

THE FUTURE OF U.S.-BRAZIL RELATIONS

HEARING

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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MARCH 15, 2023
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Printed for the use of the Committee on Foreign Relations



Available via <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

WASHINGTON : 2023

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THE FUTURE OF U.S.-BRAZIL RELATIONS

WEDNESDAY, MARCH 15, 2023

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:39 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Robert Menendez presiding.

Present: Senators Menendez [presiding], Cardin, Shaheen, Murphy, Kaine, Van Hollen, Risch, Young, Hagerty, and Ricketts.

OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY

The CHAIRMAN. This hearing of the Senate Foreign Relations Committee will come to order.

Consider the following. After a fractious election cycle, the defeated yet dangerous demagogue spews lies about election fraud. He urges his supporters to reject reality, inciting them to commit a violent attack on government buildings just a few days into the start of the new year.

The shocking images of the insurrection are then broadcast all over the world, a stark example of how even the strongest democracies can falter when they are pushed to their limit.

If you are listening to this and wondering which insurrection is he referring to, then I have made my point. Similarities between the January 6 assault on the U.S. Capitol and its Brazilian sequel on January 8 of this year reminds us that we must stand vigilant against anyone anywhere who corrodes democratic norms, even when those attacks come from the highest levels of government.

For just as we know who was responsible for instigating the attacks on the very institution in which we hold this hearing, we know that former President Jair Bolsonaro, through his lies and disinformation, fomented the attacks on Brazil's democracy.

Democracies are resilient only as long as we reinforce their resiliency. We must look inward, commit to our own democratic values, and continue to stand with democratic movements and institutions throughout the world, which brings us to today's hearing.

Despite the painful bond of these horrific attacks, the United States and Brazil have a unique opportunity for renewed cooperation. From addressing democratic challenges to protecting the environment to the regional migration crisis, we must succeed together or we will fail apart.

On the environment, in the span of about 2 years while Bolsonaro was in charge human development ravaged more than

34,000 square miles of Brazil's Amazon rainforest, an area roughly the size of South Carolina.

The astronomical damage inflicted lasting harm to the ecosystem, to biodiversity, and to our efforts to combat global climate change. Without drastic measures to reverse Bolsonaro's actions, the lungs of the earth could become a net emitter, preventing us from addressing catastrophic climate change.

Make no mistake, Brazilians are fighting for the Amazon, but under Bolsonaro that proved hazardous in and of itself, particularly for indigenous populations.

In 2021 alone, invasions of and attacks on indigenous communities increased nearly threefold to more than 300 documented cases. That same year 176 indigenous people were murdered for their activism to protect their homeland, the highest numbers ever recorded.

Brazil under Bolsonaro was one of the deadliest places for environmental defenders in the world, which is why I am heartened that President Lula has made restarting Amazon conservation and protecting environmental defenders a top priority and the United States stands ready to support these steps.

Last Congress I introduced the bipartisan Amazon 21 Act, crucial legislation that rewards both conservation goals and economic competitiveness. Addressing climate change while promoting positive economic growth are not mutually exclusive, and I look forward to once again engaging in that effort this Congress.

After all, it is only by working with our partners, particularly those in our own hemisphere, that we can combat climate change, mitigate damage to the ecosystem, protect environmental defenders, and spur economic growth.

Protecting environmental defenders is about much more than just the Amazon. Organized civil society and the ability of citizens to hold their government accountable are bedrocks of a functioning democracy.

Given Brazil's important economic and geostrategic role, we must be partners as we address democratic backsliding across the Americas. We must defend democracy when it is under attack around the world.

In Havana, Miguel Díaz-Canel continues to lock up hundreds of protesters.

In Caracas, the Maduro regime is under investigation for crimes against humanity.

In Managua, U.N. experts have said that Daniel Ortega's reign of terror has perpetuated "Nazi style crimes."

These human rights abuses and the migratory outflows that stem from citizens fleeing these countries demand our full attention in cooperation. It also means that our countries must stand shoulder-to-shoulder with the people of Ukraine in the face of Putin's unjustified war.

The time is now for a U.S.-Brazilian partnership that leads the way on environmental, economic, and democratic issues.

Next month, I look forward to leading a CODEL to Brazil where we will solidify these ties as we hopefully meet with President Lula and the senior members of his government. We look forward to that.

Now let me turn to the ranking member, Senator Risch, for his remarks.

**STATEMENT OF HON. JAMES E. RISCH,
U.S. SENATOR FROM IDAHO**

Senator RISCH. Thank you, Mr. Chairman.

The United States has an enduring interest in our prosperous, democratic, and stable Western Hemisphere. Strong relations with Brazil are important to attain these goals.

Next year, we will celebrate 200 years of diplomatic relations. The Administration should seize this moment with a bold bilateral agenda. Such an agenda should include deepening our security and commercial relations, working with Brazil against malign state and nonstate influences, and encouraging Brazilian support for the Organization of American States.

Like other emerging economies in Latin America, Brazilians have benefited enormously from the international norms and institutions which were created, led by us at the end of World War II.

These norms and institutions have helped Brazil become a top destination for U.S. foreign direct investments, which are crucial to the stability and prosperity of the country.

At the same time, Brazil has drawn increasing attention from malign foreign influences such as China, Russia, and Iran. The Brazilian people should ensure their sovereignty and freedoms are not compromised by these malign actors.

There is deep concern about President de Silva's recent decision to welcome two sanctioned Iranian warships into Brazilian ports. More importantly, President Biden should have canceled his meeting with President de Silva.

I am disturbed by reports that the President instead just asked them to move the port visit until after their meeting. I was also disappointed President de Silva turned down Germany's request for ammunition Ukraine needs to defend its sovereign territory against the unprovoked Russian invasion and occupation.

We should also remember that while the title of this hearing focuses on Brazil, there are many other challenges in the Western Hemisphere. The illegal immigration and the illicit narcotics trafficking crisis at our Southwest border are relentless. The Administration's response is to waste taxpayers' money abroad and weaken enforcement of immigration laws at home.

Venezuela is an unabated disaster. Last week marked 1 year since Ambassador Story and White House officials sat down with Maduro to find accommodation with the regime.

The results have included pardoned corrupt criminals, division among democratic forces, and legitimacy for Maduro, but no progress on restoring democracy in that country.

Colombia, for the first time in two decades, has failed to eradicate a single hectare of coca. Seizures of heroin and cocaine have dramatically fallen while their production has increased.

Haiti has no constitutional government, faces growing levels of violence, and is the epicenter of a migration crisis overwhelming communities in Florida. The Administration's response is to wait for Canada to take the lead.

I look forward to hearing from Ambassador Nichols on the Administration's approach to these issues and our relations with Brazil, more broadly.

Thank you for the witnesses. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Risch.

Let me turn to our witnesses.

It is an honor introduce Assistant Secretary Brian Nichols, heads the Bureau of Western Hemisphere Affairs at the Department of State. Assistant Secretary Nichols previously served as U.S. Ambassador to Zimbabwe and Peru as well as Principal Deputy Assistant Secretary of State for International Narcotics and Law Enforcement. We look forward to hearing from you today.

We are also joined by Deputy Special Envoy for Climate Richard Duke. Mr. Duke previously served as Special Assistant to President Obama and Deputy Assistant Secretary of the Department of Energy. He has also worked at NRDC, McKinsey, and Brookings.

Welcome to you both. Your full statements will be included in the record without objection. I would ask you to try to summarize your statements in about 5 minutes or so so the members of the committee can have a conversation with you.

Before I ask you to start, Secretary Nichols, let me offer a warm welcome to the Brazilian chargé d'affaires, Bernardo Velloso. Thank you for joining us as well.

With that, Mr. Secretary, you are recognized.

STATEMENT OF THE HONORABLE BRIAN NICHOLS, ASSISTANT SECRETARY OF STATE, WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. NICHOLS. Thank you, Mr. Chairman.

Chairman Menendez, Ranking Member Risch, distinguished members of the committee, thank you for the opportunity to discuss our relationship with Brazil.

As the world's seventh most populous country and 12th largest economy, Brazil is a global actor and strategic partner with whom we work closely to advance shared priorities.

President Biden and President Lula reaffirmed our vital and enduring partnership during their February 10 meeting at the White House. Nine Cabinet officials joined the presidents, reflecting the breadth and depth of our bilateral relations.

The two presidents agreed that strengthening democracy, protecting human rights, and addressing the climate crisis would anchor our shared agenda.

The troubling events in Brasilia on January 8 highlighted the threats that polarization and misinformation pose even for established democracies.

President Biden, Secretary Blinken, and I quickly and forcefully condemned that day's violent attacks. In their February 10 meeting both presidents condemned political extremism and violence, hate speech, and disinformation. They agreed to work together to address these challenges, including through this month's second Summit for Democracy.

The United States and Brazil will continue working together to advance human rights at home and abroad. President Biden and President Lula committed to reinvigorate the U.S.-Brazil Joint Ac-

tion Plan to Eliminate Racial and Ethnic Discrimination and promote equality, known as JAPER, to promote the human rights and well-being of marginalized racial and ethnic communities, including indigenous people and people of African descent in both countries.

We anticipate productive conversations on these subjects during the upcoming human rights dialogue and technical level meetings on JAPER.

Home to 30 percent of the world's tropical rainforests, Brazil plays a vital role in addressing the climate crisis. The Biden-Harris administration stands ready to support President Lula's commitments to advance environmental protection and sustainable development.

President Biden and President Lula intend to work together to enhance global food security. Brazil's status as the world's largest agricultural net exporter and one of the largest fertilizer importers makes it an important partner in our efforts to address food security challenges we now face.

Both our governments are interested in expanding trade and investment in developing supply chain resiliency. The United States is by far Brazil's largest foreign investor, and Brazil represents a top export market for the United States, receiving nearly \$47 billion in U.S. goods in 2021.

U.S. Trade Representative Ambassador Katherine Tai's trip earlier this month reinforced our desire to grow bilateral trade in line with our shared values.

Under Secretary of State for Economic Growth, Energy, and the Environment Jose Fernandez will similarly engage with Brazilian Government officials and private sector leaders later this month to discuss trade, critical minerals, agriculture, and clean energy.

We work closely with Brazil in multilateral fora including in the United Nations Security Council where Brazil serves as an elected member through the end of 2023. We expect Brazil will remain a committed leader in the U.N. on humanitarian issues, peacekeeping operations, and efforts to promote international peace and security.

Brazil will also serve as G-20 president in 2024. We know we must work diligently to keep the relationship strong and pull together on tough issues facing the world. President Lula places an emphasis on South-South cooperation and seeks to position Brazil as a leading voice for peace, including in Ukraine.

The Russian Federation is solely responsible for the war in Ukraine. However, we welcome all genuine efforts to secure a comprehensive, just, and lasting peace in Ukraine based on the U.N. Charter's principles.

Brazil voted in favor of the February 23 U.N. General Assembly Resolution demanding Russia's immediate withdrawal from Ukraine and we look forward to continued cooperation to address the dire human rights and humanitarian consequences of Russia's war.

We understand our countries will not always see eye-to-eye and Brazil as a sovereign nation makes its own foreign policy decisions. We conveyed our consternation that Brazil recently hosted two Iranian naval vessels beginning February 28, emphasizing the Iranian

regime's brutal suppression of its own people, provision of weapons to Russia, and destabilizing activities around the world.

We will continue to engage with our Brazilian partners to discourage cooperation with malign actors, including Iran.

In conclusion, the Biden-Harris administration is committed to working diligently to ensure U.S.-Brazilian relations remain strong and productive for the benefit of U.S. citizens, the Brazilian people, and the world.

Next year we will celebrate 200 years of bilateral relations and we are confident that our partnership will continue to thrive for many generations to come.

[The prepared statement of Mr. Nichols follows:]

Prepared Statement of Mr. Brian Nichols

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The troubling events in Brasilia, on January 8, highlighted the threats that polarization and misinformation pose, even for established democracies. President Biden, Secretary Blinken, and I quickly and forcefully condemned that day's violent attacks. In their February 10 meeting, both presidents condemned political extremism and violence, hate speech, and disinformation. They agreed to work together to address these challenges, including through this month's second Summit for Democracy.

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We know we must work diligently to keep the relationship strong and to pull together on the tough issues facing the world. President Lula places an emphasis on South-South cooperation and seeks to position Brazil as a leading voice for peace, including in Ukraine. The Russian Federation is solely responsible for the war in

Ukraine. However, we welcome all genuine efforts to secure a comprehensive, just, and lasting peace in Ukraine, based on the UN Charter's principles. Brazil voted in favor of the February 23 UN General Assembly resolution demanding Russia's immediate withdrawal from Ukraine, and we look forward to continued cooperation to address the dire human rights and humanitarian consequences of Russia's war.

