

**U.S. ECONOMIC AND MILITARY ALLIANCES  
IN ASIA**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON ASIA AND THE PACIFIC  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTEENTH CONGRESS

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# U.S. ECONOMIC AND MILITARY ALLIANCES IN ASIA

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WEDNESDAY, JULY 15, 2015

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

The committee met, pursuant to notice, at 1 o'clock p.m., in room 2200 Rayburn House Office Building, Hon. Matt Salmon (chairman of the subcommittee) presiding.

Mr. SALMON. The subcommittee will come to order. Let me start by recognizing myself and the ranking member to present our opening statements. Without objection, the members of the subcommittee can present brief remarks if they choose to, or they can submit them for the record.

Our presence as a Pacific power is amplified and underpinned by strong alliances. Each of our alliances contains its own history and significance and has promoted security and prosperity for the United States and the world for decades.

In a shifting geopolitical landscape, with China integrating itself with other Asian economies and militaries, maintaining these alliances and strengthening the U.S.-led framework has become very complicated. Where the United States used to command unfettered dedication from its regional partners, the combination of U.S. attention in the Middle East to domestic, economic, and political obligations; historic tensions between our allies such as Korea and Japan; and the pull of China's economic, military, and diplomatic overtures has tempered this trend.

I look forward to hearing from our panel of distinguished witnesses today, which will discuss the status of our alliances in the region and evaluate strategies to maximize their mutual benefit in the face of a new era of security challenges and great power competition.

The first ally in the region, Japan, has served as perhaps the most vital military relationship in the Asia-Pacific. Prime Minister Abe's recent visit to Washington highlights the dedication between the two countries to remain close allies as Asia's strategic and economic outlook evolves.

Though concerns persist over opposition to U.S. presence at the local level, Japan remains a critical partner for our military with 54,000 troops, an aircraft carrier, and innumerable other assets stationed there. Prime Minister Abe is also seeking to increase Japan's defense stature outside the confines of the U.S.-Japan alli-

ance by broadening Japan's military capabilities and forging new roles in and missions in Asia.

On the economic front, with the recent passage of the Trade Promotion Authority and the finalization of the bilateral trade issues, Japan is leading the effort alongside the United States to make a potential Trans-Pacific Partnership deal a reality.

Korea. In 1953, the United States and Korea signed a mutual defense treaty and our partnership has grown exponentially ever since. Korea is also one of our most valued trading partners in the region. With the U.S.-Korea free trade agreement, U.S. goods and exports to Korea reached a record level of \$44.5 billion in 2014, up 7 percent from 2013. To this day we continue to make strides in our economic and security relations with Korea. And in April we also signed the U.S.-ROK 123 civil nuclear agreement which supports U.S. nuclear industries and promotes peaceful uses of nuclear energy between our two countries.

We maintain a very strong military relationship with the Republic of Korea and that relationship is our most important asset in countering the rogue North Korean regime. As Korea's capabilities continue to grow and mature, our relationship has evolved toward greater equality and burden-sharing. Our two countries still have several issues to resolve, however, including the transfers of wartime Operational Control, realignment of U.S. Forces, and whether Korea would be interested in deploying a THAAD missile defense system.

We looked forward to welcoming President Park Geun-hye to the United States earlier this year and she didn't let us down. She did a great job discussing many of the salient issues in our bilateral relationship. Unfortunately, the tragic MERS crisis in the region has forced President Park to delay her summit with President Obama, but we look forward to welcoming her when she reschedules.

The Philippines is also another incredibly important ally, and has a long history of extensive military cooperation, disaster assistance, and converging economic and security objectives. Our continued cooperation is especially important in light of China's contested legal interpretation and increased military aggression in the South China Sea, and I look forward to hearing about how we can work with the Philippines to help them modernize their military, improve our economic relationship, and deter coercive Chinese behavior in the disputed territories.

Thailand continues to serve as a regional operation platform for over 50 U.S. Government agencies. Despite some of the concerns with democracy, human trafficking, and other human rights issues which continue to strain our relationship, we still have, I think, a pretty robust relationship with them.

We have expressed concerns about the Thai Government's behavior since the coup in 2014, and we have since reduced participation in the Cobra Gold military exercises. Right now, the prospects of future cooperation are unclear, but the potential for stronger relations in the near future—while they are narrow—are not evaporated, and I welcome any ideas and thoughts from witnesses on how we could gain leverage and address major concerns about Thailand's domestic circumstances.

With a rising China that competes for influence with our allies, partners, and friends, our alliances serve a very paramount role in both providing reassurances against aggressive and unproductive behavior, and strengthening interdependence and capacity among Asian countries. I look forward to hearing from all of our witnesses not just about how we work with our allies, but how our allies can work with each other to accomplish our mutual foreign policy and security goals in Asia.

Members present will be permitted to submit written statements to be included in the official hearing record, and without objection the hearing record will remain open for 5 calendar days to allow statements, questions, extraneous materials for the record subject to the length limitation in the rules. And I now recognize the ranking member, Brad Sherman, for any statements he might have.

Mr. SHERMAN. Thank you, Mr. Chairman. Today we will focus on our alliances, economic and national security with Japan, South Korea, Thailand and the Philippines. As we speak, the Obama administration is negotiating the Trans-Pacific Partnership which will for the first time include Japan as a free trade partner with the United States.

As I have said before in this subcommittee, this is a mistake. The TPP will result in our trade deficit ballooning and the loss of American jobs. We need only look at the results of the deal with South Korea where the Economic Policy Institute is now able to look backward to see the effect of that agreement and has shown that it has cost us some 75,000 jobs here in the United States as our trade deficit with South Korea has grown.

Now I believe in massive increases of trade, but we will have free access to foreign markets only when we sign result oriented trade agreements that require trade balance. Otherwise we are in a circumstance where other countries with very different cultures and very different legal systems are able to use every non-tariff barrier they wish, and we simply do not respond.

Now as to national security, our national security policy is influenced tremendously by the Pentagon and every entity looks to meet its own institutional needs. Look at the history of America and our military during the 120, 130 years that we have spent on the world stage outside our own continent. Every time the Pentagon faces a uniformed enemy we win with glory, and in the case of the Soviet Union without actually having to engage in a major military effort.

From the Spanish War through the Cold War, every time we confront a non-uniformed opponent, an insurrection or something asymmetrical it has been an extremely painful, sometimes winning sometimes losing but always painful, process for our military. Start with the Philippine insurrection right through the Vietnam War through Fallujah and Afghanistan.

So needless to say, it meets the institutional needs of the Pentagon that we face a worthy foe that is uniformed and conventional and technological. And so the country that is not the official subject of our hearing today, China, is the only country that can fill that institutional role. And everything at the Pentagon is designed to say how can we ignore or at least downplay the problems we face in the Middle East and elsewhere and do our procurement and our research to confront China in a glorious war or, better yet, non-war

over islets of incredibly little value to their purported owners and of no value, or at least we don't own them, to the United States?

Looking at Japan we see a country that spends 1 percent of its GDP on their military. We spend supposedly 4 percent on our military, but that is only by ignoring the cost of veterans' benefits which is incredibly bad cost accounting. The cost of our defense includes the compensation package we give our soldiers and that includes their veterans' benefits. Imagine what would happen to a car company that didn't include in the cost of producing the car, the pension benefits it pays to its workers.

So we are spending much closer to 5 percent of our GDP on our military. Japan is on the front lines. They are their islets in their own estimation, China would say otherwise, and they stick to 1 percent. And it is useful that the Lower House in Japan is considering adopting the collective defense principle, but a change in principle was nice; I would like to see a change in effort and money. And keep in mind these islets are not valuable, they are just an excuse for countries to fight and to renew the conflicts they have from World War II and the bad blood and who did what to whom. And if they are valuable, they are not valuable to the United States. If there is any oil, and there isn't, it is Japanese oil, it is Korean oil, it is Chinese oil, it is certainly not our oil.

Also I pick up on the chairman's comments that we need to get our allies to work together. The Japanese could stop relitigating World War II and that would make it a little easier for them to coordinate with Korea and our other allies.

As to Vietnam, they are spending only 2.4 percent of their GDP on their military. They are literally on the front lines. We are not talking about islets here. We are talking about their continued existential existence. And they are managing to spend—usually the supporting actor, the United States, would be spending less and they would be spending more.

As to the Philippines, our military relationship has changed. We appreciate the use of eight military bases on a non-permanent basis. As to Thailand, we do not have the treaty structure for our military cooperation, but for over 60 years Thailand has served as an operational platform for our defense efforts. We have seen challenges to Thailand's democracy and we look forward to Thailand hopefully reaching a greater level of social harmony and adherence to the rules of law and democracy, and I yield back.

Mr. SALMON. Thank you. The chair recognizes Mr. Duncan.

Mr. DUNCAN. Thank you, Chairman. I have a markup in Homeland Security and that is why I am going to have to go, but I just appreciate the opportunity to make a couple of statements. First off, I will align myself with your opening comments.

And the second thing is, one thing I would love to hear from the hearing had I been able to stay is I am very, very concerned about the Spratly Islands and China's incursion there and what it means for the Philippines, but what it means for our broader posturing in the region by China. And it is the Spratlys today; is it somewhere else tomorrow? And I hope the panelists will touch on that because I very much value the relationship we have with the Philippines.



And so I would look forward to maybe following up with you at another point about that, but anyway, with that, Mr. Chairman, I thank you so much and I yield back.

Mr. SALMON. Thank you. Mr. Chabot, did you have an opening statement?

