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Countering Threats Posed by Nation-State Actors in Latin America to U.S. Homeland Security

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Introduction

Chairman Pfluger, Ranking Member Magaziner, and distinguished members of this subcommittee, thank you for the opportunity to address you today on countering threats posed by nation-state actors in Latin America. I am pleased to provide relevant research and policy insights from FDD's Center on Economic and Financial Power (CEFP), where I serve as senior director and head.

CEFP, one of FDD's three centers on American power, was launched in 2014 to conduct cutting-edge research and promote strategies and policies to bolster an effective economic security framework that deters America's adversaries and protects U.S. national security objectives. Our lines of research and analysis focus on countering illicit finance, kleptocracy, and authoritarian corruption; economic warfare, including sanctions, export controls, and regulatory guard rails; new alliances for economic security; risks to USD primacy; and global supply chain risk.

Today, I will touch on several examples of how authoritarian states influence Latin America's political, economic, and security dimensions — impacting stability in the region and driving mass migration to the United States. Rising populism, slowing growth, hyperinflation, crime, endemic corruption, organized crime, and horrifying violence are displacing populations and changing the economic and political dynamics. The influence of authoritarian regimes in Latin America continues to grow, especially China's outsized economic and political influence.

In the aftermath of 9/11, the Department of Homeland Security (DHS) was created to take a more unified, "whole of government" approach to counter new and emerging asymmetric terrorist threats to the homeland. I was honored to help stand up the department as deputy and acting assistant secretary for policy development and as director of the DHS Office of Cargo and Trade Policy. Those first years forming a new department were both exhilarating and immensely challenging. We didn't have a playbook for most decision-making. But we could count on and leverage the primacy of U.S. global leadership and economic influence, which allowed us to take essential steps at home and abroad to protect America from further attack.

Two decades later, we find ourselves in a new paradigm where elements of the U.S.-led global economic, trading, and monetary systems are being weaponized against us by foreign adversaries and competitors, and in the process, escalating the erosion of democratic rules and norms. The traditional terrorist threats evolved and persist, but now we face additional and fundamentally different sets of threats to the homeland that require new strategies and tactics — threats that are attacking not only our physical borders but our financial, digital, or trade borders as well.

Overview: Rising Authoritarian Threats Throughout the Hemisphere

A lack of a compelling and comprehensive U.S. vision for productive engagement with Latin America has left our hemisphere vulnerable to authoritarian encroachment and weakening economies. America's backyard, instead of being filled with democratic friends and booming economies, is home to Russian bombers and mercenaries, 29 Chinese-owned ports and port projects, a widespread Iran- and Russia-fueled anti-U.S. propaganda machinery, Chinese-enabled fentanyl and money-laundering operations, wobbling and fallen democracies, and widespread economic and political instability.

Over the last two decades, Latin America has seen wild swings from left-wing populists to right-wing populists and back, all of which have enabled corruption, disappointed their populations, and left the United States with fewer stable partnerships across the region. In response, Washington has settled into a hands-off approach to the region — allowing Venezuela and Nicaragua to slide into dictatorships and largely ignoring chaos in Bolivia, Peru, Argentina, and El Salvador. Since 2008, Latin America has seen a greater decline in democratic indicators than any other region in the world.

In addition to rising internal autocratic forces within Latin America, external autocratic forces are imposing their will upon the region with little in the form of a coordinated American response. Russia and Iran are increasingly active throughout the Americas, providing military assistance to Venezuela, evading sanctions in Cuba, or pushing misinformation and destabilizing democracy. The rising influence of authoritarianism throughout Latin America is pushing the region toward totalitarianism and away from the stable and interdependent democracies that would benefit both local citizens and the hemisphere at large.

The true autocratic behemoth in the region, however, is China, which has ramped up its economic investment throughout the hemisphere, driving deep debt dependency while pushing an anti-democratic vision of surveillance states and crumbling, corruption-driven infrastructure. Ecuador has already discovered "thousands" of cracks in its new $3 billion Chinese-built and -financed hydroelectric dam. Chinese organized crime, with tacit state support, is infiltrating Central American drug trafficking and money laundering operations — supercharging both. China has become deeply interwoven in Latin America's energy grids and critical infrastructure, putting basic services at risk to the whims of Beijing. And China is increasing its military engagement throughout the hemisphere, from booming weapons sales and anti-riot police gear to joint exercises and training. The United States needs a concrete strategy to address Chinese encroachment throughout the region, whether through its illegal overfishing off of South America's Pacific coast or its growing fentanyl operations throughout Latin America.

