

AMERICA'S FUTURE IN ASIA: FROM REBALANCING TO MANAGING SOVEREIGNTY DISPUTES

HEARING BEFORE THE SUBCOMMITTEE ON ASIA AND THE PACIFIC OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED THIRTEENTH CONGRESS SECOND SESSION

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WEDNESDAY, FEBRUARY 5, 2014

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 2 o'clock p.m., in room 2175 Rayburn House Office Building, Hon. Steve Chabot (chairman of the subcommittee) presiding.

Mr. CHABOT. Committee will come to order.

Good afternoon. I would like to welcome everyone to this afternoon's subcommittee hearing. I, first, want to apologize a bit for the late start but we had a series of votes. So we were called to the floor to vote and I hope you will take that into consideration. Hopefully, we won't have any other interruptions, and I want to thank Ms. Gabbard from the great state of Hawaii for being the ranking member here today. Eni Faleomavaega from American Samoa is unable to make it, and we know that she will do an excellent job for the other side. So, thank you very much.

The United States' presence in the Asia-Pacific is built on promoting regional stability, fostering respect for international law, advancing respect for human rights, and maintaining freedom of navigation and unhindered lawful commerce in the maritime regions. These objectives are fundamentally hinged on the United States' alliances with Japan, South Korea, Australia, Thailand and the Philippines; our resilient relationships with Taiwan and Singapore; and our evolving relationships with Vietnam and Indonesia.

As the title of today's hearing implies: What is America's future in Asia? One thing is certain—the United States will never leave Asia, because as a Pacific nation, we recognize that the nexus of global commerce and strategy has transitioned to the Western Pacific, and the strong bonds formed with our friends and allies cannot be broken; however, America's presence in the region is being challenged.

The recent flare-up of confrontations between China and its neighbors over sovereignty claims in the East and South China Seas is the latest example of how decades-old conflicts could easily pivot from fishermen skirmishes into all-out military battles. China is attempting to seize its primacy over the Asia-Pacific region, at the expense of its neighbors. These moves may well be aimed at

undermining the interests of the U.S. and its allies, challenging the administration's strategic rebalance efforts, and altering the myth that China seeks a "peaceful rise."

Take, for example, the increasing frequency of clashes between Chinese maritime law enforcement authorities and Vietnamese, Philippine and Japanese fishing vessels; or the confrontations between the U.S. Navy and Chinese naval vessels, including the time the USNS Impeccable was harassed by Chinese vessels in 2009, and the recent USS Cowpens incident. Let us also not forget the 2001 Hainan Island incident when a U.S. EP-3 electronic surveillance aircraft and a People's Liberation Army Navy fighter jet collided mid-air. Any misstep in these situations—an overzealous pilot or fisherman—could have unnecessarily escalated tensions to the breaking point.

From my perspective, the administration appears to be struggling to find a way to better direct America's resources toward the Asia-Pacific and find a way to manage the growth of maritime territorial disputes—surely the greatest threat, at this point, to the strategic rebalance policy. Without a coherent and cohesive direction, these disputes could significantly impact America's ability to promote regional peace and stability, enhance economic prosperity, and preserve U.S. interests.

Finding a way to mitigate these growing tensions and decrease the chances of miscalculation will not be easy. I think Japan's decision to create a National Security Council is a significantly positive step because not only will it more efficiently direct Japanese foreign and defense policies regarding national security, but it will also allow for stronger collaboration with the United States—something that is critically needed. I support efforts to revise the U.S.-Japan bilateral defense guidelines, as well as the consideration to locate rotational U.S. troops in the Philippines, as we've done in Australia. At the same time, I urge our regional allies to be measured in their actions and rhetoric because even a slightly provocative remark could further and unnecessarily inflame tensions.

I also believe the administration needs to do a better job at clearly conveying U.S. commitment to working with and supporting our regional allies. China's unilateral action to impose an Air Defense Identification Zone over the East China Sea presented the administration with an opportunity to do this, but instead of rising to the occasion, it sent mixed signals of its willingness to stand up to China's acts of provocation. While I do not believe it is in the United States' best interests to "contain" China, I do think balancing its rise by maintaining a strong regional presence that is focused, engaged, and forceful is imperative.

Unfortunately, that is not where we are today and since the hearing this subcommittee held a year ago with then-Assistant Secretary Robert Blake and Acting Assistant Secretary Joseph Yun, efforts to strategically rebalance the U.S. toward Asia still lack a long-term sustainable focus. They are still hinged on ambitious rhetoric that have not reassured our allies or partners in the region, or anyone else, for that matter. As a result, China sees the Obama administration as weak and indecisive, and will continue its attempts to fill a perceived power vacuum in the region unless we find a way to enhance our presence across the board.

In the meantime, as China continues to flex its muscles, countries around the region are recalculating and hedging on whether they can count on the U.S. Consequently, I think it is in the interest of this country and in the interest of our regional allies, notably Japan, South Korea, Taiwan, and the Philippines, for the U.S. to once and for all articulate a coherent strategy that is fundamentally built on actions. It's time for the administration to move beyond speeches and find a way to reassure the region that the United States is there to stay and that America's future in Asia is strong, committed, and absolute.

I'd now like to yield to the gentlelady from Hawaii for the purpose of making an opening statement.

Ms. GABBARD. Thank you very much, Mr. Chairman.

I appreciate your bringing attention to this critical issue for us to discuss and have this necessary conversation that answers the question of what is the United States role in the Asia-Pacific region and being able to bring about a better understanding of the current situation so that we can best address what that role should be both with the challenges that we are presented with today but also so that we can project long-term into the future.

As was previously mentioned, China's expansion in the East China Sea and its claim over the Senkaku Islands is something that has escalated tensions with both Japan and South Korea.

Last month, China, expanding its maritime law enforcement presence, enforcing its fisheries law in South China Seas contested waters, has done the same.

We need to seek cooperation in order to achieve the maritime and air safety within the region that I think is a common objective for all interested parties and continue to be proactive in the Asia-Pacific region to mitigate as much as possible the risk of an accidental military clash.

I think the United States needs to remain engaged with China in a proactive, sustained and strategic manner, using diplomatic peaceful means to try to address these disputes. Abiding by international airspace and maritime rules will decrease the threat to peace and stability in the region.

Obviously, there are several sensitivities that the United States will need to navigate through and balance in order to have an effective strategy in strengthening relations, both with China as well as our allies—long-time allies within the region.

As I mentioned, it's in the best interests of all parties to maintain freedom of navigation both in international waters and international airspace.

It's time to be proactive now before we end up in a situation where there is a trigger, there is an escalation and we are dealing with a crisis that is highly elevated and one that will involve many of the countries in the region.

Given the increasing trade among nations on the Pacific Rim, the urgency of setting clear norms, of having a deeper understanding and acceptable territorial borders is paramount.

I look forward to reviewing our positions and policies in the Asia-Pacific region as we assess our future role in the region, as we also address the immediate air and maritime safety concerns.

Mr. Chairman, thank you again for bringing us together to really look at this important issue and look forward to hearing from our witness today. Thank you.

Mr. CHABOT. Thank you very much.

The gentleman from Arizona, Mr. Salmon, is recognized for 1 minute.

Mr. SALMON. Thank you.

I'd like to thank the chairman, Steve Chabot, for holding this important hearing. Secretary Russel, thank you for coming to testify before this subcommittee.

Since the administration announced their pivot toward the Asia-Pacific region in 2011, we've seen the tensions in the region escalate. They have risen. The hope was that if there was U.S. influence in the region a significant influence would help balance China's growing aggressiveness with their neighbors.

Unfortunately, I fear the pivot has been in name only, and the administration's strategy in Asia remains overpowered by other regions around the globe. Over the last several years, we have seen increased aggressions in the disputed waters of the South China Sea and, more recently, in the East China Sea.

As China sought to expand their control in the region, our allies are struggling to ensure their sovereignty is maintained and navigational rights to the South and East China Seas are protected.

Military and commercial access to the navigable waters of the South and East China Seas are critical to the security and economic viability of every country in the region. Strong U.S. allies including Japan, Taiwan, Philippines, Vietnam, and South Korea have come under increasing pressure from China to cede or temper these inalienable sovereign rights to Chinese will.

There must be a peaceful pass forward that protects U.S. regional allies, ensures U.S. national security interests and avoids unnecessary conflict and aggressions.

One of my heroes of the region, President Ma of Taiwan, has proposed the East China Sea peace initiative as a means to resolving disputes peacefully by exercising restraint, refraining from taking antagonistic actions and following international law and continuing the dialogue.

I hope the Chinese and other regional powers will embrace this as a solution going forward. It's the most proactive positive solution, I think, that is on the table yet.

They have indicated—they, China, have indicated that they have a desire to settle disputes peacefully, but they have been unwilling to open dialogue and negotiate in a multilateral way and this is extremely disappointing, and I would hope that as we go forward we will all come to some recommendations or conclusions that will help strengthen our allies in the region.

And like you, Mr. Chairman, I don't believe any of us want to do anything to contain China. I have been one of the most vigorous proponents of free trade with China, I believe, in this entire body.

But we cannot neglect our allies in the region and there has to be constructive dialogue. President Ma has put a reasonable proposal on the table. I would like to see us run with that. Thank you.

Mr. CHABOT. Thank you very much.

The gentleman from California, Mr. Sherman, is recognized for making an opening statement.

Mr. SHERMAN. We all agree we should be engaged in the region. We ought to provide diplomatic support for our allies. But I fear that we have already begun to go overboard.

Within the thing called the Pentagon budget, well over \$600 billion, there are shifts and we could say that we are now spending tens if not hundreds of billions of dollars a year allocable to this effort to fight over a few islands, most of which are so tiny that no one in history has ever chosen to live there.

Already I see us shifting our research, our training, our force configuration to facing down China in the South China Sea. Compare that to Japan, which consistently spends only 1 percent of its GDP on its military and is ready to see us allocate tens of billions if not hundreds of billions of dollars to fighting for a few islands that they will wish to exploit for economic purposes.

Keep in mind that neither Vietnam nor Japan sent any forces to fight in the U.N. action in Afghanistan, the place from which America was attacked for the first time in the lifetime of, I think, just about everybody on this panel.

So likewise these islands do sit astride trade routes, but for the most part they sit astride this trade route between the United States and China, and you can say, well, hundreds of billions of dollars of trade goes through that area, yes—trade between the United States and China, trade between China and other nations.

