, training, and intelligence cooperation would position the United States as a compelling alternative to China or Russia and demonstrate a commitment to regional security.

Moreover, and also in the security domain, the US Southern Command is underfunded relative to other commands, despite the fact that its responsibilities focus on areas in proximity to the United States.<sup>83</sup> Congress should increase funding for SOUTHCOM so that it can advance its mission and facilitate security partnerships in the region. SOUTHCOM also has a role to play in securing freedom of navigation in the western hemisphere and countering illegal or unregulated fishing that threatens maritime ecosystems and resource access for Latin American countries. This could take the form of more frequent deployment of US Navy or Coast Guard vessels to the region. Allies and partners with sufficient naval or coast guard capacity could also contribute, demonstrating broader free world resolve to uphold free seas and protect resources from predatory actors.

The United States also needs to prioritize border security to control migration and the flow of fentanyl and other drugs. While tougher security measures will help, this strategy will also incentivize migrants to stay in Latin America, as fruitful partnerships foster freedom and prosperity in the region.

Furthermore, the United States and its free world allies can increase development aid to the region. Between 1946 and 2019, the United States provided over \$93 billion of assistance to Latin America and the Caribbean.<sup>84</sup> While US assistance to the region peaked following President John F. Kennedy’s 1961 introduction of the Alliance for Progress (an anti-poverty initiative aimed at countering Soviet and Cuban influence), assistance steeply declined following the dissolution of the Soviet Union. Following its substantial fiscal year 2022 request, the Biden administration “requested more than \$2.4 billion of State Department- and USAID-managed foreign assistance for

Latin America and the Caribbean in FY 2023, which (in current dollars) is more funding than has been allocated to the region in any single year in more than a decade,” according to the Congressional Research Service.<sup>85</sup> While this is a positive trend, just over \$2 billion is not much money for a region comprising more than thirty countries.

Finally, the United States should reinvigorate its capacity to engage in robust public diplomacy and strategic messaging. This was an essential component of the US victory in the Cold War, and the US government should leverage strategic messaging to sound the alarm frequently and loudly on China’s predatory economic practices. The State Department’s Global Engagement Center and Voice of America (VOA), which enjoys wide reach in the region, should be adequately resourced and employed to promote US interests in the region. The Global Engagement Center, for example, is a critical player in US efforts to combat disinformation and propaganda. Beyond naming-and-shaming instances and perpetrators of disinformation, additional resources for Latin America-focused initiatives could buttress the center’s efforts to develop programs that build societal resilience to authoritarian narratives.

### **Invest**

Countering malign influence in the region will require the United States and its allies to diminish China’s troubling economic partnerships and investments in the region while boosting US and allied investment. To compete effectively, however, the United States must offer compelling alternatives. Competing will be more difficult in certain instances given the advantages the CCP has in exerting government control over business and society in China.<sup>86</sup> However, to date, the United States has not truly prioritized such competition.

Whereas the first pillar focuses on *prioritizing* engagement through, for example, high-level visits, adequately resourcing tools such as foreign aid and public diplomacy, and reforming regulations, this pillar explores ways the United States can *invest* in the region to offer compelling alternatives to China and Russia.

Toward this end, the United States and its allies should pursue trade, investment, and market integration with nations in the region based on principles of fairness, reciprocity, mutual benefit, and transparency. These will provide frameworks that will help to facilitate greater private-sector interaction between countries. Whereas China is more apt to leverage the power and wealth of the state, the United States’ prime economic asset is its strong private sector. Thus, any action that unleashes the US private sector to engage directly in the region is a boon to US efforts to encourage investment.

To achieve this, the United States must invigorate the various agencies that support US enterprises seeking to do business

83 Svetlana Shkolnikova, “Senators Call for Increased Funding for Poorly Resourced US Southern Command,” *Stars and Stripes*, March 24, 2022, <https://www.stripes.com/theaters/americas/2022-03-24/southcom-funding-senators-china-russia-defense-budget-5465561.html>.

