

118TH CONGRESS
1ST SESSION

S. RES. 273

Promoting stronger economic relations between the United States, Canada,
and countries in Latin America and the Caribbean.

IN THE SENATE OF THE UNITED STATES

JUNE 22, 2023

Mr. MENENDEZ (for himself, Mr. YOUNG, Mr. KAINE, Mr. HAGERTY, and Mr. COONS) submitted the following resolution; which was referred to the Committee on Foreign Relations

RESOLUTION

Promoting stronger economic relations between the United States, Canada, and countries in Latin America and the Caribbean.

Whereas, to maintain the role of the United States as a global economic leader and protect the national security interests of the United States, the United States must strengthen economic relations with countries in the Western Hemisphere;

Whereas ongoing supply chain disruptions resulting from the COVID–19 pandemic demonstrate the need for the United States to increase supply chain resiliency through reshoring and nearshoring initiatives;

Whereas, in 2019, the People’s Republic of China was the top supplier of goods imported into the United States, pro-

viding significant quantities of rare earth minerals, pharmaceutical ingredients, medical equipment, and other goods vital to the economic prosperity and national security of the United States;

Whereas the COVID–19 pandemic and production outages and shipping disruptions in the People’s Republic of China have jeopardized worldwide access to critical goods, contributing to an unprecedented, ongoing supply chain crisis that has exposed the severe risks of concentrating global supply chains in the People’s Republic of China;

Whereas Congress has raised concerns about the reliance of the United States on global supply chains based in the People’s Republic of China;

Whereas the People’s Republic of China has shown its willingness to use critical supplies as a political tool to advance the goals of the Chinese Communist Party, including when the People’s Republic of China—

(1) threatened to withhold rare earth mineral shipments to Japan; and

(2) utilized personal protective equipment and vaccines as a diplomatic tool;

Whereas findings made pursuant to a supply chain review required by President Joseph R. Biden, Jr., under Executive Order 14017 (86 Fed. Reg. 11849) and released on June 8, 2021, recommended that, in addition to expanding domestic production capacity, the United States Government use diplomatic and financial tools to cooperate with allies to create more diverse, resilient, and secure supply chains;

Whereas 8 of the 13 countries in the world that recognize Taiwan are in Latin America and the Caribbean, and

nearshoring initiatives can help decrease the susceptibility of such countries to coercive economic pressure from the People's Republic of China;

Whereas the United States has free trade agreements in effect with 12 countries in Latin America and the Caribbean, more than in any other geographic region, providing significant incentives to relocate international supply chains that cannot be relocated to the United States to Latin America and the Caribbean;

Whereas, in addition to existing free trade agreements and the geographic proximity of countries in Latin America and the Caribbean to the United States, there are several significant advantages for the United States Government and United States entities to relocate supply chains from the People's Republic of China to the Western Hemisphere, including—

(1) reduced distance to markets in the United States, which will lower freight costs, enable quicker adaptability to fluctuating consumer demand, and reduce the energy used to transport goods;

(2) longstanding bilateral ties and shared democratic values, which lessen the risk of geopolitical disruptions to supply chains;

(3) comparative advantages for sourcing and manufacturing key critical goods, including rare earth minerals, pharmaceuticals, medical goods, and semiconductors, when there is a historical inability for such goods to be entirely sourced or manufactured in the United States; and

(4) access to a highly qualified and young working-age population;

Whereas the report entitled “Widening the Aperture: Nearshoring in Our ‘Near Abroad’” released by the Wilson Center in April 2021 provided evidence that increasing and strengthening supply chains regionally, particularly in Colombia, Mexico, and other countries in the Caribbean and Central America, will, on average, create more jobs in the United States than international supply chains located in other geographic regions;

Whereas switching as few as 15 percent of imports into the United States from the top 10 source countries of such imports outside of the Western Hemisphere to countries in Latin America and the Caribbean would increase exports from Latin America and the Caribbean by \$72,000,000,000 annually, helping the region recover from the effects of the COVID–19 pandemic and reducing pressures encouraging migration to the United States;

Whereas, despite existing and growing opportunities for countries in Latin America and the Caribbean to become crucial actors in global supply chains, including technological advances that have diminished the need to produce in countries with a low cost of labor, challenges to nearshoring remain, including—

- (1) concerns about the rule of law, corruption, and criminal activities that discourage foreign direct investment or significantly raise the costs of shifting production to the region;

- (2) concerns about compliance with and enforcement of international labor and environmental standards;

- (3) underdeveloped physical and digital infrastructure;

- (4) regional economic fragmentation; and

(5) comparatively lower levels of vocational training;

Whereas the governments of several countries in Latin America and the Caribbean, including Colombia, the Dominican Republic, and Mexico, have sought to strengthen economic relations with the United States and launched initiatives to incentivize nearshoring;

Whereas the Inter-American Development Bank (commonly known as “IDB”) has prioritized efforts to encourage nearshoring in Latin America and the Caribbean, including by—

(1) making economic integration and the strengthening of regional supply chains 1 of 5 core pillars in the agenda outlined in the document entitled “Vision 2025, Reinvest in the Americas”;

(2) including nearshoring as a business line of IDB Invest for the first time in the history of IDB;

(3) hosting a high-level dialogue with more than 500 private sector leaders on December 2, 2020, to assess how to increase production capacity and supply chain resilience in the region; and

(4) launching the largest private sector coalition in the history of the IDB to explore opportunities for reinvesting in countries in the Western Hemisphere, including through nearshoring initiatives and a toolkit to incentivize and finance nearshoring activities in the Western Hemisphere;