We—it meets the institutional needs of the Pentagon for us to begin a new cold war with China. It gives them the kind of adversary that we have prevailed upon in glorious actions.

Uniformed, technological, the great victories of our military were in World War II and the Cold War, and it is understandable that we will be told by the Pentagon that we now have another great opportunity to confront a large, militarily sophisticated, uniformed and conventional foe.

But keep in mind, we are talking about islands no one has chosen to live on. We are talking about countries that have always supported us or often supported us diplomatically but not militarily and that they themselves, especially in the case of Japan, limit their own military commitment while asking us for a much more open-ended commitment.

These are uninhabited islands. Let's stay calm. I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired.

The gentleman from North Carolina, Mr. Holding, is recognized for 1 minute.

Mr. HOLDING. Mr. Chairman, I will submit a statement for the record.

Mr. CHABOT. Okay. Thank you very much.

The gentleman from Pennsylvania, Mr. Scott, is recognized.

Mr. SCOTT. Mr. Chairman, I will also submit a statement.

Mr. CHABOT. Okay.

The gentleman from Indiana, Mr. Messer, is recognized.

Mr. MESSER. Thank you, Mr. Chairman. Very much appreciate the opportunity to be here at this hearing, looking forward to the opportunity to travel to the region with many of you just in the coming couple of weeks.

Would just sort of hope for Mr. Russel and emphasize the importance of talking today about the—President Ma's from Taiwan's East China Sea peace initiative and the importance of as we work through the challenges in that region that we apply common sense and listen to our allies. Thank you.

Mr. CHABOT. Thank you very much.

I will go ahead and introduce our distinguished panelist here this afternoon. Mr. Daniel Russel is the Assistant Secretary of State for East Asian and Pacific Affairs and is a career member of the Senior Foreign Service. Prior to his appointment as Assistant Secretary, Mr. Russel served at the White House as Special Assistant to the President and national security staff. During his tenure there, he helped formulate President Obama's strategic rebalance to Asia. Before joining the national security staff, he served as director of the Office of Japanese Affairs and had other various assignments in Japan, South Korea, the Netherlands, and Cyprus. He has also served as chief of staff to Ambassador Thomas R. Pickering and assistant to the Ambassador to Japan, former Senate Majority Leader Mike Mansfield. Mr. Russel was awarded the State Department's Una Chapman Cox Fellowship sabbatical and authored the book, "America's Place in the World." Before joining the Foreign Service, he was manager for an international firm in New York City. Mr. Russel was educated at Sarah Lawrence College and University College, University of London, U.K.

We welcome you here this afternoon, Mr. Russel, and since we have only one panelist we will be extending your time for a statement from 5 minutes to 7 minutes before we will ask questions.

So you are recognized for 7 minutes. Thank you.

STATEMENT OF THE HONORABLE DANIEL R. RUSSEL, ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE

Mr. RUSSEL. Thank you very much. You're very kind, Mr. Chairman.

Thanks to Ms. Gabbard and the other members of the subcommittee for the opportunity to testify today on these important issues.

Before I begin, I would respectfully request that you accept my written testimony for the record. I would also like to take the opportunity to thank the chairman for his leadership on the issue and his work to enhance our engagement with the Asia-Pacific region.

The members of this subcommittee know full well the importance of our interests in the Asia-Pacific region. As Secretary Kerry has made very, very clear, at the core of our strategic rebalancing is a determination to ensure that the Asia-Pacific region remains open, inclusive and prosperous, and that it is guided by accepted rules and standards and respect for international law.

Through our alliances, through our partnerships, the U.S. has been instrumental in sustaining a maritime regime based on international law that has allowed the countries in the region to prosper, and as a maritime nation with global trading networks the U.S. has a national interest in the maintenance of peace and stability, respect for international law, unimpeded lawful commerce

and freedom of navigation and overflight, including and especially in the East China Sea and the South China Sea areas.

For these reasons, the behavior and the tensions between the claimants are of deep concern to us and to our allies. An incident in these waters could touch off an escalatory cycle, which would have very serious adverse effects on our economic and our security interests.

That is why the Obama administration has consistently emphasized the importance of exercising restraint, of maintaining open channels of dialogue, of lowering rhetoric, of behaving safely and responsibly both in the sky and the sea and peacefully resolving territorial and maritime disputes and keeping with international law.

We oppose and we have sought to prevent unilateral actions that disrupt the status quo or jeopardize that peace and security. In the South China Sea we have supported efforts by ASEAN and China to reach agreement on an effective code of conduct, which is long overdue, in order to promote a rules-based framework for managing and regulating the behavior of the countries.

And in the East China Sea, we remain concerned about the serious downturn in Sino-Japanese relations. It is important to lower tensions, to turn down the rhetoric and to exercise caution and restraint in this sensitive area.

However, China's announcement of an Air Defense Identification Zone, an ADIZ in the East China Sea in late November, was a step in the wrong direction. We neither recognize nor accept China's declared ADIZ.

The United States has no intention of changing how we conduct our operations in the region and we have made clear to China that it should not attempt to implement that ADIZ and should refrain from taking similar actions elsewhere in the region.

Mr. Chairman, as I mentioned out the outset, the U.S. has a deep and long-standing stake in the maintenance of prosperity and stability in the Asia-Pacific and an equally deep and abiding long-term interest in the continued freedom of the seas based on the rule of law—a rule that guarantees, among other things, freedom of navigation, freedom of overflight and the other internationally lawful uses of the sea.

International law also makes clear the legal basis on which states can legitimately assert their rights in the maritime domain or can exploit maritime resources. So the United States takes the strong position that maritime claims must accord with customary international law.

Even though the United States isn't a claimant and even though the United States takes no position on the competing claims to sovereignty over disputed land features in the East China Sea or the South China Sea, we believe strongly, as I said, that the claims must accord with international law.

We also care deeply that all countries deal with the territorial and their maritime disputes peacefully, diplomatically and in accordance with international law. This means ensuring that claimants manage their differences without intimidation, coercion or the use of force.

We are candid with claimants, all the claimants, when we have concerns regarding their claims or the behavior in the way that they pursue them. Deputy Secretary Bill Burns and I were in Beijing last month and held extensive discussions with Chinese officials, for example.

In these discussions, we directly raised our concerns about what we see as a growing incremental pattern of efforts by China to assert control over the area contained in the so-called nine-dash line in the South China Sea.

Among other steps, this includes continued restrictions on access to the Scarborough Reef, pressure on the long-standing Philippine presence at the Second Thomas Shoal and the recent updating of fishing regulations covering disputed areas in the South China Sea.

Our view is that these actions have raised tensions in the region and have exacerbated concerns about China's long-term strategic objectives. China's lack of clarity with regard to its South China Sea claims have created uncertainty in the region and limit the prospect for achieving mutually agreeable resolution or equitable joint development arrangements.

At the risk of repeating myself, I want to reinforce the point, Mr. Chairman, that under international law, maritime claims in the South China Sea must be derived from land features and any Chinese claim to maritime rights not based on claimed land features would be inconsistent with international law.

China could highlight its respect for international law by clarifying or adjusting its claim to bring it into accordance with international law of the sea. Along with that, we strongly support serious and sustained bilateral as well as multilateral dialogue among claimants to address and manage overlapping claims in a peaceful and noncoercive way.

We support the rights of the claimants themselves to avail themselves of peaceful dispute mechanisms. The Philippines itself chose to exercise such a right last year with the filing of an arbitration case under the Law of the Sea.

Now, these legal and diplomatic processes will take time but the relevant parties in the near term can take steps to lower tension and avoid escalation. That includes practical mechanisms to prevent incidents or manage them when they occur. Another would be for the claimants to agree not to undertake new unilateral steps to change the status quo.

In the meantime, the U.S. is committed to promoting regional stability through continued strong diplomatic and military presence. This includes our efforts to promote best practices and good cooperation on all aspects of maritime security and to bolster maritime domain awareness including through our capacity-building program throughout Southeast Asia.

It includes strengthening institutions like ASEAN and the East Asia Summit as regional venues where countries can engage in dialogue with all involved both about the principles but also about practical measures to avoid conflict.

This is an issue of immense importance to the United States, to the Asia-Pacific and to the world, and I want to reaffirm here today that the United States will continue to play the central role in underwriting security and stability in the Asia-Pacific that has guar-

anteed peace and facilitated prosperity for the last six-plus decades.

Mr. Chairman, I thank you very much for the opportunity to appear here today and I look forward to hearing further views from the members of the committee and to answering any questions that you have.

Thank you.

[The prepared statement of Mr. Russel follows:]

**Testimony of Daniel Russel
Assistant Secretary of State
Bureau of East Asian and Pacific Affairs
U.S. Department of State**

Before the

**House Committee on Foreign Affairs
Subcommittee on Asia and the Pacific**

Wednesday, February 5, 2014

Maritime Disputes in East Asia

Chairman Chabot, Members of the Subcommittee, thank you for the opportunity to testify today on these important issues.

Before I begin, I would also like to take this opportunity to thank you, Chairman Chabot, for your leadership on this issue and for your work to enhance our engagement with the Asia-Pacific region. This Subcommittee has contributed to the rich bipartisan tradition of engaging the Asia-Pacific and advancing U.S. interests there.

The Members of this Subcommittee know well the importance of the Asia-Pacific region to American interests. The broader region boasts over half the world's population, half of the world's GDP, and nearly half of the world's trade, and is home to some of the fastest growing economies in the world. More and more American citizens are now living, working, and studying in this part of the world and people-to-people and family ties between Americans and the peoples of the Asia-Pacific have witnessed tremendous growth. Growing numbers of American companies are investing in and exporting their products and services to rapidly expanding East Asian markets. Asia-Pacific businesses are increasing their profiles in the United States and creating jobs for American workers. And, as the region's economies continue to grow and their interests expand, it becomes increasingly important that the governments and institutions there contribute to upholding and strengthening international law and standards – ranging from human rights to environmental protection to responsible policies on climate change,

maritime security, and trade and investment. The effects of what happens in the Asia-Pacific Region will be felt across the globe and have direct implications for America's interests.

It is precisely with this in mind that this administration has for the past five years made sustained engagement in the Asia-Pacific a strategic priority. This is precisely why Secretary Kerry is about to make his fifth visit to Asia in ten months and why he has devoted so much time and effort to meeting, calling and consulting with his Asian counterparts.