Mr. CHABOT. Thank you. I don't really have a statement. I will just be brief. I was listening to my esteemed colleague from California's statement. I just thought I would comment on the trade portion of it briefly because I happen to disagree with his points on that.

And would just say that I think TPA and ultimately TPP and perhaps TTIP down the road are vital to our economy and trade and job creation here in this country. I know that some jobs are lost, but I think that we create far more jobs than we lose. And the United States, if we don't move forward with these types of agreements are really cutting ourselves out of a whole range of opportunities. We are letting others draw up the rules, principally China, who isn't part of TPA or TPP but ultimately they will be the ones writing the rules, we will be following and the rest of the world, particularly that portion of the world which is an ever more important part of the world.

So we need to be involved in this and so I would encourage my colleagues. And he is a dear friend. I really enjoy listening to him and he is very knowledgeable. I would encourage him to listen to the administration on TPA and TPP and—

Mr. SHERMAN. Can we just freeze the record and say encourage him to listen to the administration?

Mr. CHABOT. That is right. Let me just complete my statement. I would encourage you to listen to them very closely with respect to TPA and TPP and ignore them with respect to the Iran deal. I yield back.

Mr. SALMON. Thank you. I would like to introduce the panel members. We are really appreciative that you could take the time. Thanks for being so understanding on the flexibility with the votes. Those votes get in the way all the time, but that is part of our job.

Today we are joined by Mr. Randall Schriver. He is the president and CEO of Project 2049 Institute. He is also founding partner of Armitage International LLC and a senior associate at CSIS. Prior to his time in the private sector he served as Deputy Assistant Secretary of State for East Asian and Pacific Affairs, and before that as chief of staff and senior policy advisor to then Deputy Secretary of State Richard Armitage. Thanks for being here today.

Do you know Dick Nanto very well over at CSIS? Oh, he actually handled Japan there for quite some time. Good guy. Really good guy.

Mr. Walter Lohman is director of the Heritage Foundation's Asian Studies Center and an adjunct professor at Georgetown who leads graduate courses on American interests in Southeast Asia. Before joining Heritage, Mr. Lohman was senior vice president and executive director of the U.S.-ASEAN Business Council and was a staff member of the Senate.

Dr. Balbina Hwang is currently visiting professor at American University and until recently was visiting professor at Georgetown. Earlier in her career she was special advisor to the Assistant Sec-

retary of East Asian and Pacific Affairs at the State Department and worked as a policy analyst in the private sector.

Mr. James Schoff is a senior associate at the Carnegie Asia Program. He previously served as senior advisor for East Asia policy at the U.S. Office of the Secretary of Defense and as director of Asia Pacific Studies at the Institute for Foreign Policy Analysis.

Thank you all for joining us. The lighting system is very much like a traffic intersection. Green means go, amber means go really fast, and red means stop. You have 5 minutes, so thanks a lot. Mr. Schriver, we will start with you.

**STATEMENT OF MR. RANDALL SCHRIVER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PROJECT 2049 INSTITUTE**

Mr. SCHRIVER. Mr. Chairman, thank you, Mr. Sherman and Mr. Chabot. I appreciate the opportunity to testify today. I also appreciate being seated beside colleagues that I respect and admire so much. This is a great opportunity for me. Your staff asked me to focus specifically on Japan so my written statement reflects that and I will make a few opening comments along those lines.

Since Prime Minister Abe returned to office in December 2012, I think he has provided energy, vision, he has been busy implementing the vision and doing real things, and that energy extends to the alliance as well. We have seen a number of very significant developments. 2015 alone, Mr. Chairman, you mentioned his successful visit here to the United States. We have completed our work on the joint defense guidelines, completed or near complete our bilateral discussion with respect to TPP. We are moving into another phase where we are talking about roles and missions and how we implement the defense guidelines.

So there is a great deal happening and I think real significant accomplishments. There are some challenges and we shouldn't overlook those. I think we have to continue this momentum. We do have to get TPP across the finish line. We do have to continue this process on the defense side going from defense guidelines to roles and missions and looking at contingency and getting into more realistic planning.

We of course have longer term challenges. I think on Japan's side whether they can fire that so-called third arrow with economic reform and put their economy on a better long term footing, because if they don't demographics loom with an aging population and that will affect our alliance because more resources would have to go to the social programs and perhaps then less available for our security cooperation.

On the U.S. side, I think it was made mention that we occasionally have diversions to the Middle East and other crises. Those are understandable, but I think for our allies that does create some anxiety and from time to time we do hear about that. They are interested in whether or not we will have the resources on the defense side if we are continuing to live with sequestration what can be done in other forms to ensure that the Asia-Pacific, our best forces are forward deployed and we are able to meet our obligations and our commitments in the alliance.

China is certainly a challenge and it cuts multiple ways. Their assertive behavior, I think, in one respect has really breathed life

into the alliance. It has really incentivized our Japanese partners to take these endeavors seriously. On the other hand, the Chinese are very involved in a political warfare and propaganda directed at the Japanese to try to drive a wedge in our alliance, and these are challenges that we have to be aware of and develop counterstrategies to.

So I think going forward there are some things that we need to focus on. Getting TPP across the finish line, your comments notwithstanding, Mr. Sherman, I think is very important for the alliance, the region and really our strategic position in Asia. I think that is the minimum. I think that Japan and the U.S. at the conclusion of TPP should look immediately to broaden into a second round. Look at countries like South Korea, look at countries like Taiwan, and see if they can be brought into this broader trade liberalization effort.

On the security side, I very much agree Japan could spend more. We encourage that. They have had modest increases, which by maybe some standards look indeed modest, but for Japanese standards given their history, I think, are significant. But it is really not just the spending. We want, as I said, to go from the roles and missions process to get into real contingency planning and have a very good discussion in the context of our alliance about the Korean Peninsula, about the Taiwan Strait, about East China Sea and South China Sea.

I think also it was made mention about bringing in other partners and encouraging our allies to do things with other allies so that we move away from the traditional hub and spokes and into something that is more networked, and I think Japan is poised to do that. They have joined some of our multilateral exercises. U.S., Japan, Australia have exercised together. There is discussion that Japan may once again join the Malabar exercise with the U.S. and India.

So I think these are very positive developments and it needs to be continued to encourage, because I think Japan has a very good role to play beyond just the defense of Japan. They bring a lot of credibility. They bring capacity capability to help other allies improve. They are involved in defense programs with the Philippines, possibly Australia. So in short, I think Japan can be a valuable security partner for us, not in just the things we do with one another but in strengthening our regional strategy. Thank you.

[The prepared statement of Mr. Schriver follows:]

**Testimony of Randall G. Schriver**

*Founding Partner, Armitage International  
President & CEO, The Project 2049 Institute*

July 15, 2015

House Committee on Foreign Affairs  
Subcommittee on Asia and the Pacific

Mr. Chairman and esteemed committee members, I would first like to express my appreciation for the opportunity to appear before you to discuss the future of the strategic partnership and alliance between the United States and Japan.

The U.S.-Japan alliance is at an unprecedented level of strength in the 21st century. Prime Minister Shinzo Abe's reelection in December 2012 marked an end to a politically unstable five year period with five different prime ministers in Japan. His reelection in 2014 demonstrated his position of strength as Japan's premier leader equipped with support to push through policy agendas. PM Abe's emphasis on reforming the domestic economy and strengthening the U.S.-Japan alliance and regional security efforts have all helped to re-establish Japan as a strong and stable U.S. ally.

Thus far, 2015 has been a very important and productive year for U.S.-Japan relations. In April, the two sides agreed on new Guidelines for U.S.-Japan Defense Cooperation for the first time in 18 years, a major step forward in defense partnership. In addition, the ratification of the Trans-Pacific Partnership (TPP) seems much more likely following the passage of Trade Promotion Authority (TPA) in Congress in June, and President Obama signing the bill into law on June 29. The conclusion of TPP negotiations will benefit both nations economically and strategically.

Despite the positive state of U.S.-Japan relations, the alliance faces challenges as well, particularly the rise of a more assertive People's Republic of China (PRC), and its ongoing efforts to drive a wedge into the alliance. The U.S. and Japan must focus on the long-term sustainability of the alliance in the months and years ahead and continue to actively address issues of common interest.

***Review of Recent Events***

In April 2015, Japanese Prime Minister Shinzo Abe completed an historic visit to Washington which included a private meeting with President Obama and featured a high-profiled speech to the Joint Session of Congress by PM Abe. His address centered on the transition of the U.S. and Japan from bitter enemies in World War II to strong allies dedicated to the ideals of freedom, democracy, and the rule of law. He emphasized that the TPP is indeed rooted in these principles,

and will bring both economic prosperity to the Pacific region and provide substantial security benefits to the alliance. PM Abe voiced his support for the United States' "pivot" to Asia, and the importance of strengthening ties to ASEAN members as well as other allies and TPP participants such as Australia. Perhaps most importantly, he laid out guidelines for the "state of Asian waters," namely that all parties act in accordance with international law and resolve disputes peacefully without the use of coercion.

The White House also released a Joint Vision Statement in accordance with PM Abe's visit, outlining the alliance's shared goals in both the Western Pacific region and worldwide. The statement echoed many of PM Abe's statements during his visit. The U.S.-Japan alliance must continue as the "cornerstone of peace and security" in the region and ensure adherence to a rules-based international order that is beneficial to all involved nations. As the two largest potential TPP economies, the U.S. and Japan is counted upon as leaders in completing the agreement in a timely manner, which will create jobs and lead to higher wages in member countries.

