

# THE HEALTH, ECONOMIC, AND POLITICAL CHALLENGES FACING LATIN AMERICA AND THE CARIBBEAN

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## HEARING BEFORE THE SUBCOMMITTEE ON THE WESTERN HEMISPHERE, CIVILIAN SECURITY, AND TRADE OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED SIXTEENTH CONGRESS SECOND SESSION

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# **THE HEALTH, ECONOMIC, AND POLITICAL CHALLENGES FACING LATIN AMERICA AND THE CARIBBEAN**

**Tuesday, September 15, 2020**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,  
CIVILIAN SECURITY AND TRADE,  
COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, DC,*

The subcommittee met, pursuant to notice, at 11:02 a.m., via Webex, Hon. Albio Sires (chairman of the subcommittee) presiding.

Mr. SIRES. Good morning, everyone. Thank you to our witnesses for being here today. This hearing, entitled “The Health, Economic, and Political Challenges Facing Latin America and the Caribbean” will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any point, and all members will have 5 days to submit statements, extraneous material, and questions for the record subject to the list of limitations in the rules. To insert something into the record, please have your staff email the previously mentioned address.

As a reminder to members, please keep your video function on at all times, even when you are not recognized by the chair. Members are responsible for muting and unmuting themselves, and please remember to mute yourself after you finish speaking.

Consistent with H.R. 965 and the accompanying regulations, staff will only mute members and witnesses as appropriate, when they are not under recognition, to eliminate background noise.

I see that we have a quorum, and will now recognize myself for opening remarks.

For the last 6 months, countries throughout Latin America and the Caribbean have been devastated by the coronavirus pandemic. This region has suffered nearly one-third of all coronavirus deaths globally. Some governments took COVID-19 seriously and enacted strict lockdown measures, but still struggled to contain the virus, due in part to structural challenges like the high levels of informal employment, which made it impossible for workers to make a living while under quarantine.

Other leaders, like Jair Bolsonaro in Brazil, regrettably followed the lead of President Trump who intentionally downplayed the virus and dismissed the guidance of public health experts, with profoundly tragic consequences.

Even today, as case numbers have become to level off in some places, five of the 10 countries with the most coronavirus cases

globally are in Latin America. This virus is far from being under control.

We also know that the region will be confronting the secondary impact of the pandemic for decades to come. In Haiti, where the United States has invested billions in taxpayer assistance, international organizations are worried that infant, child——

[audio malfunction.]

Ms. HALLMAN. Hi, everyone. It looks like we are experiencing some technical difficulties with the chairman. We will get right back online in 1 second.

Mr. SIRES. Can everybody hear me?

Thank you.

In Venezuela, the Maduro dictatorship has predictably exploited the pandemic to further crush dissent and targeting journalists, doctors, and aid workers who are there to speak out.

In Bolivia, the interim government has persecuted over 100 opposition leaders on charges that Human Rights Watch contends were politically motivated.

In Honduras, attacks on human rights defenders have continued with complete impunity, including the kidnapping of four Garifuna community leaders by individuals dressed in police uniforms on July 18.

At this difficult moment, the United States should be offering a steady and helping hand to our neighbors and allies and providing consistent principled leadership in our hemisphere. Unfortunately, President Trump has shown he is not interested in bringing people together or providing value-based global leadership. Instead of offering safe haven to those fleeing political persecution, his Administration has exploited the pandemic to expand its policies of using cruelty to deter asylum seekers.

Two weeks ago, six colleagues and I sent letters to President Trump condemning his Administration's action after three Nicaraguan asylum seekers, who had been tortured by the Ortega regime, were expelled at the U.S. border. President Trump has talked tough on Nicaragua, but when it came time to stand with those who put their lives on the line to challenge the Ortega regime, his Administration placed its radical anti-immigrant agenda above protecting American values in U.S. foreign policy and interests.

I hope we can explore ways for the U.S. Government to ensure our diplomatic and foreign assistance tool to help our partners and allies in the region. I believe the U.S. has a critical role to play in helping to lift up this hemisphere as it emerges from a period of such darkness.

Today, on the first day of Hispanic Heritage Month, we must reaffirm our shared commitment to working with countries across this hemisphere as they combat the coronavirus pandemic, and the many economic and political challenges that the pandemic have exposed or exacerbated.

Thank you.

And I now turn to Ranking Member Rooney for his opening statement.

[The prepared statement of Mr. Sires follows:]

House Committee on Foreign Affairs  
Western Hemisphere Subcommittee

Chairman Albio Sires (D-NJ)

Opening Statement –  
“The Health, Economic, and Political Challenges Facing Latin America and the Caribbean”  
Tuesday, September 15, 2020

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- For the last six months, countries throughout Latin America and the Caribbean have been devastated by the coronavirus pandemic.
- This region has suffered nearly one third of all coronavirus deaths globally.
- Some governments took COVID-19 seriously and enacted strict lockdown measures, but still struggled to contain the virus, due in part to structural challenges like high levels of informal employment, which made it impossible for workers to make a living while under quarantine.
- Other leaders, like Jair Bolsonaro in Brazil, regrettably followed the lead of President Trump, who intentionally downplayed the virus and dismissed the guidance of public health experts, with profoundly tragic consequences.
- Even today, as case numbers have begun to level off in some places, five of the ten countries with the most coronavirus cases globally are in Latin America.
- This virus is far from being under control.
- We also know that the region will be confronting the secondary impacts of the pandemic for decades to come.
- In Haiti, where the United States has invested billions in taxpayer assistance, international organizations are worried that infant, child, and maternal mortality rates could rise, as many people avoid hospitals altogether and children are not receiving routine vaccinations.
- Economically, analysts are warning of a lost decade, where regional growth rates could return to the levels of ten years ago and forty-five million people could fall back into poverty.
- The challenges to democracy and human rights that existed before the pandemic have become more acute, with human rights defenders and journalists coming under increasing attack and some governments using the pandemic to consolidate power.

- In Venezuela, the Maduro dictatorship has predictably exploited the pandemic to further crush dissent, targeting journalists, doctors, and aid workers who dare to speak out.
- In Bolivia, the interim government has persecuted over one hundred opposition leaders on charges that Human Rights Watch contends were politically motivated.
- In Honduras, attacks on human rights defenders have continued with complete impunity, including the kidnapping of four Garifuna community leaders by individuals dressed in police uniforms on July 18th.
- At this difficult moment, the United States should be offering a steady and helping hand to our neighbors and allies, and providing consistent, principled leadership in our hemisphere.
- Unfortunately, President Trump has shown he is not interested in bringing people together or in providing values-based global leadership.
- Instead of offering safe haven to those fleeing political persecution, his administration has exploited the pandemic to expand its policy of using cruelty to deter asylum seekers.
- Two weeks ago, six colleagues and I sent a letter to President Trump condemning his administration's actions after three Nicaraguan asylum seekers who had been tortured by the Ortega regime were expelled at the U.S. border.
- President Trump has talked tough on Nicaragua, but when it was time to stand with those who put their lives on the line to challenge the Ortega regime, his administration placed its radical anti-immigrant agenda above protecting American values and U.S. foreign policy interests.
- During this hearing, I hope we can explore ways for the U.S. Government to use our diplomatic and foreign assistance tools to support our partners and allies in the region.
- I believe the U.S. has a critical role to play in helping to lift up this hemisphere, as it emerges from a period of such darkness.
- Today, on the first day of Hispanic Heritage Month, we must reaffirm our shared commitment to working with countries across this hemisphere as they combat the coronavirus pandemic and the many economic and political challenges that the pandemic has exposed or exacerbated.



- Thank you, and I now turn to Ranking Member Rooney for his opening statement.

Mr. ROONEY. Thank you, Chairman Sires, for organizing this important hearing, and thank you to our witnesses for joining us under these challenging circumstances.

The countries of Latin America and the Caribbean are among the hardest hit by the COVID-19 pandemic. With almost 6 million confirmed cases, the region makes up almost 28 percent of worldwide cases. Five countries, Mexico, Brazil, Colombia, Peru, and Argentina, currently rank among the top 10 in total number of cases globally, and Peru now has the worst COVID-19 death rate per capita in the world. With almost 280,000 deaths, the human toll on the region has been disastrous. However, the economic forecast for the region are increasingly troubling.

According to the International Monetary Fund's world economic outlook update, the region is expected to see an economic contraction of 9.4 percent, with almost every country in the region in a recession. If these projections continue to fruition, the region would be facing the worst economic recession on record.

The countries of the Caribbean alone are projected to see a GDP decline of 10.3 percent in 2020, following the impact of the pandemic on the tourism industries.

There are also serious concerns that economic downturn in the region will aggravate political and social instability that was boiling over prior to the pandemic. The pandemic is also straining the region's already fragile democratic institutions, and testing the governance capacity of the region's governments. These governments are challenged by systemic corruption, and now the pandemic has contributed to increased operations by the region's transnational criminal organizations as the chairman referred to.

A recent research brief published by the United Nation's Office on Drugs and Crime States that organized criminal organizations are placing controls on items, such as masks and disinfectants. The issue is especially concerning for the countries of the Northern Triangle in Central America and Colombia.

Further authoritarian regimes in Venezuela, Cuba, and Nicaragua, as the chairman referred to, are exploiting the pandemic to further oppress their people.

The Maduro regime's response to the pandemic is worse than the already dire social and economic conditions in Venezuela and has added to the suffering of the Venezuelan people.

In Nicaragua, the Ortega regime has failed to disclose the real number of cases in the country, and continues to disregard the threat. As the chairman referred to, we have a little of that problem ourselves.

Lastly, the Castro regime in Cuba is trafficking Cuban doctors and exploiting them under the context of the pandemic for political purposes.

This pandemic has also exposed the malign nature of the Chinese Communist Party. As the virus has spread, we learn more about the Chinese Communist Party's failure to respond and share relevant information with global health authorities that could have stemmed the spread. However, unfortunately, we were also briefed in January many times, and February as well.

The authoritarian regime in China, however, bleeds into their entire global engagement, and I think that we need to worry about them a great amount right now.

The pandemic provides an opportunity for the United States to strengthen its engagement with other countries in Latin America, and the Caribbean particularly, to demonstrate that we are their preferred partner instead of China. It is clear that China will attempt to capitalize on this pandemic, and is doing it right now. This will require the U.S. to take a strategic approach to supporting the region and combating the virus and economic recovery efforts.

As always, the U.S. has stepped up to the plate to provide \$141 million in aid to the region, including PPE and masks and ventilators, but we can always do more. The U.S. International Development Finance Corporation will play a crucial role in investments in the region, which I believe can help the recovery and also its long-term economic well-being.

I also recognize and applaud the weekend's election of Mauricio Claver-Carone as the new president of the Inter-American Development Bank, but I also think it is important that for him to be appointed, Latin America needs to be consulted and have a role in this.

Actions taken now by the U.S. to instigate greater recovery efforts in the Western Hemisphere will showcase our commitment and desire to see the region prosper. Challenges originating due to the pandemic will continue to emerge for many months to come, but I am confident the pandemic can strengthen our partnerships with Latin America and the Caribbean.

The United States must remain adaptable in our strategies not only to help contain the virus, but to right against exploitive transactional criminal organizations, as the chairman referred to earlier, and corrupted authoritarian regimes, as well as the growing and very malign influence of China.

I look forward to the testimonies of our witnesses, and thank you again, Chairman Sires, for holding this hearing.

I yield back.

Mr. SIREs. Thank you very much, Ranking Member Rooney.

I will now introduce our witnesses.

First we have Dr. Monica de Bolle. She is a professor in the Latin America Studies Program at Johns Hopkins University, and a senior fellow at the Peterson Institute for International Economics. She previously worked as a director for the Institute for Economic Policy Research in Brazil, and was also an economist at the International Monetary Fund.

In 2014, Ms. de Bolle was named Honored Economist by the Order of Brazilian Economists for her contributions to the Brazilian policy debate. She holds a Bachelor of Arts degree in economics from the Pontifical Catholic University of Rio de Janeiro, and a Ph.D. in economics from the London School of Economics.

Dr. de Bolle, we welcome you to the hearing.

We will then hear from Mr. Michael Camilleri. He is director of the Peter D. Bell Rule of Law Program at the Inter-American Dialogue. From 2012 to 2017, he served as the Western Hemisphere adviser on the Secretary of State's policy-planning staff, and as di-

rector for Andean Affairs at the National Security Council in the Obama Administration. Mr. Camilleri was also a human rights specialist at the Organization of the American States, and worked as a senior staff attorney at the Center for Justice and International Law. He holds a Bachelor of Arts degree in history from the University of Notre Dame and J.D. from Harvard Law School.

Mr. Camilleri, thank you for joining us today.