We have a strong stake in the continuing economic growth of this region, and we are working to ensure that Americans can fully participate in that growth and share in that prosperity. We are negotiating high-standard trade and investment agreements that will unlock the dynamism of Pacific Rim economies for mutual benefit. We are bolstering regional cooperation on transnational issues through ASEAN and its related institutions. And we are helping countries manage complex environmental issues resulting from rapid development. The common thread running through our strategic rebalancing is a determination to ensure that the Asia-Pacific remains an open, inclusive, and prosperous region guided by widely accepted rules and standards and a respect for international law.

Since the end of the Second World War, a maritime regime based on international law that promotes freedom of navigation and lawful uses of the sea has facilitated Asia's impressive economic growth. The United States, through our our alliances, our security partnerships and our overall military presence and posture, has been instrumental in sustaining that maritime regime and providing the security that has enabled the countries in the region to prosper. As a maritime nation with global trading networks, the United States has a national interest in freedom of the seas and in unimpeded lawful commerce. From President Thomas Jefferson's actions against the Barbary pirates to President Reagan's decision that the United States will abide by the Law of the Sea Convention's provisions on navigation and other traditional uses of the ocean, American foreign policy has long defended the freedom of the seas. And as we consistently state, we have a national interest in the maintenance of peace and stability; respect for international law; unimpeded lawful commerce; and freedom of navigation and overflight in the East China and South China Seas.

For all these reasons, the tensions arising from maritime and territorial disputes in the Asia-Pacific are of deep concern to us and to our allies. Both the South China and East China Seas are vital thoroughfares for global commerce and energy. Well

over half the world's merchant tonnage flows through the South China Sea, and over 15 million barrels of oil per day transited the Strait of Malacca last year, with most of it continuing onward through the East China Sea to three of the world's largest economies – Japan, the Republic of Korea, and China. A simple miscalculation or incident could touch off an escalatory cycle. Confrontations between fishermen and even law enforcement patrols are not unusual in these waters. But the frequency and assertiveness of some countries' patrols are increasing. In addition, the imposition of competing regulations by different countries over disputed territory and associated maritime areas and airspace is raising tensions and increasing the risk of confrontation. We witnessed a tragic incident in May of last year, when a Philippine Coast Guard patrol shot and killed a fisherman from Taiwan. Both sides, to their credit, took steps to prevent an escalation of tensions. But the risk of confrontation could have very serious adverse consequences for all of our economic and security interests.

Accordingly, we have consistently emphasized in our diplomacy in the region as well as in our public messaging the importance of exercising restraint, maintaining open channels of dialogue, lowering rhetoric, behaving safely and responsibly in the sky and at sea, and peacefully resolving territorial and maritime disputes in accordance with international law. We are working to help put in place diplomatic and other structures to lower tensions and manage these disputes peacefully. We have sought to prevent provocative or unilateral actions that disrupt the status quo or jeopardize peace and security. When such actions have occurred, we have spoken out clearly and, where appropriate, taken action. In an effort to build consensus and capabilities in support of these principles, the administration has invested considerably in the development of regional institutions and bodies such as the ASEAN Regional Forum, the ASEAN Defense Ministers Meeting Plus, the East Asia Summit, and the Expanded ASEAN Maritime Forum. These forums, as they continue to develop, play an important role in reinforcing international law and practice and building practical cooperation among member states.

In the South China Sea, we continue to support efforts by ASEAN and China to develop an effective Code of Conduct. Agreement on a Code of Conduct is long overdue and the negotiating process should be accelerated. This is something that China and ASEAN committed to back in 2002 when they adopted their Declaration on the Conduct of Parties in the South China Sea. An effective Code of Conduct would promote a rules-based framework for managing and regulating the behavior of the relevant countries in the South China Sea. A key part of that framework, which we and many others believe should be adopted quickly, is inclusion of mechanisms such as hotlines and emergency procedures for

preventing incidents in sensitive areas and managing them when they do occur in ways that prevent disputes from escalating.

And in the East China Sea, we remain concerned about the serious downturn in China-Japan relations. We support Japan's call for diplomacy and crisis management procedures in order to avoid a miscalculation or a dangerous incident. It is important to lower tensions, turn down the rhetoric, and exercise caution and restraint in this sensitive area. China and Japan are the world's second and third largest economies and have a shared interest in a stable environment to facilitate economic growth. Neither these two important countries nor the global economy can afford an unintended clash that neither side seeks or wants. It is imperative that Japan and China use diplomatic means to manage this issue peacefully and set aside matters that can't be resolved at this time.

China's announcement of an Air Defense Identification Zone (ADIZ) over the East China Sea in November was a provocative act and a serious step in the wrong direction. The Senkakus are under the administration of Japan and unilateral attempts to change the status quo raise tensions and do nothing under international law to strengthen territorial claims. The United States neither recognizes nor accepts China's declared East China Sea ADIZ and has no intention of changing how we conduct operations in the region. China should not attempt to implement the ADIZ and should refrain from taking similar actions elsewhere in the region.

Mr. Chairman, we have a deep and long-standing stake in the maintenance of prosperity and stability in the Asia-Pacific and an equally deep and abiding long-term interest in the continuance of freedom of the seas based on the rule of law – one that guarantees, among other things, freedom of navigation and overflight and other internationally lawful uses of the sea related to those freedoms. International law makes clear the legal basis on which states can legitimately assert their rights in the maritime domain or exploit marine resources. By promoting order in the seas, international law is instrumental in safeguarding the rights and freedoms of all countries regardless of size or military strength.

I think it is imperative that we be clear about what we mean when the United States says that we take no position on competing claims to sovereignty over disputed land features in the East China and South China Seas. First of all, we do take a strong position with regard to behavior in connection with any claims: we firmly oppose the use of intimidation, coercion or force to assert a territorial claim. Second, we do take a strong position that maritime claims must accord with customary international law. This means that all maritime claims must be derived

from land features and otherwise comport with the international law of the sea. So while we are not siding with one claimant against another, we certainly believe that claims in the South China Sea that are not derived from land features are fundamentally flawed. In support of these principles and in keeping with the longstanding U.S. Freedom of Navigation Program, the United States continues to oppose claims that impinge on the rights, freedoms, and lawful uses of the sea that belong to all nations.

As I just noted, we care deeply about the way countries behave in asserting their claims or managing their disputes. We seek to ensure that territorial and maritime disputes are dealt with peacefully, diplomatically and in accordance with international law. Of course this means making sure that shots aren't fired; but more broadly it means ensuring that these disputes are managed without intimidation, coercion, or force. We have repeatedly made clear that freedom of navigation is reflected in international law, not something to be granted by big states to others. President Obama and Secretary Kerry have made these points forcefully and clearly in their interactions with regional leaders, and I – along with my colleagues in the State Department, Defense Department, the National Security Council and other agencies – have done likewise.

We are also candid with all the claimants when we have concerns regarding their claims or the ways that they pursue them. Deputy Secretary Burns and I were in Beijing earlier this month to hold regular consultations with the Chinese government on Asia-Pacific issues, and we held extensive discussions regarding our concerns. These include continued restrictions on access to Scarborough Reef; pressure on the long-standing Philippine presence at the Second Thomas Shoal; putting hydrocarbon blocks up for bid in an area close to another country's mainland and far away even from the islands that China is claiming; announcing administrative and even military districts in contested areas in the South China Sea; an unprecedented spike in risky activity by China's maritime agencies near the Senkaku Islands; the sudden, uncoordinated and unilateral imposition of regulations over contested airspace in the case of the East China Sea Air Defense Identification Zone; and the recent updating of fishing regulations covering disputed areas in the South China Sea. These actions have raised tensions in the region and concerns about China's objectives in both the South China and the East China Seas.

There is a growing concern that this pattern of behavior in the South China Sea reflects an incremental effort by China to assert control over the area contained in the so-called "nine-dash line," despite the objections of its neighbors and despite

the lack of any explanation or apparent basis under international law regarding the scope of the claim itself. China's lack of clarity with regard to its South China Sea claims has created uncertainty, insecurity and instability in the region. It limits the prospect for achieving a mutually agreeable resolution or equitable joint development arrangements among the claimants. I want to reinforce the point that under international law, maritime claims in the South China Sea must be derived from land features. Any use of the "nine dash line" by China to claim maritime rights not based on claimed land features would be inconsistent with international law. The international community would welcome China to clarify or adjust its nine-dash line claim to bring it in accordance with the international law of the sea.

We support serious and sustained diplomacy between the claimants to address overlapping claims in a peaceful, non-coercive way. This can and should include bilateral as well as multilateral diplomatic dialogue among the claimants. But at the same time we fully support the right of claimants to exercise rights they may have to avail themselves of peaceful dispute settlement mechanisms. The Philippines chose to exercise such a right last year with the filing of an arbitration case under the Law of the Sea Convention.

Both legal and diplomatic processes will take time to play out. The effort to reach agreement on a China-ASEAN Code of Conduct has been painfully slow. However, there are important steps that the relevant parties can take in the short term to lower tensions and avoid escalation. One line of effort, as I mentioned earlier, is to put in place practical mechanisms to prevent incidents or manage them when they occur. Another common-sense measure would be for the claimants to agree not to undertake new unilateral attempts to change the status quo, defined as of the date of the signing of the 2002 Declaration of Conduct, that would include agreement not to assert administrative measures or controls in disputed areas. And as I have indicated, all claimants – not only China – should clarify their claims in terms of international law, including the law of the sea.

In the meantime, a strong diplomatic and military presence by the United States, including by strengthening and modernizing our alliances and continuing to build robust strategic partnerships, remains essential to maintain regional stability. This includes our efforts to promote best practices and good cooperation on all aspects of maritime security and bolster maritime domain awareness and our capacity building programs in Southeast Asia. The Administration has also consistently made clear our desire to build a strong and cooperative relationship with China to advance peace and prosperity in the Asia-Pacific, just as we consistently have encouraged all countries in the region to pursue positive relations with China. And

this includes working with all countries in the region to strengthen regional institutions like ASEAN and the East Asia Summit as venues where countries can engage in clear dialogue with all involved about principles, values and interests at stake, while developing cooperative activities – like the Expanded ASEAN Seafarers Training initiative we recently launched – to build trust and mechanisms to reduce the chances of incidents.

To conclude, this is an issue of immense importance to the United States, the Asia-Pacific, and the world. And I want to reaffirm here today that the United States will continue to play a central role in underwriting security and stability in the Asia-Pacific.

Mr. Chairman, I thank you for this opportunity to appear before you today to discuss this important issue. I look forward to answering any questions you may have.