Apart from the TPP, the prosperity and security of the U.S. and Japan will be inexorably intertwined in the coming decades. Japan is the U.S.' fourth largest trading and export partner and most important Asian military ally. The partnership extends beyond economic and military realms to include cooperation in environmental, humanitarian and human rights issues, technological advancements, countering global extremist organizations, and ensuring cyber-security. Partnership in numerous diverse areas has been made possible by the strength of shared ideological principles between the U.S. and Japan. Joint commitment to democracy, free trade, and freedom of navigation in the Western Pacific will be particularly critical to the immediate future of the alliance.

The publication of the new Guidelines for U.S.-Japan Defense Cooperation was the final crucial result of PM Abe's visit. The Guidelines call for a "whole-of-government" approach in framing the Alliance and aim to ensure consistent interaction in national security policy-making in order to improve bilateral security and defense.

#### *Challenges and Opportunities*

Perhaps the most important challenge facing the U.S.-Japan alliance is the question of how to sustain the momentum we're experiencing. A good visit by the Prime Minister should not be squandered, and vigorous efforts to pursue implementation of agreements are key. To this end, it is critical that the TPP is completed in the U.S. and swiftly implemented, and negotiations must be concluded to ensure the inclusion of the twelve original partner countries. TPP partners accounted for 44% of total U.S. exports and a crucial 85% of agricultural exports in 2013.

In addition, the new Defense Guidelines, while undoubtedly a positive step, should be expanded and strengthened. As the Guidelines are currently written, they provide only a basic framework for the defense partnership. A more comprehensive plan for the synchronization of roles and

missions should be drafted by U.S. and Japanese defense officials in order to fill in the holes left by the Guidelines.

For Japan, long-term economic and demographic sustainability is a concern. Since 2012, Prime Minister Abe has attempted to implement a series of economic reforms, known as his “Three Arrows”. The first and second arrows, a fiscal stimulus package and a monetary easing program, were largely successful, causing substantial stock market growth. Questions remain, however, about PM Abe’s third arrow, which focuses on some of the more challenging structural reforms. For example, Japan’s agricultural sector had not been reformed for over 60 years. But in February, PM Abe was able to obtain agreement to drastically alter the nature of the Central Union of Agricultural Cooperatives (JA-Zenchu) from a government-protected semipublic “special private corporation,” to a publicly held company with limits on access to the Ministry of Agriculture, Forestry and Fisheries. Although the company will not be completely stripped of its power, it will see a more limited role in Japanese agriculture, allowing for more efficient production methods to be suggested and implemented. The corporation is likely acceding to the demands of the government in order to ensure that Japan is not left out of the TPP and the dramatic growth that the trade agreement could bring to the country. However, it is unlikely that agricultural reforms alone will be able to substantially boost the economy, as agriculture only accounts for approximately 1% of Japan’s GDP. In 2014, Japan imported more than ten times the amount it exported in agricultural products. Though dismantling JA-Zenchu’s pseudo-monopoly will not drastically alter Japan’s economy it may have opened the door for other reforms in the health-care and energy sectors, which PM Abe referenced in his speech to Congress.

Japan also suffers from demographic challenges, which could result in severe future strains on its economy. Japan is currently tied with Germany as the oldest country in the world, with a median age of 46.1 years old. By comparison, the median age in the U.S. is 37.6 and the worldwide median is 28.4. More worrisome is Japan’s below-replacement level fertility rate of 1.41 children per woman, among the worlds’ lowest. This combination has led to a declining population and weakened work force. The average age of Japanese farmers has skyrocketed to over 66 years of age. Unless a bold approach is taken to address these challenges, the Japanese economic recovery may not be sustainable, and will lead to a necessary budgetary increase in social safety net programs as the population age continues to rise and the population itself shrinks. More money will necessarily be funneled toward social programs while shrinkage in the workforce will lead to less revenue. In terms of the U.S.-Japan alliance, this poses the serious question of whether or not the Japanese government will be able to afford maintaining an advanced international security defensive presence in the long term.

On the U.S. side, we also have questions as to whether we have the wherewithal to sustain full commitment to an alliance with expanding vision. Defense resources have been tight since defense sequestration, and thus questions persist about our ability to fully implement the rebalance to Asia as articulated by the Obama administration. The potential drawback of forces that could come as a result of the sequester, particularly the possible reduction of naval forces in

Asian waters, would be cause for alarm among the Japanese. In addition, U.S. efforts to fully commit to the Asia pivot have been hindered by growing challenges in the Middle East, which have forced a diversion of attention and resources. In particular, the U.S. has been preoccupied with the P5+1 nuclear nonproliferation negotiations with Iran, along with leading a military air campaign in an attempt to “degrade and destroy” the so-called Islamic State (IS).

Worrisome to both nations is the unprecedented rise of the People’s Republic of China (PRC) over the past 20 years. While managing the PRC is a shared interest for the U.S. and Japan and may serve to make the alliance stronger, China is simultaneously engaged in influence operations which attempt to drive a “wedge” to divide allies. To do this the Chinese Communist Party (CCP) employs political warfare, calculated political maneuvers designed to induce another actor, in this case the Japanese or U.S. government, to bend to its will. If successful, the result could be the discrediting and thereby weakening of the alliance. The pressure that the PRC hopes to use in order to change the status quo relationship between the U.S. and Japan may seem like a relic of Cold War political strategy – but it is quite real in contemporary politics. Some in the U.S. may be tempted to accommodate China’s concerns about the trajectory of Japan and our alliance, and thus may ultimately lead to more modest goals in the alliance. The U.S. and Japan must remain vigilant not only in the operational environment, but in the realm of countering Chinese influence operations as well.

***Policy Recommendations***

- First and foremost, the U.S. must work to push through and finalize the TPP.
- Once completed, the U.S. and Japan should commence an early effort to expand the partnership in a second round of negotiations. The primary nations hoping for inclusion through the second round are Taiwan and South Korea, and their addition would strengthen the TPP as a whole.
- With respect to defense and security issues, U.S. and Japanese officials should begin follow-up work to the Joint Defense Guidelines. Specifically, our shared effort should be directed at renewing agreement on roles and missions, and joint planning between countries.
- In addition the U.S. should focus on expanding the scope of bilateral and multi-lateral military exercises and operations with Japan, particularly in response to the aggressive Chinese expansion efforts in the East and South China Seas.

I hope the Obama Administration and friends in Congress will share this outlook. Thank you again Mr. Chairman for the opportunity to participate in your hearing today and to offer these thoughts.

Mr. SALMON. Mr. Lohman?

**STATEMENT OF MR. WALTER LOHMAN, DIRECTOR, ASIAN STUDIES CENTER, THE HERITAGE FOUNDATION**

Mr. LOHMAN. Thank you. Thank you, Mr. Chairman. Thanks to the members of the subcommittee for having me here today focusing on this very important issue and particularly Southeast Asia. I focused on it because too often Southeast Asia gets left off of the agenda when we talk about these things.

I want to start just at the outset by saying that although I do serve at Heritage Foundation as the director of the Asian Studies Center, what I am saying today does not reflect necessarily the views of the Heritage Foundation or anyone else on my resume.

Let me just get right to it. I thought about what I could do of most value here, and I think maybe just give some perspective on where Southeast Asian security alliances fit into our vision for the region, that is, America's historic vision. There is a caricature of geopolitics often reflected in the media headline that pits the U.S. against China in some sort of great game, something more reminiscent of Europe than today's Asia. It is a convenient mental map, I think, and it makes for very good headlines, but it is not really the way the world works today. In this day and age, a great game in Asia could not be effectuated without targeting the international economic sources of China's power, and no one, not the United States, not Thailand, not the Philippines, not even Taiwan, has any interest in doing that. If not for any other reason then because targeting China's economy would hurt all of us as well.

America's geopolitical task in Asia-Pacific is pursuit of a liberal international order characterized by such things as freedom of navigation and overflight, free commerce, political liberty, and peace and security. U.S. alliances with the Philippines and Thailand represent two distinct strands in this effort.

The Philippines is instrumental in managing the downside risk that is pushing back on China's effort to disrupt our vision, and Thailand's values lies in its potential for maximizing the order's upside. That is all of the cooperation that we can do with Thailand. They are far from conflict with the Chinese, far from the South China Sea. They have much more positive value in their relationship there.

And I should mention briefly, we are not covering Australia today but it is worth mentioning that Australia is another important piece of American's security network in the Asia-Pacific. The Philippines in particular is at the forefront of the contest for freedom of the seas in the Pacific. The case that is presented for arbitration under UNCLOS is the single most important development in the South China Sea dispute in 20 years. It will either lead to peaceful effective management of the dispute or it will provide critical context and motivation for increased U.S. presence and defense cooperation with the Philippines and with others in the region.

Thailand is the other side of the coin. The cost-benefit calculation in the China-Thailand relationship is much more positive. The utility of the U.S.-Thai alliance therefore lies in maximizing its massive capacities for service in the cause of our liberal vision. Its biggest challenge is political, and I think you referenced that in your



opening statement. And the coup last year in Thailand following months of political unrest upended U.S.-Thai relations requiring a cutoff in U.S. grant assistance to the Thai military.

The answer in Thailand is not prioritizing security over democracy—the U.S. has to encourage Thailand to return to democracy—but in properly balancing the two priorities. I have my doubts that the current crisis is being handled in a way that will allow us to quickly recover once Thailand does return to democracy.

So based on these quick observations what should the United States do with regard to the Philippines? I would suggest that Congress double the FMF budget, the foreign military financing budget, for the Philippines. Among the many other sort of hardware things we are talking about, get the Philippines the third coast guard cutter that they have requested and has been talked about. Those things have a way of derailing in the middle of the process, so that is something that we need to keep an eye on.