Finally, we will hear from Mr. Eric Farnsworth. He is the vice president of the Council of the Americas where he leads his Washington office. Prior to joining the Council of the Americas in 2003, he had a long career in government working in the Western Hemisphere Affairs Bureau, at the Department of State at the Office of the U.S. Trade Representative, and a senior advisor to the White House special envoy for the Americas during the Clinton Administration.

Previously, Mr. Farnsworth was managing director of ManattJones Global Strategies, and advisory and strategic consulting group. He holds a master's degree in public affairs from Princeton School of Public and International Affairs.

Mr. Farnsworth, thank you for joining us today.

I ask the witnesses to please limit your testimony to 5 minutes and, without objection, your prepared written statements will be made as part of the record.

We have been called to vote, and I would like to recess for about 45 minutes until we finish our voting so we can get back and not have any interruptions in the witnesses comments and questions, so we will recess for about 45 minutes.

Thank you very much and thank you for your patience.

[Recess.]

Mr. SIREs. Monica, I think you are first with your 5-minute comments.

**STATEMENT OF DR. MONICA DE BOLLE, PROFESSOR, LATIN AMERICAN STUDIES PROGRAM, SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY, SENIOR FELLOW, PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS**

Dr. DE BOLLE. Thank you, Mr. Chairman, Ranking Member and members of the committee. Good afternoon to you all. It is a pleasure to be here.

So I will dive right in. The COVID-19 pandemic struck Latin America in late February 2020. Governments in the region had at least 2 months to prepare for the pandemic by adopting public health strategies, economic rescue plans, and policies to protect millions of informal and vulnerable workers throughout the region. Despite the time advantage, none of these preparations occurred.

Why? First, because of weak leadership, poor capacity, and because some leaders, including President Andres Manuel Lopez Obrador in Mexico and President Jay Bolsonaro in Brazil, minimized the dangers posed by a new and emerging disease.

As a result of these failures, the impact in Latin America has been tragic. As of September 11, the region's five largest economies combined, Brazil, Mexico, Colombia, Peru, and Argentina, registered 6.8 million cases of COVID-19, or about 400,000 more than

the United States, and hundreds of thousands of deaths. The numbers may have been greater because of substantial underreporting, lack of testing capacity, and no systematic contact tracing protocols.

The toll of the disease has been particularly harsh. The region's economies have suffered unprecedented drops in GDP, rampant unemployment, and a full-blown humanitarian crisis falling disproportionately on the poor.

Latin America's economy was already fragile before the pandemic struck, leaving little room in public sector fiscal stimulus. Even so, the response failure has made the situation worse with the misguided view that policymakers had to choose between public health policies, such as lockdowns, and preserving the economy. Countries failed to control both the disease and its economic fallout.

No sustained economic recovery can occur in the absence of measures to control the epidemic. The absence of these measures has led to uncontrolled epidemics throughout Latin America, and they are unlikely to abate over the next several months.

As countries have returned to nearly normal conditions since the first months of the pandemic, social distancing and other restrictive measures have become politically and socially untenable.

The outlook for the region is, therefore, grim. Uncontrolled epidemics will continue to ravage the vulnerable population, exacerbating already very high inequality and poverty levels.

While many countries in the region have public health systems, whether partial or fully public, these systems have suffered from insufficient resources and financing, even during the pandemic. Hospitals, clinics, and medical personnel are heterogeneously distributed across most countries, adding to the daunting task of vaccinating tens of millions, or even hundreds of millions of people in different countries.

Brazil has been especially hard-hit by COVID-19 because of its erratic leadership and mismanagement of the epidemic in its early stages. The disease, which at first struck urban centers, quickly spread through the country, hitting poor States in the north and the northeast, where public health resources are broadly unavailable. Strict lockdown measures were at first imposed in some States, but President Bolsonaro consistently undermined these efforts by blaming Governors for letting their economies decline. Because of his callous indifference, Brazil's leader was largely responsible for the failure of early efforts to contain the epidemic. And notwithstanding his disastrous performance in the GDP contraction of 11 percent in the second quarter, President Bolsonaro's standing in opinion polls has improved over the past few months.

Why? In April, Congress approved an emergency basic income program of a generous cash payout to last 3 months, but with the possibility of further extensions. Initially, Bolsonaro resisted the program, but it then received unanimous congressional approval, leading him to reap political gains.

Brazil's emergency basic income program has been a saving grace in a dismal situation. The program eventually reached about half of the country's population, or nearly 100 million people, and helped sustain poor and vulnerable families throughout the epidemic. It provided some support to the economy. Its success not

only helped President Bolsonaro's political standing, but left the opposition without a viable political narrative to highlight his failures.

Looking ahead, a major challenge will be addressing the end of the program in early 2021, especially as unemployment will remain likely in the double digits. Widespread bankruptcies, a credit crunch, and questions over fiscal sustainability will likely hamper efforts to reenact a similar cash transfer program in the near future.

As the Brazilian economy was already weak before the pandemic, and since there are no expectations that it will improve much with an uncontrolled epidemic in place, the outlook for Latin America's largest economy is nothing short of grim.

Thank you very much.

[The prepared statement of Dr. de Bolle follows:]

Monica de Bolle, PhD  
Senior Fellow, Peterson Institute for International Economics  
Professor, SAIS | Johns Hopkins University

House Committee on Foreign Affairs  
Subcommittee on the Western Hemisphere, Civilian Security, and Trade

September 15, 2020

**“The Health, Economic, and Political Challenges Facing Latin America  
and the Caribbean”**

## **The Health, Economic, and Political Challenges Facing Latin America and the Caribbean**

### **I. Background**

The COVID-19 pandemic struck Latin America in late February 2020. Governments in the region had at least two months to prepare for the pandemic by adopting public health strategies, economic rescue plans, and policies to protect millions of informal and vulnerable workers throughout the region. There was time for these governments to learn from other countries on how to address the pandemic in its early stages. Despite the time advantage, none of these preparations occurred.

Why? First, because of weak leadership, poor capacity, and because some leaders – including President Andrés Manuel López Obrador in Mexico and President Jair Bolsonaro in Brazil – minimized the dangers posed by a new and emerging disease.

As a result of these failures, the impact in Latin America has been widespread and tragic. As of September 11, the region's 5 largest economies combined (Brazil, Mexico, Colombia, Peru, and Argentina) registered 6.8 million cases of COVID-19, or about 400,000 more than the United States, and hundreds of thousands of deaths. Brazil alone is the second country in the world (after the U.S.) with the most deaths, and more than 130,000 people perished over the past 7 months. The numbers may be even greater because of substantial underreporting, lack of testing capacity, and no systematic contact tracing protocols.

The toll of the disease has been particularly harsh. The region's economies have suffered unprecedented drops in GDP, with rampant unemployment, and a full-blown humanitarian crisis falling disproportionately on the poor, because of their minimal access to health services and lack of economic support from local governments.

Latin America's economy was already fragile before the pandemic struck, leaving little room in public sector fiscal stimulus. Even so, the response failure has made the situation worse. That failure resulted in part from a misguided view that policymakers had to choose between strict public health policies, such as quarantines and lockdowns, and preserving the economy. That was a false choice that led to hesitation about the widespread adoption of lockdowns and sanitary cordons, producing the worst possible outcome: Countries failed to control both the disease and its economic fallout. Government policies have either been insufficient or misdirected, leaving their populations adrift.

### **II. The Challenges for Economic Recovery**



No sustained economic recovery can occur in the absence of measures to control the epidemic. Action is needed to bring down the viral transmission rate, or the effective  $R_0$ , below the threshold of 1, meaning that one infected person will contaminate no more than one other person. As some countries have shown, this result can be achieved by a combination of strict social distancing measures, widespread testing, and contact tracing. With the exception of a few small countries in the region, notably Uruguay, almost no Latin American country has significantly reduced the effective  $R_0$ . The absence of strict social distancing measures, the lack of mass testing, and the inability to conduct contact tracing have led to uncontrolled epidemics throughout Latin America. These epidemics are unlikely to abate over the next several months. Porous borders, dense urban centers, slums, multigenerational households, combined with erratic leadership have significantly undermined social distancing measures.

As countries have returned to nearly normal conditions since the first months of the pandemic – in many places schools remain closed, but bars, restaurants, and shopping centers are open for business – social distancing and other restrictive measures have become politically and socially untenable.

The outlook for the region is therefore grim. Uncontrolled epidemics will continue to ravage the vulnerable population, exacerbating already very high inequality and poverty levels. Governments are trying to convince their populations that economies will recover as soon as a COVID vaccine becomes available. But there is no guarantee that will happen and meanwhile businesses are suffering, particularly small and medium sized companies (SMEs). The SME segment in Latin America has not received any significant financial support from governments. As a result, bankruptcies are widespread, and unemployment will likely continue to rise.

Once a vaccine becomes available, the logistical challenges facing Latin America are hard to exaggerate. Some vaccines currently in Phase III trials require storage at ultra-low temperatures (up to minus 80 degrees Celsius), a capacity that experts agree the region broadly lacks. Transportation and distribution, not to mention a strategy for prioritizing certain groups in immunization campaigns, are nowhere to be found. Finally, while many countries in the region have public health systems – whether partial or fully public – these systems have suffered from insufficient resources and financing even during the pandemic. Hospitals, clinics, and medical personnel are heterogeneously distributed across most countries, adding to the daunting task of vaccinating tens of millions, or even hundreds of millions of people in different countries.

### **III. The Case of Brazil**

Brazil has been especially hard hit by COVID-19 because of its erratic leadership and mismanagement of the epidemic in its early stages. The disease, which at first struck São Paulo, Rio de Janeiro, and other urban centers, quickly spread throughout the country, hitting poor northern and northeastern states, where public health resources are broadly

unavailable. Health systems in many cities in these states, already precarious, have collapsed. Death tolls have risen because of a failure to impose quarantines and lockdowns. Strict lockdown measures were at first imposed in some states, but President Bolsonaro consistently undermined these efforts by blaming governors for letting their economies decline. He insisted that the disease should not be treated as a major concern and that quarantine efforts would do more harm than good to the economy and the population at large. Because of his callous indifference and priorities, Brazil's leader was largely responsible for the failure of early efforts to contain the epidemic. Notwithstanding his disastrous performance, President Bolsonaro's standing in opinion polls has improved over the past few months. Brazil still lacks a coherent economic strategy to address rising unemployment and falling GDP. Economic activity declined by more than 11 percent in the second quarter of 2020 compared to the same period the year before.

What explains President Bolsonaro's reasonable approval rates? In April, when the epidemic was ravaging the country and particularly its economically vulnerable population, Congress approved an emergency basic income program of a generous cash payout to last 3 months, but with the possibility of further extensions. Initially, Bolsonaro resisted the program. It then received unanimous Congressional approval, leading him to reap the potential political gains from changing his position.

Brazil's emergency basic income program has been a saving grace in a dismal situation. The cash transfer of about \$ 100 per month eventually reached about half of the country's population, or nearly 100 million people, and helped sustain poor and vulnerable families throughout the epidemic. It provided some support to the economy, and importantly to cash-strapped municipalities, which improved their tax collections as a result of the program. Its enormous success not only helped President Bolsonaro's political standing but left the opposition without a viable political narrative to highlight his failures.

Brazil's emergency basic income program has since been extended to the end of December, although the amount of the benefit has been reduced by half. Thus far, this has not impacted President Bolsonaro political standing. Looking ahead, a major challenge will be addressing the end of the program in early 2021, especially as unemployment will remain in the double digits in the absence of other economic measures. Widespread bankruptcies, a credit crunch, and questions over fiscal sustainability will likely hamper efforts to reenact a similar cash transfer program in the near future. Brazil's debt to GDP ratio is expected to rise above 100 percent by the end of the year, and the fiscal deficit will likely hover in the double-digit range as a percentage of GDP.

As the Brazilian economy was already weak before the pandemic, and since there are no expectations that it will improve much with an uncontrolled epidemic in place, the outlook for Latin America's largest economy is nothing short of grim.

Mr. SIREs. Thank you, Monica.  
Michael.

**STATEMENT OF MR. MICHAEL CAMILLERI, DIRECTOR, PETER  
D. BELL RULE OF LAW PROGRAM, INTER-AMERICAN DIA-  
LOGUE**

Mr. CAMILLERI. Thank you, Mr. Chairman, Ranking Member Rooney, members of the subcommittee. It is really a pleasure to appear before you today and testify on the health, economic, and political challenges in Latin America and the Caribbean. Honored as well to join my fellow witnesses whose expertise I admire greatly.

I think as you, Mr. Chairman, the ranking member, and Dr. de Bolle have discussed, the COVID-19 pandemic has had profound public health and economic impacts in Latin America and the Caribbean. I will focus my opening remarks on the second order consequences of the pandemic for democratic governance in the region, which I think could be equally significant.