Mr. CHABOT. Thank you very much for your testimony, and before I begin the questioning here, I'd be remiss if I didn't recognize an old hand, somebody that served our institution for probably 20 years or so, was chairman of the Intelligence Committee and served his district in Michigan very well, and that's Congressman Pete Hoekstra.

Pete, why don't you stand up there? You deserve to be recognized.

(Applause)

Thank you for your service, and I'll begin with myself. I recognize myself for 5 minutes.

Mr. Russel, since the administration announced its policy to strategically rebalance toward the Asia-Pacific back in 2011, many said this strategic pivot was implemented as a way to contain China's rise. China surely believes this to be the case and some believe this policy is the root cause of China's sense of paranoia, which instigated the intensification of its provocative and aggressive actions in the maritime regions in that part of the world.

At the end of the day, do you think the United States' forward presence in the region is more escalatory than not? Have our efforts to increase our presence correlated with the increase in regional tensions? If not, then what other explanations do you give for the rise in tensions over the last few years? I think, as Congressman Salmon and I both indicated in our opening statements, we're not interested in containing China. We do think that they need to act as a civilized nation, as a leader if they want to be treated as one and, unfortunately, their actions have been quite provocative. But what do you say about the rebalance or the pivot, whichever terminology one prefers?

Mr. RUSSEL. Thank you very much for the thoughtful question, Mr. Chairman.

I'd begin, if I may, by saying that when I was first seconded to the White House, to the National Security Council in January 2009 I heard and saw from the President and from the senior administration officials a commitment to strategic rebalance to the Asia-Pacific region based on U.S. interests.

So the rebalance, certainly, dates back to 2009 to the very beginning of the administration and has, I would say, and has always had six basic lines of effort. First, to strengthen our alliances; second, to participate and to build up regional institutions; thirdly, to engage emerging powers including and especially China; fourth, to promote economic development that benefits the U.S. and the countries in the region; fifth, to champion the values that America cherishes, the values of democracy and to strengthen civil society in the region; and sixth, to diversify our engagement. In other words, use our soft power in addition to our strong military alliances and presence.

That having been said, I am convinced that a diminution or a withdrawal of U.S. engagement and presence, to answer your question in the inverse, would be a major destabilizing factor in the region and it would—

Mr. CHABOT. Not to cut you off there—and I agree with you that it would be and we shouldn't do that—but my question is the way

China interprets this and it seems that they interpret it very differently than we intended and that's really what I'm getting at.

Do you think their actions in any way are a reflection of what we are doing—rebalancing allegedly from the Middle East to Asia?

Mr. RUSSEL. I do not, Mr. Chairman.

Mr. CHABOT. Okay.

Mr. RUSSEL. I recognize that there are many in China who either believe or find it convenient to argue that the U.S. strategy of engagement in the Asia-Pacific region is in some fashion at odds with China's own interests or, arguably, part of a containment strategy. It is not. Moreover—

Mr. CHABOT. Okay. Let me stop you there, if I can, because I've only got 2 minutes and I want to get one more question at least.

The budget for the East Asia and Pacific Bureau is the second smallest of the bureaus at the State Department. Vying for funds with the Middle East is surely no easy task because despite troop withdrawals across that region much of the administration's focus is centered on crises occurring in the Middle East and that part of the world.

That being said, the Asia-Pacific region is the future. It's the driver of the global economy and will make or break our geopolitical role in the world, I believe. Balancing the need to increase our level of engagement in the Asia-Pacific with budget constraints here in Washington, how do you propose that we best increase our presence while restraining the cost of that engagement?

Mr. RUSSEL. Well, thank you, Mr. Chairman.

Needless to say, you're preaching to the choir. Secretary Kerry and, of course, I and my colleagues have been vigorous advocates for not only the State Department budget but for fully resourcing the strategic rebalance in the Asia-Pacific region, and against the backdrop of fiscal constraint as you alluded to we have seen important increases in other areas where our budget have been protected, certainly, relative to that of other agencies.

The lines of effort that we're pursuing in the State Department and as a government include activist diplomacy, include the clear and outspoken statements—a public assertion of our policy which it has an important effect and is influential in providing confidence to our partners and allies in the region; a robust military presence which must continue and that is enhanced greatly by our unique system of alliances and security partnerships; an aggressive effort to partner—to develop partner capacity including by strengthening maritime domain awareness and other forums that allow our partners to act and to operate; and importantly, Mr. Chairman, our active engagement in the multilateral institutions that serve to help rule setting.

These are projects that our men and women in our Embassies and in our militaries are actively engaged in every day.

Mr. CHABOT. Thank you very much.

My time is expired. The ranking member, the gentlelady from Hawaii, Ms. Gabbard, is recognized for 5 minutes. Thank you.

Ms. GABBARD. Thank you very much, Mr. Chabot.

I'm going to pick up where he just left off. You know, obviously, coming from a state—Hawaii—that someone just told me this morning—I thought it was a great terminology—where we are the

strategic point of the spear for our country's focus on the Asia-Pacific region geographically so keep a very close eye and are very keenly aware of things that are happening on an ongoing basis but also aware of the opportunity that exists in the region, and it is a question that often arises both, you know, here at home but also from some of our allies in the region is are we really serious about this focus on the Asia-Pacific when numbers come out as they are—the chairman pointed out your department's budget being the second smallest in Department of State.

In Hawaii, we have the East-West Center, which I think you're keenly aware of, also has seen a reduction in funding this year.

When is this priority going to start taking place or showing through in very real and practical ways?

Mr. RUSSEL. Well, thank you for that question, Ms. Gabbard.

We are committed and Secretary Kerry is committed not only to the Asia-Pacific region but to an active and effective presence, active and effective forms of engagement throughout the Asia-Pacific region.

The East-West Center is an extremely important venue for us. President Obama, of course, has a personal connection there. I know the head of the East-West Center is in Washington and I'm scheduled to meet with him soon.

The programs that we engage in not only in Hawaii but in the region are aimed at reaching out to governments, to civil society and to ensure that our connections with the countries in the region are more than simply professions of bilateral ties—that these are grass roots and people-to-people connections.

So what Secretary Kerry, in terms of resource and in terms of direction, has focused on includes economic engagement, educational exchange, cooperative programs that pertain to energy, climate and other transnational issues and threats of common concern, economic development—everything from the Trans-Pacific Partnership to a range of commercial and other sorts of programs.

Ms. GABBARD. No, I appreciate your talking about that and one of the assets that the East-West Center provides is at that grass roots level where you're having that exposure and that engagement with people who go back to their countries who become leaders within their countries and takes a very proactive approach.

I'd like to talk a little bit about—let's see, I've got a lot of questions here. You talked about the effective code of conduct agreed to by the ASEAN nations and China.

Could you just touch quickly on the progress of that and what the guidelines—kind of the framework is for that?

Mr. RUSSEL. Well, in 2002, ASEAN and China reached agreement on a declaration of conduct that established certain principles and that also committed them to negotiate a code of conduct that would oversee the behavior of the parties in the region.

The two elements to a code of conduct, which we see great value to, are, first, reaching consensus between ASEAN and China about acceptable forms of behavior among claimants and relevant parties in the South China Sea based on the principles of peaceful resolution, respect for international law, no unilateral changes to the status quo and so on.

A second dimension of the code of conduct that we believe can be expedited—should be expedited is the development of practical mechanisms to prevent incidents that could trigger an escalatory cycle or to manage those incidents should they occur.

The United States has abundant experience with procedures to prevent incidents at sea. We have put our experience and our expertise at the disposal of the ASEANs. We're actively engaged in partnerships through a number of the ASEAN-related forum for maritime cooperation and maritime security.

We think that there is no reason why a code of conduct can't be negotiated quickly or that practical steps can't be taken in the interim.

Ms. GABBARD. Thank you very much.

Thank you, Mr. Chairman.

Mr. CHABOT. Thank you. The gentlelady's time has expired.

The gentleman from Arizona, Mr. Salmon, is recognized, who is also the chairman of the Western Hemisphere Subcommittee of the Foreign Affairs Committee.

Mr. SALMON. Thank you, Mr. Chairman.

When I served in Congress back in the 90s, our Secretary of State delineated a policy with China that was very confusing. It was called strategic ambiguity, and it sounds like an oxymoron.

I think that since that time as a country we've tried desperately to seek strategic clarity in dealing with China and we've expanded our trade relations with China. We've advocated for permanent normal trade relations, their ascension to the WTO, and we've, I think, acted every bit as a good partner should.

But given the fact that in the last couple of years especially they've increased their antagonistic ways in the South and East China Seas, what more can we do? I mentioned in my opening statement that President Ma of Taiwan has recommended this East China Sea peace initiative.

Mr. Russel, do you have any thoughts on that as far as—is that something we could pick up and run with? It doesn't call for military action and it certainly opens the door for meaningful dialogue.

But it has to happen with all interested parties and what role can the United States take in establishing that kind of a peace initiative?

Mr. RUSSEL. Well, thank you very much, Mr. Salmon.

In diplomacy, as in other aspects of life, timing is everything and I think it is unfortunate that President Ma's peace initiative when it was announced did not fall on fertile soil or water, so to speak.

There are a number of very important elements to that initiative. Others have made proposals including President Aquino, who similarly proposed a zone of peace and cooperation.

When you break apart these initiatives and look at the key elements thereof, you find the principles that are at the heart of the U.S. strategy and the U.S. effort, namely, respect for international law and peaceful resolution of disputes.

Our activist diplomacy, both bilateral and multilateral, at the Presidential level, at the Secretary's level and at my level is aimed at seeking consensus, not just lip service but practical operational consensus around these principles including the principles of respect for international law.

All of the claimants need to define their claims clearly in ways that are consistent with international law. This particularly applies to China. The ambiguity of China's claim and the behavior of Chinese assets in asserting these claims is a destabilizing factor.

We have made that point directly to the Chinese. I was recently, as I mentioned, in Beijing. This is something that Secretary Kerry has taken up directly, something that we have included in our clear public statement.

Mr. SALMON. You know, I was one of the strongest advocates for passage of permanent normal trade relations because I believe that our further engaging with China in trade and opening up more and more doors for China to do business with the United States was a really, really good thing.

I remember having to speak to a lot of my colleagues who were real reticent about it because of some of the horrendous human rights abuses in China and on and on and on.

I mean, several issues—aggression toward Taiwan, and I advocated that that passage of the permanent normal trade relations would ultimately lead to better relations in the region and maybe an improvement in human rights. I've been really disappointed.

I mean, I've been incredibly disappointed that China hasn't taken the ball and run with it and it seems to me that they're just playing a game of dare.