Whereas the United States Government has taken steps to advance efforts that would facilitate reshoring and nearshoring in the Western Hemisphere, including by—

(1) announcing the first-ever semiconductor forum between the Governments of the United States, Mexico, and Canada and the private sector to align government

policies and increase investment in regional semiconductor supply chains; and

(2) developing the Americas Partnership for Economic Prosperity to expand regional trade ties, bolster regional economic competitiveness, and strengthen regional cooperation on supply chain resilience, labor and environmental standards, rule of law and anti-corruption initiatives, and other critical issues; and

Whereas the United States Government can further leverage diplomatic, foreign assistance, and financing tools to strengthen the participation of Latin American and the Caribbean in global supply chains and address challenges to nearshoring, including through the activities of the United States Agency for International Development and the United States International Development Finance Corporation: Now, therefore, be it

1 *Resolved*, That the Senate—

2 (1) recognizes that increased tensions between
3 the United States and the People’s Republic of
4 China and the COVID–19 pandemic have—

5 (A) exposed severe vulnerabilities attrib-
6 utable to overreliance by the United States and
7 other countries on supply chains based solely or
8 mainly in the People’s Republic of China; and

9 (B) heightened the importance of the
10 United States diversifying its supply chains
11 through reshoring and nearshoring initiatives to
12 increase resiliency against future disruptions;

1 (2) emphasizes that reshoring efforts of suffi-
2 cient scale to increase domestic production capacity
3 and relocate supply chains to the United States re-
4 main critical and should be encouraged and imple-
5 mented;

6 (3) emphasizes that—

7 (A) nearshoring efforts should be pursued
8 in a complementary fashion to better achieve
9 more resilient, diverse, and secure supply
10 chains, particularly for goods unlikely to be pro-
11 duced in the United States;

12 (B) nearshoring in Latin America and the
13 Caribbean, relative to relying on supply chains
14 in other geographic regions, has the greatest
15 potential to contribute to the economic pros-
16 perity and security of the United States while
17 also advancing the post-pandemic economic re-
18 covery of countries in the Western Hemisphere;

19 (C) nearshoring in Latin America and the
20 Caribbean provides greater opportunities for ex-
21 panding co-production operations and other co-
22 operative business ventures with United States
23 entities; and

24 (D) nearshoring in Latin America and the
25 Caribbean can complement and enhance efforts

1 by the United States to support democratic con-
2 solidation across the region by strengthening
3 the rule of law, encouraging competitiveness,
4 promoting education and vocational training,
5 and raising standards on corruption, labor, and
6 environmental issues;

7 (4) supports initiatives by the Inter-American
8 Development Bank, the Government of Canada, gov-
9 ernments in Latin America and the Caribbean, and
10 the private sector to finance, incentivize, or other-
11 wise promote nearshoring in Latin America and the
12 Caribbean;

13 (5) encourages the United States Agency for
14 International Development and the United States
15 International Development Finance Corporation to
16 strengthen programmatic support for initiatives like-
17 ly to facilitate the relocation of global supply chains
18 to the Western Hemisphere, including through in-
19 creased collaboration with each other, the private
20 sector, the Inter-American Development Bank, Can-
21 ada, and countries in Latin America and the Carib-
22 bean;

23 (6) calls for governments in Latin America and
24 the Caribbean to increase opportunities for
25 nearshoring in the region by—

1 (A) modernizing and consolidating physical
2 and digital infrastructure;

3 (B) combating corruption, strengthening
4 the rule of law, promoting education and voca-
5 tional training, enhancing labor and environ-
6 mental standards, and improving democratic
7 governance; and

8 (C) pursuing other efforts to facilitate the
9 ease of doing business in and attract foreign di-
10 rect investment to the region, including by
11 leveraging strong relationships with Taiwan;
12 and

13 (7) urges the Secretary of State, in coordina-
14 tion with the United States Agency for International
15 Development, the United States International Devel-
16 opment Finance Corporation, and the heads of all
17 other relevant Federal agencies and departments, to
18 prioritize efforts to advance nearshoring in Latin
19 America and the Caribbean, including by—

20 (A) strengthening support for the activities
21 described in paragraph (6);

22 (B) engaging with governments in the
23 Western Hemisphere to explore opportunities to
24 lower trade barriers, streamline customs and
25 other regulations, support capacity building

1 programs to strengthen environmental and
2 labor standards, establish incentives for mutu-
3 ally beneficial co-production arrangements, and
4 facilitate economic integration of the region;

5 (C) strengthening legal regimes and moni-
6 toring and enforcement measures relating to
7 labor standards to ensure that—

8 (i) any enhanced sourcing relationship
9 with a country does not support or beget
10 labor abuse or other human rights abuses,
11 such as those found in the People’s Repub-
12 lic of China; and

13 (ii) any new investment under a
14 nearshoring program has sufficient labor
15 standards and benefits the workers in such
16 country;

17 (D) ensuring that nearshoring activities
18 are consistent with efforts to improve supply
19 chain energy efficiency, reduce the energy used
20 to transport goods, and advance environmental
21 sustainability;

22 (E) working in partnership with multilat-
23 eral development banks and private investors to
24 create incentives for entities to relocate supply
25 chains from the People’s Republic of China to

1 the Western Hemisphere, including by financing
2 the development of regional technology hubs
3 with strong labor and environmental regula-
4 tions; and

5 (F) using all available options, including
6 transparency mechanisms, to ensure that access
7 to supply chains in the Western Hemisphere
8 cannot be exploited by the People's Republic of
9 China.

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