While regional experiences surely vary, it is already clear that the pandemic is exposing and exacerbating many of Latin America's preexisting challenges. Income inequality, labor informality, and weak social safety nets obligated millions of citizens to choose between protecting their health and feeding their families. Strained public finances and regressive tax systems limited the steps governments could take to stimulate their economies and support those most in need. Weak public services and discrimination left vulnerable populations such as migrants, prisoners, and indigenous and Afro-descendent communities particularly exposed to COVID-19.

Food insecurity, already aggravated by factors such as climate change, grew still worse as a consequence of COVID. Corrupt public officials and cynical profiteers exploited the health emergency for their own gain. And in some countries, politicians used the pandemic to polarize society, while authoritarian leaders exploited fragile checks and balances to concentrate power and further erode civil liberties.

This last trend is worthy of particular attention. Unsurprisingly, the strongmen leaders of Cuba, Nicaragua, and Venezuela have used the health crisis to reinforce their grip, including by persecuting those who criticized their pandemic responses, or simply attempted to share accurate public health information.

Unfortunately, we observe authoritarian tendencies in some of the region's democracies as well. A recent Inter-American Dialogue report details several troubling examples of restrictions on free speech under the cover of combating COVID-19, including in Brazil, Mexico, Bolivia, Guatemala, and Honduras.

The case of El Salvador is perhaps the most alarming. President Bukele's pandemic response included deploying the military and police to arbitrarily detain those accused of violating stay-at-home orders, and then defying Supreme Court rulings against these measures. Lately, Bukele has used his private platform and his government agencies to attack the free press, particularly "El Faro," one of Central America's leading investigative journalism outlets, which, last week, broke the story of Bukele's secret negotia-

tions with MS-13. Most disturbing of all, Bukele seems to believe he enjoys the support of the U.S. Government despite these actions.

In short, this is a highly challenging and uncertain time in Latin America and the Caribbean. Strong, steady, principled partnership from the United States will be vital to the region's economic recovery and democratic trajectory. Today, however, U.S. engagement with the region is inconsistent and ideologically driven. Often, it is also counterproductive.

Cutting aid to Central America and abandoning anticorruption missions only fuels instability and migration. Loose talk of military options in Venezuela neutralizes the democratic opposition and hands the Maduro regime a pretext for further oppression. Indiscriminate tariffs disincentivize nearshoring and deepen the region's reliance on China. Staying silent on democratic abuses by friendly governments undermines the United States' credibility to confront Latin American dictators, while separating children from their families, gives those dictators an easy retort to our invocations of human rights.

And withdrawing from the World Health Organization in the midst of a global pandemic sends the message that Latin America should hedge its bets and look beyond the hemisphere for reliable partners.

As the saying goes, hard times reveal true friends. The present moment is one of deep challenges in our hemisphere, but it offers the United States an opportunity to reinforce bonds of cooperation and partnership with Latin America and the Caribbean. By redoubling our focus and recalibrating our approach, we can more effectively support our regional partners, and advance U.S. values and interests in the Americas.

Thank you once again. I look forward to your questions.

[The prepared statement of Mr. Camilleri follows:]

Testimony of Michael J. Camilleri  
Director, Peter D. Bell Rule of Law Program, Inter-American Dialogue

Hearing on  
“The Health, Economic, and Political Challenges Facing Latin America and the Caribbean”

House Committee on Foreign Affairs  
Subcommittee on the Western Hemisphere, Civilian Security, and Trade  
September 15, 2020

Chairman Sires, Ranking Member Rooney, and members of the Subcommittee, thank you for the opportunity to testify today on “The Health, Economic, and Political Challenges Facing Latin America and the Caribbean.”

The Inter-American Dialogue is a non-partisan think tank that has worked for nearly four decades to foster democratic governance, inclusive economic growth, and hemispheric cooperation in the Americas. As director of the Dialogue’s Peter D. Bell Rule of Law Program, I lead our work on issues of democracy and human rights, anticorruption, and citizen security.

The Covid-19 pandemic has had profound public health and economic impacts in Latin America and the Caribbean. I will focus my remarks on the second order consequences of the pandemic for democratic governance in the region, which could be equally significant.

While regional experiences vary and it is still early to draw definitive conclusions, it is already clear that the pandemic is exposing and exacerbating many of Latin America’s preexisting challenges. Income inequality, labor informality, and weak social safety nets obligated millions of citizens to choose between protecting their health and feeding their families. Strained public finances and regressive tax systems limited the steps governments could take to stimulate their economies and support those most in need. Weak public services and discrimination left vulnerable populations such as migrants, prisoners, and indigenous and Afro-descendent communities particularly exposed to Covid-19. Corrupt public officials and cynical profiteers exploited the health emergency for their own gain. And in some countries, politicians used the pandemic to further polarize society, while authoritarian leaders exploited fragile checks and balances to concentrate power and further erode civil liberties.

This last trend is worthy of particular attention and concern. Unsurprisingly, the strongmen leaders of Cuba, Nicaragua, and Venezuela have used the health crisis to reinforce their grip, including by persecuting those who criticized their pandemic responses or simply attempted to share accurate public health information.

Unfortunately, we observe authoritarian tendencies in some of the region’s democracies as well. A recent Inter-American Dialogue report details several troubling examples of restrictions on free speech under the cover of combating Covid-19, including in Brazil, Mexico, Bolivia, Honduras, and Guatemala. The case of El Salvador is perhaps the most alarming. President Bukele’s pandemic response included deploying the military and police to arbitrarily detain those accused of violating stay-at-home orders, and then defying Supreme Court rulings against these measures. Lately, Bukele has used his public platform and his government agencies to attack the free press, particularly *El Faro*, one of Central America’s leading investigative journalism outlets, which last week broke the story of Bukele’s secret negotiations with MS-13. Most disturbing of all, Bukele seems to believe he enjoys the support of the U.S. government despite these actions.

Latin America has made enormous democratic strides in the past two generations. But just as the pandemic may set the region back two decades in poverty reduction, so could the economic and social turmoil wrought

by Covid-19 become fertile ground for neo-authoritarians promising a strong hand and simplistic solutions. Judicial independence, government transparency, and the exclusion of militaries from domestic affairs may come under strain. Rule of law could, in some cases, grow weaker rather than stronger.

This is not inevitable. Outgoing Inter-American Development Bank president Luis Alberto Moreno observed last week that in Latin America and the Caribbean, people are hungry for honest, pragmatic, science-based governance. If he is right, the post-pandemic period could become an opportunity for reform and renewal, a chance to overcome tired ideologies and entrenched interests, and a time of regional integration rather than inward-facing nationalism. But if Latin America's recent history is any guide, this will not be easy. We should, in my view, be prepared for a prolonged economic hangover, renewed social protest, political turbulence, and potential democratic instability and backsliding.

In short, this is a highly challenging and uncertain time in Latin America and the Caribbean. Strong, steady, principled partnership from the United States will be vital to the region's recovery. Today, however, U.S. engagement with the region is inconsistent and ideologically driven. Often, it is also self-defeating. Cutting aid to Central America only fuels instability and migration. Loose talk of military options in Venezuela neutralizes the democratic opposition and hands the Maduro regime a pretext for further repression. Indiscriminate tariffs disincentivize nearshoring and deepen the region's reliance on China. Staying silent on democratic abuses by friendly governments undermines the United States' credibility to confront Latin American dictators, while separating children from their families gives those dictators an easy retort to our invocations of human rights. And withdrawing from the World Health Organization in the midst of a global pandemic sends the message that Latin America should hedge its bets and look beyond the hemisphere for reliable partners.

As the saying goes, hard times reveal true friends. The present moment is one of deep challenges in our hemisphere, but it offers the United States an opportunity to reinforce bonds of history, cooperation, and partnership with Latin America and the Caribbean. We will do this most effectively by focusing on shared values and interests rather than zero-sum transactionalism, by trading bullying and stigmatization for humility and respect, and by applying a differentiated understanding to the diverse realities of the region instead of a narrow ideological lens. The U.S. government should deepen and broaden its economic, diplomatic, and development footprint in the region. And it should do so based on consistent principles that hold our regional partners accountable to the rule of law, the needs of their citizens, and our shared environment.

The United States has a unique strategic interest in ensuring our Latin American and Caribbean neighbors are peaceful, prosperous, and democratic. We also have a singular role to play in helping them achieve this goal. In the difficult months and years to come, the United States' commitment to the hemisphere will be tested and scrutinized. By redoubling our focus and recalibrating our approach, we can more effectively support our regional partners and advance U.S. values and interests in the Americas.

Mr. SIREs. You are on. You have to unmute yourself.  
Thank you.

**STATEMENT OF MR. ERIC FARNSWORTH, VICE PRESIDENT,  
COUNCIL OF THE AMERICAS**

Mr. FARNSWORTH. Well, Mr. Chairman, what a privilege it is to appear again before you and Mr. Rooney and the subcommittee, and I want to thank you for the opportunity to testify in this virtual hearing on such an important topic. Both of you, as well as the other members of the subcommittee, continue to offer sound and meaningful leadership on issues that impact literally hundreds of millions of people in the United States and across the Americas, and we acknowledge, and very much appreciate your efforts, and particularly during these unsettled and challenging times in the hemisphere, so thank you again.

Unfortunately, as we have heard already from both witnesses, the near-term health and economic outlook for the region, already suffering from a pre-pandemic downturn, is challenging. But the good news is that the situation is not at all hopeless. To be sure, the pandemic has amplified and accelerated a number of pre-existing trends.

Issues including the world's highest levels of inequality, sub-standard housing, uneven healthcare and sanitation, and patchwork social safety nets have made the pandemic much worse across the region than it might otherwise have been. Of equal importance, significant percentages of workers are stuck in the informal economy, making economic shutdowns and quarantines difficult, if not impossible, to implement and enforce. And this does not even begin to account for the collapse of Venezuela, whose economy and democracy have been destroyed by Chavismo and where estimates suggest between 5-and 6 million Venezuelans are now refugees in neighboring countries who are hard-pressed to absorb them.

The World Bank has estimated that regional growth will approach negative 10 percent this year, the worst performance since meaningful records began to be kept in 1901. Projections for a 2021 recovery are welcome, but, nonetheless, are in the 2 to 3 percent range for most countries which is well below regional potential.

Latin America and the Caribbean are in a difficult position. And China, for one, sees this reality and has already laid the groundwork for stronger relations going forward. As I have written frequently and previously testified, China's agenda goes well beyond economic management and engagement, encapsulating a growing spectrum of activities that seeks to bend regional politics and relationships toward Beijing's world view.

The novel coronavirus pandemic offers new opportunities to expand efforts to win regional hearts and minds, which Beijing has already seized, including the promise of a \$1 billion facility for regional vaccine procurement. This promise may or may not, in the end, be fulfilled, but it has captured regional attention and gained significant goodwill. Now, it is incumbent on the United States to recognize the shifting ground and to react appropriately.

Mr. Chairman, Mr. Ranking Member, both of you and others on this subcommittee have pointed to these as priority issues and noted both the strength of U.S. relations with the region and also

our need to accelerate our efforts, particularly on the trade and investment side.

Notably, Washington is taking actions to build a forward-looking economic recovery agenda, among them the Americas Crece program announced at the end of 2019 and enhanced financing facilities through the newly minted Development Finance Corporation.

These are solid steps. But in my view, more can also be done to recapture the vision of a mutually supportive, open-market, democratic agenda fusing regional ambitions with U.S. national interests.

Fortunately, the United States is slated to host the next Summit of the Americas in 2021. This will provide a tailor-made opportunity to develop the sort of recovery agenda the region is actively seeking, and which will be increasingly critical to implement the longer the pandemic lasts.

In the first instance, addressing the healthcare crisis, including broad distribution and wide access for cost-effective vaccinations, will be paramount. It will also be an opportunity for democratically elected leaders to create a newly regional framework for health co-operation and pandemic management, incorporating private sector expertise to address future healthcare crises.

Second, economic recovery must be at the forefront of the pending Summit of the Americas. Latin America already suffers from one of the lowest levels of intra-regional trade worldwide, for example. The gains from expanded intra-regional trade would establish sounder economic footing, while helping to moderate the cyclical nature of commodities markets. As well, nations across Latin America and the Caribbean can focus more attention on improving their respective investment climates, and Mr. Rooney, the ranking minority member, has made this case effectively many, many times.

For its part, the United States should come to the 2021 Summit with a robust economic expansion initiative. Absent a massive economic financial package of debt relief and new lending, renewal of the hemispheric trade and investment agenda will be the best way to promote regional recovery, support U.S. and regional economic interests, and renew a regional strategic posture that China has begun to challenge.

