

24 JULY 2013

REBALANCING TO THE ASIA-PACIFIC REGION AND IMPLICATIONS FOR U.S. NATIONAL SECURITY

Chairman McKeon, Congressman Smith, Members of the Committee, I am pleased to appear before this Committee to offer my perspectives on rebalancing to the Asia-Pacific region and the implications for national security.

In the latter half of my nearly 40 year career in the Navy, it was my privilege and good fortune to have served in the Pacific to include command at sea, two assignments at the U.S. Pacific Command, and Command of the U.S. Pacific Fleet. As the Chief of Naval Operations, even while engaged in the wars in Iraq and Afghanistan, the Asia-Pacific region was always on my mind and remained a priority. Accordingly, the maritime strategy I issued in 2007, *A Cooperative Strategy for 21st Century Seapower*, is clear on the importance I placed on the Asia-Pacific region and our national security interests there. As a point of reference, I consider the Asia-Pacific region to be the Pacific Ocean; Oceania; and the Indian Ocean, encompassing increasingly vital trade routes to East Africa. Soon, the area of interest will expand as the Arctic Ocean opens and polar Asian trade routes and associated security considerations emerge.

Rebalancing to the Asia-Pacific region is imperative. The importance of the region to the United States and the global economy, the rapid changes taking place there and the indispensable role the United States can, and must, continue to play make the Asia-Pacific region our strategic priority. Whether we really rebalance and how we rebalance will have profound effect on the future prosperity and security of our country. Our rebalance must be strategic, not superficial; substantive, not marginal; realistic, not illusion; and optimistic, not pessimistic.

The emerging real power of Asia is economic, and economics and trade must lead our strategic approach to the region. That said, the stability and security provided by United States' armed forces in the region have enabled and continue to underpin the unprecedented growth the region has enjoyed in recent years. United States' armed forces and activities in the region are viewed by all as a stabilizing force. Our objective must be to maintain that stability and to not let one nation dominate all of Asia. To do that, we must maintain American influence and credibility. From a security perspective that means relevant, competent, and ready military power predictably present in the region; and, trained and ready forces beyond the region prepared to react and reinforce rapidly and decisively. Because of the vast expanse of the Asia-Pacific region, sensitivities regarding sovereignty and the increasing military capabilities in the Asia-Pacific region, this responsibility falls primarily on our naval and air forces. How we shape those forces comes at a challenging time; budgetarily, operationally, and politically.

No region is advancing in military capability and capacity faster. Our defense budget should reflect our strategic priority. It should be biased to naval and air forces and appropriate facilities and activities to support them in the region, whether forward deployed or as an augmenting force. That is a departure from our norm of equitable shares among the services. To do so does not imply all services are not important nor valued, but budgets must follow strategy not drive it. Nor does it mean walking away from our extraordinary strength as a joint force. Jointness is best achieved by budget effectiveness not budget equity. Budgets, especially procurement and research and development budgets, must be considered with an eye toward total effect produced and not by individual programs. This is increasingly important in the area of intelligence, surveillance and reconnaissance (ISR), cyber, network enabled weapons, and counters to counter intervention strategies. Budget assessments must consider total system capability and

effectiveness, not individual program attributes where a well meaning but uninformed adjustment in one program can negate the total effect we seek. I applaud the work the Navy and Air Force have done under the Air-Sea Battle initiative to do just that. Such a rigorous, systemic approach should be the norm throughout the entire budget process. Restoring the authority of service chiefs in the acquisition process is the right first step on that path.

After the great young men and women who serve, it is our nation's innovative spirit and industrial competence which set our military apart. Focusing, enhancing and sustaining robust research and development and maintaining a healthy industrial base must be a clear budget priority going forward.