You know, we're going to see what we can get away with and if the U.S. has the guts, the cojones, to challenge us, and given the fact that, you know, this pivot that was supposed to happen but I don't believe it really has happened has maybe kind of emboldened them, I'd just like to encourage us to maybe practice a little bit of tough love with them and let them know that we're just not going to stand for or tolerate those kind of aggressive actions because some of those aggressive actions have actually materialized into violence and that's just not tolerable.

Mr. RUSSEL. Well, Congressman, let me make absolutely clear that the United States is committed to and is working to achieve a stable, constructive, cooperative relationship with China. The President, the Secretary, the members of the Cabinet have vigorously pursued that effort.

But by the same token, we are also committed to a relationship that allows us to speak clearly and candidly to respond directly on areas of significant difference.

We want and the region needs a China that embraces the rule of law. We need a China that is a net contributor to the stability and the security of the region. To achieve that, we have a deliberate and, I would say, sophisticated strategy that combines the search for practical cooperation on areas of genuine importance to both of our citizens and to the world as everything from climate change to North Korea.

But it also enables us to address directly areas of difference, areas of concern and problem behavior even when, to the chagrin of the Chinese, that requires us to publicly call them out or impose reputational costs.

The key to our China strategy, Congressman, is the strength of our partnerships and our security alliances in the Asia-Pacific. That is the underpinning that has allowed China to prosper, as you

alluded to. That is the framework with which we will continue to work constructively with China.

Mr. CHABOT. The gentleman's time has expired.

The gentleman from California who is also——

Mr. SHERMAN. The gentleman from Virginia first.

Mr. CHABOT. Okay. The gentleman from Virginia, Mr. Connolly, is recognized for 5 minutes.

Mr. CONNOLLY. I thank my colleague and I thank you, Mr. Chairman.

Mr. Russel, of course, I'm listening to my colleague and I certainly consider what he's saying but to assert something is not tolerable with respect to Chinese behavior in the South China Sea is fascinating, you know, to hear. I'm not quite sure what it translates into in terms of policy.

What are we prepared to do to curb Chinese excesses as we perceive them in that region?

Mr. RUSSEL. Well, thank you, Congressman. I'll tell you a bit about what we are doing as a practical matter to address this.

First and foremost, as I said, we are strengthening our alliances and our security posture. We are present and accounted for in our defense capacity in a significant and in a sustained and credible way.

Secondly, we are working with a range of partner countries to help build local capacity, to develop their ability to monitor their own airspace, their own territorial waters and to acquire the wherewithal to defend themselves and their interests in a responsible way.

This is something that the United States does bilaterally but it is something that we do also with our partners and through international fora.

Thirdly, we engage with China directly as well as with the ASEANs and with neighbors including India, including Australia in the multilateral fora that we are attempting to strengthen.

The regional architecture in the Asia-Pacific region is under developed and the decision in 2010 by President Obama to sign the treaty with ASEAN and to begin participating on an annual basis both U.S. ASEAN leaders meetings and in the East Asia Summit was a major milestone in terms of commitment to a U.S. presence that had a palpable impact on China's calculus and China's behavior.

Mr. CONNOLLY. Thank you.

One of the concerns I have in this whole situation talked about in a previous hearing is the space for miscalculation. One looks at what China is doing and one is concerned.

It looks from a distance like it's picking a fight with Vietnam, with the Philippines, with Japan, among others and one may not intend by declaring, you know, a Air Defense Identification Zone—one may not intend to do something overtly provocative but the result might be just that.

And the probability of an accidental military incursion or worse starts to rise, frankly, especially when you pick fights with more actors in the region and encompassing more of the region.

What is the United States position on that? I mean, do we—is that a concern of ours and have we relayed that concern to the Chi-

nese Government and what's our reading of the Chinese Government?

Have they thought that through, do you think, in a satisfactory way? I mean, is that of concern to them as well?

Mr. RUSSEL. Well, thank you, Congressman.

We are very mindful of the risk of unintended conflict or of accidents. No analyst that I know or respect believes that China or, frankly, other major players in the Asia-Pacific region have any desire for or intention to engage in conflict deliberately. But as Vice President Biden is fond of saying, there's something worse than an intended conflict and that's an unintended conflict.

To that end, to avoid that two major lines of effort by the United States include the direct engagement with the Chinese and with the People's Liberation Army on upgrade of mil-mil relations between the U.S. and China, which has enabled us to improve our ability to communicate.

That doesn't obviate occasions in which the U.S. and Chinese assets are at odds, as witnessed the case of the—recent case of the USS Cowpens. But it does allow for a level of communication that permits U.S. and Chinese officers to resolve issues peaceably, which was also the case with the Cowpens.

The second line of effort is more broadly with our allies and with our partners whether it's Japan, whether it's the Philippines or whether it's others. We are actively promoting regional mechanisms to prevent incidents and to manage them when they occur, everything from hot lines to rules of engagement.

This is one important reason why the U.S. strongly supports the call by Japan for better communications and incident avoidance procedures in the East China Sea with China.

Mr. CHABOT. The gentleman's time has expired.

Mr. CONNOLLY. I thank you. Thank you, Mr. Chairman, and I thank my colleague, Mr. Sherman, for his courtesy.

Mr. CHABOT. Thank you very much.

The gentleman from North Carolina, Mr. Holding, is recognized for 5 minutes.

Mr. HOLDING. Thank you, Mr. Chairman.

You know, how the United States deals—decides to engage with the maritime conflicts or the air disputes in the East and South China Seas, you know, not only sends important messages to our allies as to how we take care of them but it says to other countries around the world that might not necessarily be an ally but someone that we have a strategic relationship with, and one nation that I know who's been very, very close attention to how we handle these is India, and, you know, they watch any engagement we have with China and they watch it closely.

So what would you say any potential action or inaction in the East and South China Seas that we undertake—you know, what do you think that means for our strategic relationship with India?

Mr. RUSSEL. Well, thank you very much, Congressman.

With the caveat that my personal area of responsibility in the State Department does not extend as far as India, I would say that India, including as an active member of the East Asia Summit, India, by virtue of its "look East" policy, India, as the world's largest democracy and given its strategic place in the Indo-Pacific geog-

raphy has an important role to play, an important contribution to make.

We have a consultation with India, which I'm looking forward to undertaking as Assistant Secretary on the Asia-Pacific region, and I have been in touch on the margins of multilateral meetings with my Indian counterparts.

Others of our Asian allies including and especially Japan have intense consultations as well. The Prime Minister of Japan was recently there. Fundamentally, the rules of the South China Sea and the East China Sea apply in the Indian Ocean and apply globally.

The absolute requirement and a requirement that is incumbent on China to embrace to respect rules of the road, to accept that international law applies equally to big countries and small, to strong and weak, is a principle—a set of principles that I believe is essential to India, and that the efforts by the United States including in the multilateral forum to champion these principles have a significant impact and, I believe, the support of the Indian democracy.

Mr. HOLDING. Well, you know, it's hard to see how we can have a pivot to India without—a pivot to Asia without really thinking about India because India is a country where we have a very special strategic relationship with.

We are bound by, as you pointed out, it's the world's largest democracy. We're the world's oldest democracy and, you know, the business relationships that we have between the United States and India are deep and far reaching and, you know, I think that India, you know, is a balance to China there.

I mean, obviously those two, you know, look at each other all the time. And so do you think there are ways where we can better incorporate India into our pivot to Asia and perhaps use it as a foil of China—a balance to China?

Mr. RUSSEL. Well, thank you, Congressman.

You know, our strategy, as I said earlier, is not to contain China. Our goal is not to disadvantage China's legitimate interests and we don't—our policies are not aimed at any one country and we don't use our relationships including our relationship with India as a lever or a bludgeon against China.

However, the issues at stake are global issues. As democracies and as seafaring nations, India and the United States share a common interest in respect for international law, in protection of freedom of navigation and overflight and in the vigorous defense of unimpeded lawful commerce.

India has—is a neighbor not only to China but also to Burma, Myanmar, and has an important East-West corridor of trade, a corridor that is important to India's economic future because of the huge opportunities for economic growth in that very dynamic region of Southeast Asia.

India is dependent on the sea lanes as so many of its neighbors and therefore the safety and the security of the seas, a safety and security that's predicated not on coastal navies but on the respect for international law.

Mr. HOLDING. Thank you.

Mr. CHABOT. The gentleman's time has expired. I thank the gentleman.

The gentleman from California, Mr. Sherman, is recognized, who is also the ranking member of the Terrorism, Nonproliferation, and Trade Subcommittee of the Foreign Affairs Committee.

Mr. SHERMAN. Thank you.

China has land border disputes as well with India, perhaps Pakistan, Vietnam, perhaps Burma, Russia. Has China ever agreed to or suggested international arbitration or international litigation of any of its land or maritime border disputes?

Mr. RUSSEL. Well, thank you, Congressman.

As you pointed out, China has not only something like two dozen neighbors but something like two dozen border disputes.

Now, China has at various times made progress in resolving and reconciling some of these disputes but does so—

Mr. SHERMAN. I know China has engaged in bilateral negotiations. Have they urged or agreed to the submission of any of these disputes to any international panel?

Mr. RUSSEL. The Chinese position, particularly with regard to its territorial disputes in the—in Southeast Asia and in the East China Sea insists that the only satisfactory approach is bilateral negotiations.

We do not agree and, moreover, in addition to bilateral and multilateral fora we respect and defend the right of all claimant states to avail themselves of legitimate international legal mechanisms.

Mr. SHERMAN. Thank you.

Mr. RUSSEL. The case in point is the Philippines.

Mr. SHERMAN. I understand. Let me go on.

The Senkaku Islands, as Japan calls them—

Mr. RUSSEL. Yes.

Mr. SHERMAN [continuing]. They've got a claim and they—as I understand it, they have had an air notification system with regard to those islands in place for quite some time. Is that correct?

Mr. RUSSEL. Correct. These islands—

Mr. SHERMAN. So when China—so when China announced that it wanted air notification they were simply putting themselves at the same position and claim that Japan had insisted upon for many years?

Mr. RUSSEL. I would put it very differently, Congressman.

In 1972 when Okinawa reverted from the U.S. to Japan, the administrative control of these islands, what the Japanese call the Senkakus, also reverted to Japan.

Now, we don't take a position on the ultimate sovereignty but the administrative control is there. With that administrative control came the Air Defense Identification Zone that the U.S. had created.