Mr. Chairman, thank you again for the invitation to provide testimony, and I look forward to your questions.

[The prepared statement of Mr. Farnsworth follows:]



**THE HEALTH, ECONOMIC, AND POLITICAL CHALLENGES FACING  
LATIN AMERICA AND THE CARIBBEAN**

HEARING BEFORE THE U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON FOREIGN AFFAIRS  
SUBCOMMITTEE ON THE WESTERN HEMISPHERE, CIVILIAN SECURITY,  
AND TRADE

SEPTEMBER 15, 2020

ERIC FARNSWORTH  
VICE PRESIDENT  
COUNCIL OF THE AMERICAS

\*\*\* As Prepared for Delivery \*\*\*

What a privilege it is to appear again before you, Mr. Chairman and Mr. Ranking Member, for this virtual hearing on such an important topic. You both as well as the other members of this Subcommittee continue to offer sound and meaningful leadership on issues that impact literally hundreds of millions of people in the United States and across the Americas. We acknowledge and very much appreciate your efforts, particularly during these unsettled and challenging times in the hemisphere.

Near Term Regional Outlook: Muddling Through

Unfortunately, the near-term health and economic outlook for the region, already suffering from a pre-pandemic downturn, is challenging. But the good news is that the situation is not at all hopeless. The pandemic has amplified and accelerated a number of pre-existing trends, to be sure, highlighting regional challenges that many of us have pointed to for years in terms of holding back the region's full potential.

Issues including the world's highest levels of inequality, substandard housing, uneven healthcare and sanitation, and patchwork social safety nets have made the pandemic much worse across the region than it might otherwise have been. Of equal importance, significant percentages of workers are stuck in the informal economy, making economic shutdowns and quarantines difficult if not impossible to implement and enforce. This doesn't even begin to account for the collapse of Latin America's once-wealthiest country, Venezuela, whose economy and democracy have been destroyed by chavismo and where estimates suggest between five and six million Venezuelans are now refugees in neighboring countries hard-pressed to absorb them.

The World Bank has estimated that regional growth will approach negative 10 percent this year, the worst performance since meaningful records began to be kept in 1901. Estimates for a 2021 recovery are welcome, but nonetheless are in the two to three percent range for most countries, a far cry from the region's potential.

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Even before the health crisis, the region faced years of sluggish economic prospects, as commodities prices softened and investment flows slowed or even dried up in some cases. With China now returning to growth, some commodities producers in South America are seeing exports increase, but much more will be required to achieve the long-run, sustainable growth that the region can achieve and that its people deserve.

Latin America and the Caribbean are in a difficult position right now; the pandemic has yet to peak, we are told, and conditions for economic recovery do not yet fully exist. International acknowledgement of this reality and, more importantly, concrete actions to assist the people of the region coming out of the crisis, will be critical so that the region isn't forced to confront yet another "lost decade."

China, for one, sees this reality, and has already laid the groundwork for stronger relations going forward. As I've written on numerous occasions, including most recently in *Americas Quarterly*, *The National Interest*, *World Politics Review*, and elsewhere, and also provided Congressional testimony, China's agenda goes well beyond economic engagement, which is already strong. [China is the top trade partner with Brazil, Chile, and Peru, among others, and the second largest with Argentina.] It is a growing spectrum of activities that seeks to bend regional politics and relationships toward Beijing's worldview across a wide range of issues. The novel coronavirus pandemic offers new opportunities to expand efforts to win regional hearts and minds, which Beijing has seized, including the promise of a one billion dollar facility for regional vaccine procurement. This promise may or may not, in the end, be fulfilled, but it has captured regional attention and gained significant goodwill. Now, it is incumbent on the United States to recognize the shifting ground and to react appropriately.

#### Contending More Actively for the Americas

Mr. Chairman and Mr. Ranking Member, both of you and others on this Subcommittee have pointed to these important issues as priority areas, and noted both the strength of U.S. relations with the region and also our need to accelerate our efforts, particularly on the trade and investment side. Because the reality is that, despite challenges, the region really does share an affinity for the United States and Western ideals of democratic governance and human rights, and does not view China in the same way. But unless we contend for the Americas actively and consistently, seeking the regional growth and development that directly supports our own well-being, the alternative may be a more intentional turn toward Beijing.

Notably, Washington is taking actions to build a forward-looking economic recovery agenda for the region, among them the Americas Crece program announced at the end of 2019 and enhanced financing facilities through the newly-minted Development Finance Corporation. These are solid steps. But in my view, significantly more must be done in order to recapture the vision of a mutually-supportive, open market democratic agenda fusing regional ambitions with U.S. interests.

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Fortunately, the United States is slated to host the next Summit of the Americas in 2021, a gathering of democratically-elected leaders first held in Miami in 1994, at a time and location yet to be determined. This will provide a tailor-made opportunity to develop the sort of recovery agenda the region is actively seeking and which will be increasingly critical to implement the longer the pandemic lasts.

In the first instance, addressing the healthcare crisis, including broad distribution and wide access for cost-effective vaccinations, will be paramount, to the extent that the Summit occurs during a time when such an initiative would remain relevant. At the same time, it will be an opportunity for democratically-elected leaders to establish new regional frameworks for health cooperation and pandemic management, with expertise that must also be drawn from the private sector, to address future pandemics and regional health crises.

Second, economic recovery must be at the forefront of the agenda. Latin America already suffers from one of the lowest levels of intra-regional trade worldwide, an obvious area for real-time attention. The gains from expanded intra-regional trade would put the region on sounder economic footing, while helping to moderate the cyclical nature of commodities markets. As well, nations across the region can focus more attention on improving their respective investment climates, both to draw needed direct foreign investment as well as to keep domestic investment at home. Mr. Rooney, you have made this case effectively many, many times. As former Secretary of State Colin Powell previously said, capital is a coward, going where it is most welcome and staying far away from, even fleeing, places it is not. In a global economy, nations that focus on competitiveness will benefit over the longer term.

For its part, the United States should come to the 2021 Summit with a robust economic expansion initiative. Absent a massive financial package of debt relief and new lending, the region will be looking for economic help and renewal of a hemispheric trade and investment agenda will be the best way to promote regional recovery, support U.S. and regional economic interests, and renew a regional strategic posture that China's actions this century have begun to challenge.

Mr. Chairman, thank you again for the invitation to appear before you and the Subcommittee again today. I look forward to your questions.

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Mr. SIRES. Well, thank you very much for your comments.

You can hear me, right?

Okay. And we are now going to questions.

You know, one of the biggest questions that I have in my mind is the situation in Venezuela. You know, Guaido goes up to January, he finishes. Maduro has his sham legislative election that he is planning on with all of his people are going to run, and, obviously, he is going to steal another election.

So how does the United States continue to advocate democracy in Venezuela, you know, as a sham legislative election, and the end of Juan Guaido's mandate rapidly approaching? How do we do that?

Well, do not all jump at once on this question.

Mr. FARNSWORTH. Mr. Chairman, I would be happy to jump in, although I am not sure my answer will be entirely satisfactory.

I share your concern. Your leadership on this issue has been particularly important in calling attention to the significant issues that face Venezuelan people and indeed the hemispheric community because of the misrule and the misleadership of Nicolas Maduro and his cronies.

The election that is scheduled for December 6th clearly is going to be a sham election, as you have said. It is not free. It is not fair. And the opposition has, by and large, suggested that the best way to counteract that would be to boycott the election so that there is no legitimacy lent to it.

So, I think what the United States can do in the first instance is to, as we used to say in my State Department days, try to buck up the opposition so that they maintain a unified front, and so that there are not breakaway factions that are trying to contest an election where the results are already basically known.

But the broader question is how can the United States, working with the international community, move Venezuela toward the free and fair elections, which really is the condition precedent for the beginning of recovery in that country? It is a really difficult conundrum. The sanctions regime I believe has been important; but, obviously, Mr. Maduro is still in power. So, you know, should more of the same be done? Should less be done? I think that is the issue that is going to confront policymakers going into the new year, certainly working with the Congress.

But the one thing I would say is this: There are huge amounts of illicit money being made and moved in Venezuela through illegal activities, illegal gold mining, drug trafficking, and the like, and one of the best ways, I think, to get at the regime is to stanch the flow of those financial resources, and, frankly, to identify and to freeze those funds, and then also to begin to seize them and take them back.

Once the economic incentives for illegal behavior are removed, or at least reduced, perhaps the political dynamic in Venezuela will change so that people will begin to see that they really have to find a way out of this mess, frankly, that Nicolas Maduro has created.

Mr. SIRES. Thank you.

Yes, Dr. de Bolle.

Dr. DE BOLLE. Thank you.

I would just like to add that we face another daunting challenge with respect to Venezuela dealing with its possibly fraud—well, fraudulent elections in the middle of a pandemic. It will be very hard to get other Latin American countries to focus on the issues in Venezuela given that they have runaway epidemics in their own countries.

And we should not lose sight of the fact that amongst the—the 10 countries that have the largest or the highest per capita death rate in the world right now are all in Latin America. So just to bring that in.

Mr. SIRE. Mr. Camilleri.

Mr. CAMILLERI. Thank you, Mr. Chairman.

I would certainly associate myself with some of the comments that have already been made. Nicolas Maduro is clearly determined to hold on to his de facto power in Venezuela by whatever means necessary, and that includes, in all likelihood, presiding over a fraudulent election in December as he has in the past.

I do not think that efforts, whether by actors within Venezuela, or by the European Union, to try to negotiate conditions approaching free and fair elections should be criticized. I think we have every reason to be skeptical of those efforts, but I do not think we should be in a position as the U.S. Government of sort of throwing cold water on those efforts, though ultimately opposition unity around a position and around a strategy looking forward will be important.

I think, you know, the longer-term questions that Eric alluded to are critical. My view is that we need to be principled; we need to continue to stand for democracy and human rights in Venezuela; we also need to be realistic. And the fact is, unfortunately, the Guaido interim government, the National Assembly, the G4 are not in the same position they were in a year or a year-and-a-half ago. The balance of forces on the ground in Venezuela has tilted in favor of the Maduro regime. And so, that will require us to calibrate our own efforts. And, in my view, we need to be realistic about the fact that some sort of negotiated pathway to free and fair elections ultimately is the most realistic and the most peaceful, frankly, path out of the awful situation that the country finds itself in.

Thank you.

Mr. SIRE. I think everybody is so preoccupied with their own countries and their own problems with the pandemic that they are not really focusing on Venezuela. I do not think they are really even looking at it, because they are so wrapped up in their own issues that it is going to be very difficult to get a group of people again to support changes in Venezuela like we did in the past.

Congressman Rooney, you are recognized for 5 minutes.

[no response.]

Mr. SIRE. Congressman Sherman, you are on.

Mr. SHERMAN. Hello, Mr. Chairman. Thank you for the opportunity to participate in this hearing, even though I am not a member of this subcommittee. And I want to thank you for holding this hearing and allowing me to participate, because it has been a year-and-a-half since the full committee has had a hearing on Western Hemisphere, and Latin America, and that is far too long for those

of us who are not members of the Western Hemisphere Subcommittee to focus on our own hemisphere. And the events in Latin America often intersect with events elsewhere in the world.

Just a couple of days ago, I was speaking to the Guatemalan ambassador about an effort to grant GSP relief to Myanmar. So, that is the kind of thing that needs the whole committee to look at, because there are two reasons not to do it. One is that Myanmar's human rights record is just despicable, and we had hearings in the Asia Subcommittee about their treatment of the Rohingya. And the second is, we should not be undermining the help we provided the Guatemalan and other Central American textile industries by doing something for a regime that is so awful.

We are all troubled by the reports that Central American refugees, women are being subject to forced hysterectomies. Obviously, that needs to be investigated. The fact that this is even—that we have an Administration in which it even needs to be investigated, where it is even possibly true, shows how far we have fallen. And, oh, my God, if it is turns out that this whistleblower's complaints are accurate, then we have fallen much lower than I ever thought we could.

I want to thank the chair for his comments about the regime in Venezuela. And when it comes to fighting COVID, we can look to the Western Hemisphere and judge our own reaction. We see Brazil has taken a policy and has a Presidential personality perhaps similar to our own, and their results are terrible, along with our own, whereas Canada, a country where half of the population lives within 50 miles of the U.S. border—you could not have a country more closely related to ours—had zero COVID deaths on the 13th of this month, and that is averaging five, six, seven deaths a day, we are doing a much worse job here in the United States by a factor of over 10, even accounting for the difference in population.

Returning to Mr. Maduro, I am confused as to how he has been able to turn a country with the largest petroleum reserves in the world into a country where people are starving to death, and I am confused as to why a country, which had the most vibrant oil industry in South America, now is needing to import oil or gasoline from Iran.