84 Peter J. Meyer, “U.S. Foreign Assistance to Latin America and the Caribbean: FY2023 Appropriations,” CRS Report No. R47331, Congressional Research Service, January 6, 2023, <https://sgp.fas.org/crs/row/R47331.pdf>.

85 Meyer, “U.S. Foreign Assistance to Latin America and the Caribbean.”

86 Ellis, “A Strategy to Respond to Extra-Hemispheric Actors,” 19–20.

with foreign partners. The Export-Import Bank of the United States' China and Transformational Export Program (CTEP), for example, aims to aid exporters facing unfair competition from the PRC in foreign markets.<sup>87</sup> These entities elevate the competitiveness of the US private sector in international markets and actively compete with the global expansion of PRC investments and funding. Increased investment, support, and promotion of CTEP and other similar funding mechanisms will make the United States more competitive in the region.

The US International Development Finance Corporation (DFC) is another entity the United States can leverage to invest in the region and spur economic development. It can play an important role, for example, in supporting a healthy economy of small- and medium-sized enterprises. Just last year, for example, the DFC provided financing for small- and medium-sized enterprises in Paraguay.<sup>88</sup>

There also are opportunities to work through multilateral entities to advance commercial ties and encourage fruitful engagement between the public and private sectors. The Biden administration has begun taking steps to do this by, for example, committing in 2022 to provide a capital increase for IDB Invest, the private-sector arm of the Inter-American Development Bank.<sup>89</sup>

Relatedly, US government officials should work with regional counterparts and private-sector leaders to promote cooperation and joint ventures, particularly in sectors with critical national security implications. These actions would strengthen supply chains by advancing ally- and partner-shoring in the region. For example, the United States should deepen its relationships with countries in the Lithium Triangle, especially Chile and Argentina. Argentina's acceptance into the BRICS group of nations should serve as a wake-up call for the United States. In response, the United States should double down on economic aid and investment in the country, offering alternatives to China through investing in infrastructure and helping to modernize the Argentine military.

The United States and its allies should take an active role in promoting and building up local tech companies across the region, offering incentives for small start-ups to partner with American and allied tech giants. Currently, Huawei, the Chinese telecom giant, has cemented itself as a major player in the region due to its cost efficiency. Chinese subsidies make the cost of infrastructure and network service significantly lower than that of unsubsidized competitors, and the company operates on a massive scale relative to global competitors in its space. To technologically compete, the United States and its allies must present a viable, more cost-efficient alternate.

Given its size, dislodging Huawei will be difficult in the near term; therefore, the United States should first work with allies and partners to promote cost-effective digital-infrastructure partnerships with companies such as Nokia, Ericsson, and Samsung, both seeking ways to scale up Huawei competitors and make alternatives to Huawei more financially viable.

In addition, the United States and its allies should promote investment in and partnerships with the local technology ecosystems of countries across the region. This approach will have multiple benefits: it leverages engagement with allies and partners, including regional partners, to create a more diverse digital ecosystem that China is less capable of dominating.

One criticism of derisking is that countries cannot afford to derisk (e.g., Huawei is a more affordable partner than Samsung). As this section outlines, however, the way to address this is by investing in a diverse ecosystem of alternatives. For the sake of preserving democratic norms, derisking is an imperative, not a choice.

Most of the world's identified lithium reserves are found in this region, and lithium is critical for myriad technologies today, including electric vehicle batteries. Prospects for closer ties with Chile and Argentina may be more realistic in the near term than with Bolivia, the third country in the triangle, given tensions over human rights and drug trafficking.

Congress has a critical role to play in supporting capacity-building efforts and deepening security partnerships. Pending legislation such as the 2023 Western Hemisphere Partnership Act and the Caribbean Basin Security Initiative Authorization Act aim to strengthen the institutional and technical capacities of regional partners' military and law-enforcement institutions and advance democratic governance. There are provisions for arms sales, military aid, training, and more and both the Senate and the House must work to pass this legislation.