The size and military complexity of the Pacific area of operations demands more unmanned capability – air and undersea. Although early on, we currently enjoy technical, operational and professional superiority in this area. We learned much in Iraq or Afghanistan, but the Pacific is far different. Complex area denial challenges are greater and will become more so. Our existing procurement processes and sense of urgency are inadequate to this challenge and will erode our budget flexibility further.

The importance of our relationships and our unique alliances in the region cannot be overstated. Our persistent presence, interoperability with others and level of activity are not possible without the access we enjoy in the region. These relationships must not be taken for granted and we should continue to enhance cooperation and compatibility with those special countries and their militaries. The inconvenient truth is that many in the region, while mindful and respectful of what we have done for their security, prosperity and stability, are doubtful of our staying power – actions will speak louder than words. As the real force in Asia is economic, much will depend on how we resolve our economic circumstance at home. Stability,

predictability, and the real consequences of defense budgets are watched more closely in Asia than on the American street – again, actions rather than words are what matter. To improve our relationships in the Asia-Pacific region our technology transfer process must be reformed rapidly for our time. Technology disclosure and release must be disciplined, yet it must be thoughtful, efficient and expeditious. We appear to be making it harder for our closest allies and like-minded partners to become more aligned with us through an extraordinarily layered and protracted technology transfer process. We must make it easier and more trustful. Similarly, our professional personnel development programs must reflect the rise of Asia. Heretofore, how we sought to expand our military leaders regional awareness has been by rigid exchange programs, largely in Europe. The process must be revised rapidly to move away from one –for- one personnel exchanges to a more focused and flexible professional development process with Asia as a priority.

Procurement decisions will likely be viewed as the indicator of meaningful rebalancing, but what we do regarding near term readiness is key to rebalancing. It maintains operational competence and response, enhances cooperation and interoperability with allies and partners, and will be used as an early indicator of the reality of rebalancing by those in the region. Very short and occasional disruptions to near term readiness accounts are disruptive and need not unduly alarm, but we are now well beyond that point and are affecting not only near term readiness but long -term readiness and our credibility. Moreover, the ongoing absence of a coherent, structured and predictable budget process will continue to compound with recovery more difficult and costly to undertake.

After strategy, budgets, alliances and our own house, China looms large. More than any other factor, our relationship with China will determine the strategic shape and tenor of the region. China's power is its economy, not its

military – yet. I have witnessed first hand the rise of the Chinese military, especially its Navy, and it does not surprise me. Throughout history, as nations' economies based on trade grow, so do their militaries, especially their navies. Such is the case of China; the money is there, the strategy is there; and, importantly, the coupling of budgets and industrial policy to that strategy is there. More than money, the latter two factors, which are being carried out reasonably well, have the potential to greatly advantage China in the coming decades.

Our unique economic and trade relationship with China requires cooperation, and we will find ourselves cooperating militarily where interests intersect, as we do today in counter piracy operations and in enhancing humanitarian assistance response. We should welcome that cooperation confidently, with a willingness to expand that cooperation when it is our interest to do so. But we will also compete with a rising China in several areas and on many levels in the coming decades, to include competing for influence in the region and beyond. Military capability will be a factor in that competition and China is making effective investments. That is not likely to change; it is the nature of military competition as nations rise. Recent Chinese strategic documents also reveal a Chinese view of competing with more than the U.S.; proximate Asian nations, to include some of our allies, and Russia, and India. The internal challenges of transforming such a large country cannot be discounted. So as China may loom large to us, China's future is far more complex and uncertain.

In conclusion, rebalancing to the Asia-Pacific region is right if we maintain our strategic focus. More resources will surely help, but most important, for our men and women who serve and for those in the region who are watching, is to return to coherency, structure and predictability in providing for our national defense. If we adhere to a clearly articulated strategy, and adjust policies and procedures for our time we can move forward effectively,

dissuade confrontation and conflict, and remain the stabilizing force in the Asia-Pacific region thus assuring our security and prosperity for decades. If we do not, we risk ceding that important region to others, and with it, our place in the world.