



**Statement before the House Armed Services Subcommittee
on Seapower and Projection Forces**

***“CAPABILITIES TO SUPPORT THE ASIA
PACIFIC REBALANCE”***

A Statement by:

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Hearing on Capabilities and the Asia Pacific Rebalance

Subcommittee on Seapower and Projection Forces of the House Armed Services Committee

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Introduction

Mr. Chairman, Ranking Member McIntyre, and members of the subcommittee, thank you for the invitation to appear before you this afternoon in the company of my distinguished fellow panel members. I am David Berteau, and I am a senior vice president and the director of the National Security Program on Industry & Resources at the Center for Strategic and International Studies here in Washington DC.

It is important to note that, as a bipartisan think tank, CSIS as an institution does not take positions on issues. The views in my statement and in my comments this afternoon are entirely my own, informed by our research, experience, and interactions with my colleagues.

The Asia Pacific Rebalance

There have been a number of statements from the administration that outline the key elements or lines of effort in the Asia Pacific rebalance. CSIS experts have found considerable consistency on the military aspects of the rebalance. Starting with the Shangri-La speech of then-Secretary Robert Gates in June of 2011, the Department of Defense (DoD) has focused on what Gates called “geographically distributed, operationally resilient and politically sustainable” military presence across the Asia Pacific region. Later that year, Secretary of State Hillary Clinton wrote in *Foreign Policy* magazine about six lines of activity fundamental to the execution of a coherent regional strategy: 1) strengthening bilateral security alliances; 2) deepening U.S. working relationships with emerging powers, including China; 3) engaging with regional multilateral institutions; 4) expanding trade and investment; 5) forging a broad-based military presence; and 6) advancing democracy and human rights. President Obama’s speech in Australia in November 2011 was consistent with the earlier statements by both Secretary Gates and Secretary Clinton.

The Defense Strategic Guidance

Although DoD pays close attention to speeches and press articles, it does not take direction from them; instead, it takes direction from specific guidance, issued by command authorities. The most important recent guidance is the Defense Strategic Guidance, announced by the president and issued by the secretary of defense on January 5, 2012. Its language directs that the U.S. military will “rebalance toward the Asia-Pacific region,” will “emphasize our existing alliances,” and will work to expand “our networks of cooperation with emerging partners throughout the Asia-Pacific to ensure collective capability and capacity for securing common interests.” This

guidance addresses DoD's role within the larger context of the U.S. Government's approach to the region.

CSIS 2012 Study and Report on "U.S. Force Posture Strategy in the Asia Pacific Region: An Independent Assessment"

On the heels of that guidance, I was privileged to serve as co-director, with my CSIS colleague Dr. Michael Green, of the CSIS 2012 study of the U.S. force posture strategy in the Asia Pacific region. Then-Secretary of Defense Leon Panetta submitted this report to the Congress, including to the House Armed Services Committee. CSIS' recommendations included four key elements:

- Focus on forward presence, including better aligned engagement strategy;
- Strengthen alliances, including implementing both the April 2012 U.S.-Japan Security Consultative Committee agreement and the U.S.-Korea Strategic Alliance 2015 (albeit with caveats in both cases);
- Add additional capabilities to U.S. Pacific Command's force posture; and
- Examine possible force posture and basing efficiencies, including greater reliance on host-nation bases and forces and rotation of U.S. forces.

The report, its analyses, and its conclusions and recommendations remain, I believe, viable and relevant today, and I will be glad to elaborate on this study during this hearing or afterwards, if you wish.

The Budget Control Act

The test of any strategic document is not in how well it is written. It is instead in how well the execution of that strategy is planned, resourced, and carried out. The subject of this hearing, Seapower Capabilities and the Asia Pacific Rebalance, implies the application of that test. Is DoD properly planning, resourcing, and carrying out the rebalance, to the extent it can under authorized and appropriated funding?