Similarly, the United States should strive to position itself as a more attractive partner in emerging domains such as outer space. China has pursued a bilateral model of engagement with Latin American countries when it comes to space, signing agreements with Argentina, Bolivia, Chile, Ecuador, and Venezuela.<sup>90</sup> Cooperation on space topics is realized through China's Space Information Corridor, part of the BRI.<sup>91</sup> Russia, for its part, has focused on space cooperation through the BRICS group.<sup>92</sup> Whether through government-to-government engagement (e.g., via NASA) or through private-sector partnerships (e.g., via SpaceX), the United States should pursue clos-

87 "China and Transformational Exports Program," US Export-Import Bank, accessed September 13, 2023, <https://www.exim.gov/about/special-initiatives/ctep>.

88 "DFC Provides More Than \$100 Million in Financing to Bolster Health, Agriculture, and Financial Inclusion in Latin America," US International Development Finance Corporation, June 10, 2022, <https://www.dfc.gov/media/press-releases/dfc-provides-more-100-million-financing-bolster-health-agriculture-and>.

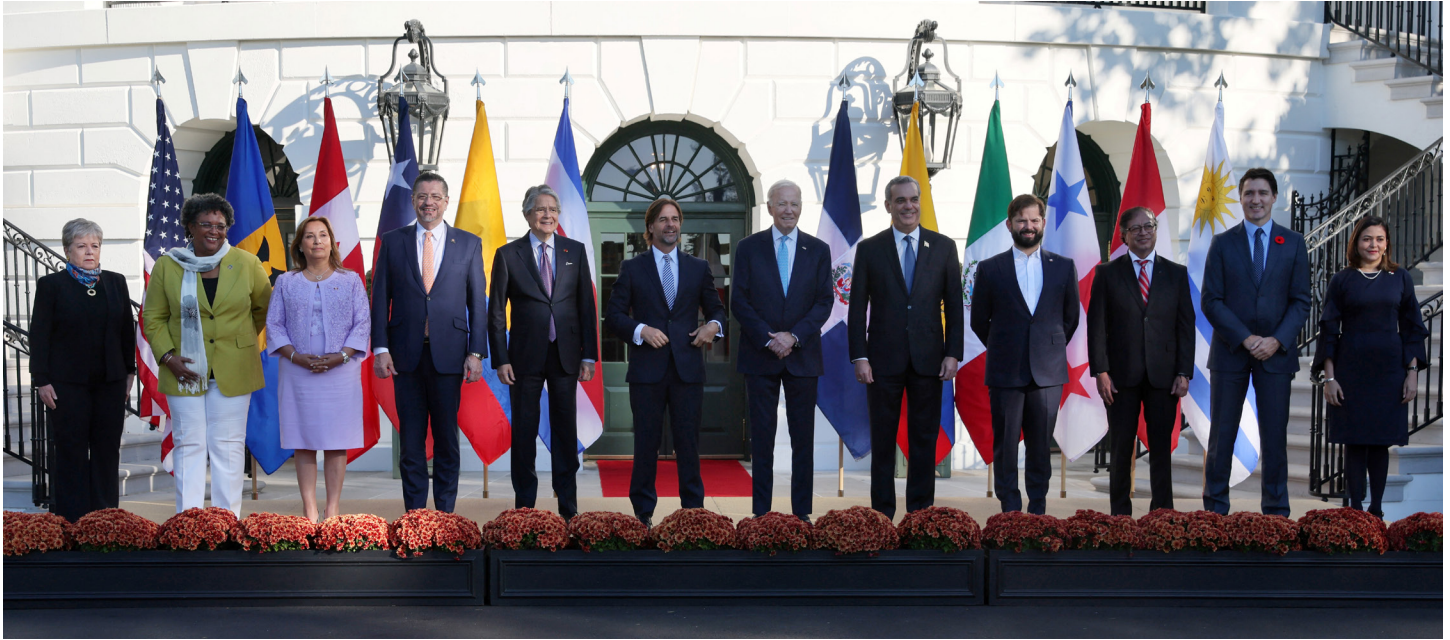
89 "Statement on Capital Increase for IDB Invest," Inter-American Development Bank, June 10, 2022, <https://www.iadb.org/en/news/statement-capital-increase-idb-invest>.