So, I wonder whether Ms. de Bolle, or any of the other witnesses, can describe how he has so ruined the oil sector, and what is this relationship with Iran?

Dr. DE BOLLE. Thank you. I would be happy to address the question of how Venezuela's economic ruin happened. It has actually been a process over many, many years, and it did start with Chavez. So, just to remind ourselves, Chavez ran Venezuela on an extremely populist platform. He spent way more, in terms of fiscal resources, than he ever had the capability of generating, even with a vibrant oil industry.

So in the end, when he passed away, and when he handed off the country to Maduro, Venezuela was already in financial dire straits. And then from then on, complete economic mismanagement, together with, you know, Maduro's inclinations toward, you know, just finding other partners to work with, some of which ille-

gal, led, you know, the country down this path of ruin that we see it now.

Essentially what has happened is that over many years, Venezuela has been impoverished by its political leadership. And with that, given that it is a country that has always been extremely dependent on oil, it has been impossible for Venezuela actually to invest in the oil industry in the volumes needed to maintain that industry functioning at a reasonable level.

So apart from corruption, which is certainly a problem in the oil sector, as well as in other parts of the Venezuelan economy, there has also been dramatic underinvestment in the oil industry, which has now led the country to this situation where rather than being a very big net oil exporter, as they used to be in the 1980's and the 1990's, they have now become a net oil importer, which shows exactly how much you can squander your country's resources and, you know, just basically run an economy to the ground.

Mr. SHERMAN. So the refined petroleum they are getting from Iran actually exceeds the amount of unrefined petroleum that they are able to export to Iran or anywhere else? They really are a net energy importer?

Dr. DE BOLLE. They are turning into a net energy importer, yes.

Mr. SHERMAN. That is a level of mismanagement that I did not think was possible, but sometimes we are surprised.

I yield back. And I thank the chairman for letting me participate in this hearing.

Dr. DE BOLLE. Thank you.

Mr. SIRE. Thank you.

Juan Vargas.

Mr. VARGAS. Thank you very much, Mr. Chairman. Can you hear me?

Mr. SIRE. Yes.

Mr. VARGAS. Thank you.

And I apologize, I had to run to vote, so I apologize for missing a bit.

Dr. Monica de Bolle, you spoke quite a bit about Brazil in your testimony, and you, early on, said some things about Mexico, but you did not go into depth on Mexico, to be frank. I would be interested in knowing what you think about Mexico in the sense you said that, obviously, in Brazil, the early response was disastrous, but also not favorable to Bolsonaro, but there was unanimous consent to give money to people to allow them to at least support themselves and get the economy back on its feet.

Could you talk a little bit more about Mexico?

Dr. DE BOLLE. Absolutely. Thank you.

So, Mexico actually had from—the starting position for Mexico was very similar to Brazil's. So the playing down of the seriousness and gravity of the epidemic, the whole issue of playing up health measures against the economy and sort of using this narrative that lockdowns and quarantines were going to hurt the economy and, therefore, should not be used, all of that was Mexican—Mexico and Brazil were basically doing the same thing, and spent months doing exactly that. Brazil is still doing it, and, to some extent, Andres Manuel Lopez Obrador in Mexico is still doing it as well.

The difference, the main difference between the two countries is that while Brazil's economic policy management has been pretty bad, they have not actually responded adequately to the epidemic. So there is rampant, as I said, bankruptcies and credit crunches all over the place. They at least managed to enact this one emergency basic income program to sustain the vulnerable population.

Mexico did not even get as far as doing anything similar to what Brazil did on that front, so—and this is curious, because Lopez Obrador, who is elected and who campaigned on, you know, buoying the vulnerable, helping the poor, and all of that, has actually left that segment of the population hanging dry in the middle of the pandemic. And what is happening in Mexico right now, just as in other Latin American countries, it is precisely the poor and the vulnerable who are being hardest hit by both the economic shock as well as, obviously, the shock coming from the public health crisis.

Mr. VARGAS. So, Doctor, if I could continue on this, and any of the other people can jump in. So I live on the border in San Diego. So, when I listen to the music, there is one particular station that actually comes from Tijuana, so they have to do these commercials about Mexico, about the political parties. And one of the things that his party continuously says is how they are helping the poor, how the poor really get the help during this epidemic, and then he comes on and says, you know, "Before they always bail out the banks and the rich guys, we are doing it with the poor."

But I do not see that. I mean, is that the case? I mean, it just sounds like rhetoric.

Dr. DE BOLLE. It is rhetoric. There is no program. There is no sort of emergency basic income, cash transfer like, you know, supportive program, and these are all cash transfer programs at the end of the day. There is nothing of the sort going on in Mexico, and there is nothing of the sort going on in many other places in Latin America. There are a few places where something similar has been tried. Brazil is the one country that has really done a very generous benefit, one that does not actually fit with the fiscal restriction that the country faces. But leaving that aside, you know, it is mostly rhetoric in Mexico, which is surprising, because AMLO's approval ratings continue to be not bad.

Mr. VARGAS. I was going to ask that. It sounds like there is rhetoric and there is action. It seems like the rhetoric has gotten him political benefit. But is the prognosis for the economy bad? Are we going to see the 9.4 percent recession increase? What are we going to see in Mexico then, if it is all rhetoric?

Dr. DE BOLLE. So the likely scenario for Mexico right now is that there will be a very deep recession this year. I think this is pretty much, you know, consensual amongst different Latin America countries. Brazil and Mexico, the two largest economies in the region, are the ones that are probably going to face the deepest recession in 2020. And then looking out into 2021, the situation does not get much better.

So the prospects indicate that for Mexico at least—Brazil is a little different, but for Mexico at least, there is no case for thinking about a recovery in 2021. Because if you have not laid out the foundation this year for dealing with the economic problems that are



going to continue into next year, then that, of course, does not improve your standings going into 2021.

So if that turns out to be true, I do not expect his political approval to last much longer, or at least not beyond this year.

Mr. VARGAS. I see that my time has run out, Mr. Chairman. I want to thank—I guess I yield back. I cannot hear you. You are muted, Mr. Chairman.

Mr. SIRES. Do you have another question?

Mr. VARGAS. I did, but—

Mr. SIRES. Go ahead.

Mr. VARGAS. Thank you. I apologize, I am going over. I do not want to take anyone else's time.

But to the other two presenters, I mean, Mexico, obviously, is a neighbor of mine. We just heard from the doctor now, but do you see it the same way? I mean, I do not understand what their—and they have just been in denial, and they have got all sorts of COVID cases. I mean, how are they going to get out of this? How are they going to get out of this?

Mr. CAMILLERI. Congressman, I very much agree with Dr. de Bolle's analysis of the situation. The lack of fiscal stimulus has been a surprise, given the ideology and the expressed priorities of AMLO's government, although this commitment to fiscal austerity has been a theme of his, really from the beginning. It is a little surprising he did not revisit that in the context of a pandemic that has really devastated the economy. But, nonetheless, this is a trend, and it is one that will put Mexico in a deep hole, and one that it will have to kind of dig itself out from over the next year.

It is true that his approval ratings remain high, and I think you spoke to this a little bit when you alluded to his allusions to past corruption, to government that benefits the elites in the country. A lot of that is true. And AMLO came to power having sort of tapped into the broad public frustration with governing elites in the country. Unfortunately, he has been much less effective, I think, at building institutions and building systems of governance that actually address the corruption that he very, I think, accurately diagnosed. In fact, what we see is him turning to a kind of doubling down on a militarized approach to public security; as Monica mentioned, a very kind of poor pandemic response in terms of the deployment of public services, and even recognizing the gravity of the situation. And on the rule of law front, I think some real warning signs in terms of erosion of oversight bodies, independent agencies, regular attacks on the free press and civil society.

So, I think, unfortunately, there is a lot to be concerned about south of the border, and not just the economic situation.

Thank you.

Mr. FARNSWORTH. Mr. Vargas, may I make a comment or two?

Mr. VARGAS. Yes.

Mr. FARNSWORTH. Thank you very much for the opportunity.

I think over the medium term, recovery is going to have to be investment-led, and investment, you know, from the United States, from Canada, and the USMCA, domestic investments in Mexico and investments from elsewhere. But there does seem to be a bit of complacency, perhaps. Now that USMCA has passed, that investment flows are automatically and miraculously going to regen-

erate. If only that were the case. It is clearly an advantage to link Mexico to the rest of North America, but there is also a lot of work that has to be done within Mexico itself to draw the investment within the USMCA context.

And what we are seeing is some concern in the investor community about actions that have been taken, perhaps on the backtracking on the reform agenda around energy in particular, but in other sectors as well, canceling contracts, that have been previously, you know, agreed upon, and some other actions like that.

And the investment community is very cautious. And, yes, there are huge advantages that Mexico maintains, but also, there are some actions that have cut the other direction that have caused some concern.

The one thing that I would suggest, however, though, is that there is a massive opportunity here, because as supply chains are beginning to shift, particularly out of China, but perhaps out of Asia more broadly, Mexico is perfectly positioned geographically, culturally, historically, et cetera, to build those supply chains with the United States, with North America and, frankly, with the rest of Latin America.

Now is the time to be doing that. And I can tell you, with direct knowledge, that there are other countries around the region that are actively pursuing that approach, very aggressively and very successfully, in some cases. I think Mexico could do that as well, and that would clearly be one way to, you know, support recovery over the medium term.

Mr. VARGAS. Thank you very much. Mr. Chairman, thank you, and thank you for allowing me to go long. I apologize, but I really do appreciate it. Thank you. Thank you, Mr. Chairman.

Mr. SIRE. You know, I want to talk a little bit about Colombia. I recently sent a letter to the President of Colombia, regarding the murder of five Afro-Colombians. It just seems to me that during this pandemic, doing the deal with the FARC, the securing long-lasting peace, enhancing the rule of law, and ensuring greater economic and social inclusion has taken a step backward. Can you comment on that in Colombia? Michael?

Mr. FARNSWORTH. Mr. Chairman, anyone in particular, or Michael, go ahead.

Mr. SIRE. Michael, go ahead.

Mr. CAMILLERI. Mr. Chairman, thank you for the opportunity to speak on this. I fully share your concern and your perspective. You know, while it is the case that overall violence levels in Colombia have come down, there has been this spate of killings of human rights defenders, of social leaders, to demobilize FARC members, as well as, as you mentioned, this very brutal killing of the five Afro-Colombian teenagers in Cali, dozens of massacres in just the last few months.

So this takes us back to really some of the dark times in Colombia, and I think you are right to shine a spotlight on this, and to ask the authorities there to focus on these challenges before they spiral out of control.

In the case specifically of the five teens in Cali, my understanding is the alleged perpetrators have been identified and arrested. That is obviously extremely important. Impunity is one of

the structural factors that leads to this kind of violence in Colombia, and we see over and over again that, especially Afro-descendant and indigenous communities are disproportionately impacted. They tend to be present in zones most afflicted by violence and conflict, and be marginalized from State presence and public services.

So, thank you for your leadership on this, and I hope you will continue to call it to the attention of our government, as well as the authorities in Colombia.

Mr. SIRES. Thank you.

Mr. FARNSWORTH. I am sorry, I missed that. You were—

Mr. SIRES. Would you like to add something to this?

Mr. FARNSWORTH. Yes. Thank you, sir, just a very brief comment. You know, it is a bane of U.S. foreign policy, I think, to look at an issue and see an issue, and, perhaps, conclude an issue and then move on to the next thing and kind of forget sometimes about the need to maintain vigilance in various activities.

I think Colombia, on a bipartisan basis, has been the top foreign policy success story of the United States and the Western Hemisphere for a long time. But having said that, absolutely, there continue to be challenges, which have been exacerbated by COVID, which have been exacerbated by the collapse next door in Venezuela, by the polarization in Colombia itself politically. There are some real issues here.

Having said that, I think it is entirely appropriate for the United States, which has invested billions of dollars in Colombia, alongside the Colombian people, to be very vigilant in promoting a value set that is critically important for Colombia to advance to the next stage of development—protection of human rights, protection of the value structure that we would hold dear ourselves in the United States. I think that is an entirely appropriate approach to take.

But I would simply caveat that as well by saying the challenges in Colombia are very large. The issues have not, quote/unquote, been solved, and that partnership remains vital and has to continue to remain vital.

Mr. SIRES. Thank you.

Monica, do you have anything you would like to add?

Dr. DE BOLLE. No. The only thing I would add—and this goes not only for Colombia but for other countries in the region—we are at a very dangerous moment right now, because if we go back to 2019, we saw demonstrations in the second half of 2019 being sparked across the region. Colombia, they happened in Colombia as well. Of course, Colombia was not the center of them. Most of them were in Chile and Ecuador and other places. But at this point in time, with the pandemic running rampant in all of these places, with leadership being questioned, you know, representation of democracy being questioned across the region, the region is at a tipping point for another such social upheaval event that we should be on the watch for. Thank you.