To answer that question, it is useful to remind ourselves that the Defense Strategic Guidance was in part a response to perhaps the most significant event affecting the Asia Pacific rebalance: the passage by Congress of the Budget Control Act of 2011. As you will recall, under that act, DoD had to reduce immediately projected defense spending by \$487 billion over fiscal years 2012 through 2021. The process and analyses that developed those reductions were in concert with the development and issuance of the Defense Strategic Guidance. At the time, Secretary Panetta and Chairman of the Joint Chiefs of Staff, General Martin Dempsey, warned about the difficulties of further cuts and the vulnerability of the strategy to such cuts.

As stated by current Secretary of Defense Chuck Hagel earlier this week, those further cuts have continued, and absent congressional action, deeper cuts in growth face DoD in the years ahead. I think that you will see the impact of those cuts in the details of the President's Budget for Fiscal Year 2015 (FY15) when it is submitted to Congress, beginning next week.

The Defense Industrial Base

To determine whether resources are aligned with the rebalance, members of Congress should examine several key areas of the President's budget request. First, I want to mention that the role of the defense industrial base is often overlooked as part of the Asia Pacific rebalance. Press reports and newspaper articles about whether to fund the overhaul of carriers like the USS George Washington is a decision that would only affect one carrier. Far more important is the question of whether to continue construction of new carriers.

Twenty years ago, DoD faced a similar challenge with regard to the industrial base for nuclear-powered attack submarines. With the fall of the Soviet Union and the end of the Cold War, the U.S. Navy had more submarines than it needed, and there were no requirements to build more for ten years or longer. The question was, could DoD shut down the submarine industrial base for a decade or more and then restart it? I led a DoD review on this topic in 1993. After careful analysis, the study concluded that the loss of skilled and nuclear-certified workforce, key supplier companies, component manufacturing and integration capabilities, and design engineering talent, among other assets, would place too great a burden on America's ability to restart design, development, and production of nuclear submarines. Ultimately, the risk was too high. As a result, DoD maintained that capability through the 1990s through a variety of relatively modest investments.

That same dynamic will be true going forward. If the United States eliminates orders from the shipbuilding industrial base for aircraft carriers, for example, that capability would likely not survive a break in production. I led a CSIS team in 2010, visiting all of the major U.S. shipbuilding facilities and several smaller ones. The team looked at processes, workforce demographics and skills, the supplier industrial base, and a host of additional attributes. Based on those visits and other analyses, if DoD shuts down the aircraft carrier industrial base, I do not believe that there would be enough time and money to restart it, should DoD require more ships.

There is a second critical part of the U.S. industrial base, one that does not show up in the budget and therefore somewhat undervalued. For decades, U.S. technological superiority has depended on investments by DoD directly or by defense firms themselves, whether reimbursed by the government or investing from their own funds. Increasingly, CSIS experts are finding that it's also important to do a better job of incorporating innovation from the global commercial markets, not just from defense arenas and not just from within the United States. However, federal government cycle times for defining requirements, assembling and defending and appropriating budgets, and executing contracts can be far longer than the cycle times for new technology to be developed and deployed in the commercial sector. The future may require this cycle-time disconnect to be addressed. As the House Armed Services Committee looks at steps to improve DoD acquisition, a big part of it could be reconciling these cycle-time disconnects so that DoD can take better advantage of technology innovation in the global commercial markets.

The QDR and the National Security Strategy

The release of the 2014 Quadrennial Defense Review, or QDR, report will probably coincide with next week's official release of the President's FY15 budget request. The White House will

also likely release an updated National Security Strategy soon. CSIS experts will examine these documents closely and plan to provide the results of our analysis to the public; I would be happy to share details with you and your staff, should you desire.

From my perspective, it will be important to focus not only on China but also on other countries in the region and the U.S. relationships with them in the context of a growing Chinese economy, expanding Chinese influence, and accelerating Chinese military capabilities. That context underscores the potential effectiveness of shaping actions and engagement, not just preparing for major operational plans. That context also underscores the importance to the Asia Pacific rebalance of forward presence, not just in Japan and in the Republic of Korea but across the region. It's not about increasing the number of U.S. bases. It's about integrating U.S. forces, planning, training, and equipment with partner countries across the region.