America's cool relations with Central and South America have, meanwhile, failed to capitalize on the tremendous promise of the region and its critical role in American economic and national security. A prosperous Latin America lowers the pressure on immigration to the United States, offers critical supply chain advantages, and is rich with resources and human talent that should catalyze 21st century technologies. Mexico has frequently benefitted from U.S. efforts to locate supply chains closer to home, but so much more could be done. "Ally-shoring" shifts of U.S. manufacturing from Asia to Latin America could promote prosperity throughout the region, lower costs for American businesses, and reduce pressures contributing to political instability and mass migration.

Corruption, Trade, Critical Minerals, and Infrastructure: the BRI's Bad Deal

Trade between China and Latin America has skyrocketed over the last two decades, increasing more than 25 times in that span. Over the next decade, trade between China and the region is projected to double again to over $700 billion. Chinese loans have also increased the debt burden of Latin American countries by $138 billion. Much of that debt has come from China's Belt and Road Initiative (BRI) — a program that promises quick infrastructure and election-friendly megaprojects for which leaders in the region have been eager to sign up. Latin America trails only Asia in terms of BRI funding, having received more funding between 2005 and 2021 than Africa.

BRI projects are particularly appealing to the rulers of overindebted countries with weak governance standards since BRI loans provide no protection against corruption or limitations on indebtedness. Unfortunately, while BRI mega-projects are appealing to political leaders and their cronies, they have left a troubling legacy of corruption, broken promises, substandard infrastructure, opaque contractual terms, and mountains of debt.

In Ecuador, the $3.4 billion Coca Codo Sinclair hydroelectric project was supposed to provide 1,500 megawatts of electricity for Ecuador's people. Instead, Ecuadorian officials, including former President Lenin Moreno, received more than $75 million in bribes, and the citizens of Ecuador received a dam with at least 17,000 known cracks — putting the entire project and the lives of locals living downstream at risk. A million Ecuadorians were displaced to build the dam. Now there is major doubt that it will ever be fully operational.

Still, the Chinese debt continues to get paid under opaque terms that let Beijing walk away with 80 percent of Ecuador's oil — its most valuable export. On top of that, China gets the oil at a massive discount, allowing Beijing to resell the oil on the open market for a profit that should be going to Ecuador.

China has been aggressive in its attempts to exploit Latin America's abundant natural resources as it seeks to monopolize critical supply chains vital to the world's energy future. China controls around 65 percent of global lithium processing and refining capacity. In South America's Lithium Triangle of Argentina, Bolivia, and Chile, home to over half of the world's known lithium reserves, China is working to corner the market in all three countries.[1]

[1] Diana Roy, "China's Growing Influence in Latin America," *Council on Foreign Relations*, June 15, 2023. (https://www.cfr.org/backgrounder/china-influence-latin-america-argentina-brazil-venezuela-security-energy-bri); "Ganfeng Global Layout," *Gangfeng Lithium*, accessed June 16, 2023. (http://www.ganfenglithium.com/about3_en.html); "Zijin Mining Completes Acquisition of Neo Lithium," *ZiJin*, February 5, 2022. (https://www.zijinmining.com/news/news-detail-119227.htm); Ward Zhou, An Limin, Luo Guoping, and Lu Yutong, "China consortium to develop lithium deposits in Bolivia," *Caixin* (China), January 27, 2023. (https://asia.nikkei.com/Spotlight/Caixin/China-consortium-to-develop-lithium-deposits-in-Bolivia); Antonio De la Jara, "Tianqi buys stake in lithium miner SQM from Nutrien for $4.1 billion," *Reuters*, December 3, 2018. (https://www.reuters.com/article/us-chile-tianqi-lithium/tianqi-buys-stake-in-lithium-miner-sqm-from-nutrien-for-4-1-billion-idUSKBN1O217F)

American companies, meanwhile, are being sidelined under suspicious circumstances. The U.S. company EnergyX, the only bidder in Bolivia to successfully demonstrate its technology with a pilot plant on site, was disqualified from bidding after missing a deadline by ten minutes. The project was ultimately awarded to a consortium of Chinese companies.

Finally, a positive trading relationship between the United States and Latin America has slowly been eroded and replaced with substantial Chinese engagement. This has spurred Brazil to push to resurrect the BRICS alliance as a non-America alternative trading and economic engagement bloc. In particular, Brazil has been vocally promoting the idea of pursuing a BRICS-based currency as an alternative to U.S. dollar primacy and dollar-based trade, with others in Latin America, such as Argentina and Venezuela, actively looking to join the alliance.