Mr. SIRES. [inaudible] a little bit about Nicaragua—unless Mr. Vargas has a question. No? Go ahead, Mr. Vargas.

Mr. VARGAS. Mr. Chairman, I do not. I am also interested in the Nicaraguan response from our presenters. Thank you.

Mr. SIRES. OK. I recently sent a letter to the President regarding Valeska Aleman and Moises Alberto Ortega Valdivia, regarding the

fact that there they were deported. These people were tortured in Nicaragua. They got to the border, and they were asking for asylum, and the Administration just ignored everything and sent these people back to Nicaragua, deported them.

I mean, we got to stand for something. If we cannot give these people some political cover, how do we expect them to fight for democracy in their own country? Can anybody talk a little bit about that? Michael, you want to start?

Mr. CAMILLERI. Mr. Chairman, I am happy to.

Mr. SIRES. I am sorry I am using your first name, but it is just a lot easier to see on the screen.

Mr. CAMILLERI. Fair enough, fair enough. Mr. Chairman, thank you. Obviously, this flies in the face of the refugee protections enshrined in U.S. law and international law. It is, frankly, also really disheartening on a human level. These are, as you mentioned, people who are literally putting their lives on the line to defend the principles that we claim to stand for as a country. It is hard to understand, when the Trump Administration has been so vocal about the condemnation of human rights abuses by the Ortega regime, how this sort of thing could have happened.

And if you will allow me a final comment, this is precisely the kind of hypocrisy, or perceived hypocrisy, that erodes, in my experience, U.S. credibility in the region, and feeds the false narrative that the defense of human rights is simply a political instrument that we, as a country and as a government, deploy selectively against adversarial governments.

When we do not practice what we preach, it makes it that much harder for us to defend and promote the principles that I think we do stand for as a government. So, thank you again for calling attention to this.

Mr. SIRES. Anyone else want to add something?

Mr. FARNSWORTH. I think what Michael said is spot on.

Mr. SIRES. Sorry. Go ahead, Eric.

Mr. FARNSWORTH. I think what Michael said is spot on. This is a tragic case. Hopefully, it was isolated and will not be repeated. The truth of the matter is, though, if we are asking people to stand up in their home countries, to take politically difficult, even life-threatening actions, when they do that, it is incumbent on us, in my view, to welcome them into our country, if they need assistance.

Obviously, it is highly political, it is highly difficult to determine, you know, certain claims from other claims, but as a matter of principle, I think that should be the baseline, and then we try to identify the individuals who may or may not be seeking asylum in accordance with that.

But in Nicaragua, this is a country that has clearly returned to authoritarian governance. Daniel Ortega did allow an election at the end of the 1980's, his first term, and he did respect that, but then, once he got reelected to office, he is most likely going to make sure that such a circumstance does not happen again.

So this is a country that is clearly headed in the wrong direction. The human rights and democracy defenders within that country are taking real risks at personal cost, and I think it is incumbent on us to recognize that and to assist them where we can.

Mr. SIRES. Monica de Bolle.

Dr. DE BOLLE. Now I would just like to add my whole voice to Michael's and Eric's. I completely agree with everything that was said, and I would add that, you know, once we think about the China issue and the concerns that we have about China building bridges into the region, this is another sensitive area that we should be well aware of.

If we are going to have the sort of policies toward Latin America that actually leave the region in a worse place, then evidently that leaves a very large room for China to be involved in. So just wanted to add that comment.

Mr. SIRES. Well, thank you very much. Thank you all. You have been most gracious with your time and patience. I certainly appreciate it, and I am always very happy to see you, because I always get a lot of good information from you when you come before the committee. And unfortunately we have to do this through Zoom and it gets very complicated, but you are real troopers and you are always there to help the committee get informed on what is happening in the Western Hemisphere. And I just want you to know as chairman, and a representative of the other members, I do thank you for that. And we are going to close now. Thank you for joining us today.

This virus has taken over 300,000 lives in Latin America and the Caribbean. As countries throughout the region struggle to get the coronavirus under control, we must further deepen our engagement in this hemisphere, lifting up our Latin American and Caribbean allies is in our interest, as the security and the prosperity and the strength of the democratic institution all have direct impact on us.

I thank our witnesses and the members for participating. With that, the committee is adjourned.

[Whereupon, at 1:36 p.m., the subcommittee was adjourned.]

APPENDIX

**SUBCOMMITTEE HEARING NOTICE  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128**

**Subcommittee on the Western Hemisphere, Civilian Security, and Trade**

**Albio Sires (D-NJ), Chairman**

September 15, 2020

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held virtually by the Subcommittee on the Western Hemisphere, Civilian Security, and Trade via Cisco WebEx (and available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>):

**DATE:** Tuesday, September 15, 2020

**TIME:** 11:00 a.m., EDT

**SUBJECT:** The Health, Economic, and Political Challenges Facing Latin America and the Caribbean

**WITNESSES:** Monica de Bolle, PhD  
Professor  
Latin American Studies Program  
School of Advanced International Studies  
Johns Hopkins University  
Senior Fellow  
Peterson Institute for International Economics

Mr. Michael Camilleri  
Director  
Peter D. Bell Rule of Law Program  
Inter-American Dialogue

Mr. Eric Farnsworth  
Vice President  
Council of the Americas

\*NOTE: Witnesses may be added.

**By Direction of the Chairman**

# COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON WESTERN HEMISPHERE, CIVILIAN SECURITY, AND TRADE HEARING

Day Wednesday Date September 15, 2020 Room WebEx cf. H.Res.965

Starting Time 11:02 am Ending Time 1:36pm

Recesses 1 (11:19 to 12:45) ( to ) ( to ) ( to ) ( to ) ( to )

Presiding Member(s)

*Chairman Albio Sires*

Check all of the following that apply:

Open Session ☒

Electronically Recorded (taped) ☒

Executive (closed) Session ☐

Stenographic Record ☒

Televised ☒

TITLE OF HEARING:

*The Health, Economic, and Political Challenges Facing Latin America and the Caribbean*

SUBCOMMITTEE MEMBERS PRESENT:

*See attendance sheet (attached).*

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an \* if they are not members of full committee.)

*Rep. Brad Sherman*

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐  
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

*QFRs from Chairman Albio Sires and Rep. Joaquin Castro (attached).*

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or  
TIME ADJOURNED 1:36pm

*Rina Monte*  
Subcommittee Staff Associate

# HOUSE COMMITTEE ON FOREIGN AFFAIRS

## WHEM SUBCOMMITTEE HEARING

<i>PRESENT</i>	<i>MEMBER</i>
X	Albio Sires, NJ
	Gregory W. Meeks, NY
	Joaquin Castro, TX
X	Adriano Espaillat, NY
	Dean Phillips, MN
	Andy Levin, MI
	Vicente González, TX
X	Juan Vargas, CA
X	Brad Sherman, CA

<i>PRESENT</i>	<i>MEMBER</i>
X	Francis Rooney, FL
	Christopher Smith, NJ
	Ted Yoho, FL
	John Curtis, UT
X	Ken Buck, CO
	Michael Guest, MS

\*Rep. Sherman is a Member of HFAC.



## RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

Questions for the Record submitted to  
Monica de Bolle, Ph.D. by  
Chairman Albio Sires

The Health, Economic, and Political Challenges Facing Latin America and the Caribbean  
Subcommittee on Western Hemisphere, Civilian Security and Trade  
House Committee on Foreign Affairs  
Tuesday, September 15, 2020

### QUESTION 1a:

**Multilateral Financing:** In response to many countries' need for external financing to respond to the severe economic downturn caused by the pandemic, international financial institutions have pledged assistance to countries in Latin America and the Caribbean to support COVID-19 response. How would you evaluate the response so far from the World Bank, the IMF, Inter-American Development Bank, and CAF in supporting LAC countries' responses to the pandemic?

- How much of this assistance by multilateral institutions is being provided as loans versus grants?

### ANSWER 1a:

The bulk of assistance being provided to LAC at the moment, particularly with regard to the COVID-19 pandemic, is in the form of loans rather than grants. That assistance is coming from all of the aforementioned institutions. There have also been scaled up efforts in the area of technical assistance for fiscal management, social protection, as well as public health and education.

### QUESTION 1b:

- How will the repayment of loans affect the economic recovery of these countries in the long term?

**ANSWER 1b:**

The economic recovery in the region will likely be painfully slow, particularly since countries are struggling to control their epidemics. Loans in support of programs to address the immediate fallout of the pandemic have played a key role in providing countries with the capability to respond to the health and economic crises. Nonetheless, since many of these countries already faced significant fiscal constraints and high debt-to-GDP ratios prior to the pandemic, multilateral assistance has certainly added to that burden. Repayment of these loans will therefore weigh on recoveries, albeit in a highly heterogeneous manner as each country will face its own challenges. Notably, however, loans and financial assistance have been important in the shorter term to shore up governments' responses to the ongoing crisis.

**QUESTION 2a:**

**Supply Chain:** A recent report by The Economist Intelligence Unit stated that Latin America and the Caribbean could become an attractive prospect for nearshoring of production as the pandemic disrupted the global supply chain. However, in the hemisphere, the U.S. still saw disruption in production supply chains with Mexico, showing that even nearshoring production comes with its own set of challenges.

- What opportunities exist for moving overseas production, including in sectors where that production is currently concentrated in Asia, to Latin America? What countries have the capacity to scale up and in what sectors?

**ANSWER 2a:**

Opportunities are relatively limited, particularly since Latin America has remained broadly a commodity-exporting region to the rest of the world. Most countries rely on sales of agricultural and/or mineral products in international markets for balance of payments revenues, and the region has largely not integrated itself in manufacturing global supply chains. This said, there are notable exceptions. Mexico, unlike the rest of the region, relies more heavily on manufacturing rather than commodity exports and is definitely a country that could benefit, and

has the capacity for, tending to sectors that have been mostly concentrated in Asia. In order for this to happen, the stance of the United States with its regional partners is key. In rewriting NAFTA into the current USMCA, the Trump administration has weakened the capacity of the U.S. to help strengthen its neighbors and nearshore productive capacity, particularly in Mexico where a large industrial infrastructure exists. The administration's efforts to intervene in North American trade, turning the region more broadly into a managed trade rather than a free trade zone with the implementation of USMCA has been detrimental to commercial relations between countries, and has left all in a worse position to address the pandemic had Mexico and Canada not been subjected to a narrow view of how trade policy works in practice.

**QUESTION 2c:**

- What challenges exist for further integration of the region in global supply chains?

**ANSWER 2c:**

The main challenge is an overreliance on commodity exports rather than manufacturing exports. In many countries, notably in Brazil and Argentina, industrial sectors are mostly focused on supplying internal rather international markets. A protectionist mindset that has prevailed since the heyday of import substitution industrialization in the 1950s and 1960s has prevented many countries from modernizing their industries and understanding that industrialization in the 21<sup>st</sup> century is largely dependent on supply chains and integration into such chains. Overt protectionism has prevented some countries from fully realizing their industrial potential. The current administration's lack of regard for the region has certainly not helped move these countries to more open, integrated trade, which would have been to the benefit of all.

**QUESTION 3a:**

**Brazil:** Brazil has the highest number of COVID-19 cases and deaths in the region, and until recently, had the second highest number of cases in the world, after the United States. President Bolsonaro has repeatedly minimized the threat of COVID-19 and defied social distancing guidelines, despite having been infected himself. However, President Bolsonaro's approval rating is at its highest since he took office, in part due to the rollout of a new social program that has been credited with keeping poverty levels from spiraling upward.

- What are the reasons for Bolsonaro's rising support, despite the horrible toll the pandemic has taken on the country and his government's dismissive response?

**ANSWER 3a:**

Bolsonaro's rise in opinion polls has certainly been perplexing, particularly in view of the country's dismal approach to the pandemic. To date the epidemic remains uncontrolled, deaths have continued to mount, and cases are again on the rise in parts of the country that were hardest hit early on. Indeed, many epidemiologists and scientists are beginning to speak of the risk of a "second wave" even if Brazil has never quite left the first. It is difficult to point with certainty to any particular factor that might be driving public opinion favorably towards Bolsonaro. This said, however, the emergency basic income program that was signed into law in April 2020 has been a huge success in an otherwise vacuum of adequate policy responses to the crisis. It is estimated that currently just under 70 million people are receiving monthly payouts that have helped them sustain their incomes and their livelihoods through the humanitarian crisis. Although Bolsonaro was not in favor of this program when Congress approved the supporting legislation, the president is now unequivocally associated with it as the country's leader. Not surprisingly, Bolsonaro's recent support has come chiefly from lower income households, informal workers, and those most affected by the pandemic. The emergency basic income program expires at the end of December. It is not yet clear whether it will be extended into 2021 or replaced by a similar program.