I think we should change our position on the application of the U.S.-Philippines security treaty to cover features in the South China Sea that are currently occupied by the Philippines and under its jurisdiction. Currently we are ambiguous in that regard.

With respect to Thailand, the U.S. should, first of all, continue our full complement of military exercises to the greatest extent possible under current circumstances. Make clear our interest in a rapid return to democracy, but in more private settings may be better befitting an ally such longstanding mutual sacrifice.

Number three, prepare to hit the ground running with resumption of full military to military contact to include a doubling of IMET assistance and to send an Ambassador to Thailand. The last time we went through this sort of crisis with Bangkok, having an Ambassador there, the right one, made all the difference in the world and we currently don't have one and haven't had one for about a year.

So this concludes my testimony. I look forward to your questions. Thank you.

[The prepared statement of Mr. Lohman follows:]

The Value of America's Southeast Asian Alliances

Testimony before the Subcommittee on Asia and the Pacific  
Committee on Foreign Affairs  
United States House of Representatives

July 15, 2015

Walter Lohman

My name is Walter Lohman. I am director of the Asian Studies Center at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Thank you for having me here today as part of such a distinguished panel of experts, Mr. Chairman. Consistent evaluation of capability and performance of American alliances across the range of American interests in Asia is an ongoing critical oversight need. I'm very pleased to see the Subcommittee so interested in it. I'm also pleased that you would single out Southeast Asia for consideration in this regard. American allies in the Philippines and Thailand cannot be taken for granted. Indeed, they are highly valued partners in the service of our many shared national interests.

Another critical security partner in the region is Australia. I'm not going to address it in detail today, as it is beyond the scope of my instructions, but I do think it is important to acknowledge the tremendous value in the US-Australia alliance. In many ways, it is the closest alliance we have in the Pacific – in terms of intelligence sharing, defense cooperation (Australians are even integrated into our armed services chains of command), and commitment to out of area operations. I am not the first person at this witness table and will not be the last to remind members that Australia has fought by the side of the U.S. in every major conflict of the last 100 years. In the Pacific, Australia officials are rarely shy to identify with the United States and to state publicly our mutual interests, whether it is in the East China Sea and South China Sea or Taiwan.

There are other critical partners in Southeast Asia which stop short of formal alliances, like Singapore, but I will restrict my comments today to the Philippines and Thailand. After all, as much as the U.S. values the contributions of all its security partners, there is something special about those that have signed on the dotted line.

The real geopolitical struggle

First, a step back. There is a caricature of geopolitics often reflected in the media headlines that pits the U.S. against China in a sort of great game reminiscent of 19<sup>th</sup>

century Europe. It is a convenient mental map, but this is not the way the world works today. It is deficient mainly because it fails to account for the full impact of economic globalization. Access to international finance, trade and investment is what pulled China out of poverty and chaos. Globalization is what facilitated the development of Asia's "tiger" economies in Singapore, Taiwan, Hong Kong, and South Korea. And its allure is what has teed up the next round candidates seeking to break through the middle income trap in Vietnam, Malaysia, Philippines, Thailand, and Indonesia.

Formal economic integration is taking place throughout the Asia Pacific region under mechanisms like the ASEAN Free Trade Area (AFTA) and ASEAN Economic Community (AEC), the roughly 40 regional free trade agreements already complete, and the Regional Comprehensive Economic Partnership (RCEP) being negotiated by ASEAN, China, and five other regional powers. Globalization is what is powering the Transpacific Partnership (TPP) and the vision for a Free Trade Area of the Asia Pacific (FTAAP) that the U.S. has advocated for many years going back to the Bush Administration. It is the extent of economic liberalization embodied in these agreements, not political alignment for or against the U.S. that will determine their success – and I should say, in the case of TPP, what will recommend its passage in Congress.

Seen in this light, it is not the rise of China that is the defining development of the current era; it is globalization. Modern China is a byproduct of globalization, and it requires, like all the countries of the region, expanding global markets and liberal reforms at home to allow it to continue to grow and prosper. A great game in Asia could not be effectuated without targeting these economic sources of China's power. And no one, not the United States, not Thailand, the Philippines, Australia or Singapore, not even Taiwan, has any interest in doing this. If not for any other reason, because going after China's connections to the international economy would hurt all of them as well. The international economy today is a commons, not dissimilar to air, sea and space. We all have an interest in refraining from doing it damage.

So 21<sup>st</sup> century Asia is not 19<sup>th</sup> century Europe. What then is the geopolitical game at play in the Asia Pacific region? It is the pursuit of a liberal international order, characterized by such things as freedom of navigation and overflight, free commerce, the promotion of political liberty, and peace and security. China is welcome to be part of this order. It is directed at China only to the extent that China appears to be interested in overturning it. Territorial disputes in particular give many in the region, including the U.S., precisely the impression that China instead favors an order that prioritizes its own very narrowly drawn national interests over the set of enlightened national interests that has long animated American alliances.

The U.S. aim is far more complex than simply “balancing” against China. Its interest is in pushing back on Chinese challenges to the regional order while at the same time seeking to incorporate China into it. U.S. alliances with the Philippines and Thailand represent two distinct strands of the endeavor. The Philippines is instrumental in managing the downside risk, pushing back on Chinese efforts to overturn it; Thailand’s value lies in its potential for helping maximize the order’s upside.

#### The South China Sea and the US-Philippines Alliance

Today, the Philippines is at the forefront of the contest for freedom of the seas and what exactly it means in the Pacific. For the U.S., freedom of the seas is defined by customary international law. For the Philippines, it is defined in the same terms by its ratification of the International Convention on the Law of the Sea (UNCLOS) in 1984.

Of course, the Philippines is motivated in the current context by its dispute with China over claims in the South China Sea, not principally freedom of the seas. However, its decision last year to formally press its case through arbitration under UNCLOS is the most positive development in the dispute over the last 20 years and will have a major effect on this broader American interest. This is because, practically speaking, whatever their respective motivations, the allies are united in contesting China’s claims to the vast expanse of the South China Sea.

If the arbitral panel hearing the case decides to move forward, which should be expected, it will look at what rights China can claim in the South China Sea and on what basis, and specifically whether its nine-dash map has any standing in international law.<sup>1</sup> It is not addressing any matter of sovereignty.

If the panel finds in favor of the Philippines on the underlying case and invalidates the basis of China’s claims to “historic rights” that reside outside the treaty, UNCLOS, that China has signed and ratified, China will come under much greater international pressure to redefine its claims. It will not be required to repudiate them, only to restrict them to land features and the maritime entitlements that legally derive from those land claims. In short, the arbitration panel will be saying China cannot claim, as it does today, 90% of the South China Sea and all that is below and above its surface.

With China’s claims defined in the same terms as the other parties, there will be greater opportunity for the parties to the dispute to move forward with joint development – something that most leaders in the region recognize as a key part of any long-term

<sup>1</sup> <http://cnnphilippines.com/news/2015/07/08/full-text-the-hague-arbitral-tribunal-plea-dfa-secretary-albert-del-rosario.html>

solution. In his South China Sea Peace Initiative, for example, Taiwan President Ma Ying-jeou has formulated the basis for joint development as an understanding that “although sovereignty cannot be divided, resources can still be shared.”<sup>2</sup> It is an eminently reasonable suggestion and will be made more feasible if the parties can agree to define all their claims according to the principle that “land dominates the sea.” Previous attempts at joint development like the ill-fated mid-2000s effort among the China, Vietnam and Philippines to conduct a joint seismic study foundered on the very ambiguities the Philippines looks to clarify in its case.

There is, of course, the distinct possibility that whatever the panel decides and the states in the region do in response, the Chinese will simply ignore them, and continue to press their extraordinary claims, using the tool box they have resorted to most recently, up to and including land reclamation and fortification of man-made islands. The Chinese have not, in fact, agreed to participate in the arbitration process, so as to leave this option open to them.

The only answer to this turn of events will be to make it as costly as possible for them by defining their position as outside widely agreed upon international norms. This will not in and of itself cause Beijing to change its mind, but it will provide important context for other necessary, non-diplomatic involvement by the U.S. and its allies, the deployment of air and naval assets; the tempo, reach and substance of military exercises; arms sales to allies and partners in the region; and freedom of navigation operations, i.e. operations designed specifically to demonstrate freedom of the seas.

The US-Philippines alliance has important application to this non-diplomatic scenario. The U.S. military and Armed Forces of the Philippines are very close. They conduct multiple joint exercises a year, including CARAT (Cooperation Afloat Readiness and training) naval exercises of the sort being carried out with Singapore this week, Amphibious Landing Exercises (PHIBLEX) and the multiservice Balikatan exercises. The 2015 Balikatan exercises were, in fact, the largest in 15 years, “involving more than 6,600 U.S. forces, 5,000 Philippine personnel and also 61 Australian troops.”<sup>3</sup> The U.S. has since 1999 been intensively involved in helping the Philippines reform its military and meet its expansive defense needs, through consultation, training and the direct provision of equipment. Last year, the U.S. and the Philippines finalized the 10- year Enhanced Defense Cooperation Agreement (EDCA) in order to give the U.S. greater access to Philippine military facilities on a rotational, non-permanent basis. (EDCA’s implementation is currently pending, subject to a finding of the Philippines Supreme Court.)