The United States, mobilizing its innovative private sector, has much more to offer Latin America than an alliance with a moribund Russia and a corrupting China can provide. To date, however, commercial risk-aversion and U.S. government disinterest has allowed China to carve out a dominant economic relationship throughout the region, much to the detriment of economic security in the Americas. The current "Americas Partnership for Economic Prosperity" is an important initiative that focuses on enhancing trade in this critical region, but it needs resources. The United States must do more to engage economically with others in the hemisphere, expanding and reinvigorating free trade agreements and de-risking the environment for private capital and companies. Strong private sector engagement combined with a U.S. reprioritization of the rule of law and transparency in Latin America has the potential to substantially stabilize conditions in the hemisphere and diminish the conditions that contribute to U.S.-bound migration.

Ports, Logistics, Data, and Surveillance: LOGINK, Cranes, and 5G

China's 29 ports in Latin America control vast swaths of regional trade, but China also manufactures 96 percent of all shipping containers and 80 percent of the world's ship-to-shore cranes, and they lead the world in shipping capacity. Ships, containers, and cranes are only the beginning. Chinese-operated ports not only commercially link Beijing to the world but also act as outposts for data gathering and surveillance on a massive scale. China's port companies are legally required to collect information for the Chinese Communist Party.

Data collection is happening everywhere in the ports and providing China with a significant asymmetric advantage. Seemingly mechanical shipping cranes are being investigated as spying tools. China's logistical software system, LOGINK, is being used at ports around the world and tracks a wide range of trade, market, and maritime information, including: vessel and cargo status, customs information, billing and payment data, geolocation data, price information, regulatory filings, permits and driver's licenses, trade information, and booking data — information that gives Beijing critical commercial and geopolitical advantages. Chinese ports have 5G towers providing Wi-Fi to cruise ship tourists, and China provides the operating systems for the ports facility computers.

China's information advantage could permit Beijing to pinpoint economic attacks on critical U.S. trade and supply chain vulnerabilities. Even worse, China has knowledge and control over vast amounts of maritime infrastructure that underlies the shipping of Western military supplies, equipment, and components — cornering logistical data that could severely undermine U.S. and allied military capabilities in any potential conflict.

China's high-powered navy — now the largest in the world — also maintains critical advantages by having access to a global web of state-owned ports. Chinese commercial ports routinely host ships from China's navy and could act as critical resupply points — providing a massive tactical advantage in any potential conflict. China is, moreover, actively pursuing civilian/military interoperability to make infrastructure, such as its ports, even more militarily valuable.

Foreign ownership or control of global ports and their informational infrastructure is not an intrinsic hazard. However, given China's aggressively adversarial economic and geopolitical posture towards the West, it is critical that risks of China port-ownership are fully understood and mitigated. This must begin with understanding what *exactly* China knows: what information it is collecting, what data streams it has access to, and what state-sponsored intelligence gathering is linked to its port operations.

The United States should also work closely with Canada and Mexico to ensure that China's logistical advantages do not allow Beijing to manipulate trade information in ways that undermine North American security, such as promoting trade-based money laundering, disguising fentanyl operations, aiding human trafficking, or contributing to other national security trade risks. In the same vein, the United States has an opportunity to collaborate with global allies that also face Chinese port-related risks to comprehensively examine and test operations and logistical systems to make sure that trade data is not being compromised or weaponized.

Fentanyl and Money Laundering: Two Sides of the Same Coin

The fentanyl crisis has tremendous consequences for the United States. One hundred thousand Americans are dying from drug overdoses a year — the vast majority of those from synthetic drugs like fentanyl. That is more than all the deaths from car crashes and gun violence combined. While most Americans understand the impact of fentanyl on our communities, what is less understood is the sophisticated network of internationally organized criminal syndicates, illicit precursor supply chains, and Chinese money laundering operations that underpin this tragedy.

Fentanyl is unique, both in its lethal nature and in terms of the victims it targets. By and large, fentanyl is not being used by the general addict population but is much more likely to be used, unknowingly, by children and first-time users that believe they are buying legitimate pharmaceuticals, like Adderall or Vicodin … with deadly consequences. By disguising fentanyl (which costs as little as 10 cents a pill to produce) as more profitable pharmaceuticals, Mexican cartels make a killing by killing American kids.