**QUESTION 3b:**

- Should the U.S. be engaging with Brazil to urge the country to take more serious precautions against the disease, and to address serious human rights and environmental concerns, such as the deforestation of the amazon, extrajudicial killings by police, and attacks on indigenous communities?

**ANSWER 3b:**

Absolutely. The Bolsonaro administration has done its utmost to unravel environmental policies enacted by previous governments, monitoring and oversight of deforestation in the Amazon and Pantanal regions, and particularly to embolden illegal activities in rainforest. At the same time, Bolsonaro's record on human rights issues and indigenous communities is dismal: There has been a complete disregard for how the pandemic has run rampant in indigenous reserves, ravaging this segment of the population. There is no doubt that U.S. engagement on these issues would have been extremely beneficial. However, the Trump administration has played absolutely no role in such efforts.

**QUESTION 3c:**

- Do you anticipate that poverty levels will remain low even after economic relief assistance ends and the economy begins to slowly recover?

**ANSWER 3c:**

Poverty levels have dropped temporarily due to the aforementioned emergency income program. If it is allowed to expire in December, Brazil will again see mounting poverty and inequality, as well as the return of hunger in a country that seemed to have eliminated it during the 2000s. A recent report by IBGE, the National Statistics Agency, has shown that hunger and malnutrition are once again afflicting the poorest regions in Brazil. The data covers only what has been observed through 2018, and the numbers were likely worse for the first year of Bolsonaro's administration, 2019, as well as 2020.

**QUESTION 3d:**

- Can you address the recent decision by the Bolsonaro Administration to cut funding for its environmental protection agency, despite worrying reports that Amazon rainforest deforestation is accelerating?

**ANSWER 3d:**

This is an administration that disregards all environmental concerns and scientific analysis pointing to dangers that the Amazon is facing. It is their belief that the region should be “developed”, and its natural riches “exploited” even if policies are at odds with what climate experts have been saying for years: The Amazon is nearing its tipping point, beyond which it the rainforest will turn into savannah. The Bolsonaro administration does not believe in the science of climate change, nor will it change its position with regard to the Amazon. Defunding of the environmental protection agency is the latest example of the mindset of climate denial that pervades the current government.

**QUESTION 4a:**

**Election for President of IDB:** On June 16, 2020, President Trump nominated Mauricio Claver-Carone, currently the senior director for Western Hemisphere affairs at the National Security Council, to serve as President of the Inter-American Development Bank. On September 12, 2020, he was elected to a 5-year term beginning in October. After former Costa Rican president Laura Chinchilla and Gustavo Beliz, secretary of strategic affairs to the president of Argentina, both withdrew their candidacies, Claver-Carone was the only candidate running for IDB president.

- It is an unspoken rule of the bank and a 60-year precedent that the position of president should be held by someone from Latin America and the Caribbean. The United States’ nomination of Claver-Carone sparked criticism from some Latin American countries and the European Union. What is the significance of the U.S. breaking with this tradition by nominating an American?

**ANSWER 4a:**

It is certainly of great significance. Leadership of the Inter-American Development Bank has traditionally been held by someone from the region because of its political and socioeconomic complexities and the need to have people with on the ground knowledge of these challenges. A political appointment to head this institution at this juncture is bound to be particularly problematic.

**QUESTION 4b:**

- Are you concerned that the selection of Claver-Carone as IDB president will politicize the bank at a time when economic support is desperately needed and could further polarize the region along ideological lines, especially after four of the region's six largest economies—Chile, Mexico, Argentina, and Peru—abstained from the vote in apparent protest?

**ANSWER 4b:**

Yes, and I believe it already has with the noted abstentions of key countries.

**QUESTION 4c:**

- Should we be worried that if Claver-Carone's leadership converts the IDB into an overtly political institution during a period when countries throughout the region need outside support for their economic recoveries, it could further embolden China by making Chinese financing a more appealing alternative?

**ANSWER 4c:**

Yes, I believe we should. Politicization of the IDB is bound to add to polarization within the region, leading some countries to seek alternative forms of funding from countries such as China. Given China's eagerness to assert their foothold in the region, it is my opinion that the choice of leadership from the IDB at this moment may have been profoundly myopic.

**QUESTION 5a:**

**Poverty, Food Insecurity, and Informality:** According to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC), Latin America was already the most unequal region in the world in terms of income inequality. The COVID-19 economic contraction in 2020 is expected to increase income inequality in the region, with 45 million people moving into poverty and many no longer be able to meet their basic food needs. Food insecurity was already a concern in the region before the pandemic, especially in places like Haiti and the Northern Triangle's dry corridor.

- What are examples of effective economic measures that governments in the region have enacted to assist the poor and food insecure during the pandemic?
- What measures will governments have to enact in the coming months and years to prevent a huge surge in poverty and food insecurity?

**ANSWER 5a:**

Addressing both questions simultaneously, countries need to consider their ability to strengthen social protection, particularly with the adoption of basic income programs. Some countries, like Brazil, Ecuador, and others, have adopted temporary cash transfer programs to the poor and vulnerable in response to the pandemic. As mentioned previously, in Brazil this has served to reduce poverty and inequality, as well as providing the economy with a much-needed boost during trying times. These measures should be considered for adoption throughout the region and should obviously be tailored to countries' individual capacities and fiscal constraints. Technical assistance from the World Bank and the IDB would go a long way towards ensuring that countries can expand their social safety nets beyond temporary programs.

**QUESTION 5b:**

- Do you have recommendations for how U.S. assistance should be directed to address food insecurity and poverty in the region?

**ANSWER 5b:**

With respect to the poorest countries in the region, particularly the in the Northern Triangle, a collaborative effort should be established, contrary to what has been done by the



current Trump administration. It is important for the U.S. to maintain donations to these countries, which would also help avoid a massive flux of migration across the border. It is also important for the U.S. to engage meaningfully with these countries on climate change issues. Much of the food insecurity problem affecting the Northern Triangle can be directly linked to climate change, and dramatic alterations to rain cycles and conditions that support subsistence farming. Recognition of this growing concern, ignored by the current U.S. administration, is paramount in order to help the very poor, which make up a majority of the population in these countries.

**QUESTION 5c:**

- What challenges does informality present in terms of the pandemic's health and economic impacts and how might it make the region's economic recovery more difficult? Are there ways to effectively reduce levels of informality in the short- and medium-term?

**ANSWER 5c:**

Informality has been a long running scourge in Latin America. During the pandemic, we have seen the enormous challenges posed by it, as vast amounts of the population in informal markets have been left without income, and thus without the capacity to subsist. While it is difficult to address informality in the short term, over the longer-term initiatives such as basic income programs, efforts towards enhancing labor force skills and qualifications, as well as a focus on the quality of education are of crucial importance. Importantly, these measures rely on governments, institutions, and politicians that properly recognize the plight of their populations. Political polarization and leaders that thrive on divisiveness are a substantial obstacle to reducing informality in Latin America.

**Questions for the Record submitted to  
Michael Camilleri by  
Chairman Albio Sires**

**The Health, Economic, and Political Challenges Facing Latin America and the Caribbean  
Subcommittee on Western Hemisphere, Civilian Security and Trade  
House Committee on Foreign Affairs  
Tuesday, September 15, 2020**

**QUESTION 1:**

**Supporting the Fight Against Corruption:** Transparency International has warned that COVID-19 presents a dangerous opportunity for corrupt actors to loot government coffers in response to the health emergency, requiring strong oversight. A number of countries in the region have already faced corruption scandals during the pandemic, mostly due to public procurement of substandard or non-existent medical equipment, seemingly carried out for political reasons instead of to ensure public health. Corruption was already one of the major challenges facing the region before the pandemic. Unfortunately, many mechanisms to fight corruption have weakened or collapsed entirely over the last four years.

- What accountability mechanisms would you recommend to counter potential corruption related to COVID-19 procurement, particularly as the U.S. continues to provide emergency health and humanitarian assistance to the region?
- How do you evaluate the current Northern Triangle offices working on corruption investigations and prosecutions, specifically Guatemala's FECl, Honduras' UFERCO, and El Salvador's CICLES?

**ANSWER 1:**

National emergencies often require governments to ramp up public spending and bypass controls such as competitive bidding, which can generate enhanced corruption risks. In Latin America, this has already proven the case with regard to COVID-19 procurement, with revelations of corruption in countries such as Colombia, Ecuador, Bolivia, Peru, and El Salvador. To prevent corruption, it is critical that governments respect press freedom and access to public information obligations. In addition, digital tools such as the Inter-American Development Bank's Investment Map technology can be utilized to enhance transparency and accountability of pandemic-related expenditures, as is happening in Paraguay. Finally, prosecutors and judges

must have the resources and independence to hold accountable those responsible for grand corruption, especially individuals at the upper echelons of politics and business.

Efforts to combat corruption in the Northern Triangle have suffered significant setbacks in the past year. While Guatemala's FECI and Honduras' UFERCO should be lauded for their ongoing efforts to advance accountability, the premature conclusions of the UN's CICIG mission in Guatemala and the OAS' MACCIH mission in Honduras denied national prosecutors in these countries of essential partners. Meanwhile, CICIES in El Salvador exists largely on paper. As a consequence, in the Northern Triangle today we see weakened enforcement frameworks and emboldened criminal organizations and corrupt networks.

#### QUESTION 2:

**Freedom of Expression:** Several countries in the region have used the pandemic to curtail freedom of expression for journalists or medical workers exposing government failings in crisis management. For example, in Venezuela, the government detained journalists and doctors who published information about the spread of COVID-19. In Nicaragua, scientists and health care workers have been fired for criticizing the government's management of COVID-19. In Brazil and in Mexico, Presidents Bolsonaro and Lopez Obrador both attacked the press for questioning their governments' responses. President Bukele in El Salvador has recently carried out an intimidation campaign against media outlets, including El Faro, which broke a story about his government's negotiations with MS-13.

- What trends have you noted in terms of violations of freedom of expression in the region?
- Is there evidence that these attacks against freedom of expression have impacted the quality of information reaching citizens about the COVID-19 pandemic or impacted citizen trust in media?
- To what extent has the Trump Administration's selective response to such freedom of expressions violations, calling out Venezuela and Nicaragua but not Brazil or Bolivia, in addition to its own disparaging comments about media coverage of the government's response, hindered the U.S. Government's ability to push back against these anti-democratic measures?

**ANSWER 2:**

There are three principal trends impacting freedom of expression in the region in the context of the Covid-19 pandemic. The first is increased pressure against journalists and media outlets, including physical harm and harassment, arrests and prosecutions, and a challenging work environment. The second trend is limits on transparency and access to information. The third is online misinformation and disinformation, in some cases promulgated by public officials.

Attacks and harassment of journalists, particularly by public officials, have impacted the quality of information reaching citizens and citizen trust in media. In a number of countries (e.g. Nicaragua, El Salvador, Venezuela, Guatemala) governments either prohibited members of the press from speaking with certain government officials, limited press briefings and those who could attend, or provided incomplete or misleading state information on the pandemic. Direct and indirect restrictions on pandemic-related reporting are detrimental to the dissemination of accurate information and have negatively impacted the quality of information that reaches citizens, especially when combined with the proliferation of online misinformation.

The Trump Administration's hostility toward the media at home, and the selectivity of its defense of press freedom abroad, have two notable consequences. First, the authoritarian governments of Venezuela, Cuba, and Nicaragua that the Trump Administration rightly condemns for violating free speech can dismiss U.S. critiques as hypocritical and driven by political ideology. Second, friendly governments in countries such as Brazil, Bolivia, and El Salvador assume they have a blank check to restrict freedom of expression without consequence to the bilateral relationship with the United States. Unfortunately, they are often correct.

**QUESTION 3:**

**Gender-Based Violence:** When stay-at-home orders began to be implemented in Latin America, many analysts warned of the exacerbation of another pandemic—that of gender-based violence. In Mexico, for example, calls and messages sent to the National Network of Violence rose more than 80% between mid-March and mid-April compared to the previous month. In Argentina, calls to domestic violence hotlines grew 40% after the government instituted a mandatory quarantine. In Colombia, calls were up 90%. Mexico recorded its highest monthly number of femicides in June with 101 cases and 566 cases reported since January.

- Are there any countries in the region that have responded adequately to increases in gender-based violence during pandemic quarantine mandates?
- What kind of assistance should the U.S. provide to countries to address gender-based violence?