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<sup>2</sup> <http://www.wsj.com/articles/a-plan-for-peace-in-the-south-china-sea-1434040267>

<sup>3</sup> <http://www.wsj.com/articles/u-s-philippines-add-muscle-to-military-drills-1429511920>

### US-Thailand Alliance

If the U.S. and the Philippines have found specific mutual interest and common strategic cause in the South China Sea, the US-Thai alliance today lacks such a stark motivation. Far removed physically from the dispute in the South China Sea, the cost-benefit calculation in the Thailand-China relationship is much more positive. As a result, the utility of the US-Thai alliance lies in maximizing its potential benefits to the current order. The greatest challenge the alliance faces in this regard is not external, but internal.

The US-Thai alliance has been home to a remarkable amount of mutually beneficial cooperation, such as in counterterrorism, military logistics, and military-to-military interaction. The U.S. and Thailand carry out 40-50 joint military exercises a year. Chief among them are CARAT naval exercises, Cope Tiger air forces exercises, and the long-standing multinational, multi-service Cobra Gold exercises. All of this activity leads to real cooperation in time of need, including intelligence cooperation on terrorist threats, critical disaster relief missions, such as followed the 2004 Indian Ocean Tsunami and the 2008 Cyclone Nargis in Burma. Thailand also partnered with the U.S. during the conflicts in Iraq and Afghanistan and has allowed the U.S. to use U-Tapao Air Base and Sattahip Naval Base for a number of military logistics purposes.

Further to the upside value of the security alliance, and specifically with regard to China, Cobra Gold has of late been used as a venue for engaging the Chinese military. Since 2008, the Thai-hosted exercise has included China as an observer. For the last two years, China has been designated "observer-plus" which allows it to participate in the humanitarian assistance elements of the exercises. As long as it is consistent with the prudent restrictions on US-China military-to-military contact first enacted as part of the FY2000 National Defense Authorization Act, this sort of contact is a positive development. If the US and China can safely cooperate on only one thing in the region militarily, it ought to be humanitarian assistance and disaster response.

Today, the real work of the US-Thai alliance is threatened by political developments. A coup last year in Thailand following months of political unrest upended US-Thai relations. The U.S. has been critical of the military-led government and insistent on a return to democracy – something the Thais government seems in no rush to do. In the meantime, it has had to shut off grant assistance to the Thai military – most importantly, International Military Education and Training (IMET). It has also curtailed contact with the Thai military, revising the purpose and interaction of training exercises – many of which, it should be noted benefit the U.S. military as much as the Thais.

This is a familiar problem for the U.S. There was a similar development in 2006. Coups are endemic to the Thai political system, and the U.S. must express its opposition when they occur. But the U.S. response to them need not be categorical. It is all about achieving balance in our approach. The break in 2006 was uncomfortable for the alliance, but managed very expertly, largely due to the experience and skill of our Ambassador there Ralph "Skip" Boyce. Valuable contact was maintained and public hectoring minimized even as military assistance was suspended as required by law. There are a number of variables involved that made return to democracy easier, but return it did, and the alliance maintained the basis for moving forward again. In 2012, US-Thai relations reached a peak with the conclusion of a Joint Vision Statement updating the terms of the alliance.

It is not clear that the alliance will emerge from the current crisis with the same prospects for recovery. In fact, some things, like Thailand's planned purchase of Chinese submarines could permanently inhibit the carrying capacity of the alliance.

#### Recommendations for U.S. Policy

The Philippines and Thailand are critical pillars of America's historic mission in the Asia Pacific. America's alliances with them offer distinctive, yet complementary, paths to achieving it. As a result, they merit a different set of policy priorities.

With respect to the Philippines, the U.S. should

- Prioritize the effort to help make the Philippines a more fully capable security partner in promoting our mutual interests in the South China Sea.
- Double FMF for the Philippines, to supplement its already (by historical Philippine standards) major budgetary commitment to its territorial defense.
- Consider, as necessary, escorting resupply of Philippine occupied land features, and the deployment the US Coast Guard to do joint patrols with the Philippine coast guard.
- Change its position on application of the US-Philippines security treaty to cover features currently occupied by the Philippines and under its "jurisdiction."

With respect to Thailand, the U.S. should

- Continue its full complement of joint military exercises with as little adjustment as necessary.

- Make clear its interest in a rapid return to democracy, but in more private settings befitting a relationship of such long standing mutual interest and sacrifice.
- Prepare to hit the ground running with resumption of full military-to-military contact, to include a doubling of IMET assistance, and high level political dialogue at such time as Thailand returns to democratic rule.
- Send an Ambassador to fill the vacant post in Bangkok.

Conclusion

There is a geopolitical struggle at play in the Asia Pacific to sustain an order characterized by freedom of navigation and overflight, free commerce, the promotion of political liberty, and peace and security. America's Southeast Asian allies, no less than Japan, Korea, and Australia, are a critical part of that historic mission. The U.S. should find ways to help maximize their contributions.

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Mr. SALMON. Thank you. Dr. Hwang?

**STATEMENT OF BALBINA HWANG, PH.D., VISITING PROFESSOR, SCHOOL OF INTERNATIONAL SERVICE, AMERICAN UNIVERSITY**

Ms. HWANG. Good afternoon, Chairman, and distinguished members of the committee. Thank you for the kind invitation to testify before you today. I am honored for the opportunity to share with you my views on the status of our alliance with the Republic of Korea and to offer strategies that will serve the national interest of both our countries. I have prepared written statement for the record but will provide a brief summary now.

Almost a decade ago, in 2006, I testified before the House Committee on International Relations on this very topic, but under quite different circumstances. The question at the time was whether the U.S.-ROK Alliance was at risk as the issues confronting us seemed quite dire and challenging. At the time, the alliance was endangered primarily by differences on how to address the North Korean threat.

Today, I am happy to appear before you amidst a much more satisfactory environment. Today, the alliance is overall strong and robust due to much dedicated hard work by both governments over the last several years. Domestic political changes including changes of administration in both countries were certainly also contributing factors and must not be overlooked. Today, while both allies remain frustrated over the lack of progress in addressing North Korea's nuclear programs, there is nevertheless a renewed and strong shared commitment to the alliance itself and its primary function to deter and defense against North Korean aggression.

We should be careful, however, to not be complacent that all remains perfect with the Alliance, nor that the current satisfaction will continue indefinitely. Several flashpoints remain as issues in the alliance which have the potential to become political issues in South Korea, which has a very strong and vociferous civil society that is often opposed to the alliance. Therefore it is imperative to understand the ROK's perspective on the alliance which has evolved over time due to the changing strategic environment in the region.

Now South Korea's defense posture since the Korean War has remained largely constant, relying on three reinforcing pillars: Defensive deterrence, forward active defense, and the alliance with the United States. But South Korea's security challenges have grown more complex and multifaceted in recent decades and has grown far beyond the conventional military threat posed by North Korea. These changes have evolved in the context of South Korea's rapid development which, today, has propelled it into a solid middle power status.

South Koreans today are proud of being a global Korea, and this is not just a hyperbole. Today South Korea is the 13th largest economy in the world and the 6th largest trading partner of the United States. Total bilateral trade with the U.S. totaled almost \$114 billion last year. What is more astonishing is how highly dependent the ROK is on international trade for its prosperity. Ninety 7 per-

cent of its GDP is comprised of international trade, and 99.7 percent of the nation's trade is conducted by ocean transport.

Now this is important, because for a country entirely dependent on oil imports, and by the way Japan is too, but 80 percent of its oil imports are transported from the Middle East through two major choke points: The Straits of Hormuz and the Straits of Malacca. What this means is that any disruption of the open sea lanes of communication, or SLOCs, are immediate and would devastate the South Korean economy.

Now the security of critical SLOCs in and around Asia has been guaranteed and underwritten by the U.S. Navy for the last six decades as part of the U.S. commitment to its treaty allies in the region. Undoubtedly this has contributed to South Korea's ability to rapidly develop its economy into an industrial powerhouse today.

While the U.S. remains maritime Asia's strongest military and economic presence today, it is conceivable that China may become the dominant regional naval power during this century. It is precisely these challenges posed by China that have created deep anxieties in the region about the future distribution of power. There is a profound uncertainty in the region about continued U.S. commitment and presence in the region, and unfortunately the so-called Pivot has done little to allay these fears. And complicating this uncertainty is the very complex relationship that Korea has with China, perhaps more so than with any other country.

Today, South Korean public broadly supports the United States. A recent Pew survey shows that 84 percent of the public has favorable view of the United States. But by no means does this indicate that South Koreans favor the U.S. over China. Indeed, South Koreans are increasingly resentful about a growing perception that their country is being pressured to choose the alliance against China.

Now I do not believe this is a correct choice, but this is an increasingly common view. Such a dynamic is played out over the growing controversy over the possible South Korean adoption of THAAD, and note that the public debates are framed about arguments about negative Chinese reactions more so than about whether THAAD serves to contribute to South Korea's defense and security. And so these concerns about upsetting China essentially reveal that Korea feels the perennial twin fears of an alliance relationship, the twin fears of entrapment and abandonment.

And so let me conclude by saying that any close cooperation in the future is dependent on continuing the achievements of the past few years and that future political leaders should be mindful not to sacrifice the achievements and hard work. But we ought to be aware there are challenges ahead, and one of the biggest challenges will be on how we frame this argument about China's interests vis-à-vis the alliance interests. Thank you.