Tragically, fentanyl is a drug crisis that is simultaneously a money laundering crisis, chewing up American children in the process. Fentanyl, manufactured in Mexico from precursor chemicals imported openly from China, is just one link in a money laundering process that is primarily designed to allow Chinese nationals circumvent China's strict controls on taking cash out of the country. Chinese money launders take dollars from the drug cartels, sell them to Chinese expats for yuan, trade the yuan to Mexican businesses that trade with China, taking pesos back, and then they sell the pesos back to the drug cartels — with the money launderer taking a cut at every transaction. One anonymous U.S. source described the Chinese operation as "the most sophisticated form of money laundering that's ever existed."

We can no longer consider our border a physical barrier between the United States and Mexico. Increasingly, our trade and financial borders reach worldwide — and China is taking advantage, breaching those borders at will. As Admiral Craig Fuller, commander of U.S. Southern Command, said in 2021, Chinese money laundering is "the number one underwriter of transnational criminal organizations." As another expert pointed has pointed out, China launders roughly half of the world's illicit money, responsible for cleaning approximately $2 *trillion* in illicit proceeds a year.

Fortunately, the illicit finance backbone of the fentanyl trade is also its greatest weakness. While interdicting tiny pills at the physical border is nearly impossible, truckloads of cash are passing right under our noses, running through our financial system and, often, operating in plain sight. Building a strategy to follow and attack the money, therefore, will do far more to stem the dramatic rise in overdose deaths than any other drug enforcement strategy.

Misinformation and Rising Authoritarianism

Authoritarian regimes are driving migration to the southern border in tremendous numbers with migrants from Cuba, Venezuela, and Nicaragua now outnumbering even migrants from the Northern Triangle of Honduras, El Salvador, and Guatemala. If we are seeking to address the root causes of migration, addressing rising authoritarianism is a strategic imperative. It also means fighting back against a false narrative designed to undermine the U.S. role in the region.

Authoritarianism throughout the hemisphere is increasingly supported and enabled by a sophisticated misinformation campaign by a new Axis of Authoritarianism, most notably Russia, Iran, and Venezuela. As Southern Command Administrator General Laura Richardson stated in her 2022 Posture Statement to Congress, "Russia intensifies instability through its ties with Venezuela, entrenchment in Cuba and Nicaragua, and extensive disinformation operations."

Russia's main conduits for propaganda throughout Latin America are Russia Today's Spanish language channel, Actualidad RT, and Sputnik's Spanish channel, Sputnik Mundo. These are channels are then amplified by the Venezuelan-led channel, TeleSur and the Iranian channel, HispanTV, whose broadcasts to Spanish-speaking audiences are closely intertwined with Russia's.

As pointed out by my colleague, Emanuele Ottolenghi, "the Spanish language media networks controlled by Iran, Russia, and Venezuela push out conspiracy theories, fake news, whataboutism, and disinformation," whereby authoritarian governments package "their imperialism as resistance, their terrorism as anti-terrorism, and their authoritarianism as democracy."

Russia itself is transparent in its attempts to use propaganda as a weapon of war to promote its narrative throughout Latin America and build consensus for pro-authoritarian, anti-American policies. As the editor-in-chief of Russia Today stated "… not having your own foreign broadcasting is like not having a Ministry of Defense. When there is no war, it seems to be unnecessary. But damn, when there is a war, it's downright critical."

The reach of this propaganda is tremendous. RT's Spanish Twitter account has 3.4 million followers. Its YouTube account has 5.9 million subscribers. TeleSur's Twitter has 2 million followers.

The United States has not sanctioned any of these channels. It should.

Canada, the European Union, and the United Kingdom have already blocked RT and Sputnik with sanctions. After ordering the removal of Russian state-owned media from internet search results, the EU imposed sanctions on RT and Sputnik in March 2022, and in May 2022, it banned additional Kremlin-backed media platforms, such as RTR Planeta, Russia 24, and TV Centre.

But RT and Sputnik are still available on cable, the internet, and social media, across the United States and throughout Latin America, with significant, negative impact on global audiences. U.S. sanctions could change that, severely degrading a key weapon to promote authoritarian disinformation.

Hispanic TV is owned by the Islamic Republic of Iran Broadcasting authority, or IRIB. The U.S. Department of Treasury has sanctioned IRIB. As an IRIB subsidiary, HispanTV, should also be sanctioned.

Russian and Iranian regimes further boost Latin American authoritarianism with military sales, joint exercises, direct funding, and commercial engagement. Iranian warships were recently welcomed to Rio de Janeiro, and two weeks ago, Iranian and Venezuelan officials signed 25 separate memoranda of understanding on issues that could be used for military cooperation or sanctions evasion. The United States must do more to push authoritarian regimes out of Latin America.