Each of these countries, from our strong allies Australia, Japan, the Republic of Korea, Thailand and the Philippines to the other partners like Mongolia and New Zealand, believe it is in their interests for the United States to be successful in the Asia Pacific rebalance. They all want the United States to keep at it. Part of their motivation is for their own security, in the face of an ambitious China.

However, they also depend on their relations with China. For many nations in the region, China is their largest trading partner, and revenue from trade with China is a significant element of their Gross Domestic Product. Dr. Henry Kissinger, who is a Senior Counselor at CSIS, stated clearly in his recent book, On China, that all of the nations in the region want two things from the United States: don't leave, but don't make us choose between the United States and China.

Balancing those two dynamics is not easy. This subcommittee could examine the QDR and the National Security Strategy to see how DoD and the administration plan to undertake that balance.

The FY15 budget and the FY16-19 Future Years Defense Program (FYDP)

As mentioned earlier, the President will likely release his budget request on Tuesday, March 4. What should this subcommittee look for in that FY15 budget and in the accompanying FY16-19 outyears of the FYDP? Let me touch on a few items.

First, I should note that some of the most important elements of the Asia Pacific rebalance are not going to be all that visible as budget line items; they will not necessarily have a budget exhibit. These elements include the daily interactions in shaping and engaging across the region, the hundreds of activities, for example, that are tracked in the Theater Campaign Plan at U.S. Pacific Command. Even though they are not budget line items and instead are built into several different defense operation and maintenance accounts, these actions need congressional support if the Commander of the U.S. Pacific Command and his component commands are to carry out their shaping and engagement efforts.

The budget will reflect gaps between what is funded in the base budget (which, based on Secretary Hagel's comments, will be compliant with the Budget Control Act level of \$496 billion) and the separate \$26 billion that is reportedly part of the forthcoming "Opportunity,

Growth and Security” fund initiative. As part of the FY15 National Defense Authorization Act, this subcommittee can work to help identify and reconcile those gaps and provide sufficient funding to meet defense missions.

You can look for and support funding for combined (i.e., bi- or multi-lateral) exercises across the region, not just for U.S. Pacific Command but for component commands like U.S. Pacific Fleet and U.S. Pacific Air Forces. Only a handful of regular, named exercises receive funding through line items; many exercises are included in the military service operation and maintenance budgets as part of shaping and engagement activities and are therefore “unseeable” in the budget request. A congressional question to the military services could help reveal these figures and enable this subcommittee to support them.

You can look for and support the need for forward presence. As the United States completes the drawdown of forces in Afghanistan, it is critical to explain to the public why U.S. forces need to remain forward deployed. This does not mean, in my view, that the United States should build new bases overseas, but it does mean that the U.S. Government needs to support and fund expanded overseas deployments. At CSIS, we will look for areas in the budget that support this.

You can look for and support investments in R&D and procurements for systems and capabilities that will complicate Chinese planning. Some of these, like the Virginia Payload Module for example, are not inexpensive, but they offer significant capabilities.

You can look for and support essential procurement funding for major defense acquisition programs, or MDAPs. Perhaps the single most critical MDAP in my view is to maintain the multiyear procurement of the Virginia-class nuclear attack submarine. Over the long run, we will need every submarine we can build. The time will come in about 10 years when the United States begins to retire four Los Angeles-class submarines each year. Even if we continue to produce and launch two Virginia-class submarines, we will be hard pressed down the road to maintain sufficient forward deployed presence. The best time to protect that capability is today.

Conclusion

Mr. Chairman, Congressman McIntyre, members of the subcommittee, these are some of the issues that you will face in the next few months as you mark up, report out, and vote on the FY15 National Defense Authorization Act. As you make progress on the bill, the prism of the Asia Pacific rebalance may offer one important aspect that will help you choose where to cut and where to invest. I hope that some of what we discuss here today will help you on that, and I thank you for the opportunity to appear here. I await your questions.