90 Aleksandra Gadzala Tirziu, "China, Latin America and the New Space Race," Geopolitical Intelligence Services, July 4, 2023, <https://www.gisreportson-line.com/r/china-space-latin/>.

91 Tirziu, "China, Latin America and the New Space Race."

92 "Russia Offers BRICS Partners a Module on Its Planned Space Station," Reuters, July 24, 2023, <https://www.reuters.com/world/europe/russia-offers-brics-partners-module-its-planned-space-station-2023-07-24/>.





er ties to the region on space. NASA Administrator Bill Nelson had a fruitful trip to the region earlier this year, for example, during which Argentina signed onto the Artemis Accords, a US-led multilateral effort to expand space exploration. The US government should build on this progress, promote deeper regional engagement via the Artemis Accords, and expand multilateral astronaut training programs.<sup>93</sup>

### Message

The United States needs to compete more effectively in the information space, denying China and Russia opportunities to shape narratives in the region that are favorable to them without pushback. This requires robust diplomatic engagement, and a strengthened public diplomacy apparatus. The United States should make its presence in the region felt, proffering democratic norms, spotlighting its positive engagement, and warning of the dangers of negative forms of Chinese and Russian influence.

Toward this end, there are a number of steps the United States should take. Active, regular engagement in regional multilateral fora will be important for the United States to shape the direction of these entities. The United States should also confirm a regular timeline for the Summit of the Americas to convene.

It is unrealistic and impractical to expect Latin American and Caribbean countries to cease accepting investments from China or Russia, especially as LAC countries do receive some tangible benefits from engagement. On the other hand, in ad-

dition to making itself an attractive partner, the United States can provide input on best practices to build a robust regional infrastructure for reviewing foreign investments in areas critical to national and regional security. Currently, countries in the region, with the exceptions of Mexico and Brazil, have some of the lowest restrictions.<sup>94</sup>

As noted earlier in the paper, the United States should reinvigorate institutions dedicated to strategic messaging and public diplomacy. VOA maintains significant capabilities to circumvent restrictions in areas where access to information is restricted.<sup>95</sup> A key part of this strategy will require that VOA prioritize the LAC region as a domain for strategic messaging. This messaging should stress that there is a clear difference between partnering with the United States versus with China or Russia, as the former can offer partnerships built on shared democratic principles and a heightened emphasis on transparency and respect of sovereignty, while the latter will seek a predatory advantage even if there is some near-term economic gain for both parties.

This messaging can use as its foundation the clear success of the rules-based international system over the past seven decades. Indeed, since the end of World War II, there has been unprecedented peace, prosperity, and freedom throughout the world when looking at metrics such as wartime casualties, gross domestic product per capita, and the increasing number of democracies globally.<sup>96</sup> Adherence to the norms and institutions of the rules-based international system has, and

93 C. Todd Lopez, "Space Plays Larger Role in US Southern Command's Mission," US Southern Command, August 4, 2023, <https://www.southcom.mil/ME-DIA/NEWS-ARTICLES/Article/3484881/space-plays-larger-role-in-us-southern-commands-mission/>.

94 "OECD Foreign Direct Investment Regulatory Restrictiveness Index," Organisation for Economic Co-operation and Development, accessed September 13, 2023, <https://goingdigital.oecd.org/indicator/74>.