To create or to claim, as China did, an Air Defense Identification Zone over an area that is administered by another country over an area that is so highly sensitive is not, in my view, putting itself on par with Japan.

Mr. SHERMAN. But they did—they did just do what Japan was doing, albeit it's the U.S. position that Japan is the proper administrator of these islands at the present time. I don't think China necessarily accepts that but I want to go on to another question.

I'm an old CPA. We have something in my field called cost accounting where you look at an enterprise, say, spending \$600 bil-

lion or \$700 billion and allocate the expenditures to the various objectives and goals of the organization. It's not an easy thing to do.

I would allocate, for example, zero cents to defending Montana from Canadian invasion, though that is one of the responsibilities of our Pentagon. What portion of our overall military expenditures would you guess or what range would you apply to what portion is confronting China in maritime areas?

Mr. RUSSEL. Well, Congressman—

Mr. SHERMAN. Because, I mean, if we weren't doing—trying to achieve that goal we could save a lot of money but would that be a tenth? A quarter? What?

Mr. RUSSEL. I'd be happy to consult with my colleagues in the Pentagon to try to get an answer for you. But I would take issue with the formula that we are devoting our defense—a portion of our defense budget to confront China. Our—

Mr. SHERMAN. Confront, deal with—in your response you'll pick the right verb for whatever role we're playing in the oceans off of China. I just want to get a feel.

Now, Japan spends only 1 percent of its GDP on its military. It now has a confrontation with China over these islands. Is there any effort in Japan to spend anything close to 4.4 percent of its GDP on defense now that it believes its territory is being infringed upon?

Mr. RUSSEL. The Japanese defense budget is below 1 percent and has been in that general area since, certainly, I served for, speaking of Montana, Ambassador Mansfield in the 1980s.

Under the government of Prime Minister Abe and as a result of 5 years of sustained effort in the U.S.-Japan alliance, not only have the Japanese—has the Japanese Government increased albeit marginally its actual defense spending but Japan has upped its strategic cooperation with the United States as an ally in ways that are hugely valuable to the U.S.

The issue and the goal is not to contest territory with China. It's not to confront China. Our common objective is an ally—as an alliance is to bolster the security and the stability in the entire region.

Mr. SHERMAN. If I can just reclaim. I mean, I've met with Pentagon people who do research and they've said every research project is going to be focused on confronting China. We're not interested in all the—doing the research that will help us develop weapons to do anything else, and that's what they tell me privately.

Mr. RUSSEL. With all due respect, Congressman, a very significant part of the Japanese defense budget and defense cooperation—

Mr. SHERMAN. Well, I'm saying about—

Mr. RUSSEL [continuing]. Is aimed at defense against North Korea. A very significant amount of that is engaged in developing the capacity of Pacific Island and Southeast Asian partners.

Mr. CHABOT. The gentleman's time has expired.

We are going to go in a second round after Mr. Perry here, so if you want to, we can take that up or something else, for that matter.

The gentleman from Pennsylvania, Mr. Perry, is recognized for 5 minutes.

Mr. PERRY. Thank you, Mr. Chairman, and Mr. Russel, thank you for your testimony and being here today.

Just a couple things. It seems like, at least from my standpoint, we have an agreement on what should happen here but maybe I might disagree with how we're going about it.

I mean, I certainly understand toning down the rhetoric from our standpoint and trying to have a responsible conversation. The instruments of power that the United States is using and foremost in this regard is diplomatic and I would agree with that.

My concern is is that while we are talking it seems to me like China is doing, and while we're trying to bring down the tone and the rhetoric they continue to do and over a period of time certain things that have occurred will become the commonplace, the new standard, and that's where we'll be and maybe they'll push it and maybe they won't but they'll have moved the ball.

So when we talk about the ADIZ or the incident with the Cowpens, you know, these are unilateral actions and while we're talking is there any measurable—is there anything tangible the United States is doing to move the needle in the other direction?

Mr. RUSSEL. Well, thank you, Congressman.

To your point, I am convinced that ultimately our most effective instrument with China is diplomatic and political. There is a significant backlash.

There is a measurable reaction in the Asia-Pacific region to the perception of Chinese assertiveness to the incremental steps that you allude to to make assertions and create facts on the ground or on the water, and that translates into an intensified demand signal for U.S. military diplomatic economic engagement that many Chinese consider to be adverse to their interests. Our goal—

Mr. PERRY. So we're hoping that our actions will have the desired effect from within China. That is our—that's what I'm hearing.

Mr. RUSSEL. We are using all the instruments of U.S. influence and particularly the diplomatic instruments to affect and shape China's choices in the direction of responsible behavior in support of a stable region.

Mr. PERRY. And I can appreciate that. I wonder if we know how far is too far. Have we established that? And I'm not asking you to tell me what that would be but have we established how far is too far in regard to China's incursions?

Mr. RUSSEL. Well, in this unclassified setting, Congressman, what I would say without getting into trip wires or milestones is that we have in no uncertain terms communicated through action as well as through high-level diplomacy to the Chinese our firm commitment both to honor our security commitments alliances, to defend our interests, to remain engaged and made clear in a number of ways that the behavior that the Chinese manifest with regard to their neighborhood has a direct impact on the prospects for U.S.-China relations.

Mr. PERRY. Okay. I mean, I get all that. But so you tell me if I get a classified briefing I'm going to find out that there is a point where the United States will say that's enough, enough is enough and we're going to move to the next level. You're telling me is—in a classified setting is there that point established right now?

Mr. RUSSEL. The way that I would put it, Congressman, is that we are committed and determined to shape China's choices and influence China's behavior through all means of national and collective power.

Mr. PERRY. I mean, listen, I get it. It sounds like diplomatic mumbo jumbo to me and it's just—you know, I almost fall asleep. No disrespect intended but I can't get to an answer here that suits me as to we have a definitive line.

Is there a classified strategy that I can see? Do we have one? Just yes or no. That you won't mention here but is there a classified strategy that I might find elsewhere?

Mr. RUSSEL. There is, Congressman, an abundance of classified strategy with respect to both China and to the South China Sea and there's no time to—

Mr. PERRY. Okay. Let me ask you this. The treaty requirements and alliances we had were post-World War II or borne out of World War II at the end of World War II with our allies in the region and with maybe some of the other partners, China and otherwise.

But that's essentially the genesis of what we're talking about regarding these incursions and unilateral actions whether it's an ADIZ or what have you. That's what we're basing our foundation and our strategy on and our agreements. Am I right or wrong? I just want—I'm looking for clarification.

Mr. RUSSEL. Our bilateral security commitments and alliances are one of the essential elements of our strategy, as I mentioned.

Mr. PERRY. Okay. Thank you, Mr. Chairman. I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired.

We'll go into a second round now for anybody that might have any final questions. I'll recognize myself for 5 minutes.

Mr. Secretary, as you know, this year marks the 35th anniversary of the signing of the Taiwan Relations Act which has withstood the test of time and has proved to be one of the, I think, most significant policy instruments in the Asia-Pacific region over time. Last week, Taiwan received news that the U.S. Air Force plans to defund the Combat Avionics Program Extension Suite, or the CAPES program, which has huge implications for Taiwan. If continued, that program would upgrade 300 U.S. F-16s and 146 Taiwanese F-16s with top line avionics. If unfunded, then Taiwan will likely either turn to South Korea or face the detrimental possibility of no upgrades and an aging fleet of ABs. The other option is for the U.S. to release new F-16 CD fighters, or F-35s, but despite consistent support for many of us here in Congress, this has not happened yet. Since the administration continues to deny Taiwan's request to buy F-16 CD fighters and is now cutting the CAPES program, what options does Taiwan have?

What solution, a solution that's affordable to Taiwan, does the administration intend to offer? If the U.S. is going to follow through on its rebalance objectives, ensuring the security of our allies and friends is critical.

This is an important issue and I hope the administration takes finding a solution seriously. Could you comment on that?

Mr. RUSSEL. Yes. Well, thank you very much for raising the issue, Mr. Chairman.

We take our unofficial relations with Taiwan and we take our obligations under the Taiwan Relations Act very seriously. The Obama administration in less than 5 years notified something on the order of \$10 billion or \$11 billion worth of arms sales to Taiwan, which is quite formidable.

In addition, we have a sustained and a robust dialogue on security and defense issues. Our policy is that arms sales and our contribution to Taiwan's security contributes to cross strait stability and we are committed to helping to meet Taiwan's legitimate security needs.

Now, this all occurs in the context of a one-China policy consistent with three U.S.-China communiques as well as the Taiwan Relations Act that have been consistent over eight U.S. administrations. What is different now, I would assert, Mr. Chairman, are two things.

One is that the continued military build-up on the mainland side of the straits is unabated and, as in the past, that contributes to a sense of insecurity that in turn inspires the Taiwanese to seek additional arms and security assistance.

But the other thing that has changed since President Obama took office is the quality and the intensity of the cross strait dialogue themselves. There has been a stabilizing dynamic in the relationship between Taiwan and the mainland, something that we very much support and encourage and we hope to see continued progress toward reconciliation across the straits.

Mr. CHABOT. Thank you very much.

I've got two more questions and I've only got a minute so I'm going to boil them down pretty quickly and if you could answer relatively briefly on both.

One of the main things I think we've talked about here this afternoon is China for lack of a better term, kind of throwing its weight around with its being provocative and aggressive with a lot of its neighbors and what should we do with our allies.

And let me just touch on the Philippines. For quite some time, the most powerful nation that the world has ever known had a pretty significant military base there, specifically at Subic Bay, and the Philippine Government then decided that they no longer wanted that to be there and, of course, the Philippine people voiced their opinion relative to that. But could you comment on what the relationship is between the Philippines vulnerability to Chinese aggression and the absence of that base today? That's the first question.

The other question is when you go to Asia everybody talks about TPP. You know, that's at the top. You don't hear quite as much about it here in this country, unfortunately; but there it's really big, very important, and I too think it's important and we ought to talk about it more here. Obviously, in order to pass TPP, TPA is going to have to come first. How much of an effort is the President going to make to accomplish that? Because he's going to need both Democratic support and Republican support if we're going to do TPA and TPP.

Mr. RUSSEL. Well, thank you. I'll try to be brief, Mr. Chairman.

On the topic of the Philippines, the U.S. is and remains fully committed to our mutual defense treaty and to the security of the Philippines.

We are not looking for bases in the Philippines or elsewhere but what we are doing is working together to develop a framework agreement that will increase the U.S. access, will increase joint operations and this will contribute very directly to the security of the Philippines.