[The prepared statement of Ms. Hwang follows:]

**United States House of Representatives  
Committee on Foreign Affairs  
Subcommittee on Asia and the Pacific Hearing:**

***U.S. Economic and Military Alliances in Asia: The Republic of Korea***

**July 15, 2015, 1:00 pm  
2200 Rayburn House Office Building Washington, D.C.**

**Prepared Statement by  
Balbina Y. Hwang, PhD  
Visiting Professor, American University**

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Chairman Salmon and distinguished Members of the Committee, thank you for the kind invitation to testify before you today. I am honored for the opportunity to share with you my views on the status of our alliance with the Republic of Korea (ROK) and to offer strategies that will serve the national interests of both our countries and maximize mutual benefits.

In 2006, almost a decade ago, I testified before the House Committee on International Relations on this very topic, but under quite different circumstances: the question at the time was whether the U.S.-ROK alliance was at risk, as the issues confronting us seemed dire and challenging to the partnership. Then, we were confronted with perceptions of anti-American sentiment in South Korea and perhaps more significantly, a perilous chasm in how the two countries viewed the purpose and function of the alliance. The reemergence of the North Korean nuclear crisis in the early 2000s coincided with a profound transformation of South Koreans' threat perception of North Korea, which had metamorphosed from the Cold War fear of the regime's strengths into one concerned rather with its *weaknesses*: the instability of the North Korean regime might lead to a collapse (either through implosion or explosion) thereby devastating the South's hard-won economic, political, and social systems.

Unfortunately, the fundamental difference in the U.S. threat perceptions of North Korea, which continued to focus on the threats emanating from the regime's strength – namely its build-up of nuclear capabilities – meant that Washington and Seoul's approaches towards Pyongyang would fundamentally clash and be at the heart of rising tensions between the two allies. Indeed, at the time there was a growing sense that some in Washington viewed the U.S.-ROK alliance as inhibiting a strong and muscular approach towards North Korea. Similar views were prevalent in South Korea, but for the inherently opposite reason; Seoul increasingly believed that the alliance was preventing South Korean-led overtures toward reconciliation and engagement with the North. As such, we reached perhaps one of the lowest points in the history of the long bilateral relationship in which the alliance was seen as a burden by both sides and a source of resentful "demands" that did not seem to meet the interests of either.

Fortunately, today, I am happy to be here before you amidst a much more satisfactory environment, in which the dark days of the alliance are relegated to recent history. Today, the alliance is overall in strong and robust shape due to much diligence,

hard-work, and dedicated efforts by both governments over the last several years. Domestic political changes, such as the change of administrations in both countries, have been important contributing variables and must not be discounted. However, perhaps the single most important factor in closing the gap between the U.S. and ROK's threat perceptions of North Korea is due to the provocative and menacing behavior exhibited by the North itself. These include aggressive continuation of its nuclear weapons programs, repeated testing of short and long-range missiles, and the sinking of a ROK naval ship *Cheonan* and shelling of South Korea's *Yeonpyeong* Island in 2010.

While both allies remain frustrated over the lack of progress in denuclearizing North Korea, there is a renewed and strong shared commitment to the alliance itself and its crucial function in deterring widespread North Korean aggression. Moreover, while the role and functions of the alliance have largely remained constant in the United States in the last decade, South Koreans and their attitudes about their own country, their position in the region and the world, and their global responsibilities have steadily evolved, imbuing them with broader understanding and consideration for the alliance. For example, a Pew survey conducted in 2014 indicated that 84 percent of South Koreans viewed the United States favorably, more than almost every other country in the world. This figure is nearly double of the lowest favorable rate of 46 percent reported in 2003.

This should not be misinterpreted, however, as a sign that all South Koreans support and embrace the U.S.-ROK alliance, nor that positive attitudes will last or even remain steady. Indeed, South Korea is a vibrant and mercurial democracy in which strong civil opponents of the alliance are active and may again gain political traction in future elections. In addition, certain bilateral issues remain as potential flashpoints for dramatic and rapid shifts in public opinion about the alliance, such as the potential deployment of THAAD (Terminal High Altitude Area Defense), and perennial issues arising from maintenance of U.S. forces on the Peninsula.

Nevertheless, I believe the strongest contributing factor in shaping South Korean attitudes toward the bilateral alliance is the changing strategic environment confronting the Korean Peninsula. It is therefore imperative for the United States to understand if not necessarily sympathize with South Korea's position.

#### **ROK Views on the Alliance**

South Korea has witnessed astonishing change and transformation since its inception as the Republic of Korea (ROK) in 1948, achieving remarkable economic, political, and social developments. The well-known "miracle on the Han" propelled the transformation of a war-torn, impoverished, and undeveloped country into a global economic powerhouse and modern democracy: today the ROK is the 13<sup>th</sup> largest economy in the world, and the 6<sup>th</sup> largest U.S. trading partner, with bilateral trade totaling almost \$114 billion in 2014.

Yet curiously, the ROK's security strategy has remained conspicuously consistent for the last sixty plus years, focused primarily on maintaining a robust deterrence and defense posture in order to sustain the status quo and prevent recurrence of conflict on the Korean Peninsula. South Korea's national security has

relied on maintaining three mutually reinforcing pillars: defensive deterrence; forward active defense; and an alliance with the United States.

Such a consistent national security strategy is not surprising given the persistent and constant threat posed by the Democratic People's Republic of Korea (DPRK, or North Korea). The lack of a formal peace treaty to end the Korean War caused the overwhelming security priority of both Koreas to inevitably focus on the existential threat posed by the other. As such, for the last six decades South Korea has prioritized its security concerns almost exclusively around immediate threats based on the Peninsula. The result, however, is that regional and global security issues have tended to rank much lower if at all in the South Korean consciousness, in direct contrast with U.S. security concerns which have been globally focused since World War II.

Since the late 1990s, however, South Korea's security challenges have grown more complex and multi-faceted, and are no longer narrowly defined by the conventional military threat from North Korea. Four key trends have compelled a redefinition of South Korea's security calculations over the last decade: diversification of the North Korean threat; China's military modernization and increased assertiveness in the region; the U.S. defense transformation and reorientation post-9/11; and South Korea's rise to middle power status and commensurate desire for greater autonomy in the regional and global arenas.

Of these factors, the primary driver of South Korea's defense transformation and modernization is an internally-based shift in its self-perception of national power, which is reinforced and shaped by changes in the external environment. While the U.S. Pivot or "rebalance" towards Asia has spurred debates and dialogue about security in the region, the policy itself has not had a direct causal impact on South Korea's security outlook. Indeed, the ROK's recent efforts to transform its armed forces, particularly of its navy, is more clearly a manifestation of the country's changing perception of its own status in the region and globally, rather than any changes wrought by U.S. Pivot itself, despite China's – and to some degree North Korea's -- attempts to further such a narrative.

Since the end of the Cold War, South Korea has actively pursued diplomatic and economic power projection off the Peninsula. Building upon the spectacular success of its export-led economic growth in the 1970s and 1980s, the Kim Young Sam administration launched a national "globalization" policy ("seggyehwa") in 1993, to project South Korea's influence in the diplomatic, cultural, and educational arenas around the globe. It was a goal assiduously pursued by successive South Korean governments, including President Kim Dae Jung who dramatically increased the number of countries with diplomatic relations with the ROK. Expanding South Korea's presence if not influence around the world was more recently manifested by President Lee Myung-bak and his "Global Korea" strategy, highlighted by the ROK hosting the G20 Leaders Summit in 2010, and the Nuclear Security Summit in 2012. Today, with internationally recognized consumer brands, home to the world's second largest shipbuilding industry, significant commercial interests and investments all around the world and especially in the Middle East, as well as being highly dependent on foreign oil imports for its domestic energy supply, South Korean participation in international efforts to promote stability and security around the globe are reasonable if not necessary expectations.

It was not until 2006, however, that the ROK announced a major military modernization plan, the National Defense Reform bill – often referred to as “Defense Reform 2020” (DR2020). Its purpose was to reconfigure the direction of South Korea’s future military development by adjusting its military posture and missions to bring them closer in line to the new U.S. strategy.<sup>1</sup> While still addressing military threats from the North as the underlying threat to the ROK, DR2020 placed new emphasis on issues beyond the Peninsula with a corresponding reduction of the predominant ground-based forces. The new approach concentrates on new technologies and doctrines with a particular focus on working towards “jointness” among the armed services.

In 2011, following North Korean attacks on the *Cheonan* and *Yeonpyeong* Island in 2010, the ROK Ministry of Defense (MND) revised the DR2020, with the “Defense Reformation Plan 307” (DRP307). The new doctrine articulated in DRP307 signaled a significant change from the previous policy of patience and “defense by denial,” to one of “proactive deterrence,” directing the armed forces to retaliate against North Korean aggression.

It is important to note that these defense reform plans were not developed independently of the U.S.-ROK alliance, but rather in the context of changes within the alliance. DP2020 and DRP307 were in large part responses to force realignment plans made by the U.S. government in 2004, when it announced the redeployment of U.S. forces in Korea (USFK) that included the transfer of one brigade of the 2<sup>nd</sup> Infantry Division – approximately 3,600 combat troops – from the Peninsula in support of Operation Iraqi Freedom. The other stated objective was to reduce USFK troop levels in South Korea from 37,000 to 25,000 by 2008; in 2008, however, a new floor for troop levels was established at 28,500, where it remains today.