Recommendations

The challenge of authoritarian interference in Latin America presents critical questions about how the United States can use its vast economic and political power to drive stability, opportunity, investment, and democratic principles. Most critically, we must determine how we can leverage diplomatic and operational engagement in the region to secure our borders, convey benefit to more people throughout our hemisphere, and reinvigorate true democracy in the process. The U.S. government, in close and aligned partnership with the private sector, must present a compelling vision for new economic alliances and democracy-reinforcing engagements that push back against the malign and corrupting influence of foreign authoritarian governments from Asia, Europe, and the Middle East.

DHS has a central role to play. DHS and its relevant components can implement a more effective strategy to understand, address, and mitigate threats to the homeland emanating from Latin America. But it requires a shift in mindset and thinking more creatively about the tools available and new ones required. In general terms, this demands that DHS:

- *Have a plan.* DHS should implement a more robust economic security threat assessment process that prioritizes foreign adversaries and strategic competitor interests.
- *Show up.* A risk-based approach to economic security threats can drive more effective deployment of both physical and digital boots on the ground for gathering intelligence and information, especially at ports, and establishing core relationships with government counterparts and private sector actors.
- *Bring resources.* DHS must invest in its own critical security infrastructure in the region and more directly support USG efforts to bring more capital and private sector partners to strategic regional investments, especially in critical supply chains, foreign commercial port operations, and other strategic vectors where we have known vulnerabilities.
- *Commit.* Long-term responses will send the right message to partners and allies. The post-9/11 operational readiness and investment strategies have largely fallen by the wayside. We need to send a stronger message to friends and partners in the region that we are committed to long-term partnerships. Otherwise, China and other malign actors will wait us out.

More specifically, DHS can undertake the following concrete actions to strengthen its efforts to combat malign authoritarian influence in Latin America:

1) Identify and analyze a broader range of economic security threats as core drivers of homeland security vulnerability.

New and emerging threats across Latin America — from rising authoritarianism, high-tech surveillance-tactics, weaponized corruption, and increasingly deadly drugs — leave our borders, and our regional economic and security objectives, vulnerable to the malign influence of adversaries and competitors, from both within and outside of the Western Hemisphere. DHS must shift its intelligence and analysis framework to encompass a wider range of new actors, threats, and data sources to ensure that its intelligence and analysis anticipate a range of interrelated national and economic threats in Latin America as drivers of risk, vulnerability, and migration. The threat picture is complex and nuanced, but, at the same time, these actors also exploit existing mechanisms. Smuggling, trafficking, intellectual property violations, illicit trade, disinformation campaigns, and money laundering are flourishing and increasingly used by both transnational criminal organizations (TCOs) and authoritarian state actors. These tools are leveraged as mechanisms for strengthening criminal networks, advancing anti-American political and economic objectives, and exerting malign influence on the homeland. Meanwhile, threats from China's massive infrastructure investment strategy and growing trade relationships have dented U.S. economic leadership in the region while co-opting foreign officials willing to go along with Beijing's wishes and create unprecedented access to valuable natural resources, commercial infrastructure, and military engagement. These new and evolving vectors of risk should be more tightly woven into DHS's existing threat analysis.

2) Re-engage and expand private sector supply chain partnerships to improve information and data that supports better intelligence gathering and analysis.

We need more and deeper partnerships with the private sector, especially those involved in manufacturing, transporting, importing, exporting, and investing in commercial operations and key supply chains in Latin America. Much like the immediate post-9/11 environment, it is critical to take a more collaborative approach to risk-based targeting and effective use of data to maintain a real-time view at the ports and across vital economic interests. But we need to evolve beyond legacy terrorist threats. Extension of mechanisms like the Authorized Economic Operator (AEO) program and additional Mutual Recognition Arrangements (MRAs) offers potential pathways. Created after 9/11 as part of the Bali Trade Facilitation Agreement, AEO is the equivalent of the Customs Trade Partnership Against Terrorism, or C-TPAT, for non-U.S. entities. Programs like AEO, if used effectively, can improve our "ground game" by connecting DHS with critical foreign-based private sector organizations willing to provide more advanced trade data and information to CBP in exchange for expedited access at the borders. We need more connectivity to information and engagement with supply chain actors and operators that have access to valuable data streams. In some cases, additional private sector-driven link analysis and analytics can provide a much deeper view into the actions of individuals, entities, competitors, and adversaries and our global supply chain vulnerability. Working with AEOs and helping to grow private sector participation in such programs could be a significant contributor to better informational and intelligence analysis.