Mr. CHABOT. Right. But that really wasn't my question—what's the relationship between the lack of that base and their vulnerability? Do those two sort of—those two things kind of go hand in glove, logically?

Mr. RUSSEL. Again, I would tread carefully, not being a military person.

Mr. CHABOT. Undiplomatic?

Mr. RUSSEL. But—no, no. I don't—I'm not representing the Pentagon. But the U.S. presence in the Asia-Pacific region is strong and formidable. We were able to deploy virtually instantly to the Philippines in response to the super typhoon Haiyan using our existing bases in Okinawa and elsewhere.

Even without Clark and Subic we have, as the U.S., the capability. Clark and Subic were not going to make the Philippines a military superpower even if they had remained fully operational as joint bases to the this day.

Mr. CHABOT. Okay.

Mr. RUSSEL. If I might on the—

Mr. CHABOT. Well, I'll answer my own question. I think their vulnerability is significantly related to the lack of that base there and I think that was a strategic mistake on their part and there wasn't much we could do about it because they said get out. We got out. But on the TPP and TPA?

Mr. RUSSEL. The President on down, the administration is absolutely committed to seeing through TPP. Negotiators have been hard at work and I think are expected to meet shortly, perhaps in the region at ministerial level, and the President I know has warmly welcomed the introduction of a bipartisan bill on TPA.

Neither the U.S. nor any of the 11 members negotiating entered into this process with any intent other than to succeed in creating a high standard comprehensive agreement that is going to create jobs and open markets. The President is determined to get there.

Mr. CHABOT. Excellent. Thank you.

It's going to take a real effort—joint effort both by the President, the administration and the Congress as well to get this done.

Ranking member, the gentlelady from Hawaii, is recognized.

Ms. GABBARD. Thank you, again, Mr. Chairman. I have two questions I hope to be able to get addressed briefly.

Recognizing you're not speaking at all for the DoD but also understanding that the overall strategy that the President is looking forward to in the Asia-Pacific region has a very strong integration of both military-to-military engagements as well as the diplomatic and economic engagements as well, this year—later this year it'll be the first time that China was invited and has agreed to participate in the U.S.-led RIMPAC maritime exercise.

I understand there have been arguments made by people who think that this kind of military-to-military engagement will benefit—will benefit our—what the President is trying to accomplish in the Asia-Pacific region and others say that providing this exposure to China could strengthen their war fighting capabilities.

I'd like you to speak to that as to why this is the direction the President has decided to take.

Mr. RUSSEL. Mm-hmm. Thank you.

The participation of the Chinese in RIMPAC is, in the view of the administration, very much in the best interests of the United States and U.S. security as well as those of our regional partners.

We have a—we have an interest and a stake in a professional Chinese military as compared to an unprofessional Chinese military. Moreover, China's ability to engage constructively and as an active participant in multilateral exercises directly relates to the goal of China contributing as a net security provider, a net security contributor to the region, whether it is in connection with anti-piracy, patrolling sea lanes or securing international waters for the common good.

The growth of and the intensity of mil-mil relations between the U.S. and China over the last 5 years but particularly in the last year is, in our view, a major contributor to long-term stability. The high level engagement helps the Chinese People's Liberation Army understand what the U.S. is and isn't all about.

That is fundamentally a good thing in part because it is critical to debunk the mythology and the stereotypes widely held in the PLA—

Ms. GABBARD. Sure.

Mr. RUSSEL [continuing]. That drive bad behavior.

Ms. GABBARD. I hope to be able to be in Hawaii for those exercises later this year. Last month, you were quoted in a newspaper calling for a mechanism for crisis prevention or crisis management in the event that incidents could trigger an escalatory cycle.

I'm wondering if you'd talk about, you know, what that trigger could be as well and what point the United States would really seek to implement this kind of crisis prevention or crisis management.

Mr. RUSSEL. Well, the region has seen over the last few years but certainly recently as well a number of incidents—the tragic shooting of Taiwan fishermen by Philippines, the intersection of a Chinese fishing vessel with the Philippine naval vessel, cable cutting incidents between the Chinese coast guard and Vietnamese survey ships.

The opportunities for some kind of incident for some sort of miscalculation are legion. In every case, it has been the ability to communicate that has been central to defusing incidents.

Now, governments in these cases have ultimately communicated capital to capital. We also believe that ships themselves should be able to communicate bridge to bridge, and rather than making up on the spot solutions to problems, rather than delegating the decisions to junior officers in the heat of the moment to develop consistent rules to reach agreement on mechanisms, whether they are hot lines or whether they are standard operating procedures is going to play an important role in defusing—

Ms. GABBARD. So you're kind of talking what in a combat setting we would talk about rules of engagement or something along those lines that would be standard within the area?

Mr. RUSSEL. Right. Standardizing rules of engagement would be one element to a set of mechanisms that would help prevent or manage incidents should they occur.

Ms. GABBARD. Thank you.

Mr. CHABOT. Thank you. The gentlelady's time has expired.

The gentleman from California, Mr. Sherman, will wrap up for us here today.

Mr. SHERMAN. Mr. Assistant Secretary, we've—at the end we were kind of talking over each other. I was making the point that the Pentagon was devoting more and more of its resources, particularly at the research level and the force—and designing its future force configuration, allocating—focusing on confronting China, particularly off the Chinese coast.

You made the point, and I think it's a good one, that Japan faces quite a number of national security concerns—North Korea, its need to provide regional assistance to its partners in its neighborhood and, of course, they've got territory that they have a dispute over and they see the Chinese taking almost military action.

And yet Japan is able to deal with all of those national security concerns spending less than 1 percent of its GDP and relies in significant part for its defense on getting the American taxpayer to pick up a big chunk of that.

I didn't think this hearing was about trade. I'm delighted that it came up. The lion's share of our worldwide trade deficit is in the East Asia region, which is your bureau. I've talked to foreign ministry—Foreign Ministers and Ambassadors from other countries and they say—I say, what's your number one goal. It's promoting exports.

Mr. RUSSEL. Yes.

Mr. SHERMAN. What—your bureau, again, the biggest trade—the lion's share of the largest trade deficit in the history of the world is the U.S. trade deficit in your region. What's the most successful and tangible and definitive success your bureau has had in promoting U.S. exports or reducing U.S. imports?

Mr. RUSSEL. Well, the most recent and tangible success is the conclusion of the U.S.-Korea free trade agreement, which—

Mr. SHERMAN. I'll reclaim my time and point out that our trade deficit with South Korea has accelerated substantially as a result of and shortly after the effective date of that agreement.

There's a tendency to say exports create jobs without ever mentioning that imports cost us jobs. Both are true, and in fact our imports to South Korea—from South Korea grew as a result of that agreement. Our exports eventually should go up, although in the first year they've declined.

But, clearly, the trade deficit with South Korea has grown and grown substantially after that agreement. We have a huge trade deficit with Japan. Japan is asking us to defend them, as we have for over 60 years.

Has Japan offered to make any concessions as to how much U.S. food they import or anything else in an effort to get us engaged in this island dispute they have or do they feel that their claim on the

U.S. taxpayer is sacrosanct and doesn't need to be encouraged through trade concessions?

Mr. RUSSEL. Well, Congressman, as, of course, you know well, U.S. security assistance and commitment is not for sale. This is not something that we trade. The fact is that we're engaged in negotiations with Japan right now in the context of the TPP in which the Japanese have made very significant concessions.

Mr. SHERMAN. Only if we give them our auto market. But I'll point out—okay. The deal with South Korea increased our trade deficit. What assurance do we have that the negotiations you're referring to will not also increase our net trade deficit?

Mr. RUSSEL. I was recently in Korea. I met with the American Chamber of Commerce and the representatives of a wide range of U.S. businesses including auto—U.S. auto manufacturers who are—

Mr. SHERMAN. Looking to offshore our jobs and close down U.S. factories to increase profits. How did you help them do that? That was—sorry for the facetious question. Go on.

Mr. RUSSEL. U.S. businesses are reporting unprecedented access to the Korean market and significantly enhanced opportunities for exports, and we believe that the successful conclusion of the Trans-Pacific Partnership by lowering barriers and by bringing high standards to countries like Japan, like—

Mr. SHERMAN. Mr. Secretary, I'll reclaim my time and say the definition of insanity is to keep doing the same thing and expect another result. Our agreement—numbers don't lie. I'm an old CPA.

I look at the numbers, and our trade deficit with South Korea has grown very substantially after that agreement and if we do it again on a bigger scale we should expect the same results, only bigger. I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired so we'll finish up the hearing with the definition of insanity here this afternoon. We greatly appreciate your testimony here this afternoon, Mr. Secretary.

Members will have 5 legislative days to submit questions or revise their statements, and if there's no further business to come before the committee, we're adjourned.

Thank you.

Mr. RUSSEL. Thank you very much, Mr. Chairman.

[Whereupon, at 4:28 p.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE RECORD

**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS**

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

**Subcommittee on Asia and the Pacific
Steve Chabot (R-OH), Chairman**

January 29, 2014

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Asia and the Pacific in Room 2175 of the Rayburn House Office Building (and available live on the Committee website at www.foreignaffairs.house.gov):

DATE: Wednesday, February 5, 2014

TIME: 2:00 p.m.

SUBJECT: America's Future in Asia: From Rebalancing to Managing Sovereignty Disputes

WITNESS: The Honorable Daniel R. Russel
Assistant Secretary
Bureau of East Asian and Pacific Affairs
Department of State

*NOTE: Witnesses may be added.

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia & the Pacific HEARINGDay Wednesday Date 2/5/2014 Room RHOB2172Starting Time 3:00pm Ending Time 4:30pmRecesses ☐ (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Chairman Steve Chabot (R-OH)

Check all of the following that apply:

Open Session ☒Executive (closed) Session ☐Televised ☒Electronically Recorded (taped) ☒Stenographic Record ☒

TITLE OF HEARING:

America's Future in Asia: From Rebalancing to Managing Sovereignty Disputes

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Matt Salmon (R-AZ), Rep. George Holding (R-NC), Rep. Tulsi Gabbard (D-HI), Rep. Scott Perry (R-PA), Rep. Brad Sherman (D-CA), Rep. Luke Messer (R-IN), Rep. Mo Brooks (R-AL), Rep. Gerald Connolly (D-VA)

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

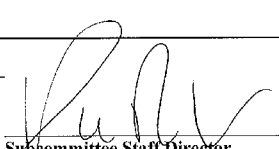
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

George Holding's Statement for the Record

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 4:30pm
Subcommittee Staff Director

STATEMENT FOR THE RECORD FROM THE HONORABLE GEORGE HOLDING (NC-13)

SUBCOMMITTEE ON ASIA AND THE PACIFIC, U.S. HOUSE OF REPRESENTATIVES
“AMERICA’S FUTURE IN ASIA: FROM REBALANCING TO MANAGING SOVEREIGNTY DISPUTES”
February 5, 2014

Opening Statement:

Thank you Chairman Chabot.