Another important element of the U.S. realignment includes the relocation of U.S. bases on the Peninsula, which was driven by the need to reduce domestic issues emanating from the large presence of U.S. forces in downtown Seoul. These large-scale efforts were articulated in the Land Partnership Plan (LPP) and the Yongsan Relocation Plan (YRP). LPP includes the relocation of approximately 10,000 USFK away from the DMZ to U.S. Army Garrison (USAG) Humphreys, located some 40 miles south of Seoul near Pyeongtaek. This will result in the consolidation of 104 USFK sites into 48, dramatically reducing the “footprint” of the U.S. presence. The move was to have been completed by 2008 but has been delayed several times and is now on track for 2017 completion. The original cost estimate was \$10 billion, of which the ROK will contribute \$4 billion, although the actual cost will certainly exceed estimates. YRP includes the consolidation and relocation of approximately 9,000 U.S. military personnel away from Yongsan Base located in central Seoul, whose presence has long been an issue of local contention and unpopularity. YRP is predominantly funded by the ROK government, and has also been beset by delays.

A final and important element of the alliance transformation is the transfer of wartime operational control (OPCON) of South Korean troops from the U.S.-ROK Combined Forces Command (CFC) to the ROK Joint Chiefs of Staff (JCS). As part of

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<sup>1</sup> The National Defense Reform was enacted by an “Enforcement Decree” in March 2007 upon approval by the ROK National Assembly. And in July 2007, the “Office of Defense Reform,” an organization administering the defense reforms, was established directly under the Office of the National Defense Minister to oversee implementation of reforms. (ROK *Defense White Paper 2008*)

the 2007 agreement, the current U.S.-ROK CFC, which has been commanded by a U.S. General Officer, will be replaced with separate U.S. and ROK military commands, with the new U.S. command provisionally called KORCOM. OPCON transfer has been and remains a controversial issue for the alliance as many South Koreans incorrectly believe the current command structure symbolizes an infringement of Korean sovereignty. The transfer has been postponed in 2010 and 2015, and now may not be achieved until at least 2020 if at all, with the two sides agreeing to a “conditions based” necessity for the change.

Despite the various delays in implementation, these transformational elements are incorporated in a “Joint Vision for the Alliance,” (JVA) which was a product of a presidential summit between Presidents Obama and Lee Myung-bak in June 2009. The JVA remains an important achievement between the two allies that cements close cooperation and coordination, and in addition articulates goals to enhance and globalize future defense cooperation.

The significance of a shared vision for a future alliance that encompasses global functions cannot be understated and is a synchronous complement to former President Lee’s “Global Korea” strategy, actively carried on by current President Park Geun-hye. As a legitimate “middle power” in the 21<sup>st</sup> century, part of the aim of the Global Korea strategy was to raise South Korea’s profile, capabilities, and willingness to contribute to international security in tandem with broader efforts to raise the country’s image as a leader on the world stage. Increasing South Korea’s global responsibilities is considered a way of acknowledging and reciprocating international assistance that made vital contributions to South Korea’s survival and remarkable development. Thus, South Korea’s roles in and contributions to international security are no longer being defined by its government as off-shoots of U.S.-ROK alliance roles, but as issues that are part of South Korea’s responsibilities and interests in promoting global stability as a leading member of the international community.

The result has been that under the Lee and Park administrations, South Korea has greatly expanded its participation and contribution to a range of international activities, including Peace-keeping Operations (PKO), humanitarian and disaster relief, counter-proliferation, and anti-piracy, among other activities. Notably, one of the key assets South Korea necessary to increase such global activities directly involve the ROK Navy, whose eventual development into blue-water capabilities has been a focus of DR2020 and DRP307.

Ironically, although highly encouraged by the United States today and considered a crucial component of a future robust alliance, South Korean forays into the global security environment have been nascent in great part due to the alliance itself. The division of the Korean Peninsula in 1945, and the provision of a security guarantee afforded by the Mutual Security Treaty with the United States afforded the ROK the space and the confidence to seek out its own independent national interests outside the confines of the bilateral alliance relationship. In the early years of the alliance, the ROK’s pursuit to establish external relations was an overwhelming function of desire for rapid industrialization and economic development -- seeking additional sources of raw materials, critical resources, and potential markets for Korean exports -- as well as a zero-sum competition with the DPRK for international legitimacy.

Only recently, as the ROK reached the top tiers of international advancement in the 1990s – the ROK became an OECD member in 1996 – did South Korean national interests begin to be defined publicly as “global” in nature, but still remained confined primarily to pursuing robust economic activities. Aggressive economic engagement is not surprising given that the ROK economy is highly dependent on international trade, constituting an astonishing 97 percent of its GDP in 2011. Notably, 99.7 percent of the nation’s trade is conducted via ocean transport: 100 percent of its crude oil, 90 percent of its raw steel, and 73 percent of food are carried via ship, utilizing the major sea-lanes of the world.<sup>2</sup> Moreover, because South Korea has no domestic production of oil, the country is entirely dependent on oil imports, 80 percent of which are transported from the Middle East through two of the world’s major oil transit choke points: the Strait of Hormuz, and the Straits of Singapore and Malacca. Any disruption of vessels carrying oil to South Korea through these sea lanes would have an immediate and devastating effect on the economy. Thus, open Sea Lanes of Communications (SLOCs) has taken on steadily greater importance over the years. Although the prioritization of securing SLOCs temporarily waned in the decades after the end of the Cold War for the United States and the West, they have once again taken on greater urgency in the wake of emboldened Chinese and even Russian maritime activities, and with the rise of transnational threats, such as piracy.

The security of critical SLOCs in and around Asia has been guaranteed and underwritten by the U.S. Navy for the last six decades as part of the U.S. commitment to its treaty allies in region, and it has undoubtedly contributed to South Korea’s ability to rapidly develop its economy into an industrial powerhouse today. While the United States remains maritime Asia’s strongest military and economic presence today, it is conceivable that China may become the dominant regional naval power during this century.

The uncertainty of this power shift has increased concerns throughout Asia and in particularly South Korea about the potential for reductions or even an eventual U.S. withdrawal from the region, and the consequences of China becoming the regional maritime hegemon. Even as China has cultivated close economic ties throughout the region, its actions to date have exhibited a propensity towards competition rather than the attributes of a benevolent hegemon willing to bear the costs of maintaining open SLOCs that do not disproportionately benefit itself. For a heavily trade dependent economy such as South Korea, the consequences of such a development are profound indeed.

Deep anxieties about the future distribution of power in the region which is highly dependent on the presence and power of the United States have not been alleviated by the grand announcement by the Obama Administration of a “Pivot” to Asia. This is despite the fact that ironically, one important rationale driving the Pivot was to increase U.S. emphasis on Asia in order to alleviate the perception that U.S. commitment to the region were waning due to pressures to reduce U.S. defense spending.

Indeed, it is the inability of the Pivot to meet lofty expectations that has weakened confidence among some U.S. allies about continued American commitment in the region at a time of emboldened Chinese behavior. These concerns are exacerbated by increasing pressure at home to reduce U.S. defense spending which directly contradict

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<sup>2</sup> World Bank, 2012 data.



the Pentagon's ability to implement the Pivot by directing more assets to the region. As such, ongoing uncertainty about the Pivot's intentions, impact, and sustainability in the region is contributing to the rise to increased apprehension about the future shape of the Asian security order in the 21<sup>st</sup> century.

Dissatisfaction with and uncertainty about the future distribution of power in the region are at the heart of the seemingly obsessive Asian focus on competing narratives of history which have cast a dark shadow over contemporary efforts to navigate fluctuating changes in the regional order. The revisionist tendency of all four Northeast Asian countries – China, Japan, and the two Koreas – has poisoned the political landscape and inhibits their ability to forge closer cooperation, but this is rather the symptom and not the cause of regional discord.

For example, the current heightened tension between South Korea and Japan over their inability to achieve mutually acceptable accounts over 20<sup>th</sup> century events may seem to outsiders as banal, trivial, or even unnecessary, but their significance goes beyond a righteous demands for "correction" of historical interpretation and reflects instead concern about an uncertain future more than the necessity to correct the past. Japan's current efforts to "normalize" its military and adopt more robust security stances are therefore met with suspicion because without what Koreans deem as an "acceptable" accounting of past actions – a bar that Japan may never be able to achieve – they will remain deeply anxious about future Japanese actions.

For the United States, these intractable historical disputes are increasingly problematic as they inhibit cooperation between two of the most important U.S. allies in Asia, and moreover threatens to weaken both bilateral alliances as each partner attempts to press the United States to exert its influence over the other. This is a trap that the United States must avoid as any U.S. intervention is an exercise in futility. Efforts to avoid direct involvement and contain Korean-Japanese disputes to their respective bilateral context, however, does not mean that the United States should be cavalier or dismissive about the relevance of historical issues.

Recent events in our own country involving the continued significance of the Confederate flag or debates over the name of the Redskins football team reveal that historical scars still resonate profoundly in the contemporary consciousness of many societies and cannot so easily be overcome. Lecturing our ally partners to "get over it and move on" is not a course of action or attitude that will contribute to positive U.S. alliance relationships. Rather, the United States should work with our ally partners to create a shared vision about the future regional order and alleviate anxieties by garnering their active participation and stressing their respective roles in achieving it. Only by doing so can we expect South Korea and Japan to accommodate each other's objectives and strategies. While the two countries may be deeply divided over their past, they share much more in common regarding future objectives and goals, and this should be the primary focus of U.S. diplomatic and military efforts.

