

Opening Statement

U.S.-China Economic and Security Review Commission Hearing on the U.S. Rebalance to Asia

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The United States' interests in Asia are long-standing and deeply rooted. Our economic vitality depends on trade with and investment in the dynamic economies of the Asia-Pacific, and that dependency will only increase in the decades ahead. Our largest trading partners are in Asia; our overseas investments are increasingly concentrated in Asia; and Asian nations hold the bulk of American debt. Japanese companies provide around 800,000 jobs for American workers each year, making Japan the largest Asian investor in the U.S. economy, second only to Great Britain.

Our strategic partnerships in Asia not only strengthen our national security, but also ensure peace across the region. Our military alliances with Japan, the Republic of Korea, and Australia have ensured stability in the region, and provided opportunity for our military forces to train and exercise alongside some of the most accomplished militaries in the world. Our many security partnerships with the countries of Southeast Asia provide humanitarian assistance and disaster relief across Asia. All of these relationships allow the U.S. military to operate with ease from the Pacific Ocean through to the Indian Ocean and ultimately to the Gulf of Hormuz, safeguarding stable sea lanes of communication and open access to resources and trade with most of the world.

To date, the Obama administration's rebalance to Asia has had three strategic consequences. It has bolstered the U.S. diplomatic, economic, and strategic presence in Southeast Asia; it has strengthened our alliances in Northeast Asia to meet new geostrategic challenges; and it has added our considerable diplomatic weight to the collective task of building effective multilateral regional cooperation. The rebalance has also produced a new high standard trade agreement, the Trans-Pacific Partnership (TPP), with twelve other nations that could vastly transform the regional economy. The TPP has yet to be realized, but U.S. leadership in this initiative is critical to the future economic success of the region.

Implementing the Rebalance

The rebalance to Asia sets new priorities for U.S. foreign policy over the long-term. The Asia-Pacific is not only the most dynamic region in the world; it is the future hub of the global economy. Strategically, the potential for geopolitical contest among the states of Asia could change the trajectory of world politics. A new rising global power is unsettling the region and creating new demand for regional cooperation.

The United States must continue to work with allies and partners to sustain the decades of peace that have underpinned Asia's economic success. Understood in this way, the rebalance is not the work of one president. It must be seen as a continuous effort, a work-in-progress, for American foreign policy makers.

Our priorities in Asia going forward are threefold. First, while our leadership in ensuring peace and stability across the Asia-Pacific cannot be underestimated, it is our own strategic interests that are at stake in Asia. We must maintain the ability to deter aggression, and some of our greatest strategic challenges are to be found in Asia. The proliferation of nuclear weapons by North Korea and the increasing capacity to deliver those weapons across continents pose a serious threat to our nation's security. The growing military capabilities of the People's Republic of China (PRC) are also of concern. China has long been a nuclear power, and it is now acquiring conventional military capabilities that may impede the U.S. military in the Pacific. Beijing's focus on asymmetrical weapons designed to inhibit our ability to meet our defense obligations to our allies cannot be ignored. New capabilities in space and cyber will also affect the global strategic balance.

The security challenges arising from Asia are offset by the strength of our alliances and partnerships with the many nations of the region. Our alliance with the Republic of Korea (ROK) ensures peace on the Korean Peninsula, and our forces organized together under the United Nations monitor the cease-fire agreement between North and South across the demilitarized zone. In addition, our strategic forces continue to deter Pyongyang from threatening Seoul, and alongside the ROK military, the ability of U.S. forces to maintain peace on the Korean Peninsula is more important than ever to regional stability.

Similarly in our alliance with Japan, our strategic forces and cooperation on ballistic missile defense (BMD) give Tokyo the confidence to eschew the nuclear option, even as its neighbors in North Korea and China seek to modernize their nuclear arsenals. Through generous Host Nation Support and the provision of indispensable bases and facilities, communities in Japan host nearly 53,000 members of our military.

Across Southeast Asia, the United States partners with many nations in providing regional security. Whether in recovery from natural disasters, such as the many earthquakes and storms that threaten millions across the Indo-Pacific each year, or in protecting open and free maritime commerce across the region's seas and oceans, the United States and the nations of Asia share a common interest in preserving the peace.

Second, the United States must remain economically competitive in this vibrant and growing region. China's transformation has been nothing short of miraculous, and just as Japan's economic rise a century ago transformed the regional balance of power, Beijing's newfound wealth and influence have been transforming Asia and the globe. The United States benefits greatly from an economically open Asia-Pacific. From the TPP to our bilateral trade pact with South Korea to our negotiations on a

Bilateral Investment Treaty with China, the United States is poised to take full advantage of this economic opportunity. As the rules of commerce continue to be rewritten in the twenty-first century, the United States must be at the forefront of crafting new global standards and practices that ensure free and fair trade. We do not need to participate in all regional economic institutions, but we should actively seek the opportunity to compete in the Asia-Pacific economy of the future.

Finally, the United States must also lead in the development of viable regional institutions for dispute resolution. Across Asia, territorial disputes have reemerged to challenge relations among states. Deeply provocative to the national identity of many in Asia, these territorial disputes run the risk of escalating into interstate conflict. Already Japan-China relations have suffered as have China's relations with many of its neighbors. The Association of Southeast Asian Nations (ASEAN) has sought to develop a code of conduct in the hope that the competing claims to the islands, reefs, and shoals in the seas of Asia will not lead to military conflict. As China's military capability grows so too does the anxiety over how that power will be used. Developing risk reduction mechanisms for the militaries of Asia as well as dispute resolution mechanisms to settle these claims will help mitigate the potential for war. It will also demonstrate that the lingering differences over past wars have been set aside and all nations of Asia are prepared to make a commitment to peace. The United States is the largest military power in Asia, and as the guarantor of the security of many Asian states, we must continue to lead this effort.