95 "Audience and Impact: Overview for 2022," US Agency for Global Media, [https://www.usagm.gov/wp-content/uploads/2023/01/USAGM\\_Audience\\_and\\_Impact\\_Report\\_2022.pdf](https://www.usagm.gov/wp-content/uploads/2023/01/USAGM_Audience_and_Impact_Report_2022.pdf).

96 Ash Jain and Matthew Kroenig, *Present at the Re-Creation: A Global Strategy for Revitalizing, Adapting, and Defending a Rules-Based International System*, Atlantic Council, 2019, 14–15.

will be, a boon to human rights, anti-corruption efforts, and the rule of law in Latin America.

The US government should also leverage strategic messaging to counter Chinese and Russian disinformation in Latin America and the Caribbean. These messaging efforts should aim to prevent China and Russia from undermining democratic norms and institutions.

Empowering and engaging with local civil-society organizations is one means toward this end. For example, nongovernmental organizations and grassroots-led groups across Latin America have raised concerns about the environmentally harmful impacts of Chinese investments in the region.<sup>97</sup> Through entities such as the National Endowment for Democracy, the United States can strengthen these voices and also support other programs, including digital literacy efforts to build resilience to disinformation.

Finally, the United States should make clear what it is doing to support the region. For example, the United States substantially leads China in providing humanitarian assistance and disaster relief to the region. The United States must learn to highlight the real benefits it provides to nations across the region.<sup>98</sup> Furthermore, the United States remains the largest trade partner in Latin America as a whole, despite China's inroads.<sup>99</sup>

Public diplomacy efforts should also be complemented by behind-the-scenes, senior engagement between US officials and their counterparts, in which negative potential consequences of partnering with China (and the benefits of partnering with the United States) are repeated frequently. As noted earlier in this paper, the United States does not do a good enough job convincing countries of the risks posed by malign influence. Even reports from earlier this year of a Chinese spy base in Cuba were met with little publicly expressed concern by countries in the hemisphere, apart from the United States.<sup>100</sup> As one study noted, projects associated with Chinese infrastructure investment regularly posed several challenges to recipient nations, including severe financial burdens, a lack of transparency, and harm to local economies and environments. These risks need to be stated clearly and repeatedly, while positive alternative options for partnership are put forward.<sup>101</sup>

## Align

The final pillar of this strategy is for the United States to work toward building multilateral frameworks, cultivating peo-

ple-to-people connections, and deepening ties in the region with the help of other allies and partners. Any multilateral framework must offer tangible results to all partners and should be based on shared principles of respect for the rule of law, transparency, sovereignty, and the free market.

Toward this end, beyond just cultivating one-off trade agreements, the United States should seek to bring countries together, in either broad regional partnerships or minilateral groupings around matters such as equitable labor and environmental standards. China has faced protests in the region due to its support of projects with weaker environmental safeguards, for example, and partnerships around common principles could reduce Beijing's ability to compete in the region. Indeed, by forming coalitions around high standards for economic partnerships, the United States and regional partners can ensure a level playing field for their citizens to challenge lower quality CCP projects.

At the 2022 Summit of the Americas, the United States unveiled the Americas Partnership for Economic Prosperity.<sup>102</sup> However, the partnership has several shortcomings: it does not include the lowering of tariffs or offer other market incentives.<sup>103</sup> The Biden administration should prioritize making the Americas Partnership into a robust, lasting entity with continuity across future presidents, and a goal of the next summit should be to work toward concrete steps to open markets.

The United States should rally its allies in the free world to address the threats posed by Chinese and Russian malign influence in LAC. US officials should put concrete steps for countering these adversaries in the region on its agenda during bilateral and multilateral engagements with allies and partners.

The United States also should nurture people-to-people connections with the broader regional populace. One way to do this would be increasing the number of Fulbright scholarships that the United States offers and broadening the number of countries across the region in which Fulbright scholars can study and teach. Currently, Fulbright grants are not available to a number of countries in the region; expanding access to these grants can allow for the creation of greater and more lasting cultural connections. The United States should also devote additional resources to exchange programs, allowing more students from the region to study in the United States.