We understand our countries will not always see eye-to-eye—and Brazil, as a sovereign nation, makes its own foreign policy decisions. We conveyed our consternation that Brazil recently hosted two Iranian naval vessels beginning February 28, emphasizing the Iranian regime's brutal suppression of its own people, provision of weapons to Russia, and destabilizing activities around the world. We will continue to engage with our Brazilian partners to discourage cooperation with malign actors including Iran.

In conclusion, the Biden-Harris administration is committed to working diligently to ensure U.S.-Brazilian relations remain strong and productive, for the benefit of U.S. citizens, the Brazilian people, and the world. Next year, we will celebrate 200 years of bilateral relations, and we are confident that our partnership will continue to thrive for many generations to come.

Once again, thank you for the opportunity to appear before you today. I welcome your questions.

The CHAIRMAN. Thank you.
Mr. Duke.

STATEMENT OF RICHARD DUKE, DEPUTY SPECIAL PRESIDENTIAL ENVOY FOR CLIMATE, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. DUKE. Chairman Menendez, Ranking Member Risch, thank you for the opportunity today to provide more detail about our engagement with Brazil on climate issues.

Assistant Secretary Nichols already outlined the global importance of Brazil in the range of our strategic cooperation. I will focus on how cooperation on climate change fits within these strategic priorities.

In addition to being the world's seventh most populous country, Brazil is the sixth largest emitter of greenhouse gases globally. Due to its abundant hydropower resources, renewable power supplies nearly four-fifths of its electricity and has a clean energy economy, relatively speaking, already.

As the world's third largest exporter of agricultural products, Brazil has significant agricultural-related emissions, but the largest source of emissions comes from the loss of forests and other carbon-rich ecosystems.

The Amazon rainforest plays a critical role in the regulation of global climate, not to mention its importance for the millions of people that live within the region and the unique biodiversity found only in this biome.

It covers almost 2.8 million square miles and stores over 120 billion metric tons of carbon, equivalent to more than a decade of global energy sector emissions. Sixty percent of the Amazon rainforest falls within Brazil's territory. This land and its resources are unquestionably Brazilian.

The risks posed by Amazon forest loss have global implications. Deforestation rates in the Brazilian Amazon have soared over the past 4 years as speculators cleared forests to claim land, ranchers expanded pasture, and illegal loggers and miners encroached into protected areas and indigenous territories.

Scientists fear that the Amazon rainforest is nearing a tipping point where natural tree die off accelerates and the Amazon no

longer naturally regenerates, turning it into a net source of emissions.

The implications would be catastrophic for the climate, also catastrophic for agricultural production and global food security, which depends on rainfall patterns regulated by the Amazon.

It would affect the livelihoods of more than 25 million people who live in the Brazilian Amazon, including hundreds of thousands of indigenous peoples who have conserved the forest for millennia. It would also cause an unprecedented loss of biodiversity.

Any successful conservation approach must create value for healthy ecosystems so that people who depend on them benefit from standing forests more so than from deforestation.

On February 10 in Washington, Presidents Biden and Lula instructed the U.S.-Brazil Climate Change Working Group to reconvene promptly.

During his recent trip to Brazil, Special Presidential Envoy for Climate John Kerry and Minister of Environment and Climate Marina Silva identified key areas for engagement, focusing on deforestation, the bioeconomy, low-emissions agriculture, as well as clean energy and resilience.

The truth is we cannot fail. We cannot fail because of Brazil's importance for the global climate, food security, and biodiversity, but we also cannot fail because of the importance of our strategic partnership with Brazil.

The United States has worked for decades to create a closer relationship with Brazil. This eroded over the last few years and at the same time the role of the PRC has been in ascendance.

The People's Republic of China is currently Brazil's largest trade partner and the largest market for many Brazilian commodities. It is also the largest investor in infrastructure projects in Brazil, and the PRC has invested in building strong relationships with Brazilian legislators and other leaders.

There is a strong pro-China constituency in the country, but the Lula administration is committed to a close working relationship with the United States across a range of issues.

The United States is the second largest trading partner and the largest source of foreign direct investment in Brazil, and Brazil has a strong cultural affinity with the United States, creating opportunities for closer political ties.

To achieve this, we need to ensure that funding flows to support Brazil's priorities—conserving forests, building a strong bioeconomy and transitioning to productive and low-emission agriculture and clean energy.

We also have the opportunity to work with a range of partners—government, private sector, multilateral, and philanthropic—to bring support for Brazil's forests and climate efforts. We see the Amazon Fund with its results-based approach and mobilizing private sector investment for Brazil's deforestation as key.

This is a must-succeed year for the Amazon and for Brazil. Brazil has asked us to step up and be a strategic partner in their efforts. This is a request we cannot ignore for the climate, for the people of Brazil, and for the future of one of the world's largest democracies.

Thank you again for the opportunity to testify today.
[The prepared statement of Mr. Duke follows:]

Prepared Statement of Mr. Richard Duke

Chairman Menendez, Ranking Member Risch, distinguished members of the Committee, thank you for the opportunity today to provide more detail about our engagement with Brazil on climate change issues. Assistant Secretary Nichols already outlined the global importance of Brazil, and the range of our strategic cooperation. I will focus on how cooperation on climate change fits within these strategic priorities.

In addition to being the world's seventh-most populous country, Brazil is the sixth largest emitter of greenhouse gases in the world. Due to its abundant hydropower resources, renewable sources supply nearly four-fifths of its electricity. As the world's third-largest exporter of agricultural products, Brazil has significant agriculture-related emissions. The largest source of emissions come from the loss of forests and other carbon-rich ecosystems.

The Amazon rainforest plays a critical role in the regulation of global climate—not to mention its importance for the millions of people that live within the region, and the unique biodiversity found only in this biome.

It covers almost 2.8 million square miles and stores an estimated 123 billion metric tons of carbon, equivalent to more than a decade of global energy sector emissions.

Sixty percent of the Amazon rainforest falls within Brazil's territory. This land, and its resources, are unquestionably Brazilian, but the risks posed by Amazon forest loss have global implications.

Deforestation rates in the Brazilian Amazon have soared over the past 4 years as speculators cleared forests to claim land, ranchers expanded pasture, and illegal loggers and miners encroached into protected areas and Indigenous territories.

Scientists fear the Amazon rainforest is nearing a tipping point, where natural tree die off accelerates and the Amazon no longer naturally regenerates, turning the Amazon into a net source of emissions. The implications would be catastrophic for the climate. It would also be catastrophic for agricultural production and global food security, which depends on rainfall patterns regulated by the Amazon. It would affect the livelihoods of the more than 25 million people who live in the Brazilian Amazon—including the hundreds of thousands of Indigenous Peoples who have conserved the forests for millennia. It could also cause an unprecedented loss of biodiversity.

Any successful conservation approach must create value for healthy ecosystems, so that the people who depend on them benefit from standing forests more than from deforestation.

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The United States has worked for decades to create a closer relationship with Brazil. This relationship eroded over the last few years, and at the same time, the role of the PRC has been in ascendance. The PRC is currently Brazil's largest trade partner, and the largest market for many Brazilian commodities. It is also the largest investor in infrastructure projects. The PRC has invested in building strong relationships with Brazilian legislators and other leaders, and there is a strong pro-China constituency in the country.

But the Lula administration is committed to a close working relationship with the United States across a range of issues. The United States is the second-largest trading partner for Brazil, and largest source of foreign direct investment. Brazil has a strong cultural affinity with the United States, creating opportunities for even closer political ties.

To achieve this, we need to ensure that funding flows to support Brazil's priorities: conserving forests, building a strong bioeconomy, and transitioning to low emission agriculture and clean energy.

We also have the opportunity to work with a range of partners—government and private sector, multilateral and philanthropic—to bring significant support for Bra-

zil's forest and climate efforts. We see the Amazon Fund and mobilizing private sector investment for Brazil's deforestation efforts as key.

This is a must-succeed year for the Amazon, and for Brazil. Brazil has asked us to step up to be a strategic partner in their efforts. This is a request we cannot ignore—for the climate, for the people of Brazil, and for the future of one of the world's largest democracies.

Thank you again for the opportunity to testify today. I welcome any questions.

The CHAIRMAN. Thank you both for your testimony. We will start a round a 5-minute questioning.

As Brazil's institutions were under attack, the person responsible for instigating these attacks was on vacation in Florida. Former President Bolsonaro has been in the United States since December. He is requesting a 6-month tourist visa to extend his stay. At the same time he continues to spew disinformation about Brazil's elections.

I raise the question, what does it say if the United States is to provide safe haven to a foreign official responsible for seeking to undermine democracy and free and fair elections abroad?

Assistant Secretary Nichols, is the Biden administration committed to swiftly reviewing any extradition requests for Mr. Bolsonaro?

Mr. NICHOLS. It is a long-standing policy not to comment on extradition matters. Certainly, we have a strong relationship with Brazil and we will handle any request that we receive from the Brazilian Government expeditiously.

The CHAIRMAN. Okay. Yes, I did not ask you how you are going to decide. I asked you whether you—the Administration is committed to doing it expeditiously because my understanding is that the Lula government suggested they would like to see his return to Brazil by the end of March. Do we have an extradition request pending?

Mr. NICHOLS. Sorry, but we do not comment on whether or not countries have submitted extradition requests, but if such a request were received we would handle it expeditiously in accordance with law.

The CHAIRMAN. We do not ever comment as to whether even a request exists?

Mr. NICHOLS. Yes, Mr. Chairman.

The CHAIRMAN. We have to think about changing that because it seems to me that it is difficult to make public policy if you do not know what are at least the facts that are pending before the government.

A key driver of deforestation in the Amazon is the extractive industry and agricultural activities backed by Chinese state-owned corporations.

Economic pressure to convert the Amazon is tremendous, which is why the legislation that I introduced aims to establish market-based values for forest conservation and offer assistance based on the achievement of conservation results.

How important is it for the United States to help generate economic value for conserving the Amazon, Mr. Duke?

Mr. DUKE. Mr. Chairman, thank you for the question. We share your concern about illegal activities in the Amazon and indeed in global forest basins as a driver of deforestation and would note that deforestation globally is one of the main causes of climate change

and we simply have to address it for biodiversity reasons and to tackle climate change properly.

Part of that is making sure that we build on measures like the Lacey Act that has helped to ensure that we have ways to enforce against illegally harvested wood, and I will note that we have engaged in the U.S. China-Glasgow Declaration with China on that issue, pushing them to enforce their own laws about illegally traded wood products from the Amazon or other regions and we will continue to work on this agenda and welcome the legislative proposals that you have put forward.

The CHAIRMAN. I appreciate enforcing laws to not violate certain laws, whether they be in Brazil or here, but the question is do we not need to establish some type of market-based values for achievement of conservation results?

I mean, part of the challenge here is an economic one. Do we not want to find some market-based value so that we can ultimately help countries do what is in everybody's interest?

Mr. DUKE. Thank you, Mr. Chairman.

We agree that it is crucial to support countries like Brazil that seek to end deforestation and to create economic opportunities for Government of Brazil and for the people that live in the Amazon region of Brazil instead of illegal activities like mining and deforestation.

The CHAIRMAN. How do we best do that?

Mr. DUKE. We welcome the opportunity to work with Congress on legislative approaches that properly resource that sort of support and we are eager to also look to other countries, to philanthropy, and to the private sector including through carbon markets such as jurisdictional approaches to reducing deforestation in order to support that objective that we very much share with you.

The CHAIRMAN. All right.

I think we need some robust—I love the private sector and I love private conservation efforts, but I am not sure we are going to save the Amazon that way.

Finally, as the largest democracy in the region, Secretary Nichols, I strongly believe that Brazil has a responsibility to proactively engage and help ensure accountability where we see it, not by my remarks, but by U.N. remarks, in the hemisphere, about what is happening in Nicaragua and Venezuela, for example.

In the past, President Lula has been reluctant to do so. I hope he understands the critical role that Brazil can and should play in upholding regional democratic values.

What is your assessment of this term now, President Lula's willingness to play a role in addressing human rights challenges in the region, especially in Cuba, Venezuela, and Nicaragua?

Mr. NICHOLS. Thank you, Mr. Chairman. I wholeheartedly agree.