The world was a different place when the administration announced its plan to rebalance and pivot towards Asia.

Since that announcement it would seem our diplomatic efforts have been focused everywhere but Asia – from negotiating a nuclear deal with Iran to going back and forth about what to do about the brutal civil war in Syria.

I thank the Assistant Secretary for his time today and hope we will hear about what concrete steps this administration is taking to fulfill its self-described pivot and what exactly their long-term goals are for U.S. engagement in the region.

Thank you Mr. Chairman and I yield back.



**Questions for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Steve Chabot (1)
House Committee on Foreign Affairs
February 5, 2013**

Question

As I stated in my opening statement, I think it's in the United States' best interest to balance China's rise, not contain. This means working to build a strong and stable U.S.-China relationship. Our economies and financial systems are so interconnected, that any direct confrontation would be detrimental to both sides. This is why the recent escalation of maritime tensions concerns me—not only because it challenges our presence and our allies' security interests, but because trying to reconcile how to enhance regional security and stability through our alliances, while also building a stable relationship with China is a difficult mission. What is the Administration doing to build trust with China? Can the U.S. compel better behavior from China via quiet diplomacy versus public confrontation?

Answer

The United States and the international community benefit from a stable, peaceful, and prosperous China. A key component of the Administration's rebalance to the Asia-Pacific region is forging a positive and comprehensive relationship with China grounded in building trust and expanding areas of cooperation. Toward that end, we will continue to use diplomacy and engagement with Chinese counterparts through the robust framework of dialogues we have established. Dialogues such as the U.S.-China Strategic and Economic Dialogue (S&ED), the Strategic Security

Dialogue (SSD), and the Climate Change Working Group (CCWG) have enabled us to expand our countries' cooperation on issues of mutual interest and concern. The United States is also committed to building military-to-military relations with China characterized by sustained and substantive dialogue, a commitment to risk reduction, and practical, concrete cooperation. In the 35 years since the normalization of relations between the United States and the People's Republic of China, our countries, through increased engagement, have made great strides in reducing the strategic mistrust that once beleaguered the bilateral relationship.

At the same time, we consistently speak out on issues of concern. Throughout our engagement and efforts to cooperate with China, the Administration has consistently rejected the belief that positive relations can only come at the expense of our values, the promotion of fundamental freedoms, or support for our allies. We firmly believe that dealing directly and frankly with China on issues where we disagree, whether on human rights, cyber issues, or maritime territorial disputes, is a vital aspect of our effort to build a cooperative partnership with China.

**Questions for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Steve Chabot (2)
House Committee on Foreign Affairs
February 5, 2013**

Question:

During President Xi's visit to Sunnylands Estate in California last year, the tone was set for improved relations and future discussions of each other's global visions. During the meeting, President Xi proposed forging a "new type of model of major power relations." How does the Administration plan to turn this concept into a practical effort to enhance bilateral cooperation with China, rather than just coining it as some slogan, like the failed "Reset button" with Russia? What does it mean to "operationalize a new type of model of major power relations," as quoted by National Security Advisor Susan Rice?

Answer

Senior Administration officials have long emphasized that the United States is committed to pursuing a positive, cooperative, and comprehensive relationship with China. Our concept of a "new model" of relations with China entails deeper, concrete cooperation on significant issues where our countries' interests converge – for example, a denuclearized Korean Peninsula, a peaceful resolution to the Iranian nuclear issue, climate change, and an end to the conflict in Sudan. There are also opportunities for us to work with China to bolster peace and development in places like Afghanistan and sub-Saharan Africa, where sustainable growth would

deliver lasting benefits to local peoples. Establishing a “new model” also means improving the quality of our military-to-military relationship, including by institutionalizing channels of communication and cooperating on issues such as counterpiracy. Greater military engagement and transparency can help our countries manage lingering mistrust and competition.

Operationalizing the “new model” will also require a frank handling of our differences with China around issues such as human rights, cyber-enabled theft of intellectual property, and the maritime disputes in the South China Sea and East China Sea. Administration officials consistently make clear that we cannot establish a new type of relationship by shying away from areas where real frictions still exist. Constructive management of these and other issues will be crucial to ensuring that the U.S.-China relationship can continue on a positive trajectory.

**Questions for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Steve Chabot (3)
House Committee on Foreign Affairs
February 5, 2013**

Question:

How does the Administration plan to compel China to provide more details about its 9-dash line—in terms of what it means and what its boundaries are?

Answer:

Under international law, maritime claims in the South China Sea must be derived from land features and any use of the nine-dash line by China to claim maritime rights not based on claimed land features would not be consistent with the United Nations Convention on the Law of the Sea. We have repeatedly pushed China, both privately and publicly, to clarify its maritime claims, and we have expressed to Chinese officials our serious concerns about China's extensive South China Sea maritime claims and the need to define them in a manner consistent with international law.

We also encourage all parties in the region to clarify their maritime claims in manners consistent with international law and underscore that we oppose coercive acts that undermine regional stability or increase tension. We will continue to support the use of diplomatic and other peaceful means to manage and resolve disputes in the South China Sea, including the

Philippines availing itself of the arbitration and the dispute resolution mechanisms established by the UN Convention on the Law of the Sea. International dispute settlement is in line with our long-standing position that all States should pursue their maritime claims peacefully and in accordance with international law, including as reflected in the Law of the Sea Convention.

**Questions for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Steve Chabot (4)
House Committee on Foreign Affairs
February 5, 2013**

Question:

During a joint hearing on maritime disputes that we held last month with the Armed Services Subcommittee on Seapower and Projection forces, Bonnie Glaser recommended that the U.S. impose “consequences on China when it violates international laws and norms.” She suggested the U.S. and Japan conduct joint flights; that the U.S. increase military cooperation between South Korea, Japan and the U.S; and that the U.S. adopt very targeted sanctions against certain sectors in China. Are any of these options viable?

Answer:

We closely consult with our allies and partners to develop comprehensive and appropriate responses to action by any nation that we judge to violate internationally accepted norms.

The United States does not take a position on the competing sovereignty claims over land features, but we do have a strong interest in peace and security in the Asia Pacific Region and in the way countries deal with their disputes. We also have a strong interest in whether countries’ maritime claims, in the South China Sea, the East China Sea, and around the world, comport with international law, including the international law of the sea.

As I stated in my testimony to the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific last month, the tensions arising from maritime and territorial disputes in the Asia-Pacific are of deep concern to us and to our allies, and we have consistently emphasized in our diplomacy in the region as well as in our public messaging the importance of exercising restraint, behaving safely and responsibly, and peacefully resolving territorial and maritime disputes in accordance with international law.

Through private dialogue and in public remarks, we are increasing the clarity and frequency of our objections to advancing territorial and maritime claims through provocative actions. Our position is clear: we oppose intimidation, coercion, or the use of force to attempt to unilaterally change the status quo. The United States continues to support the values and principles that undergird an international rules-based system, including the peaceful resolution of disputes.

The United States enjoys strong relations with our treaty allies, Japan and the ROK, and our military cooperation has never been stronger. U.S. alliances and strategic partnerships in the Asia-Pacific materially advance efforts to: deter and defend against military and non-military threats to the region and the United States; resolve disputes peacefully; adopt common

positions on regional and global priorities; and confront emerging challenges that affect U.S. national interests.

**Question for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Mo Brooks (1)
House Committee on Foreign Affairs
February 5, 2014**

Question:

What concrete steps can the US government take to encourage a peaceful and comprehensive solution to the territorial dispute over a small group of uninhabited islands in the East China Sea, known as Senkaku/Diaoyutai?

Answer:

Northeast Asia is one of the key engines of the global economy. The United States, the region, and the world have an abiding interest in good relations between China and Japan. An escalation of tensions is not in any party's interests.

The United States does not take a position on the question of ultimate sovereignty over the Senkaku islands, but calls on all claimants to take steps to prevent incidents and manage such disputes through peaceful means. Diplomatic discussions to reduce tensions and manage this issue should be continued. We continue to call for restraint and meaningful dialogue in order to avoid the chance of a misunderstanding or miscalculation. To that

end, we believe that Japan and China should establish effective crisis communication channels, at the highest levels, that can be used to defuse tensions. It is essential for claimants to adhere to international law and accepted norms and principles in resolving their disputes, and we continue to make this clear.

**Questions for the Record Submitted to
Assistant Secretary Daniel Russel by
Representative Luke Messer (1)
House Committee on Foreign Affairs
February 5, 2013**

Question:

As the sovereignty disputes in the East China Sea and South China Sea have increased tension in this region, it is crucial that the U.S. promotes cooperation over conflict. I welcome President Ma's East Sea Peace Initiative that encourages peaceful resolutions of disputes through dialogue and with respect to international law. Taiwan has showed their commitment to this model by recently coming to a peaceful resolution with Japan concerning highly contested fishing regulations. However, despite the initiative's potential for fostering greater peace in the region, you said that Taiwan's East Sea Peace Initiative did not fall on fertile soil when announced.

- What needs to change in the political climate so that such initiatives are legitimately taken into consideration by all parties?
- In particular, you mentioned the need for reconciliation between China and Taiwan. To what extent would such discussions encourage greater dialogue within the region?

Answer:

President Ma advocated for many important principles that the United States strongly supports. We believe that in order to maintain and increase regional prosperity and goodwill, all parties should exercise restraint; maintain open channels of dialogue; respect the rule of law; and refrain from provocative, unilateral actions and the threat or use of coercion to advance

their claims. Safe and unimpeded commerce, freedom of navigation and overflight, and respect for international law must be maintained for everyone in the region.

The principles of resolving disputes peacefully and cooperating on resource exploration and development helped Taiwan finalize a fisheries agreement with Japan and enter into fisheries negotiations with the Philippines in 2013. We applaud these developments and think they can serve as a model for others.

To the extent that Beijing and Taipei increase peaceful cooperation and find ways to interact and solve problems that are acceptable to both sides in the cross-Strait relationship, then the stability resulting from this cooperation can positively affect other parts of the region.