

**Testimony of Richard Nephew,
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Senate Foreign Relations Subcommittee for the Western Hemisphere,
Transnational Crime, Civilian Security, Democracy, Human Rights, and
Global Women's Issues**

**Hearing on Countering Transnational Criminal Networks and Corruption in
the Western Hemisphere
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Chairman Kaine, Ranking Member Rubio, members of the sub-committee, thank you for holding this hearing to discuss how we are addressing transnational organized crime and corruption in the Western Hemisphere. It is an honor to be back, just a few weeks after I was here before the full Senate Foreign Relations Committee to discuss how we are implementing the U.S. Strategy on Countering Corruption globally.

Corruption poses a unique threat to U.S. national security and that is why President Biden released the U.S. Strategy on Countering Corruption in late 2021. Following the release of this Strategy, Secretary Blinken created my position to ensure that we are elevating and integrating anti-corruption as a priority across the Department's work, and to work with interagency partners to most effectively utilize all of the resources of the United States government.

My role is precisely that of a "coordinator," meaning one of the most important aspects of my role is to coordinate with my colleagues across the Department, including those who I'm joining today. I work with Department and interagency counterparts who provide the needed regional or technical expertise on the full range of issues that transnational organized crime and corruption touches. From good governance and ethics to illicit finance and investigative capacity training, we are working to fully utilize the expertise and existing resources, while also looking for innovative solutions to current problems.

Though my purview is global, I recognize the unique importance that countering corruption in the Western Hemisphere has for U.S. national security.

Corruption crowds out good investment and fair competition, potentially forcing young people toward criminal activity as a form of livelihood. Corruption also devastates the state's ability to deliver basic services for their citizens, including to confront criminality and violence effectively, in a way that respects the rule of law. These factors, in turn, can drive irregular migration and human smuggling – which are again compounded by corruption and impunity. Corruption also creates opportunities for terrorists, narco-traffickers, and other criminal enterprises to operate.

That is why the United States has made countering corruption a foundational part of our approach across the Americas, alongside efforts to encourage new, positive economic investment, strengthen the rule of law, and support vibrant democracy. Like citizens across the region, we reject the false premise that people must sacrifice their rights in order to enjoy security or curb corruption. Rather, rule of law and civil liberties can, and must, go hand in hand.

Through my work and recent travels, I've observed several notable trends, which my team is working with the department to confront, head on.

First, I have seen and heard from so many – too many - anti-corruption defenders who are facing significant and increasing threats. These include individuals in and out of government who are fighting to investigate and call out corruption, promote accountability, and support the rule of law. One of the major lines of effort that my team and I have been focused on is how we can better support these defenders, which includes working with interagency partners to think creatively about what resources we have available and what else we can do. These threats are particularly prevalent in the justice sector, where judges and prosecutors face continual threats to both their work and their physical and cyber security. Civil society and journalists have also experienced closing civic space, increased threats and incidents of violence, and legal and administrative actions meant to hinder their work, such as through strategic lawsuits against public participation, or “SLAPP suits.” These are often baseless and costly legal action brought against journalists or organizations, meant to silence and intimidate them in their work.

On this, my team works closely with Department and interagency counterparts to utilize and maximize existing support mechanisms. This can take many forms, including targeted public diplomacy efforts, such as the Secretary's annual Anti-Corruption Champions Award. However, we know sometimes the U.S. spotlight can create a target for those we are trying to protect, so we also consistently raise the need to protect civic space directly in engagements with foreign counterparts. When the threat to individual actors escalates further, we have programs to provide resources for legal and security defenses, as well as processing political asylum claims, when needed.

Second, I've heard many times, from both government and non-governmental partners, about the real impact and need for continual and coordinated U.S. attention to help reinforce partner efforts and to provide accountability. Each element of our government plays a crucial role. U.S. sanctions and visa restrictions are critical accountability tools. Diplomatic engagement and foreign assistance are vital complements to these actions. And, each of these efforts works best when conducted in coordination with criminal law enforcement action. For example, consistent and coordinated statements, visits, and other engagements, can serve to lift up our partners, call out where issues persist, and reinforce support for concrete reforms. Given our close ties as neighbors in the hemisphere, U.S. action plays a particularly important role and our action – or inaction – is closely watched by both bad actors and those we are trying to support.

Lastly, I continue to observe the increasing risk and raise the need to address the issue of strategic corruption. When organized crime and corrupt networks take hold in a country, it undermines the democratic governance. Weak governments are often prime targets for foreign authoritarian actors seeking to exert their corrupt influence in new regions. My goal is to make committed partner and ally institutions and systems more resilient to attempts at strategic corruption, and for the Department to continue considering all options to address it. While we don't preview future actions, sanctions are just one tool among many in this line of effort.

Since I've talked about some of the significant - and worsening - challenges related to corruption and transnational organized crime in the hemisphere, I'll end with an opportunity. My most recent stop in the region was Guatemala, which I know many of you are tracking closely. I participated in the inaugural March 18 High-Level Economic Dialogue as part of the U.S. delegation, led by Under Secretary Fernandez. This is our first economic dialogue in Central America, which demonstrates just how important Guatemala and its economic success is to the United States. The dialogue also highlighted that anti-corruption is key to inclusive economic growth. President Arevalo's election and administration presents a unique opportunity to support one of our key regional partners to address the scourge of endemic corruption. I look forward to working with my USG colleagues to advance U.S. economic, security, and governance priorities in Guatemala. This includes working with our Guatemalan partners in the government, private sector, and civil society to effectively address the root causes of migration by countering drug and human trafficking, fostering inclusive and equitable growth, and contributing to a more just Guatemala.

We have long known that malign actors do not recognize national borders, but we have increasingly seen their illicit activity expand past traditional regional borders. Transnational organized crime and corruption represent serious threats to U.S. interests, particularly in our own hemisphere, and my team and I will continue our work with all our partners in order to promote rule of law and accountability, as we seek a safer and more equitable hemisphere.

Thank you for the opportunity to testify before you today, and I look forward to your questions.