The presidents, during their February 10 meeting, discussed the importance of defense for democracy on a global level during their meeting and recalled the threats that both of our countries had faced.

The Administration will vigorously engage Brazil on issues of democracy in our hemisphere and we look forward to cooperating with them across various multilateral fora. We are pleased that

Brazil has voted with us on issues like condemning Russia's brutal invasion of Ukraine in the U.N. General Assembly.

We note the interest that President Lula has shown in helping to address the challenges to democracy in this hemisphere, particularly noting his interest in neighboring Venezuela.

The CHAIRMAN. Okay.

Senator Risch.

Senator RISCH. Thank you, Mr. Chairman.

The fact that there is no comment on extraditions is news to me. I do not know if you have heard about that before, but it seems to me there is robust discussion of that regularly in the media.

I am surprised to hear that. I can understand where there would be occasions where people would want to have confidentiality or something, but as a blanket policy that seems to me to be not appropriate. We maybe ought to get a formal response where that is written down or something.

Ambassador Nichols, the first thing I want to ask about is the two U.S.-sanctioned Iranian warships that were docked in Brazil. What are you going to do about that?

Mr. NICHOLS. We shared—well, first of all, they have no place in our hemisphere. The Iranians should not be here. They have a horrific record on human rights. They support Putin's illegal war in Ukraine.

We have raised the concerns about their presence with all of the governments in the hemisphere, and the sovereign decision of Brazil to allow the Makran and the Dena to dock in February and their subsequent departure on March 4 was deeply disappointing.

We will continue to discuss the importance of responding to Iran's efforts to destabilize its neighbors, to export violence, to oppress its own people, with all of our partners around the hemisphere and I am sure this will be a robust part of our conversations, not only with Brazil, but all the countries in our region.

Senator RISCH. I appreciate all those remarks, but the question was what are you going to do about this. I mean, we all know how bad Iran is and what they are doing. That is why they were sanctioned in the first place.

We have sanctioned before on things like this. I mean, just talking about it, what good—let me ask this, what good does sanctioning do if you do not do anything about it when a country like this takes the action it did?

Mr. NICHOLS. As you note, Senator, the two ships themselves have been sanctioned. The United States does not discuss sanctions designations before they take place, but we will look at the facts carefully, going forward, and as I have noted, we will continue to talk to all of our partners in the hemisphere about the noxious role that Iran plays around the world.

Senator RISCH. I guess if I was sitting in Iran I would say the U.S. sanctioned us—so what. What do we care? I mean, this is a joke. I mean, they put out sanctions and this is supposed to mean something. Nothing happens.

We sailed into Brazil, we docked our ships, and business as usual. It just seems to me that why bother doing this? In fact, if anything, I think it undermines us by doing something like this and then it not having any consequences.

Mr. NICHOLS. I note that every other country in the hemisphere decided against receiving these ships—

Senator RISCH. Fair point.

Mr. NICHOLS. —and that is not by accident. That is because we engaged every other country in the hemisphere to talk about the risks that Iran poses, and we continue to have that conversation with our friends and partners in Brazil.

Senator RISCH. That is a really good point, but it also undermines or it underlines the fact that not taking any action is an indication that we are not going to do anything about it.

If I was another country I would say well, look, the U.S. asked them not to dock. If they would have docked here we could have picked up a bunch of money and what have you.

We agreed with the U.S. and did not let them dock here, but they went to Brazil and docked there and the U.S. did not do anything about it—why should we do anything about it.

Mr. NICHOLS. We look forward to continuing our conversations around this topic with all of our partners, particularly with Brazil, and we have a number of high-level visitors from the Administration going to Brazil.

I note that the chairman of this committee will also lead a delegation in Brazil and I am sure there will be robust opportunities to discuss the importance of keeping our hemisphere free of the noxious Iranian influence.

Senator RISCH. My time is short here, but let me just ask briefly.

In January, Colombia halted eradication of illicit coca, but seizures of heroin and cocaine have slowed down since August. Is it your opinion that Colombia is abiding by its counter narcotic obligations?

Mr. NICHOLS. We have a robust dialogue with the Government of Colombia on counter narcotics and rule of law issues.

We believe that a holistic approach is vital in Colombia and that approach should include interdiction, eradication, alternative development opportunities, care for the environment in rural areas, and opportunities to support rural livelihoods.

That process is ongoing. We have a high-level dialogue with Colombia that will take place later this month and we will have an opportunity to address those issues and how important it is not just for the United States, but for our entire region that strong cooperation on counter narcotics continue.

Senator RISCH. That is good talk, but can you tell us why Colombia halted eradication in January?

Mr. NICHOLS. President Petro said that he wished to reevaluate the counter narcotics policies of preceding administrations and as part of that reevaluation he wanted to have a purely voluntary eradication policy.

Those discussions on how that would work are ongoing and we believe that it is very difficult to succeed if there is no downward pressure on cultivation and particularly before a voluntary eradication program is up and running.

Senator RISCH. It sure seems to me that it would be very difficult to argue that there is not backsliding going on with that very clear and simple thing that they were doing to eradicate it. To just cease it sure seems like backsliding.

My time is up. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman. Let me thank both of our witnesses for their service to our country.

Brazil is certainly a very important strategic partner for the United States. With the election of President Lula it presents new opportunities. Certainly going to be a change in direction in that country and the question is how do we deal with the changes that are occurring in Brazil to improve our strategic partnership with the country.

Secretary Nichols, let me start with a comment you made complimentary of Brazil's vote in the United Nations in regards to Ukraine, but the truth is that the Brazilians have not been supportive of a lot of the sanction issues in regards to Russia.

Go over with me where our strategy is to improve the actions of Brazil to further isolate Russia in its brutal war against Ukraine.

Mr. NICHOLS. The February 10 joint statement issued when the two presidents met here in Washington unequivocally condemned Russia's invasion of Ukraine. It talked about the threat to food security that Russia's invasion has presented.

We continue to consult closely with Brazil in the United Nations and secured Brazil's support for the February 28 resolution condemning Russia's invasion.

We have regular high-level engagement with our Brazilian partners. Our ambassador to the United Nations, Linda Thomas-Greenfield, will be traveling to Brazil in a few weeks to discuss these issues with them and I also look forward to visiting Brazil soon.

Senator CARDIN. Let me sort of focus in on—it looks like the importation of fertilizer from Russia has had an impact on Brazilians' willingness to support our sanctions.

Are we looking at that, trying to provide a way in which we can further isolate Russia?

Mr. NICHOLS. Absolutely, Senator.

We consult closely with Brazil on global food security issues and we work with them and others on looking at alternatives to the types of fertilizer imported from Russia, whether it be seeds that require less fertilizer, whether it be different types of fertilizers, and we believe that severing or reducing that need for outside fertilizer is an important way of strengthening Brazil and limiting the influence of Russia on Brazil.

Senator CARDIN. Let me just underscore the point that Chairman Menendez made on the environment and the Amazon because I totally agree that we have to be more aggressive in providing incentives or alternatives on those who make their livelihood that impact on the Amazon.

I want to spend my remaining 2 minutes on China. Brazil has an incredible amount of partnerships with China today.

What is our game plan in order to try to minimize China's influence in Brazil in our hemisphere? Where are we working to get not just governmental activities, but private sector activities that can counter what China is doing in these deals that they present that are usually too good to be true and they are really not true, but it does give them a foothold in these countries?

Mr. NICHOLS. We continue to follow our invest-align-compete strategy with regard to China globally. That means investing in the United States, aligning our policies with key allies, and competing to demonstrate that the offers that China puts on the table are often false, lead to high debt, and do not deliver the kinds of things that the PRC promises.

With regard to Brazil—

Senator CARDIN. We hear that a lot, but unless there are alternatives available for dealing with the needs, China sometimes is the only player.

Mr. NICHOLS. Absolutely, Senator.

Among the things we are doing is continuing to leverage the unprecedented levels of U.S. foreign direct investment in Brazil. It was \$200 billion last year.

We are using the Development Finance Corporation, Export-Import Bank, USAID, the Inter-American Foundation as ways to help promote alternatives to Chinese investment.

We are working on open radio access networks to compete with Chinese 5G. We are directing investments towards a critical minerals area to provide alternatives. I am happy to discuss further areas because I think we are out of time.

Senator CARDIN. Thank you. Thank you, Chairman.

The CHAIRMAN. Thank you. Senator Ricketts is next and then Senator Shaheen is going to preside for a few minutes and I will be back after that.

Senator Ricketts.

Senator RICKETTS. Great. Thank you very much, Mr. Chairman, and I thank both of you for attending here today and joining us.

Obviously, this is a very important relationship. My state of Nebraska, for example, is an agricultural state. We produce a lot of soybeans.

Who else produces a lot of soybeans? Brazil, right. It is a very important relationship for us.

Secretary Nichols, are territorial and integrity and sovereignty key tenets of the U.N. Charter?

Mr. NICHOLS. Absolutely.

Senator RICKETTS. Does the Biden administration support Brazil's ascension to a permanent member status on the U.N. Security Council, given its lack of support for Ukrainian territorial integrity?

Mr. NICHOLS. The Government of Brazil voted in favor of the U.N. General Assembly resolution condemning Russia's invasion and also joined us in a statement when the two presidents met, condemning it on February 10 as well.

The United States supports the modest expansion of elected members to the U.N. Security Council. It is a conversation for each region to have as to which countries those would be, but we believe that an expanded Security Council can more effectively represent global interests.

Senator RICKETTS. Even though Brazil has come out and condemned the invasion, they have not been exactly supportive, right? They rebuffed the German chancellor's attempts to get ammunition to be able to help Ukraine defend itself, correct?

Mr. NICHOLS. President Lula has met virtually with President Zelensky and, again, Brazil has voted to condemn Russia's invasion in the United Nations as well as some United Nations specialized bodies.

The importance of working with Brazil on a whole host of issues is crucial for the United States and right now Brazil is a non-permanent elected member of the Security Council until next year, and we are working closely with them in that fora.

Senator RICKETTS. Great. Thank you.

The Monroe Doctrine has been a cornerstone of U.S. foreign policy for two centuries, warning other powers against interfering in the Western Hemisphere, and over the last two decades what we have seen is China has been allowed extensive access to tighten its grip across Latin America, including Brazil.

By the end of President Lula's first presidency in 2010, Brazil-China trade had gone up from virtually none to \$60 billion and in 2009 China became Brazil's top trading partner. Brazil received a record deal of \$7 billion from the China Development Bank for off-shore development.

In the decades since, China-Brazil economic ties have transformed and, in fact, Brazil accounts for 47 percent of China's foreign direct investment in Latin America, totaling more than \$66 billion in 2010.

There are obvious concerns that China will continue to leverage these economic ties to expand influence in the region.

Earlier this month the United States Trade Representative Katherine Tai visited Brazil where she emphasized the improving labor rights and environmental protections as common areas—interest and common areas for the United States.

However, there seems to be little interest from the Administration negotiating far more ambitious trade agreements for making significant investments.

Secretary Nichols, is the Biden administration doing enough to discourage countries like Brazil from pursuing investments from China and seeking trade with China? Should we be doing more to be able to develop that relationship?

Mr. NICHOLS. We are focused on demonstrating that the U.S. is the best partner for the countries around the region, particularly Brazil. The United States is the largest source of foreign direct investment in Brazil, providing high-quality job opportunities and growth for the benefit of both of our peoples.

We see around the hemisphere that the promises that the PRC makes about the quality of its investments, about the debt associated with its investments, are false.

I have been to numerous countries in this hemisphere and have people point out to me stadiums with problems in their construction, buildings with problems, highways that are falling apart, and hidden debts that countries did not know that they were going to have to assume that are crushing the budgets.

Telling the stories of these experiences and bringing others together to say, hey, you took this deal from China. Tell your neighbor what your experience was. I think that makes a very compelling case.

Obviously, Brazil is a sovereign country and they can make their own decisions, but I think we are putting on the table the kind of financing, the kind of investment, that will help both of our nations prosper and provide a reliable transparent alternative to what the PRC has on an offer.

Senator RICKETTS. Are you concerned about what the PRC is doing, though, with regard to Latin America and Brazil?

Mr. NICHOLS. Absolutely, and I thank this body for the resources that you have recently appropriated to help us compete even more strongly against the PRC.

Senator RICKETTS. Great. Thank you, Secretary Nichols. Appreciate it.

Senator SHAHEEN [presiding]. Thank you, Senator Ricketts, and thank you both for your testimony this morning.