If the United States is able to offer compelling alternatives to China and Russia, particularly as an economic and security

97 Fermín Koop, "Latam NGOs Raise Concerns on Chinese Investments to UN body," *Diálogo Chino*, March 17, 2023, <https://dialogochino.net/en/infrastructure/364274-latin-american-ngo-concerns-chinese-investments-un/>.

98 Craig Faller and Patrick Paterson, *Weathering the Storms Together: Improving US Humanitarian Efforts*, Atlantic Council, March 2023, <https://www.atlanticcouncil.org/in-depth-research-reports/report/humanitarian-aid-defining-new-areas-of-us-lac-collaboration/>.

99 Roy, "China's Growing Influence."

100 Igor Patrick, "Why Reports of Chinese Spy Base in Cuba Are Met with Shrugs in Latin America, Where US Influence Is Waning," *South China Morning Post*, July 1, 2023, <https://www.scmp.com/news/china/article/3226144/why-reports-chinese-spy-base-cuba-are-met-shrugs-latin-america-where-us-influence-waning>.

101 Daniel Kliman et al., *Grading China's Belt and Road*, Center for a New American Security, April 8, 2019, <https://www.cnas.org/publications/reports/beltandroad>.

102 Steven Overly, "Biden's 'Ambitious' Economic Plan for Latin America Offers a 'Social Contract,' Not Trade Agreements," *Politico*, June 7, 2022, <https://www.politico.com/news/2022/06/07/biden-economic-partnership-americas-summit-00037621>.

103 Overly, "Biden's 'Ambitious' Economic Plan for Latin America."

partner, then it should be in a stronger position to build formal or semiformal multilateral partnerships in the region. Absent mutual benefits and transparency, the United States has little hope of bringing together regional partners. Key to this is building resilience among like-minded states so that they are able to resist the incentives offered by China and Russia.

In addition, apart from forming formal or ad hoc coalitions, the United States should play a leading role in regional organizations to ensure they are resourced sufficiently to execute their missions and that malign regional actors do not undermine these institutions' respect for principles such as rule of law and open markets.

Finally, the United States should engage its European and Indo-Pacific allies and support their existing endeavors aimed at fortifying their respective relationships with Latin America and the Caribbean. For the past decade, foreign direct investment from the European Union has outstripped that of the United States.<sup>104</sup> As part of its Global Gateway scheme, the European Union has sought to establish a rival BRI, with a €45 billion investment.<sup>105</sup> By combining their efforts and enacting joint region-specific strategies, the United States and Europe could collectively engage Latin America and the Caribbean and reduce authoritarian influence.

The Biden administration's announcement in September 2023 of a new Partnership for Atlantic Cooperation is a welcome step in the direction of greater transatlantic integration, including African partners. For now, the Partnership will focus on science and technology, a sustainable ocean economy, and climate change, with initial work "including scientific cooperation and shared research, information and maritime awareness, and development of a cadre of young Atlantic scientists."<sup>106</sup> This could serve as a stepping stone to deeper, formalized North and South Atlantic integration around a broader array of issues.

America's Asian partners, such as Japan and South Korea, should also play a role going forward. Both countries have recognized the value of engaging with LAC nations. Japan's then foreign minister, Yoshimasa Hayashi,<sup>107</sup> visited five coun-

tries in the region in spring 2023.<sup>108</sup> South Korea has an impressive trade relationship with the region, reaching a value of \$57 billion in trade in 2021.<sup>109</sup> The United States could promote engagement between its Asian partners and LAC nations through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Chile, Mexico, and Peru are all members, while Ecuador, Costa Rica, and Uruguay have applied to join. South Korea is seen as a potential applicant and its joining would further bind a key Asian ally with US partners in the western hemisphere.<sup>110</sup>

As a step toward integrating democratic allies and partners into a common alliance or partnership focused on technological innovation and norms, the United States and European Union should include regional representatives from Latin America in meetings of the US-EU Trade and Technology Council.