**ANSWER 3:**

Nonetheless, a number of countries have implemented measures that can be considered good practices. When lockdowns began, Argentina and Uruguay automatically extended precautionary protection measures for victims of gender-based violence. In Chile, Brazil, Mexico and Colombia, governments in partnership with civil society have engaged in extensive media campaigns to spread awareness and disseminate information on the issue of gender-based violence during quarantine measures. In Peru, the government approved increased resources to address violence against women, implementing 24-hour counseling measures. And in Colombia, Uruguay and Argentina, governments launched hotlines for reporting incidents of violence against women through text messaging services that provide a discreet way for survivors to report incidents or be connected to mental health and legal services.

The United States can assist countries in addressing gender-based violence in multiple ways. For example, through the Development Finance Corporation, the U.S. government can advance women's economic empowerment by expanding access to capital for women and marginalized communities through support for loan guarantee facilities. The United States can

also offer technical advice and assistance to foreign prosecutors' offices on the creation of specialized protocols and units to investigate gender-based violence, which frequently goes unreported and/or unpunished.

**QUESTION 4:**

1. **Bolivia:** On July 23, Bolivia's electoral tribunal announced the latest postponement of general elections from September 6 to October 18 due to the pandemic, nearly a year after the October 20, 2019 elections that led to President Evo Morales' resignation. Interim President Jeanine Añez's tenure has been fraught with unrest and social tensions, as well as criticism from international organizations over alleged human right violations, the curtailment of civil liberties, and persecution of political opponents. In fact, a recent report by Human Rights Watch found that Bolivia is abusing the justice system to persecute associates and supporters of former president Evo Morales, documenting instances of baseless or disproportionate charges, due process violations, and other abuses in cases pursued by the interim government.
  - What are the current prospects for free, fair, and transparent elections with participation from all parties in October?
  - After last October's fraud allegations and the fallout and related disputes over the OAS mission's findings, will Bolivians trust the results of this election? What role do you envision this time for the OAS and EU observer missions?
  - Publicly, the Trump Administration has been fairly supportive of the Añez interim government. Do you believe the U.S. Government should be speaking out more vocally to raise its concerns about the interim government's actions with regard to political rights, civil liberties, and indigenous rights, especially in light of reports such as the one recently published by Human Rights Watch?

**ANSWER 4:**

After years of rising authoritarianism under former President Evo Morales, a deeply flawed presidential election in 2019, and the Añez interim government's persecution of its political opponents, the upcoming elections scheduled for October 18 represent a crucial opportunity for Bolivia to chart a new, democratic path forward. Bolivians will be able to choose among candidates from across the political spectrum. Given the deep polarization in the country, it is essential the electoral process be carried out in a way that allows all Bolivians to have confidence in the results. International observers can be helpful in this regard. The OAS has a

well-earned reputation for professional electoral observation, but it must operate with transparency and be willing to respond on the merits to any questions regarding its methodology. Whoever Bolivians ultimately elect as president, the U.S. Government should engage in a spirit of partnership and based on democratic principles and our national interest.

**QUESTION 5:**

**National Security Council Western Hemisphere Framework:** Last month, the White House published a strategic framework for the Western Hemisphere focused on what it referred to as “securing the homeland,” advancing economic growth, strengthening democracy and rule of law, countering malign political influence, and strengthening regional cooperation.

- Given that the framework came out three months before the election and three and a half years after President Trump took office, does it mean anything beyond political signaling?
- Do you believe this framework is useful for advancing U.S. engagement with Latin America?
- Do you believe the framework aligns with the actual policies the Trump Administration has implemented toward Latin America and the Caribbean?

**ANSWER 5:**

The White House’s Western Hemisphere Strategic Framework was announced in South Florida just three months before the November 2020 elections, leading many to believe that it was driven as much by political considerations as by policy ones. The document itself correctly identifies the Western Hemisphere as a strategic priority and articulates a number of laudable goals, from combating corruption and promoting press freedom to advancing free, fair, and reciprocal trade. However, the strategic framework is flawed in at least three respects. The first is the gap between announced goals and actual policy. The Trump Administration has often overlooked corruption, criminality, and democratic backsliding by friendly governments in the region, for example. The second flaw is a nativist approach to addressing “uncontrolled human migration,” which is silent on the United States’ humanitarian obligations and eschews any effort

to address the poverty, corruption, and violence that drive migration from areas such as the Northern Triangle of Central America. Finally, the strategy overlooks critical challenges facing our hemispheric partners that must be central to U.S. policy in the Americas. Chief among these is climate change, to which Latin America and the Caribbean are particularly vulnerable.



**Questions for the Record submitted to  
Monica de Bolle, Ph.D. by  
Representative Joaquin Castro**

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**QUESTION 1a:**

**Vaccines**

**Directed to Dr. Monica de Bolle:** On June 1, the World Health Organization declared that Latin America had become the new epicenter of the coronavirus pandemic. As of September 5, the Latin American region has over 7.68 million cases and 287,000 deaths. As countries across the world fight the virus and prepare for a potential vaccine:

- **How do you think the Trump Administration's refusal to join a global effort to develop, manufacture and equitably distribute a coronavirus vaccine will affect the most high-risk segment of the population in our country and in the region?**

**ANSWER 1a:**

There are several issues that complicate the distribution of the vaccine, some of which are dependent on which vaccine or group of vaccines actually become available following a thorough Phase III scientific Phase III process. If the available vaccine turns out to be one of the genetic modalities (mRNA vaccines) currently in Phase III trials (Moderna and Pfizer), there are significant logistical problems for distribution both in the United States, but more importantly in Latin America. Given the highly unstable nature of genetic materials, these vaccines need to be stored and transported at ultra-refrigerated temperatures (about -70 to -80 degrees Celsius), a capacity that many countries in Latin America simply do not have. The Trump administration's refusal to join global efforts further complicates these matters since a failure to coordinate on

difficult logistical shortcomings may leave vulnerable populations in the U.S. and in Latin America at risk for not receiving the vaccine.

**QUESTION 1b:**

- **How can the U.S. help to ensure a fair and equitable distribution of the vaccine across the Western Hemisphere?**

**ANSWER 1b:**

Distribution of the vaccine should be guided by scientists and experts working in close coordination. The United States could help in these efforts by helping to identify which segments of the population should be given priority – e.g. health and essential workers – and working with the scientific community across the globe to ensure that these priorities are met. Unfortunately, the current administration's isolationist approach makes achieving these objectives much more difficult in what is already an unprecedented situation.

**QUESTION 2:**

**Authoritarians Taking Advantage of Pandemic**

**Directed to Dr. Monica de Bolle and Mr. Michael Camilleri:** The pandemic has been used by authoritarian governments around the world as an advantage to solidify their power. This has also been the case in Latin America. For example, in El Salvador, President Bukele disregarded multiple Supreme Court decisions to extend his strict quarantine rules and earlier in the year marched into the Salvadoran Congress with armed soldiers to intimidate lawmakers. His aggressive actions and authoritarian streak continue to raise concern for the fate of democracy in El Salvador.

- **How should the U.S. Congress respond to the rise of authoritarianism in the region and how can we ensure the needs of the Latin American people and their democratic institutions are met?**

**ANSWER 2:**

The United States Congress should continue to condemn authoritarianism where it arises and call out those leaders that manifestly reject human rights and democratic institutions. As one

of the region's major partners, the U.S. is held in high regard by much of the population in Latin America despite the current administrations' belligerent stance towards parts of the region.

**Questions for the Record submitted to  
Michael Camilleri by  
Representative Joaquin Castro**

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**QUESTION 1:**

**Safe Third Country Agreement**

**Directed to Mr. Michael Camilleri:** The Canadian Federal Court recently held that the Safe Third Country Agreement between the United States and Canada should be ended because asylum seekers were subject to detention in the United States and the agreement violated the “life, liberty, and security of the person” that is promised under its Constitution.

- **What does it say about our country when an independent court in Canada believes that our asylum laws are inconsistent with life, liberty, and security of asylum seekers?**
- **How will this decision impact the U.S. Asylum Cooperative Agreements with the Northern Triangle countries of Guatemala, Honduras and El Salvador?**
- **Have those countries’ governments expressed whether these agreements will continue to be implemented?**

A Canadian Federal Court struck down the Safe Third Country Agreement between the United States and Canada after finding that it violates the human rights of asylum seekers entering Canada. Among the reasons cited by the court was the U.S. Government’s practice of detaining asylum seekers, including in solitary confinement and/or with accused criminals, after they are turned away from Canada. The decision’s effects were suspended by the court and it is now on appeal.

While the Canadian court’s decision does not have direct implications for the U.S. Asylum Cooperative Agreements with Northern Triangle countries, it does raise an important question regarding the considerations and process employed by the Trump Administration to conclude that Guatemala, Honduras, and El Salvador constitute safe third countries. Under the Immigration and Nationality Act, safe third countries must protect asylum seekers from persecution and provide

them access to full and fair procedures for determining asylum claims. As organizations such as Human Rights First have documented, the Northern Triangle countries do not currently meet this standard.

**QUESTION 2:**

**Authoritarians Taking Advantage of Pandemic**

**Directed to Dr. Monica de Bolle and Mr. Michael Camilleri:** The pandemic has been used by authoritarian governments around the world as an advantage to solidify their power. This has also been the case in Latin America. For example, in El Salvador, President Bukele disregarded multiple Supreme Court decisions to extend his strict quarantine rules and earlier in the year marched into the Salvadoran Congress with armed soldiers to intimidate lawmakers. His aggressive actions and authoritarian streak continue to raise concern for the fate of democracy in El Salvador.

- **How should the U.S. Congress respond to the rise of authoritarianism in the region and how can we ensure the needs of the Latin American people and their democratic institutions are met?**

**ANSWER 2:**

International law contemplates necessary and proportionate restrictions on human rights in times of emergency. In the context of a pandemic, limits on the rights to assembly and movement may be justified, for example. In Latin America, some governments have responded to the pandemic consistent with their international human rights obligations, while others corrected early instances of overreach. In a few notable cases, however, the pandemic has been used as a cover to consolidate control and persecute opponents, often times through draconian restrictions on free speech that are used to punish those who criticize the government's pandemic response or simply publish accurate public health information. This is very much the case with regard to the dictatorial regimes of Venezuela, Cuba, and Nicaragua.

In addition, El Salvador merits particular mention and concern. While President Bukele's authoritarian tendencies emerged before the pandemic, he has continued his efforts to concentrate power and, in particular, attack the free press under the cover of Covid-19. Most disturbingly, despite admonitions from the U.S. Congress and occasionally the State Department, Bukele appears to believe his policies are supported by the United States Government, an impression that is reinforced by his cozy relationship with the U.S. Embassy.

In El Salvador and across the hemisphere, it is essential that the U.S. Government defend democratic principles with rigor, consistency, and concrete consequences. Where necessary, Congressional oversight of the U.S. State Department and our embassies abroad, foreign appropriations and conditionality, and tools such as the sanctions envisioned in the Global Magnitsky Human Rights Accountability Act should be employed in response to rising authoritarianism and attacks on democracy and fundamental rights.

### QUESTION 3:

#### **Public Corruption**

**Directed to Mr. Michael Camilleri:** Latin America as a region has struggled historically with the problem of public corruption. The COVID-19 pandemic has helped to make matters worse. As governments use public funds to fight the virus and its economic fallout, there are serious concerns of improper use of these funds by government officials. Unfortunately, many programs to fight corruption have been seriously diminished or have completely fallen apart over the last four years.

- **How do you foresee corruption affecting the ability of the region to fight the virus and eventually recover from it?**
- **What has been the impact of the Trump Administration reduced prioritization against corruption in the region?**

**ANSWER 3:**

National emergencies often require governments to ramp up public spending and bypass controls such as competitive bidding, which can generate enhanced corruption risks. In Latin America, this has already proven the case with regard to COVID-19 procurement, with revelations of corruption in countries such as Colombia, Ecuador, Bolivia, Peru, and El Salvador. To prevent corruption, it is critical that governments respect press freedom and access to public information obligations. In addition, digital tools such as the Inter-American Development Bank's Investment Map technology can be utilized to enhance transparency and accountability of pandemic-related expenditures, as is happening in Paraguay. Finally, prosecutors and judges must have the resources and independence to hold accountable those responsible for grand corruption, especially individuals at the upper echelons of politics and business.

Corruption regularly ranks as one of the top concerns of citizens in Latin America. This has remained the case even in the context of the pandemic and a historic economic downturn. In an era of restricted government finances, preventing the misuse of public funds will be essential to the region's recovery. Given the manner in which corruption erodes confidence in institutions, it will also be critical to democratic governance.

The Trump Administration's selective defense of the rule of law, including combating corruption, in the region has in some cases had serious negative implications for U.S. interests. This is the case, for example, with the Administration's decision to undercut and green light the expulsion of the UN's International Commission Against Impunity in Guatemala (CICIG), which will weaken accountability and benefit predatory elites and criminal organizations in that country.