I want to follow up both Senator Ricketts' and Senator Cardin's questioning on China because, as has been said, China has become Brazil's main economic partner in terms of trade, investment, and finance¹ and it is curious to me that it is still the only country in Latin America² that has not joined China's Belt and Road Initiative, which says to me that there is still lots of opportunity for the United States to step up in ways that we have not so far in terms of investment.

Secretary Nichols, do you think that is an accurate assessment, that there is more opportunity, and what can we do to encourage U.S. investment?

You mentioned a number of the public entities that can provide resources, but are there ways that we could also encourage the private sector to do more to invest in Brazil?

Mr. NICHOLS. Thank you, Senator.

I absolutely agree. I think that the—one, the United States is the largest source of foreign direct investment in Brazil, but we need to redouble those efforts. I think U.S. Trade Representative Ambassador Tai's recent visit and the rejuvenation, the reinvigoration, of our agreement on trade and economic cooperation is an important step to doing that.

Under Secretary for Economic Business and Environment Affairs Jose Fernandez will be traveling later in the month to Brazil to continue those conversations. Ambassador Bagley, in country, is very much focused on strengthening our economic relations with Brazil.

It is a large, vibrant market. There are huge opportunities for American companies. One of the ways that those opportunities can be strengthened is regulatory harmonization and that will be among the things that we talk about with Brazil.

Senator SHAHEEN. Thank you. I would also point out that there is legislation, Greater Exports to Africa Act, that I am co-sponsoring along with other members of this committee that would require a strategy to increase trade to Africa, Latin America, and the Caribbean by at least 200 percent over the next 10 years.

¹ Although China was Brazil's largest trading partner as of December 2022, the United States was Brazil's largest source of foreign direct investment stocks by final beneficiary in 2021, almost four times the amount of the next largest country source of investments, according to data from the Central Bank of Brazil.

² As of December 2022, Brazil was not among the 21 countries in Latin America and the Caribbean participating in China's Belt and Road Initiative (BRI).

I hope we will also think about a more directed strategy to do this.

Mr. Duke, following Special Envoy Kerry's trip to Brazil last month, can you talk about what was identified either there or as we are thinking about the best opportunities to partner with Brazil to address climate change and the destruction of the Amazon?

Mr. DUKE. Thank you, Senator Shaheen, for the question.

When we look at the global climate challenge very high on the list is stopping deforestation in the Amazon region and in other tropical forest regions including in the DRC and in Indonesia.

In the case of Brazil, we are eager to partner with the Lula administration to build on their track record of prior success in reducing deforestation, over 80 percent in their prior administration over a decade ago, and we see that the deforestation rates over the last 4 years in Brazil really skyrocketed and there is an opportunity now in partnership with President Lula and his impressive team to reverse that and to decisively slow and end deforestation together.

There is a range of cooperation that we have initiated through our Climate Change Working Group now that President Lula and President Biden urged us to propel this year and that we have now put on a fast track with our visit just a few weeks ago under Special Presidential Envoy for Climate Kerry's leadership.

That includes working on the bioeconomy. It includes working on productive and low-carbon agriculture. It includes directly tackling deforestation through measures around enforcing against illegal activities like illegal mining in the Amazon region and it includes mobilizing support from a range of other governments, from the private sector, and from also philanthropy to make sure that the Lula team has the opportunity to create different pathways for the people that live in the Amazon region instead of illegal activities. We are optimistic about the overall approach.

Senator SHAHEEN. When we talk about those alternatives to illegal activities, are we talking about trying to help them identify resources that will allow them to provide support for people who are faced with that choice?

Mr. DUKE. Thank you, Senator.

Yes, when it—it is the case, of course, that Brazil is an upper middle income country, according to the World Bank, overall.

When you look at the people that live in the Amazon region, it is often very marginal economic activity that we are talking about there and people that are really struggling just to get by and so they turn to illegal activities like mining or like marginal agriculture on deforested or degraded lands.

What we seek to do and seek to engage with Congress regarding is to mobilize support to allow for Brazil to enforce its own laws and to provide economic opportunity for the people living in the Amazon region and manage the Amazon region in a more effective manner.

Senator SHAHEEN. Is there a price tag on what you are looking at?

Mr. DUKE. Senator, thank you for the question.

I think it is fair to say that it is a major climate imperative to address deforestation in the Amazon. It is a major biodiversity imperative. It has ramifications. It is a—

Senator SHAHEEN. Right. I agree with that. Cost? Do you have a cost?

Mr. DUKE. It is a—let us just say that the kinds of proposals that have been advanced recently we think are commensurate with the scale of the opportunity and the challenge in the Brazilian Amazon.

Senator SHAHEEN. Okay. I assume there is a cost, but we do not know what it is yet?

Mr. DUKE. Senator, if I could indicate, it is certainly going to be something that needs to be in the seven-figure range over time and where we will be needing to mobilize across resources that we hope to work with Congress to secure, but also from these other sources—other governments and the private sector, philanthropy, and other stakeholders that can contribute.

Senator SHAHEEN. Thank you.

Senator Young.

Senator YOUNG. Thank you, Chairman.

Secretary Nichols, I appreciate you being here today to discuss a number of issues surrounding our bilateral relationship with Brazil.

Farmers and manufacturers in my home state of Indiana depend quite a bit on market access to ensure they can continue to grow and stay relevant in this globalized world in which we live.

Brazil is our 14th largest trading partner and, therefore, presents a real opportunity to forge new trading relationships, but also to address issues like Brazil's history of tariff barriers on things like ethanol and a wide range of commodities like corn and soybeans.

Over the past few months, the Administration has announced a number of efforts to support trade, but unfortunately the common theme is that market access is off the table.

Ambassador Tai has launched the America's Partnership for Economic Prosperity to increase cooperation on trade in the Western Hemisphere, but it excluded Brazil.

The Administration has also announced an effort to strengthen trade ties through the U.S.-Brazil Agreement on Trade and Economic Cooperation, but details have not been transparent.

Secretary Nichols, I realize we do not have a representative of USTR here. That is a problem with the Administration's doing. These are public hearings. I certainly will presume that they could contact the committee if they had an interest in having their voice heard on this important issue.

I will ask you how would American farmers and businesses benefit from increased trade with Brazil under the U.S.-Brazil Agreement on Trade and Economic Cooperation?

Mr. NICHOLS. Thank you, Senator Young.

The opportunities to strengthen our trade with Brazil are wide and varied. I note that Ambassador Tai's visit was one of the—came early in the Lula administration and reflects our desire to have a strong trade relationship and open up markets and opportunities for American farmers and businesses.

As I noted, Under Secretary Jose Fernandez will soon follow that. Under Secretary Fernandez is the State Department's lead on America's Partnership for Economic Prosperity.

When the initial 11 countries were discussing APEP, we were in the midst of Brazil's election. This is an opportunity to engage with them now that they have a new government.

I believe that as we look at opportunities across different sectors, American private sector agriculture will see benefits in different commodity exchanges, farm equipment where we continue to have a robust presence, manufacturing, services, and technology.

Senator YOUNG. Yes, you have listed a lot of things. You have alluded to market opportunities that exist there and I just really question whether we are going to have much success gaining substantial market share anywhere without offering reciprocal access to other countries. It just sort of stands to reason.

I wish the Administration continued success there while offering a lot of encouragement to rethink that anti-trade position.

Secretary Nichols, ag production has experienced a lot of growth in Brazil, leading the nation to become a top exporter of commodities. This is partly—I think there are some lessons to be learned from Brazil because of their favorable regulatory system for biotech approvals. In fact, Brazil is the second largest producer of biotech crops in the world, right behind the United States.

As you may know, 90 percent of corn in the U.S. is considered genetically modified and this has proved challenging with our close neighbor in the region: Mexico.

Mexico's decrees to phase out and to ultimately ban genetically-modified corn is going to have rippling implications throughout their own market, but also throughout our global supply chains and export markets, hurting American and Brazilian farmers alike.

The U.S., I think you would agree, must pursue science-based approaches with our trading partners. Otherwise, we risk losing market access and market share that cannot be easily replicated.

I am going to ask you what I hope will be a yes or no response. Do you think that science should play a key role in establishing trade policies with our partners? Yes or no.

Mr. NICHOLS. Yes.

Senator YOUNG. Thank you. What are the implications to global commodity markets should Mexico's decree to ban GMO corn be implemented?

Mr. NICHOLS. I know that it would have a significant negative effect on food security in Mexico and it is vital for our partners around the world, particularly in a time of climate change, to use the seed types that are resilient to climate shocks, are proven safe by thousands of studies, and provide opportunity for farmers in our country and around the world to produce even under more challenging conditions, whether it is greater floods or greater droughts.

Senator YOUNG. I completely agree, which is why we need to do whatever we can working with our counterparties in other countries to ensure that they break down barriers to GMO products, that we can produce more, innovate more, and ultimately feed the world. This is how we are going to do it.

Thank you, Chairman.

The CHAIRMAN [presiding]. Senator Hagerty.

Senator HAGERTY. Thank you, Mr. Chairman.

Assistant Secretary Nichols, welcome. It is good to see you again today.

While the subject of the hearing today is Brazil, I would like to take my time today to ask you some questions about another country of your responsibility and that is Mexico. I think you and I are going to be on the same page today, but I just want to make sure with a few questions.

Last Thursday, Mexican President Andrés Manuel López Obrador threatened to directly interfere in future U.S. elections. AMLO said this—I am going to quote—“If they do not change their attitude and think that they are going to use Mexico for their propaganda, electoral, and political purposes, we are going to call for them,” —meaning Mexicans and other Hispanics—“we are going to call for them not to vote for that party.”

Assistant Secretary Nichols, does the State Department oppose foreign interference in U.S. elections? Just a yes or no answer would be fine.

Mr. NICHOLS. Yes, Senator.

Senator HAGERTY. I appreciate that.

Does the State Department condemn AMLO’s threat to interfere in future U.S. elections?

Mr. NICHOLS. Just as we respect Mexico’s sovereignty, we ask that President López Obrador respect U.S. sovereignty.

Senator HAGERTY. I certainly agree with that.

Earlier this month Mexican drug cartels kidnapped four American citizens and murdered two of them.

Assistant Secretary Nichols, does the State Department condemn the murder of Americans by drug cartels?

Mr. NICHOLS. Absolutely, Senator, and the protection of American citizens around the world is our highest priority.

Senator HAGERTY. I appreciate that.

After these tragic murders of American citizens, the Mexican President publicly claimed, “Mexico is safer than the United States. There is no issue with traveling safely through Mexico.”

Yet, last month the State Department issued a level four “Do Not Travel” warning for many parts of Mexico. Assistant Secretary Nichols, does the State Department agree with AMLO’s claim here that Mexico is safer than the United States?

Mr. NICHOLS. I do not want to get into direct comparisons with the United States, but I will note that it is vital that we work together with the Mexican Government to improve security for the benefit of Mexicans and the benefit of Americans who wish to visit Mexico.

Obviously, those who suffer the most from the cartel violence in Mexico are its own citizens and we are committed——

Senator HAGERTY. I understand. My primary right now is to——

Mr. NICHOLS. —to cooperating with them to attack those cartels.

Senator HAGERTY. The U.S. intelligence community has reportedly estimated that Mexican drug cartels control more than 20 percent of Mexican territory. The cartels also control large swaths of terrain across our southern border. These cartels are responsible for facilitating the passage of a record number of illegal migrants

into the U.S. and almost all of the illicit drugs that come across that border.

My next question for you is is it the State Department's position that the government of President López Obrador should do more to counter drug cartels operating in Mexico?

Mr. NICHOLS. It is vital that we redouble our efforts under the Bicentennial Framework to cooperate to attack the cartels, to take down the networks that traffic in drugs, people, illicit precursors—

Senator HAGERTY. My question, Assistant Secretary, is should President López Obrador be doing more to counter the drug cartels in Mexico.

Mr. NICHOLS. We should all be doing more.

Senator HAGERTY. I agree with that, too.

President López Obrador said that Mexico does not produce fentanyl. In particular, AMLO said, "Here, we do not produce fentanyl." That is a direct quote from him.

Assistant Secretary Nichols, is fentanyl produced in Mexico?

Mr. NICHOLS. Fentanyl is produced in Mexico.

Senator HAGERTY. Absolutely. AMLO—are AMLO's comments accurate or are they inaccurate?

Mr. NICHOLS. Mexico receives chemical precursors from around the world. Those precursors are used to produce fentanyl—

Senator HAGERTY. In Mexico.

Mr. NICHOLS. —in Mexico.