The United States also should work closely with allies and partners in the political realm, coordinating responses to violent repression by governments in the region and responding with multilateral punitive actions, including sanctions.<sup>111</sup>

In the long term, the United States should work toward integrating Latin American partners into a broader Democratic Trade and Economic Partnership, as proposed by one of the authors, Matthew Kroenig, and our colleague Ash Jain.<sup>112</sup> Toward this end, as the United States and its allies derisk their supply chains to minimize the involvement of China and Russia, they should encourage production on friendly shores in Latin America. A formal partnership or framework for cooperation would strive to better integrate democratic economies across the world in order to reduce strategic dependence on China and secure supply chains, while reducing trade and investment barriers.<sup>113</sup>

In sum, these four elements of the proposed strategy rely heavily on three particular tools of statecraft: economic influence, strategic messaging, and diplomacy. These recommendations are not intended to be at the expense of other important avenues of activity or potentially useful tools of implementation. However, this report does recommend the prioritization of these tools for maximum impact in targeting

104 *Foreign Direct Investment in Latin America and the Caribbean 2020*, United Nations Economic Commission for Latin America and the Caribbean, December 2020, <https://www.cepal.org/en/publications/46541-foreign-direct-investment-latin-america-and-caribbean-2020>.

105 Philip Blenkinsop and Andrew Gray, "EU Aims to Be 'Partner of Choice' for Latam, Caribbean in Pivot from China, Russia," Reuters, July 18, 2023, <https://www.reuters.com/world/eu-seeks-revive-latam-caribbean-ties-it-turns-away-china-russia-2023-07-17/>.

106 "Fact Sheet: 32 Countries Launch the Partnership for Atlantic Cooperation," White House Briefing Room, September 18, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/09/18/fact-sheet-32-countries-launch-the-partnership-for-atlantic-cooperation/>.

107 He now serves as chief cabinet secretary.

108 "Foreign Minister Hayashi's Visit to Latin America and the Caribbean," Ministry of Foreign Affairs of Japan, May 7, 2023, [https://www.mofa.go.jp/la\\_c/m\\_ca\\_c/page6e\\_000347.html](https://www.mofa.go.jp/la_c/m_ca_c/page6e_000347.html).

109 Mauricio Mesquita Moreira and Marcelo Dolabella, "Korea and Latin America and the Caribbean: Partners for Sustainable Trade and Investment," Inter-American Development Bank, September 29, 2022, <https://blogs.iadb.org/integration-trade/en/korea-and-latin-america-and-the-caribbean-partners-for-sustainable-trade-and-investment%ef%bf%bc/>.

110 Nick Perry, "Britain Officially Joins Asia-Pacific Trade Group That Includes Japan, 10 Others," ABC News, July 16, 2023, <https://abcnews.go.com/Business/wireStory/britain-officially-joins-asia-pacific-trade-group-includes-101320505>.

111 Merriman, Quirk, and Jain, *Fostering a Fourth Democratic Wave*, 17.

112 Ash Jain and Matthew Kroenig, *A Democratic Trade Partnership: Ally Shoring to Counter Coercion and Secure Supply Chains*, Atlantic Council, June 1, 2022, <https://www.atlanticcouncil.org/in-depth-research-reports/report/strategic-decoupling-building-a-democratic-trade-and-economic-partnership-d-tep/>.

113 Jain and Kroenig, *A Democratic Trade Partnership*.



the key areas of Chinese and Russian malign influence in the region. US activity will enable Washington to achieve the objectives defined in the goals section of this report.