3) Conduct a detailed review of China's multi-layered influence on ports and related critical trade infrastructure in Latin America and strategies to counter that influence.

DHS and CBP should lead a comprehensive review of potential vulnerabilities at Latin American ports, including mapping Chinese ownership and links to the sanctioned entities; the implementation of Chinese-made technology, including cranes, screening devices, logistics software, and the security data associated with these capabilities; an assessment of 5G network access and ownership, cyber risks, relevant trade data information; understanding China's operations and maintenance strategies and influence; assessing the risk of potential dual-use infrastructure; and investigating illicit actors and entities associated with critical infrastructure.

 # 4 Expand and enhance the effectiveness of Trade Transparency Units.

Trade Transparency Units (TTUs) were established in 2004 to exchange trade data between the United States and its trade partners on a bilateral basis and improve the understanding of trade-based money laundering. TTUs should be resourced and supported as part of a broader effort to counter the illicit financial pathways favored by authoritarians.

As of 2020, the United States has trade transparency agreements — the mechanisms that allow for the exchange of information between jurisdictions — with over a dozen countries and their Trade Transparence Units (TTUs), primarily in Central and South America. An April 2021 GAO report recommended that DHS expand the number of agreements and "develop a strategy for the TTU program to ensure ICE has a plan to guide its efforts to effectively partner with existing TTUs, and to expand the program, where appropriate, into additional countries."

Concurrently, Congress must work with the administration to strengthen the effectiveness of our own TTU. Another GAO report released in December 2021 identified two critical deficiencies:

1. The establishment of an "interagency collaboration mechanism to promote greater information sharing and data analysis between federal agencies and with relevant private-sector entities on issues related to trade-based money laundering and other illicit trade schemes"; and
2. Ensuring that ICE take "steps to enable and implement sharing of the Trade Transparency Unit's trade data—including for the purposes of trade data analysis about patterns or trends of illicit activity related to trade-based money laundering and similar schemes—with U.S agencies with roles and responsibilities related to enforcing trade laws and combating illicit financial activity, as appropriate."

As of today, these recommendations remain unresolved, with ICE officials noting that the "data-sharing agreements with foreign countries prohibit the sharing of their information, and data-sharing agreements among U.S. law enforcement agencies provide a mechanism to request access and authorization if an agency needs access." Congress should review DHS's authorities to find a way to streamline the exchange of information between the United States and partner TTUs.

5) Increase investigative work to uncover Chinese money laundering networks and the financial institutions supporting them.

As my colleague Anthony Ruggiero and I have written, Congress should authorize the president to impose a range of sanctions on the facilitators who serve the drug traffickers, including individuals who are grossly negligent concerning financial transactions or export drug precursors. DHS can play a role in this effort by surging its investigative resources to identify entities involved in producing and shipping precursor chemicals and supporting surge capacity with law enforcement counterparts to investigate U.S-based and foreign money laundering networks and associated persons and entities.

Congress should also enact so-called secondary sanctions targeting those who do business with the primary targets of fentanyl sanctions. Specifically, the law should impose sanctions on foreign financial institutions that knowingly conduct or facilitate significant financial transactions on behalf of a sanctioned person.

6) Support legislation to counter kleptocracy and state-sponsored corruption, such as the Foreign Extortion Prevention Act (FEPA).

Corruption preys on weak regimes throughout Latin America, boosting authoritarianism, destroying lives and livelihoods, undermining U.S. interests, pushing out law-abiding U.S. companies, and facilitating China's bribe-fueled incursions throughout the hemisphere. U.S.-based and U.S.-listed companies face major consequences for bribing foreign officials under the Foreign Corrupt Practices Act. Corrupt officials, however, get off scot-free, as do the Chinese companies and officials bringing gift boxes filled with cash.

China is sidelining American companies in the race for critical resources, partnerships, and contracts largely because corruption and opacity are central features of Chinese engagement. In order to raise the stakes for crooked foreign officials and narrow the window for Chinese interference, Congress should consider expanding anti-corruption law enforcement tools such as those found in the Foreign Extortion Prevention Act (FEPA) — which would parallel the FCPA by criminalizing bribe demands made of U.S. and U.S.-listed companies.

FEPA had strong bipartisan support in the last Congress, is supported by the U.S. Chamber of Commerce and a broad coalition of civil society, and reflects a commitment included in the National Security Council's Strategy on Countering Corruption.