Senator HAGERTY. I think it is quite clear that these cartels have flourished because the López Obrador government has made a deliberate choice not to take them on.

President López Obrador also continues to take arbitrary and punitive actions against U.S. businesses in Mexico, including threats of expropriation. You and I have talked about this before.

I should add that we are seeing a similar disturbing dynamic against U.S. businesses in other Western Hemisphere countries including Honduras, which, as of last night, I understand, is pivoting away from Taiwan, apparently preparing to recognize Communist China.

Do you agree, Assistant Secretary, that these threats against American businesses are unacceptable?

Mr. NICHOLS. The promotion and defense of free markets, access for American business, is a priority for this Administration and we believe that American jobs and American investment and trade are beneficial for countries around the hemisphere, not just the United States.

Senator HAGERTY. I look forward to working with you. This committee, I am certain, looks forward to working with the State Department to lock arms to right the ship with respect to election security here in America, with respect to the safety of Americans traveling in Mexico, with respect to cartels that are committing human and drug trafficking that are impacting our country, and certainly dealing with these expropriation threats coming from Mexico.

Thank you. I look forward to working with you, Assistant Secretary Nichols.

Mr. NICHOLS. Likewise. Thank you, Senator.

Senator HAGERTY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Chairman of the Western Hemisphere Subcommittee, Senator Kaine.

Senator Kaine. Better late than never with a lot of hearings going on, and I know that there is a vote underway and many of the questions that I wanted to ask—I was just chatting—I think had been covered pretty well.

I expect to introduce a bill soon to help strengthen the U.S.-Brazil rule of law cooperation in support of protecting the Brazilian Amazon, which will be critical to attracting greater and more sustainable investment in the region.

To you, Mr. Duke, if we are serious about deepening the partnership with Brazil, environmental cooperation is a really important way to do that. It is very good to see the Administration plan to commit financial resources to the Amazon Fund.

Do you believe the amount is sufficient, and what are other steps that we can take to deepen this U.S.-Brazil partnership on the Amazon?

Mr. DUKE. Thank you, Senator Kaine, and we share your concern with this issue.

When we look at what is required on climate change stopping deforestation in the Amazon is very high on that list and it also is important for agricultural systems, including potentially our own agricultural systems due to the way that the health of the Amazon reverberates in the whole region and the whole hemisphere.

We want to ensure that whatever we do we support the Lula administration in replicating and even extending its prior success in reducing deforestation in the Amazon region since they previously cut deforestation rates over 80 percent and they are committed now to working quickly to end deforestation and illegal activities in the Amazon region.

To do that, though, does require resources and it requires substantial resources for results-based approaches like the Amazon Fund, for broader approaches that can be involving the private sector, and we are committed to working with partner governments and with Congress and with the private sector in order to get the job done.

Senator Kaine. I understand my colleagues have significantly raised the issue of concern about Brazilian-Iranian relations and I am appreciative that colleagues have raised that and hopefully we will be able to do that soon in person during a visit that many of us hope to take soon.

I also know that there have been questions asked and discussion about the need to backstop and promote democracy in Brazil, a populous nation, a global leader in so many ways. They saw what so many other nations, including the United States, have seen.

I grew up and had the opportunity to work in Honduras as a missionary in 1980 and 1981, and it was a military dictatorship, and I sort of grew familiar with the fact because it caused me to rethink my own naivete—that an awful lot of people in the world live under authoritarians. I just did not think we would see that impulse here at home.

What we have seen in recent years was a little bit different than the sort of dictatorship that I was familiar with. What we have seen is this tendency of people to come into office via democratic means, but then to try to unwind the democratic institutions that protect democracy—rule of law, a free press, independent judiciary—and that was, obviously, a tremendous problem with the previous administration in Brazil.

You see it in Turkey. You see it in El Salvador. You see it all around. You saw it on January 6 here at the Capitol, efforts to undermine democracies by weakening the institutions that guard them.

I do believe that Brazil and the United States can work together. I know my colleagues have raised that as a priority and I know each of you are committed to that.

With that, Mr. Chair, I yield back.

The CHAIRMAN. Thank you, Senator Kaine.

Some final questions. I understand President Bolsonaro gutted Brazil's environment and indigenous ministries and replaced important officials with military personnel with no conservation experience.

Are we doing anything to support President Lula's efforts to adequately staff the ministries tasked with combating deforestation?

Either one of you who has an answer.

Mr. NICHOLS. Brazil has a wealth of expertise in these areas and President Lula has traveled here to meet with the President with his minister of environment, Marina Silva. Special Envoy Kerry met with her during his trip to the region.

We believe that they bring a very strong, strong team to the table to address these issues and we stand ready to work with them and support them in their effort.

The CHAIRMAN. Okay. Are we committed to engaging subnational actors who are working to preserve Brazil's vitally important forest resources?

Mr. Duke.

Mr. DUKE. Thank you, Mr. Chairman.

Yes, and I will add in regards to your last question around indigenous communities in Brazil that when Special Presidential Envoy for Climate Kerry was in Brasília, he did meet also with Minister Guajajara, who is the new minister for indigenous communities in Brazil, and we have over the last 2 years in our office met multiple times with stakeholders focused on human rights and economic welfare of the indigenous communities in Brazil. We will continue to engage on that.

In regards to staffing, we recognize that Brazil has the capacity that Assistant Secretary Nichols just referred to and we are seeking through this partnership with other governments, philanthropy, the private sector, to help Brazil with resourcing its overall efforts to end deforestation and illegal activities in the Amazon, including through the Amazon Fund and other results-based approaches and that should help with staffing as well.

The CHAIRMAN. I take from your answer that we are prioritizing the inclusion of indigenous communities to ensure their voices are also front and center in our Amazon deforestation prevention efforts?

Mr. DUKE. Thank you, Mr. Chairman.

Absolutely, and we see in the Amazon Fund itself structured engagement of indigenous communities as part of how that mechanism works and we expect that any work we do in partnership with Brazil and supportive of Brazil's objectives to end deforestation and illegal activities in the Amazon region will centrally involve indigenous communities.

The CHAIRMAN. In addition to having vast rainforest and terrestrial biodiversity, Brazil has a sprawling coastline almost twice the length of the United States.

As a champion of Save Our Seas 2.0 Act and a follow-on that we are in the midst of working, we cannot forget about our oceans.

How are we engaged with Brazil on efforts, for example, to combat plastic pollution and also is Brazil concerned about China's overfishing in their territorial waters?

Mr. NICHOLS. We have a robust dialogue with Brazil on maritime and ocean issues, particularly our cooperation in the South Atlantic. Illegal, unregulated, unlicensed fishing is a threat to all of the countries with oceans in our hemisphere and obviously the presence of large Chinese commercial fishing fleets just off the territorial waters of the countries in South America is a major problem when they turn off their transponders and then who knows where they go.

The CHAIRMAN. Do the Brazilians, though, see that as a problem?

Mr. NICHOLS. I do not know what Brazil's specific position is on that topic, but I can look into that and get back to you.

The CHAIRMAN. I would appreciate that because I know that they are dealing with China economically, but here they are—China is overfishing these territorial waters in a way that is tremendous consequence economically, tremendous consequence in terms of biodiversity in the region.

[EDITOR'S NOTE.—The requested information referred to above follows:]

Brazil does not currently focus on illegal, unreported, and unregulated (IUU) fishing, but with our encouragement and engagement, departments within the Brazilian Government are starting to make initial strides to address the problem. This year, under the new Lula administration, the Brazilian Ministry of Environment and Climate Change told the Department of State that Brazil would put greater emphasis on combating IUU fishing. The president of the Brazilian Institute of the Environment and Renewable Natural Resources, the institution responsible for enforcing environmental regulations, reiterated to us his intention to address this problem, as well.

The U.S. Embassy in Brasília recently helped organize an IUU monitoring conference with Brazil's Management and Operational Center of the Amazonian Protection System focused on both the Amazon Forest and the "Blue Amazon." The Department also continues to advocate that the Government of Brazil ratify the Port States Measures Agreement and join the newly established IUU Fishing Action Alliance. The Ministry of Defense refers to Brazil's territorial waters and exclusive economic zone as the "Blue Amazon" to raise attention to the need for greater maritime domain awareness. In February, the United States co-hosted with Brazil's Defense Ministry a conference on maritime remote sensing, the first bilateral event on IUU fishing involving military and civilian agencies.

The Department of State leads the U.S. Government's efforts to eliminate the harmful effects that IUU fishing has on the ocean, vulnerable communities, and the rule of law around the world. Countering IUU fishing covers an expansive area of work with emerging connections to transnational organized crime, human trafficking and labor abuses, market and trade distortions, and data management. Only a concerted and collective global action can solve this growing problem.

Through these essential initiatives, we aim to strengthen overall ocean governance, increase information sharing, apply innovative technologies to identify IUU fishing and hold bad actors accountable, grow the ranks of partners around the world, and raise our collective ambition to counter IUU fishing.

Lastly—and then I will turn to Senator Van Hollen—Brazil is the second Latin American country to be designated as a major non-NATO ally and since 2018 the United States has committed to nearly \$6 million to help reinforce security, defense cooperation, and the rule of law.

In particular, we have invested in efforts to bolster law enforcement cooperation and strengthen information sharing, counterterrorism, cyber crime, financial crimes, trafficking of narcotics and weapons.

Going back to the ranking member's questions on the docking of Iranian ships, what can we do to enhance security cooperation between Brazil and the United States under President Lula?

Mr. NICHOLS. We look forward to the U.S.-Brazil Defense Dialogue later this year as an opportunity to discuss our defense cooperation and defense relations with Brazil.

Brazil is a global leader in peacekeeping, historically, and that role is important and one that we support. The opportunities for commercial sales of U.S. weapon systems to Brazil is something that I think we should explore more deeply and to continue exchanges between our law enforcement and our militaries.

The CHAIRMAN. More likely or less likely to have Brazil's help in countering China's authoritarianism and its aim in the Western Hemisphere?

Mr. NICHOLS. I think that we need to have a dialogue based on values with Brazil and talk about what are the values that we would like to see in our hemisphere, and I know that President Lula strongly supports democracy and human rights, and we hope that we can work to promote those values throughout our region.

The CHAIRMAN. Okay. Does not answer my question.

More likely or less likely to stand up to dictators and autocrats in the Western Hemisphere?

Mr. NICHOLS. Brazil has condemned the actions of Nicaragua, for example, and the stripping of the citizenship of those who oppose the brutal Ortega-Murillo regime, and I hope that Brazil will continue to speak out against human rights abuses in our region.

The CHAIRMAN. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman. Thank both of you for your testimony and for your service.

Ambassador Nichols, I know we have covered a lot of territory at this hearing. I want to underscore some of the issues that had been raised by my colleagues and then I have a few questions.

One, we were, of course, all alarmed by the images of the attacks on democracy in Brazil following Bolsonaro's exit. I understand that you have not commented on the question of whether or not the current government has asked for an extradition of Bolsonaro. I think we would probably want to follow up on that question.

Deforestation—I know when President Lula came in, he pledged that he was going to reverse the previous administration's policy, which led to just clear cutting and destruction of huge swaths of rainforest, but so far the numbers do not indicate that they have

turned the corner in any way and so I hope, more than expressing concern, we work with the Brazilians on a strategy, going forward. It seems we need a plan and I look forward to following up with you and your colleagues on the plan.

My questions are these. Number one, you have referenced a couple times the role Brazil can play in critical minerals and, as you know, we are working to try to develop a partnership among like-minded countries, nonauthoritarian countries, to secure a good supply of critical minerals, not just for ourselves, but for all the countries as part of the partnership. What specific role would Brazil play in that effort?

Second, and this is a little bit of a follow-on to the chairman's question, Brazil is, of course, the "B" in the BRICS, along with Russia, India, China, and South Africa. There is going to be a summit in South Africa, I think, in August.

Could you just talk a little bit about Brazil's role within BRICS and whether they provided a balance to the authoritarian members of BRICS, namely, China and Russia?

How do you see them balancing those roles? Critical minerals, role in BRICS.

Mr. NICHOLS. Brazil is a country with important critical mineral resources and United States, through the Development Finance Corporation, has promoted U.S. investment in mining in that sector.

Brazil is an important producer of automobiles and other technologies that benefit from critical minerals. The supply chain opportunities for both of our countries are enormous.

I think that we will see even greater U.S. investment in the sector, going forward. I noted earlier that Under Secretary Jose Fernandez will be traveling to Brazil in a couple of weeks and this will certainly be a topic as he also leads the State Department's efforts in the critical minerals initiative and this I consider a win-win for both countries.

