

**Opening Statement (As Delivered)
Ranking Member John Cornyn**

**Senate Committee on Finance, Subcommittee on International Trade,
Customs, and Global Competitiveness
“Economic Cooperation for a Stronger and More Resilient Western Hemisphere”
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Thank you, Mr. Chairman. And thank you to our witnesses for joining us here today. I recently led a bipartisan delegation to Panama, Colombia, Argentina, and Brazil to investigate, among other things, the PRC’s growing influence in the region. In recent decades, as we know, China has made massive investments across Latin America, including transportation infrastructure, energy projects, and so much more.

Of course, these investments are not an act of generosity. Rather, it’s a way for China to project power around the world and gain access to valuable natural resources, among other things. We heard the same message from all of the heads of state that we visited with: they don’t trust China. They understand that Belt and Road projects crumble shortly after they’re built, and that the debt from the PRC comes with strings attached.

Despite these risks, some of these leaders feel like they have no alternative. They explain the difficulty of saying no to free roads, stable currency, and generous trade agreements. In each country, we heard there was a clear preference for the United States over a relationship with China. Unfortunately, they do not see the United States stepping up and offering a better option. While on the surface, our relationships remain strong in Latin America, paradoxically our allies and partners are sliding away from the United States and closer to the PRC.

We can see this happening as a growing number of Latin American countries, when they accept Belt and Road projects, cut diplomatic ties with Taiwan, agree to trade with the PRC in yuan rather than dollars, and even allow the PRC to bring military assets into the region. The bottom line is that the strong and enduring relationship we’ve had with Latin America over the last 200 years is not a given. We have to work harder to maintain it and to grow it.

With growing influence of the PRC in the Western Hemisphere, our friends and allies must have other options to choose from. So we have to be engaged in the region, and remind our allies and our partners that the United States always has been – and always will be – the best option.

The good news is that our Latin American allies and partners want increased trade with the United States. And by and large, they’re skeptical of the PRC’s motives. Leaders from each country we visited told us that they would prefer a good option at the right price from the United States, compared to a free option from the PRC. If given that choice, they would choose the United States virtually every time.

Fortunately, the solution is not as complex as it may seem. At each stop, we heard the same thing: the way to outcompete China in Latin America is through new free trade agreements. Increased trade, not free infrastructure and cheap debt, is how the United States shows it is the better option.

To compete with the PRC and build enduring relationships, the United States has to work with our allies and partners to build the right investment climate for businesses. New free trade agreements in Latin America would provide the competence needed to promote investment and economic growth in the United States and the region. And like the chairman, I recently led another group to Mexico City, where we sat down and visited with President Lopez Obrador, and we attempted to explain what a historic opportunity there was to bring back some of those supply chains from Asia, back to North America, and what a great opportunity it would be for Mexico, among other countries, to help encourage that.

Time will tell whether that had much of an impact or not, but I am glad, like you said Mr. Chairman, that USMCA is in place. But it seems so obvious that Mexico is already an important part of our manufacturing supply chains, and it seems like it shouldn't be that hard to just grow it in a way that's mutually beneficial. Beneficial to them by creating jobs and growing their economy, and beneficial to us because of the security of those supply chains, for example. Of course, opportunities for nearshoring critical supply chains, building our partners' and allies' investment climate, stimulating both U.S. and partner industrial bases, in growing the market for small businesses, and accessing the abundant but untapped rare earth deposits in Latin America. There's a lot of opportunity out there.

It's no secret that Washington often has its sights set elsewhere in the world. Latin America has not been one of our priorities. Yet the opportunities to strengthen our mutual interest in trade, free markets, democracy, and regional security are potentially limitless. We need to compete, and that means first we need to show up. And we need to prevent China from destabilizing our shared hemisphere, and we also have the opportunity to forge deeper and lasting ties with countries whose economies, resources, industrial capacity, and shared values with the United States have endured for centuries.

So I look forward to hearing from today's witnesses, and maybe asking a few questions. Thank you very much.