Several challenges lie ahead for the United States. First, the United States must modernize and maintain sufficient military capability to defend its interests in the Pacific, and this includes air and maritime forces as well as the capabilities of the new domains of space and cyber. Second, the United States must remain a leader in the promotion of a prosperous and equitable global economy. Finally, the United States must help design and build the institutions that can facilitate the peaceful resolution of conflict. Isolationism is no longer an option for the United States, and this is particularly true for the Asia-Pacific. If we are to remain competitive in the twenty-first century we must be able to compete effectively in the Asia-Pacific.

The U.S. Rebalance and Japan

More than any of our partners, Tokyo has welcome our commitment to leadership in the Asia-Pacific. Three aspects of the rebalance are particularly important for the U.S.-Japan alliance: the reorganization of the U.S. military presence in Asia, the completion of the TPP, and U.S. efforts to mitigate tensions between Japan and the PRC.

The United States and Japan have been upgrading their military force posture since the mid-2000s in response to the changing security environment in Northeast Asia. Cooperation on BMD as well as the upgraded U.S.-Japan Defense Cooperation Guidelines have produced better military coordination between U.S. and Japanese forces, and have enhanced the readiness of the alliance to cope with the emerging

threats from Pyongyang and potentially from Beijing. Japan's own defense reforms have enhanced their air and maritime capabilities especially in the intelligence, surveillance, and reconnaissance missions (ISR). Japan's priorities of BMD and island defense have also led to a deeper conversation in the alliance about crisis management protocols. The U.S. use of rotational deployments and dispersal of forces across the Asia-Pacific has also created opportunity for Japanese military cooperation with other partners in the Asia-Pacific, such as Australia, the Philippines, and India. In addition, U.S.-Japan strategic cooperation with Vietnam and other maritime nations is being considered.

The TPP may very well be the most important aspect of the rebalance for Japan. In deciding to join the TPP in February 2013, Japanese Prime Minister Shinzo Abe not only signaled a willingness to participate in the new trade agreement but also to become TPP's leading advocate. In contrast to previous bilateral trade talks, the United States and Japan were largely on the same page when it came to TPP rules. While market access was carefully negotiated across the twelve nations, Japan's participation ensured that if successful the TPP would represent somewhere on the order of 40% of the world's economic activity. In the months since the TPP agreement was concluded, the Abe Cabinet has continued to ensure support within Japan for ratification.

Finally, the U.S. rebalance to Asia promises a sustained and active American role in regional governance. As Chinese influence across the region increases, the U.S. commitment to a strong diplomatic and strategic presence in Asia continues to reassure Japan's strategic planners that its alliance with Washington will continue to be sufficient to meet Tokyo's defense needs. Nowhere was this more obvious than in the alliance response to the dispute between Tokyo and Beijing over the Senkaku Islands in the East China Sea. As President Barack Obama noted in April 2014, these islands under the administration of Japan are protected by Article 5 of the U.S. - Japan security treaty. The United States must ensure that there is no room for miscalculation in Beijing. Today both Chinese and Japanese Coast Guards patrol the territory long claimed by Japan. National sentiment in Japan has rallied around the sovereignty dispute, as has sentiment in China. Waters between Japan and China today are home to an increasingly large number of Japanese and Chinese naval vessels and aircraft that come in regular contact in and around the disputed islands. After several years of virtually no diplomatic activity, Prime Minister Abe met with President Xi Jinping to agree to create a risk reduction mechanism for their militaries across the East China Sea. Whereas the United States and China have concluded a military-military risk reduction agreement, Japan-China agreement has yet to be announced. We should continue to urge its conclusion.

Recommendations for Congress

The United States has long been a Pacific power, and our future is intimately linked to the partnerships we have built in Asia. From the devastation of World War II through the Cold War, the United States has played a decisive role in building a

regional order in Asia. Our partners and allies continue to depend on the United States even as the region undergoes transformation. Our own prosperity and security will depend on our ability to navigate Asia's geopolitics.

The rebalance to Asia must continue beyond this President's administration, indeed beyond his successor's time in office. Crafting a sustainable Asia strategy for accomplishing this, however, will require deep understanding of the dynamics of the region. A sophisticated diplomacy will be necessary if we are to navigate the complex currents of geostrategic change. It is perhaps our greatest challenge in the decades ahead.

Several recommendations for Congress come to mind. The first and most obvious is the realization of the twelve-nation agreement on the TPP. Once ratified this will ensure that the United States remains anchored in an Asia-Pacific economy designed for free trade and inclusive growth.

Second, perhaps it will surprise no one in Congress that the presidential election has occasioned grave concern among our allies and partners in Asia. Indeed, some of the comments about our long-standing alliances with Japan and South Korea have already shaken the foundation of confidence in the United States. Congress, in this year of presidential transition, has a particular role to play in reassuring our allies that commitments of the United States remain true. Equally important, Congress can resolve to uphold our treaty obligations.

Finally, the United States Congress is critical to the success of our global leadership. As we face increasing unpredictability abroad, the Congress's role in deliberating on and contributing to the national debate on America's future could not be more important. This debate must not take sides and divide the nation; the American people need their Congress to present thoughtful bipartisan debate on the difficult choices ahead in a world that is increasingly complex and increasingly volatile.