With regard to BRICS, President Lula was one of the founders of BRICS and a real power when it started under his first term in office.

He has a unique opportunity to talk about the values of democracy and engagement with the other members of BRICS. He has an opportunity to talk about what kind of a world we want to see in the future—is it acceptable that one country should invade its neighbor just because it is bigger—and I look forward to his engaging on those issues. I know that he will play an important role in the global stage and this is a time where values matter.

Senator VAN HOLLEN. I certainly hope he will do that in partnership with his allies, the United States and others. Obviously, we are not part of BRICS, but I hope he will be that voice at the table, given the other countries who are part of that.

Do I understand you to say the DFC has put down an investment with respect to critical minerals in Brazil?

Mr. NICHOLS. Yes, Senator Van Hollen, twice. Initial investment and then they increased the investment and now actually mining operations have begun and they are producing.

Senator VAN HOLLEN. Appreciate it. Thank you.

The CHAIRMAN. Thank you. With our thanks to both of you for your testimony, the record for this hearing will remain open until the close of business on Thursday, March 16, 2023.

Please ensure that questions for the record are submitted no later than Thursday.

This hearing is adjourned.

[Whereupon, at 11:58 a.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF MR. BRIAN NICHOLS TO QUESTIONS SUBMITTED BY SENATOR ROBERT MENENDEZ

Question. Two years ago, a violent mob—incited by dangerous disinformation and fueled by a former president—stormed the U.S. Capitol seeking to undermine American democracy. Two months ago, the world watched Latin America’s largest democracy come under assault in hauntingly similar ways. These attacks failed because of the resilience of the Brazilian and American people, and the strength of our democratic institutions. But the assault on Brazil’s institutions reminds us of the constant work needed to safeguard democracy around the world. That is why I introduced a resolution earlier this year condemning the insurrection, expressing our solidarity with the Brazilian people, and reaffirming U.S. support for Brazil’s democratic institutions. Has the United States received any requests for assistance in response to the insurrection in Brazil? Given these events, how can we strengthen support for Brazilian democracy moving forward?

Answer. The U.S. Government remains ready to assist the Government of Brazil to protect its democratic institutions and investigate those who perpetrated and planned the violent attacks in Brasilia, on January 8. All Government of Brazil requests for assistance to protect its democratic institutions and conduct associated investigations would be reviewed expeditiously and supported, if deemed legally appropriate.

At their February 10 White House meeting, President Biden and President Lula emphasized that strengthening democracy remains a fundamental pillar of the bilateral relationship. The two presidents reaffirmed their intention to work together on ways to protect our societies from disinformation campaigns, as well as condemn other corrosive dynamics that threaten democracy such as hate speech, political extremism and political violence.

Question. During President Lula’s recent visit to the United States, President Biden expressed a desire to strengthen our economic partnership with Brazil. Brazil is the world’s eighth largest economy, and the United States is Brazil’s second largest trade partner. Our countries share significant opportunities to advance economic prosperity and sustainable and inclusive development, including by continuing to publicly support Brazil’s efforts to pursue accession to the Organization for Economic Co-operation and Development. It is imperative that we continue making the case that the United States, not China, should be Brazil’s preferred trading partner. What challenges and opportunities does the U.S. face in strengthening economic cooperation with Brazil? What impact, if any, would Brazil’s proposed Mercosur trade deal with China have on U.S.-Brazil economic relations?

Answer. The February 10 meeting between Presidents Biden and Lula reinforced the shared focus on further deepening our bilateral economic relationship. The leaders committed to fostering trade and removing barriers as well as promoting economic cooperation, including cooperation on supply chain resilience.

According to the United States Census bureau, bilateral trade in goods between the United States and Brazil surpassed \$92.6 billion. This marks a significant increase from the \$78.2 billion in trade in goods from 2021, and is the highest total on record between our two countries.

To consolidate and deepen these trade gains, the United States and Brazil conduct regular government-to-government exchanges, through the 2011 Agreement on Trade and Economic Cooperation as well as the ongoing U.S.-Brazil Energy Forum, Critical Minerals Working Group, Commercial Dialogue, and CEO Forum. Last year, U.S. Customs and Border Protection launched a full Global Entry arrangement and a Customs Mutual Recognition Agreement with Brazil, to facilitate travel and trade.

While Brazil and its Mercosur partners have signed and may continue to pursue trade agreements with other countries, we are focused on ways to continue to develop our strong and dynamic bilateral trade relationship.

Question. Brazil and the United States have recently made significant inroads in strengthening space cooperation. Brazil was the first Latin American country to sign the NASA Artemis Accords establishing a common vision for space governance. It was the first nation to hold high-level space engagement talks with the U.S. Space Force. And our two countries signed a Technology Safeguards Agreement in 2019 to bolster Brazil's ability to engage in commercial space launch activities using U.S.-licensed technology from its Alcantara launch center. Deepening such space collaboration has significant benefits for U.S. companies, for the safe and peaceful exploration of outer space, and for strengthening Brazil's ability to respond to environmental challenges, including deforestation. What concrete steps is the Biden administration planning to take to expand space cooperation with Brazil?

Answer. Civil space cooperation between the United States and Brazil is principally governed by a framework agreement signed in 2011 and ratified by Brazil in 2018. Several ongoing projects operate under this framework, including most prominently the Scintillation Prediction Observations Research Task (SPORT), a heliophysics CubeSat collaboration between NASA and three Brazilian agencies, Brazil Space Agency (AEB), National Institute for Space Research, and the Instituto Tecnológico da Aeronáutica. The small satellite launched in November 2022, and deployed from the International Space Station in December 2022.

Brazil signed the Artemis Accords in June 2021. Then-AEB President Carlos Augusto Teixeira de Moura visited Marshall Space Flight Center, in August 2022, for discussions on a potential NASA-AEB collaborative lunar science CubeSat mission in support of the Artemis program. In 2023, representatives from AEB have taken an active role in co-chairing an Artemis Accords working group tasked with exploring how nations with emerging space capabilities can participate in future deep space exploration.

Brazil remains an active participant in several earth observation initiatives, including SERVIR, a joint NASA and USAID program that partners with geospatial organizations on a regional basis to address critical challenges in climate change, food and water security, disaster management, land use, and air quality. In January 2021, NASA renewed its MOU with the city of Rio de Janeiro to support city disaster management and response using NASA earth observation tools.

On commercial space matters, the Foreign Commercial Service recently supported efforts to help bring U.S. launch companies such as Virgin Orbit to the Alcantara Space Center. The Federal Aviation Administration opened discussions to assist the Brazilian Government on issues of airspace regulation and safe commercial space operations.

RESPONSES OF MR. BRIAN NICHOLS TO QUESTIONS
SUBMITTED BY SENATOR MARCO RUBIO

Question. President Lula da Silva won the 2022 October presidential election by a very small margin. Many Brazilians still assert that Lula was not legitimately elected. Today, his presidency faces daunting challenges, including slow economic growth, widespread deforestation in the Brazilian Amazon, and deep fissures in Brazilian society. The economy's dependence on Chinese imports of Brazilian beef and soybeans, the illegal mining of gold and land grabbing in the Amazon are also contributing to pressures that Brazil must face.

Considering the existing challenges, how do you characterize our current bilateral relationship with Brazil?

Answer. The long-term, strategic U.S.-Brazil relationship has never been more important to both countries. This year, the United States and Brazil celebrate 200 years of diplomatic relations. As the two most populous democracies in the Western Hemisphere, our commitment to democratic principles forms the basis of our many shared values. President Biden and President Lula reaffirmed our vital and enduring partnership during their February 10 meeting at the White House. Nine cabinet officials joined the presidents, reflecting the breadth and depth of our bilateral relations. Strengthening democracy, protecting human rights, and addressing the climate crisis anchor our shared agenda. As President Biden has said, "There are no limits to what our nations can achieve by working together."

Question. Do you agree that Brazil is a major partner of the United States, not just in Latin America, but the world?

Answer. We agree that Brazil is a major partner on both a regional and global level. In the region, Brazil is a leader on trade, migration, human rights, and democracy. Safeguarding democracy in the region remains the foundation of our strategic partnership with Brazil. In our engagement with President Lula's administration, we look to Brazil as a key voice in supporting the need to maintain and reinforce democratic governance in Latin America.

We also recognize Brazil's longstanding global role. We work closely with Brazil in multilateral fora, including in the UN Security Council, where Brazil holds a seat through the end of 2023. We expect Brazil will remain a committed leader in the UN on humanitarian issues, peacekeeping operations, and international peace and security. President Lula seeks to position Brazil as a leading voice for peace. We look forward to working with Brazil on global issues when it serves as G20 president in 2024.

Question. Why did Biden choose not to engage with Brazil during the administration of Jair Bolsonaro?

Answer. Under the Biden-Harris administration, the United States engaged with the Bolsonaro administration bilaterally and multilaterally on issues of mutual interest, ranging from trade to regional governance. The two presidents met on June 9, 2022, when they pledged to continue their ongoing collaboration on trade and commercial matters, including through U.S. support for Brazil's candidacy for accession to the Organization for Economic Cooperation and Development. During the two presidents' overlaying administrations, Brazil signed the Artemis Accords, became a member in the U.S. Global Entry program, and entered into the bilateral Customs Mutual Recognition Agreement with the United States. These are just a few examples of U.S.-Brazil cooperation and engagement during the Biden-Harris and Bolsonaro administrations.

Question. Is the political polarization in the country affecting our bilateral relationship?

Answer. The United States and Brazil have enjoyed nearly 200 years of bilateral relations and our ties have remained strong across different administrations in both countries. President Biden and President Lula acknowledged the increased political polarization in their countries during their February 10 meeting at the White House. They also affirmed their continuing commitment to reject extremism and violence in politics and their intentions to make their societies more resistant to disinformation, which frequently encourages political polarization, and agreed to work together to address these concerns. We are confident that Brazilian institutions are fully capable of addressing challenges arising from political differences within the country.

Question. Specifically, our defense, security cooperation and counter narcotics policy?

Answer. Political polarization within Brazil does not impact our bilateral relations vis-à-vis security cooperation, including defense cooperation and counternarcotics policy. In fact, the transition between administrations with regard to these critical security areas has been seamless. We both place a priority on maintaining our military interoperability and security cooperation relationship, to combat threats such as narcotics trafficking.

Question. Just last month, President Biden met with President Lula at the White House, where both issued a joint statement that identified "strengthening democracy, promoting respect for human rights, and addressing the climate crisis" as the center of their common agenda. They also pledged to build on long-standing areas of cooperation, such as trade and investment, energy, health, science, technology and innovation, defense, education and culture, and consular affairs. Only days after that visit, Brazil allowed two Iranian warships to dock in Rio de Janeiro, despite withholding these permission for several weeks while the Brazilians were planning Lula's visit to the United States.

Was the topic of the Iranian warships brought up during the Presidents' meeting?

Answer. We made clear to countries in the region that these two Iranian vessels have no business making port calls anywhere in the Americas. Brazil is a sovereign country that can make its own decision about how to engage with Iran. Hosting naval vessels belonging to a regime that is brutally suppressing its own people at home, providing weapons to Russia for use in its war of aggression against Ukraine, and engaging in terrorism and destabilizing activities around the world sends the wrong message and is the wrong decision in our view.

Question. Does the Administration intend to take punitive steps against those entities in Brazil that provided material support to the warships, which as I understand are under U.S. Treasury Iran-related sanctions as of February 3, 2023, per Executive Order 13599?

Answer. As noted, we designated both the Dena and the Makran as property of the Iranian Government on February 3, pursuant to E.O. 13599. We cannot preview potential future sanctions actions. If sanctions actions are warranted, we will work with the Department of the Treasury to take appropriate steps.

Question. Why did the Brazilian Government ignore the public request made by U.S. Ambassador to Brazil Elizabeth Bagley to not allow the ships in?

Answer. Brazil is a sovereign country that determines the nature of its relationship with Iran. We made clear to relevant countries that Iranian ships have no business docking in the Americas.

Question. How long did the ships stay in Rio?

Answer. On February 26, one Iranian naval vessel, the Dena, entered the port of Rio de Janeiro, while another vessel, the Makran, anchored offshore. The Dena left port on March 4, and both ships departed Brazilian waters a few days later.

Question. What services were provided to the ships during their stay?

Answer. We understand that the Dena, the vessel that docked, received services from commercial providers. If sanctions actions are warranted, we will work with the Department of the Treasury to take appropriate steps.