## Guidelines for Implementation

- **Coordination and elevation of the Latin American and Caribbean bureaus within the US government.**

Successful execution of the strategy outlined in this paper requires robust staffing and resourcing of western hemisphere bureaus in the US government. The National Security Council, the Departments of Defense, State, Treasury, and Commerce, and the intelligence agencies, at a minimum, should increasingly look to invest in policies and personnel that emphasize expertise and focus on Chinese and Russian malign influence. It is essential that these agencies work in partnership, via coordination through the National Security Council, to ensure that goals are pursued in concert. It will be particularly vital that the economically focused staff at the Treasury and Commerce Departments, USAID, and the Development Finance Corporation, as well as within the White House and NSC, are closely integrated with bureaus and directorates focused on the security and technological implications of malign Chinese and Russian influence in the region.

- **Engagement with private-sector enterprises.** This strategy also depends on significant engagement with the private sector to ensure that the United States and its allies can offer competitive development, investment, and technological alternatives to those offered primarily by China. The US government must also work with companies to encourage “friend-shoring” supply lines to the western hemisphere and away from China through tax incentives or other means that boost their competitiveness when competing for contracts abroad. The US government should adopt domestic policies that favor innovation, business growth, and investment within the hemisphere.
- **Focus on substantive outcomes over mere rhetorical inroads.** Strategic messaging is a key component of the strategy outlined herein, but such messaging must be utilized to attain substantive outcomes. As such, it must be complemented by the economic and diplomatic tools of American power (outlined above). The United States must make real progress on developing sustainable partnerships. The Americas Partnership for Economic Prosperity, in its current form, is an example of a rhetorical inroad that has so far failed to advance key substantive outcomes. Announcements of future US engagement must include concrete policy developments that clearly boost investment and engagement in the region while having the buy-in of local partners.

## Risks, Criticisms, and Alternatives

- **Risks of economically based strategy relying on non-government efforts.** Relying on cooperation between the US government and the private sector must contend

with the difficulty of executing this effort in a democratic system. In contrast, the Chinese Communist Party, a totalitarian regime, exerts full control over every facet of Chinese society. The CCP’s ability to promote its companies through state-owned enterprises and subsidies puts US companies at a strategic disadvantage in certain instances. At the same time, the CCP can exert leverage over its companies and private industry in a way that the United States simply cannot do by virtue of its free and democratic system of government. Nonetheless, the US task does not have to be so complex. In fact, Washington needs to have national security priorities brought into its economic policy decision-making. The government should step up on this. Moreover, over the long term, the advantages of the US system of government should result in more innovation and prosperity: the key will be developing the right incentives and domestic policies to spur American innovation, research, and business. It is therefore essential that the national security apparatus of the US government work in concert with the economic agencies and Congress to ensure that American business thrives.

- **Opportunistic fence-sitting by countries in the region.**

Countries in Latin America and the Caribbean may seek close ties with both the United States and its competitors. Indeed, countries may voice support for US policies while still pursuing investments from or partnerships with China or Russia. This is a reality that the United States currently faces in Asia, where many of its key trade and security partners continue to maintain ties to Russia and China. To overcome this, the United States needs to pursue the strategy outlined here in a sustained, deliberate manner, with particular concentration on serving as an attractive partner that can offer greater benefits than others.

## Conclusion

Countering Chinese and Russian malign influence in the western hemisphere is an urgent and important challenge for the United States. Addressing it requires a clear set of goals, which this paper has sought to outline, as well as a defined set of pillars for achieving those goals. The United States needs to respect regional agency and diversity as it pursues this strategy, acknowledging that countries will likely still choose to engage with China and Russia to a certain extent.

Nevertheless, by following the strategy outlined here, the United States and its allies will be able to strengthen partnerships in the region, while diminishing Chinese and Russian malign influence across the economic, technology, governance and diplomacy, and security domains. In short, the United States and its free world allies will emerge as a favored partner and advance peace, prosperity, and freedom in the region for decades to come.

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