Question. In your view, what are the positive and negative aspects of our current relation with Brazil?

Answer. The positive aspects of our relationship with Brazil include our shared commitment to cooperate on many global issues including combating climate change, promoting the respect for human rights, strengthening democracy, reducing poverty, and increasing food security. As with any country, we do not always agree with the decisions Brazil makes, such as its recent decision to allow Iranian Naval vessels make a port call in Rio de Janeiro.

Question. Yesterday, I re-introduced legislation with Senator Menendez to target the actors that support the illicit production and trafficking of gold—a major challenge to the region's security and stability. Many of these illicit actors use the proceeds from this activity to support a range of criminal entities that threaten both ours and Brazil's national security, including the Maduro regime in Venezuela. These illicit groups are causing human rights abuses and destroying the vulnerable ecosystems of the Amazon basin, which is a critical source of livelihoods to many in the region. Is the State Department supportive of this legislative effort?

Answer. The Department strongly supports efforts to detect, deter, and dismantle the actors and facilitation networks that enable criminal activities, including the illicit production and trafficking of gold. The Department looks forward to reviewing the re-introduced legislation when available. As you rightly noted, criminals use the proceeds of their illicit activities to further their nefarious activities, expanding into new areas, corrupting actors, and depriving citizens of stable governance and human rights. The Bureau of International Narcotics and Law Enforcement (INL) supports multi-country initiatives that strengthen national capacities to address financial flows related to illicit gold mining and regional cooperation to counter criminal activity emanating from Venezuela.

Question. What initiatives is the State Department carrying out to counter illicit activities in the Amazon and areas predominantly used by these groups?

Answer. The Bureau of International Narcotics and Law Enforcement (INL) recently launched \$5 million in new projects that provide training and equipment to strengthen bilateral and cross-border cooperation to counter deforestation and trafficking of illicit timber, gold, wildlife, and drugs across the Amazon basin. INL funds assistance led by the United Nations Office on Drugs and Crime, the Drug Enforcement Administration, and the Department of the Interior's U.S. Fish and Wildlife Service (FWS), among other partners. INL support includes training and equipment to the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) and supports FWS joint investigations with the Brazilian Institute of Environment and Renewable Natural Resources.

Question. In 2019, during the previous Administration, Brazil was designated a major non-NATO ally. This designation allows Brazil to benefit from enhanced cooperation with the U.S. defense industry, including joint military exchanges, exercises, and training. A 2020 Research, Development, Test, and Evaluation Agreement

enables bilateral collaboration on basic, exploratory, and advanced technologies at a “level enjoyed only by NATO allies and the closest strategic security partners of the United States.”

What is your assessment of Brazil’s performance as a non-NATO ally thus far?

Answer. Brazil has been a major non-NATO ally since 2019, and our defense relationship is stronger for it. The May 2022 Research, Development, Test and Evaluation Agreement permitting joint development of defense technology is the only such agreement we currently have in South America. Joint training, exercises, and exchanges reached new heights in recent years, reinforcing interoperability and operational readiness. Brazil is the largest nationally funded Foreign Military Sales portfolio in SOUTHCOM’s area of responsibility. Brazil also contributes to global peace and security as a member of the UN Security Council and a major contributor to UN peacekeeping operations.

Question. Is President Lula honoring the commitments under this designation?

Answer. Our defense relationship is based on shared values and history. We anticipate that our cooperation will continue under the current Administration and that there will be additional opportunities to strengthen cooperation based on our shared priorities and interests.

Question. When Lula was last President of Brazil, and during the term of his successor, Dilma Rousseff, Brazil’s *mais medicos* program brought thousands of Cuban doctors and medical personnel to Brazil. The State Department has repeatedly called out Cuba’s medical missions as an example of human trafficking and forced labor. The administration of former President Bolsonaro ended this practice and has joined U.S. efforts to hold Cuba accountable for this despicable crime against the Cuban people.

Has the Biden administration communicated to President Lula about the concerns with the forced labor of Cuban doctors and medical professionals?

Answer. U.S. embassy officials met with relevant Brazilian ministries involved in the Lula administration’s new medical access program, *Mais Medicos para o Brasil*. Embassy officials communicated that we welcome Brazil’s decision not to contract with the Cuban Government for this program. They also reminded their Brazilian interlocutors of the Cuban Government’s regular use of forced labor in its labor export programs, including the medical missions. *Mais Medicos para o Brasil* prioritizes the hiring of Brazilian medical professionals with Brazilian degrees, followed by Brazilian medical professionals with foreign credentials, and then individual foreign medical professionals. We will monitor this new program to verify that forced labor does not become part of the program.

Question. Should President Lula reinstate the *mais medicos* program, how will our Embassy and consulates in Brazil be prepared to assist victims of Cuban forced labor schemes?

Answer. On March 20, the Lula administration officially launched its new medical access program, *Mais Medicos para o Brasil*, which aims to hire 15,000 new medical professionals and place approximately 28,000 medical professionals around Brazil, primarily in poorer regions, by the end of 2023. For this program, Brazil elected to prioritize the hiring of Brazilian medical professionals and to contract with individual medical professionals. We do not anticipate that the Lula administration will contract with the Government of Cuba for medical professionals for this program. Our embassy and consulates in Brazil will continue to monitor the program, as they have done even before its official launch, to verify that the program does not employ government-affiliated Cuban workers who are vulnerable to forced labor.

Question. Cuba’s medical missions provide a critical source of funding for Cuban efforts to harbor American fugitives and provide safe haven for terrorist groups in Latin America. How will the Department counter Cuba’s efforts to promote terrorism in the Western Hemisphere?

Answer. The Administration seeks every opportunity to bring abuses in Cuba’s labor export program to light, raising our concerns regarding forced labor in Cuba’s labor export program with senior officials around the region. Every year since 2010, the Department has documented indicators of forced labor in Cuba’s overseas missions in the annual Trafficking in Persons report.

During the January 18–19, 2023 U.S.-Cuba Law Enforcement Dialogue, we strongly conveyed our concerns to Government of Cuba officials about several U.S. fugitives who reside in Cuba. We reiterated our request that Cuba return these individuals to the United States, noting that individuals who committed crimes should face justice in the United States, even many years later.

Question. Do you believe that Cuba's designation as an SST is a beneficial tool in countering Cuban-sponsored terrorism?

Answer. The SST designation subjects Cuba to a number of sanctions, including restrictions on U.S. foreign assistance, bans on defense exports and sales, certain controls on exports of dual use items, and miscellaneous financial and other restrictions. These consequences have had minimal direct impact on Cuba as the country is already subject to numerous sanctions.

Additionally, some companies and financial institutions refuse to do business with countries designated as state sponsors of terrorism, even when the transactions are not legally prohibited.

Question. Is the Administration considering rescinding Cuba's state sponsor of terrorism designation?

Answer. The Department of State designated Cuba as a state sponsor of terror (SST) for repeatedly providing support for acts of international terrorism in granting safe harbor to terrorists. The Department carefully reviews available information, from many sources, to determine if a country meets the statutory criteria for designation or rescission. There is an extremely high bar to rescinding the designation. In accordance with U.S. law, prior to the rescission of any SST determination, the President would submit a report to Congress certifying that specific statutory criteria had been met. President Biden remains committed to policies that advance the democratic aspirations of the Cuban people and improve human rights.

Question. Soon after assuming office, President Lula expressed his interest in negotiating a free trade agreement with the People's Republic of China. The PRC is already the top destination of Brazil's exports, comprising about 26.8 percent of the total. America, meanwhile, only comprises 11.2 percent of Brazil's exports. It is no wonder that the Brazilian Government is increasingly more willing to work with the Chinese Communist Party over us. As the world's eighth largest economy, it is critical that we not lose Brazil to the CCP.

What is the status of trade talks with Brazil agreed to by the 2020 Agreement on Trade and Economic Cooperation?

Answer. The United States and Brazil signed the U.S.-Brazil Protocol Relating to Trade Rules and Transparency under the 2011 Agreement on Trade and Economic Cooperation (ATEC) in October 2020, and it entered into force in February 2022. The Protocol modernizes ATEC by adding new commitments on Trade Facilitation, Good Regulatory Practices, and Anti-Corruption. The Protocol helps simplify customs procedures, provides traders more opportunity to participate in development of regulations, and builds more confidence in the rules of the marketplace.

United States Trade Representative Katherine Tai visited Brazil earlier this month to strengthen and deepen the bilateral trade and economic partnership, through the ATEC. She expressed our interest in convening an ATEC meeting before the end of the year, and our technical teams will develop a work program in the months ahead.

Question. What is your assessment of efforts to prevent Brazil from awarding control of its 5G network to Huawei and other Chinese firms?

Answer. We actively engage governments and network operators, including in Brazil, to support informed decision-making when deploying 5G networks. We raise awareness about the true costs and implications of using untrusted suppliers, which include widespread security risks and interoperability issues. The industry-led global movement towards open, interoperable approaches, such as Open Radio Access Networks, or Open RAN, has the potential to increase market competition, lower costs, and improve security. Providers and operators in Brazil are testing Open RAN architecture solutions, such as telehealth in remote areas of the Amazon.

Brazil's November 2021 5G auction sold spectrum to telecommunications providers, which have the discretion to contract suppliers to build out their networks. Brazil also began creating a private government 5G network, awarding the initial design phase via a public, transparent tender to a U.S. company. We will continue our engagement to encourage the use of trusted suppliers for subsequent phases.

Question. The Administration's plan for enhancing economic ties with Latin America is the Americas Partnership for Economic Prosperity (APEP). At the first round of talks this past January, Brazil was absent.

What are the implications for APEP's success if the largest economy in South America is not participating?

Answer. The Americas Partnership for Economic Prosperity, a regional initiative outlined at the Summit of the Americas in Los Angeles, in June 2022, launched in January, and it will soon begin its implementation phase. The Partnership will keep

an open architecture and develop clear criteria for those countries that wish to join beyond the initial phase. We look forward to the possibility of future collaboration with Brazil in this effort.

Question. What do you think are the reasons for Brazil's absence from the talks?

Answer. At the time we were coordinating with the initial group of countries about the Partnership, Brazil was in the middle of its presidential election. Now that the election has taken place, we will engage with the Government of Brazil about this initiative. We hope to move as quickly as possible toward an open architecture that Brazil and other regional governments can join.

Bilateral economic cooperation with Brazil is a top priority, as President Biden and President Lula reaffirmed in their February 10 White House meeting.

Question. Could the reason be that the United States is not prepared to discuss with other countries the prospect of increasing market access?

Answer. The United States continually looks for ways to strengthen its economic relationships through a variety of means and dialogues. The United States Trade Representative (USTR) is responsible for our engagements with other governments about market access, and we defer to its expertise about the timing of such discussions. USTR Ambassador Katherine Tai had a productive visit to Brazil earlier this month to continue discussions with Brazil about cooperation under our Agreement on Trade and Economic Cooperation (ATEC) and proposed an ATEC meeting later this year.

RESPONSES OF MR. BRIAN NICHOLS AND MR. RICHARD DUKE TO QUESTIONS
SUBMITTED BY SENATOR JOHN BARRASSO

Question. Wyoming is seeing an astronomical increase in the amount of deaths related to fentanyl. At the same time, the amount of fentanyl in Wyoming is at an all-time high. The Wyoming Division of Criminal Investigation seized about 1,600 "dosage units" of fentanyl in 2020. In comparison, there was nearly 13,500 units seized in just the first three quarters of 2022.

What is the Department of State doing to work with the Government of Mexico to stop the importation of fentanyl precursors from China?

Answer. The U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities guides our bilateral security cooperation to combat synthetic drugs like fentanyl and the diversion of precursor chemicals. At the October 2022 U.S.-Mexico High-Level Security Dialogue, the United States and Mexico committed to implement a joint synthetic drug action plan to complement ongoing cooperation between our respective law enforcement agencies. The action plan brings in additional entities not traditionally involved in counternarcotics efforts—regulatory agencies, the health- and trade-focused agencies, and the private sector—so we can build the capacity needed to disrupt the broader synthetic drug supply chain. Specifically, the Department supports Mexico's efforts to counter drug production and trafficking through technical expertise, training, and equipment donations. We support Mexico's efforts to seize and investigate clandestine drug labs, regulate and prevent the diversion of precursor chemicals, and interdict illicit drugs and precursor chemicals, including strengthening Mexico's ability to secure ports of entry and mail facilities.

With regard to the People's Republic of China (PRC), we have seen successful cooperation on counternarcotics in the past. Following a 2019 agreement, the PRC no longer serves as a meaningful source of finished fentanyl flowing to the United States. However, the PRC remains a major source of precursor chemicals which are shipped to transnational criminal organizations to produce illicit fentanyl. While engagement with the PRC on counternarcotics remains limited in recent months, the growth in synthetic drug production is a global problem, and we actively seek to re-engage the PRC.

The PRC can and needs to do more as a global partner to disrupt synthetic drug supply chains by implementing know your customer regulations, expanding information sharing, and strengthening enforcement of customs labeling agreements.

Question. Where is the biggest security gap in the importation of fentanyl chemicals into Mexico?

Answer. Transnational criminal organizations take advantage of limited inspection and under-resourced agencies to divert chemicals to produce synthetic drugs, including fentanyl. Increasing targeted inspections in all modes of transportation via air, cargo, land ports of entry, seaports, and international mail would enhance Mexico's capacity to prevent the use of precursor chemicals in illicit drug production. Our

enduring security cooperation with Mexico is critical to our efforts to address fentanyl trafficking, reverse our overdose crisis, and prepare to confront emerging synthetic drug threats in the future.

Question. On February 22, 2023, there was a confirmed case of atypical bovine spongiform encephalopathy (BSE) in the northern state of Para. The test samples were submitted to the World Organization for Animal Health (WOAH), but the WOAH report indicates that the event started on January 18, 2023. That is a difference of 35 days where BSE was not confirmed in Brazil.

Why did it take Brazil 35 days to confirm a case of atypical BSE?

Answer. The World Organization for Animal Health (WOAH) requires member countries to report listed diseases within 24 hours of detection, per its notification requirements. Each country determines how it will comply with these requirements, and many send samples to foreign laboratories for confirmatory testing, which comprises the official detection. Because these countries consider the official detection to be the confirmatory testing in the foreign laboratory, that notification can take longer than countries with in-country laboratory detection while still falling within the WOAH guidelines. By this measure, Brazil consistently reports BSE confirmatory tests or detections within the allotted timeframes set by WOAH. Brazil follows processes like other countries that do not have an in-country diagnostic lab. In the most recent case, Brazil sent the sample to the National Centre for Animal Diseases/Canadian Food Inspection Agency in Lethbridge, Canada.

Brazil is currently designated negligible risk by the World Organization for Animal Health and has never reported a classic case of BSE. Since 2010, Brazil has reported six atypical BSE cases. Per WOAH guidelines, these atypical BSE detections do not affect a country's BSE status.

Question. Brazil has a history of delayed reporting of atypical BSE cases. There were two atypical BSE cases, one in Minas Gerais, on June 11, 2021, and another in Mato Grosso, on June 25, 2021. Again, WOAH was not notified of Brazil's two BSE cases until September 3, 2021. This delay in reporting of BSE cases raises serious concerns over the credibility of Brazil's food safety and animal health systems. The impacts these concerns can have on the U.S. cattle herds and public health are severe.

Given Brazil's track record of failing to report animal diseases in compliance with WOAH standards, what steps is the Administration taking to ensure Brazil is held accountable for food safety standards?

Answer. While the timeframe between Brazil's sample collection and confirmation testing is likely due to the additional time needed to complete testing at a foreign laboratory, the Chief Veterinary Officer of the United States did discuss these concerns with her Brazilian counterpart in March 2022. Since that conversation, Brazil has worked to decrease the time between sample collection and confirmatory reporting.

Question. How is Brazil's central competent authority the Ministry of Agriculture, Livestock, and Food Supply (MAPA), working with the U.S. Department of Agriculture Food Safety and Inspection Services (FSIS) on beef products imported into the United States since their case of atypical BSE on February 22, 2023?

Answer. Through the Foreign Agricultural Service at our embassy and consulates in Brazil, USDA continues to work with Brazil's Ministry of Agriculture, Livestock, and Food Supply (MAPA) to ensure its agricultural exports comply with international guidelines and U.S. requirements. Since the detection of the BSE case in February, MAPA has held dialogues with the main importers of Brazilian beef, describing information about the case and MAPA's actions to comply with international guidelines.

RESPONSES OF MR. RICHARD DUKE TO QUESTIONS
SUBMITTED BY SENATOR BRIAN SCHATZ

Question. Trade Measures in Reducing Deforestation: Cattle ranching is the biggest driver of deforestation in Brazil. Much of this is occurring in violation of existing Brazilian laws. U.S. imports of beef products from Brazil have rapidly increased in recent years, topping \$1 billion last year. The U.S. is the largest importer of processed beef and the second largest importer (behind China) of fresh beef and some of this product is known to originate from slaughterhouses connected to deforestation and illegal ranching in the Amazon. Leather emanating from Brazil and found in supply chains of U.S. car seats has also been linked to cattle ranching that is driving deforestation. The European Union is expected to soon approve a new law

designed to keep products driving deforestation out of its markets—and I am preparing the reintroduce legislation (the FOREST Act)—to remove illegal deforestation from the products we use and consume every day.

What role do you think such trade measures should play, as a complement to financial and technical assistance the U.S. can provide, to help Brazil reduce deforestation, to promote traceable and transparent commodity supply chains, and to ensure our own markets are reinforcing and not undermining these efforts?

Answer. The drivers of deforestation are complex and varied, as are the tools needed to combat deforestation. While trade measures are a possible tool, a combination of financial assistance, technical support, and capacity building will likely have the greatest effect on addressing international deforestation associated with the production of agricultural commodities. As mandated in Executive Order 14072, the Secretary of State will submit a report to the President by April 22, 2023, on options for a whole-of-government approach to combating international deforestation.

Question. U.S. Assistance to Companies: In addition to the Amazon rainforest, the Cerrado savannah and Pantanal wetlands are under threat, particularly from the production of agricultural commodities such as beef and soy, which is leading to the rapid conversion and loss of these irreplaceable ecosystems and their biodiversity. Addressing this problem will require greater accountability and transparency from the companies involved, as well as incentives and financing for producers and a pathway to transition so that companies can meet their voluntary commitments and comply with emerging requirements in the European Union and elsewhere.

How will the U.S. assist companies in doubling down on commitments to achieve zero deforestation and conversion in their supply chains, particularly for soy and cattle?

Answer. The United States has been working to assist U.S. companies in meeting their zero deforestation and conversion commitments, and this includes 14 of the largest traders of agricultural commodities, like U.S. companies ADM, Bunge, and Cargill. The U.S. Agency for International Development and State-supported Forest Data Partnership helps generate data needed to decouple agriculture production from deforestation. Other programs, like USAID's Amazonia Connect and Business Case for Collective Landscape Action, support reductions in commodity-driven deforestation.

RESPONSES OF MR. BRIAN NICHOLS TO QUESTIONS
SUBMITTED BY SENATOR BILL HAGERTY

Question. China has gained significant influence in several strategic Western Hemisphere countries, including Brazil, the largest economy in South America. Brazilian President Lula da Silva moved to significantly strengthen China-Brazil ties during his first stint as president nearly 20 years ago, and Chinese trade with Brazil is now double that of the United States. CCP-aligned companies have made large infrastructure investments in Brazil, including in some of the country's largest deep-water ports and telecommunications sector.

Are you concerned that the President Lula will work to further deepen ties with China?

Answer. Brazil and the United States have a strong relationship that has grown more dynamic in recent years. Brazil also has a longstanding and extensive economic relationship with the People's Republic of China (PRC), its largest trading partner. We recognize Brazil's global role and expect the Lula administration will pursue Brazil's national interests as he and his team view necessary. We recognize that the United States must maintain vigilance and consistently emphasize why we should remain the preferred partner to Brazil. We will continue to convey our concerns about the PRC's troubling trade, environmental, human rights, and other practices, with Brazil and other governments in the region.

Question. How does China's increasing economic and trade ties with Brazil pose a threat to U.S. economic interests and influence in the region?

Answer. Brazil and the United States have a strong and growing trade and investment relationship. U.S. companies are the largest investors in Brazil with about \$190 billion in investment stock as of 2021, far more than PRC companies. U.S. firms contribute value-added industries in manufacturing, agriculture, steel production, energy, communications, and technology. U.S. investments support hundreds of thousands of jobs in Brazil, an enormous positive influence in our relationship.

Brazil also has an important economic relationship with the PRC, its largest trading partner. We work with partners, including Brazil, to press for the PRC's economic engagement in the region to meet international standards of transparency, adherence to the rule of law and anti-corruption practices, debt sustainability, labor rights, environmental best practices, and the needs and concerns of local communities.

Question. How might China's ability to use Brazil as a platform to project its influence and strategic interests in Latin America pose a broader threat to U.S. regional security interests?

Answer. We echo the longstanding calls from Latin American capitals that the PRC's engagement and investment respect local laws and interests, particularly regarding the human rights of all, including workers, and protections for the environment. We encourage countries to monitor national security and data privacy threats that come with untrusted vendor investment in critical infrastructure and sensitive sectors. We work with our partners around the region to encourage transparency in investments, respect for individual rights and freedoms, and support for democratic values.

Question. Specifically, what is the Biden administration's strategy to prevent China from acquiring deep water ports that could be for "dual-use" purposes by the PLA Navy?

Answer. The Department has encouraged partners to strengthen their national security tools, including investment screening and other authorities, to ensure port infrastructure investment does not raise national security risks. We also provide technical assistance to improve our partners' capacity to evaluate bids for critical infrastructure projects. The Strategic Ports Initiative aims to protect critical ports abroad from problematic actors, and we continue to work with government development agencies to provide access to financing for strategic infrastructure projects.

Question. How has China's expanding military cooperation with Brazil, including joint military exercises and arms deals, impacted U.S. strategic interests in the region? What is the Biden administration doing to discourage deeper China-Brazil security ties?

Answer. The PRC's expansionist designs on our hemisphere are a strategic concern—for us, and for our neighbors. While Brazil's interests, trade ties and economic situation necessitate pragmatism, Brazil continues to make it clear that we share values and desires to maintain interoperability. We include Brazil in strategic initiatives, negotiate agreements to facilitate military procurement and exchanges, and work with Brazilian counterparts to ensure positive outcomes for both of us through our many regular dialogues including Political-Military Dialogue.

Question. In what ways does China's growing presence in Brazil's technology sector and infrastructure projects raise concerns about potential espionage and cybersecurity risks for the U.S.? What is the Biden administration's strategy to mitigate these risks?

Answer. We regularly convey to our partners in the region, including Brazil, our concerns about the risks of PRC investment in critical infrastructure like energy and technology. We also share with our partners the value of investment screening mechanisms to protect national interests, particularly in key industries such as civil nuclear power and telecommunications.

In telecommunications, for example, we actively engage governments and network operators, including in Brazil, to support informed decision-making when deploying 5G networks. We have engaged with the Government of Brazil and with telecommunications companies in Brazil to raise awareness about the true costs and implications of using untrusted suppliers, which include widespread security risks and interoperability issues. The industry-led global movement towards open, interoperable approaches, such as Open Radio Access Networks, or Open RAN, has the potential to increase market competition, lower costs, and improve security. Brazil also committed to creating a private government network with enhanced security measures, and we will continue our engagement to ensure that commitment is carried out.

Question. What role does China's influence in Brazilian politics and media play in shaping public opinion and potentially undermining U.S. efforts to promote our interests in the region?

Answer. Brazilian media outlets are strong, professional, independent, and resistant to outside influence. With few exceptions, PRC-originated content does not appear in mainstream media. Brazil has a sophisticated, independent media environ-

ment which actively promotes journalistic freedoms, including through campaigns aimed at identifying disinformation.

Question. Given China's use of economic leverage and predatory debt diplomacy to gain strategic footholds in resource rich areas, how is the Administration working to ensure that Chinese investments are non-exploitive and fair?

Answer. We continue to ensure that partners in the region, including Brazil, recognize the serious risks involved in the PRC's lending practices. In addition, we collaborate with the Development Finance Corporation (DFC), U.S. Trade and Development Agency (USTDA), Ex-Im Bank, and other U.S. agencies to provide alternatives to PRC financing. As one example, in 2020, DFC invested \$25 million in a nickel-cobalt project in northeastern Brazil operated by TechMet, and in September 2022, the DFC board approved an additional \$30 million equity investment in the same project. The mine achieved commercial nickel production in July 2022. We need nickel and cobalt to power electric vehicles and other clean energy technologies, and the TechMet investment will generate large net exports for Brazil, incorporate sustainable practices in mining activities, and provide hundreds of new jobs in one of Brazil's poorest states.