#### **Shared Strategic Objectives**

Despite the current distraction of South Korea-Japan historical tensions, it is with China that Korea has had a much longer and complex relationship. China has undeniably been the foreign power of the greatest importance to Korea throughout its long history, beginning with a short-lived Chinese Yen Kingdom's conquest of the

ancient Chosun (Korean) kingdom at the end of the fourth century B.C. For more than two thousand years since then, the fate of the two cultures has been inexorably intertwined. The Korean Peninsula served as the natural conduit for access both to and off the Asian mainland. Indeed, the final death knell of Imperial China, marked by its ignominious defeat by the upstart Japan in the Sino-Japanese War (1894-1895), was essentially a battle over control and access to the Korean Peninsula, as was the subsequent Russo-Japanese War in 1904. And China's special relationship akin to "lips and teeth" with North Korea was forged from the very inception of the DRPK in 1947. This long history intertwined with the Chinese "Middle Kingdom" has meant that both South and North Korea's relationship with the neighboring giant is profoundly complex. And as the "shrimp among whales," the smallest of independent countries surrounded by powerful neighbors, Korea – both unified and divided – has been particularly sensitive to the maneuverings of great powers.

The outbreak of the Korean War and the ensuing Cold War was in many ways a period of clarity for both Korea's position vis-à-vis China. As long as the PRC and the United States stood on opposite sides of the Cold War divide, the two Koreas were secure in their proper places in the shadows of their larger partners. Since the Sino-Soviet split in the 1970s, followed by détente between the United States and China, and then normalization of relations between Seoul and Beijing, China's relations with the two Koreas have been a delicate balance of intersecting and often conflicting interests. Today, China has surpassed the United States as the ROK's largest bilateral trading partner but China is also the lifeline for North Korea's economic survival. China's continued tolerance if not outright support of North Korea, despite its continued recalcitrant behavior, has served to encourage Pyongyang to behave with impunity.

Both Koreas have long tolerated China's bifurcated strategies to maintain ties with both sides of the Peninsula even if it has meant playing one against the other. And both are long familiar with China's assertions of superiority and dominance over the Peninsula, as evidenced by the grand controversy that erupted between Beijing and Seoul in 2004 over the origins and historical legacy of the Goguryeo Kingdom (37 B.C. to 668 A.D.).<sup>3</sup> While the bitter recriminations over an ancient and defunct kingdom may seem to be a bemusing historical anomaly to those outside Asia, for Koreans the incident was a profound manifestation of deep and unsettling Chinese strategic ambitions in the region. While Japan has long-served as an easy and emotional target of Korean recriminations against historical injustices suffered by the Korean people during brutal colonization (1910-1945), it is the uncertainty about Chinese dominance that has always presented the far greater challenge to Korean interests more than any potential resurgence of Japanese power. This dynamic, long-buried and until recently grudgingly acknowledged, is becoming more manifest in South Korea's recently articulated defense strategies.

Nevertheless, while there seems to be a growing coalescence of concern among South Korea's leadership about Chinese dominance in the region, there is by no means a consensus, nor is the famously divisive and vociferous South Korean public unified in its views towards China. Beijing's open and flagrant support of Pyongyang after its

<sup>3</sup> For a detailed discussion of the controversy over Goguryeo, see: Peter Hays Gries, "The Goguryeo Controversy: National Identity, and Sino-Korean Relations Today," *East Asia*, (Winter 2005, Vol. 22, No. 4), pp. 3-17.

attacks against the South in 2010, including the sinking of the *Cheonan*, caused some changes in South Korean attitudes towards China. But the public remains deeply ambivalent and divided over what it views with resentment as having to “choose” between China and the United States.

For example, the reaction in South Korea to the release of the latest U.S. *National Military Strategy* (July 1, 2015) which highlighted Chinese attempts to “revise the maritime status quo” in Asia, was concern that the United States will pressure Seoul to support measures to counter China. The predominant view in South Korea is that the country is not in a position to take an open stance on escalating maritime disputes in the region for fear of straining ties with China, its largest trading partner and an important source of tourism, as well as the key actor in denuclearizing North Korea. But in fact, by *not* choosing to support shared alliance objectives, or even by remaining on the sidelines of Chinese actions that clearly challenge Korean interests, South Korea cedes tacit power to Chinese objectives establishing a dangerous precedent for the future.

Such Korean preoccupation with China’s reaction is an important litmus test for future wrinkles in the U.S.-ROK alliance and may increase tensions as U.S. objections to Chinese actions in the region are likely to increase in the near and distant future. China’s opposition to ROK consideration of adopting THAAD is another example of inappropriate Chinese insertions into issues that should relate purely to South Korea’s defense calculations. After all, unless Beijing has intentions to launch missiles into the southern half of the Korean Peninsula, South Koreans should not be concerned about Chinese arguments about their reduced deterrent capabilities. As such, a ROK adoption of THAAD is less a straightforward military concern for China, and more a political barometer indicating the closeness of the U.S.-ROK alliance.

Indeed, the increasingly assertive Chinese maritime behavior we are witnessing today may be part of a broader strategy to test Beijing’s authority over smaller neighbors in the near term by pushing U.S. forces away from its maritime borders to demonstrate rights over the entire South and East China Seas. Under such Chinese dominance, smaller powers will not necessarily have to give up their independence or even have to emulate China ideologically, but they will have to show due respect, and if necessary provide appropriate concessions. One necessary concession in China’s view will be the reduction of U.S. influence in the region, if not the end of the alliance system itself. Whether or not these are truly Chinese intentions is less important than the significance of the smaller Asian countries reactions and the message they send to Beijing.

Increased economic, social, and even political interaction in East Asia have expanded the scope of soft power but have not eliminated the continued preeminence of traditional measures of hard power. This shift is not due to any decline of U.S. power presence in the region per se, nor is it solely a function of China’s military modernization, but rather an increase in Chinese confidence borne from its explosive economic growth and expanding global presence. Recent self-assurance – reinforced by its sole recovery from the global economic crisis in 2008 – has contributed to the expansion of Chinese strategic calculations to include the need to defend China’s national interests in maritime, air, space, and cyber environments, both near its borders and beyond. While sea and air defense area denial are short-term and tangible goals, the Chinese strategic vision seems to be much more expansive in the long-term.

In the face of such changes, but more important given the *lack* of fundamental changes in the basic security dynamics in the region, there is no question that U.S. bilateral alliances with South Korea and Japan remain the fundamental pillars upon which continued stability rests. Yet, despite the fact that the stark lines of contrasting Cold War security interests remain intact especially on the Korean Peninsula, the blurring of economic interests have served to amplify the twin fears of entrapment and abandonment that have perennially plagued America's allies. South Korea's worst fear – as is the case of many other nations in East Asia – is to be caught in the middle of a U.S.-China battle for regional supremacy. But an equally frightening scenario is one in which the United States withdraws from the region, leaving Korea alone to fend for itself in an unstable and uncertain environment.

Thus, as the United States moves forward in refining and articulating our strategy in the region, we should remain mindful of the concerns of our allies and acknowledge their crucial contribution in our efforts to proactively and peacefully meet the challenges presented by an evolving China.

#### **Future Cooperation for the Alliance**

While the primary goal of the U.S.-ROK alliance was and is to deter North Korean aggression through the Mutual Security Treaty and commitment to the Armistice, its broader objective has always been to maintain regional stability. The alliance has done so by serving as a tangible bedrock for U.S. engagement in the Asia Pacific.

Today, we are fortunate that the alliance has successfully weathered a dark period of tension and emerged into a bilateral relationship that continues to evolve towards greater equity and maturity. The leaders of both countries should be commended for their diligent efforts over the last few years to quietly and successfully achieve agreement on a number of thorny issues, including ratification of the KORUS Free Trade Agreement (FTA) and a new agreement on Civil Nuclear Cooperation – the so-called “123 Agreement.” We should not remain complacent, however, as the alliance will undoubtedly be bombarded again in the future by a boisterous Korean civil society. Two upcoming issues will similarly serve as proxies for existential debates about the alliance itself: South Korean adoption of THAAD and greater active ROK participation in securing SLOCs in and around the East and South China Seas. While creating challenges for political leaders, these developments if prudently managed in their proper context will not necessarily unravel the alliance.

Meanwhile, there are several other areas of cooperation that can be actively pursued under the auspices of a robust alliance. On the Korean Peninsula, we must not lose sight of the imminent and perennial threat that emanates from North Korea. Recent actions undertaken by both the United States and ROK contribute to actively address North Korean asymmetric threats. The *2015 Strategic Digest* outlines four new principles to counter North Korea's missile threat: (1) acquire, field, and employ anti-missile capabilities on the Peninsula; (2) enhance combined training exercises; (3) support existing 4D lines of efforts (4D lines are: “to detect, defend, disrupt, and destroy

North Korean ballistic missile threats"); (4) commit to bilateral consultation.<sup>4</sup> A recent \$8 billion increase in the ROK defense budget for the 2016-2020 fiscal years is specifically targeted towards the nation's preemptive strike capabilities and air and missile defense systems, and will greatly enhance the U.S.-led 4D lines.

The U.S. commitment to the ROK is not just for defense and deterrence, but as an alliance partner to support South Korean efforts towards an eventual and permanent resolution of conflict with the North. While North Korea's illicit pursuit of a nuclear weapons program has erected an additional barrier to a permanent peace, President Park Geun-hye has admirably developed a vision for eventual Korean reunification that goes beyond the nuclear issue. The strategy, which includes conditional engagement of the North in the short-term, is essentially focused on long-term efforts to pave the way for peace in Northeast Asia. The United States should contribute full efforts to assist the realization of South Korean efforts in this regard.

The U.S.-ROK alliance has also served economic interests far beyond the narrow confines of purely military cooperation, and have been undoubtedly mutually beneficial for both countries. As such, the two allies can cooperate further in the economic arena, by seriously considering ROK as a future member of the Trans-Pacific Partnership (TPP). The ROK's inclusion in the TPP is even more crucial in the context of the conclusion of an FTA between South Korea and China in November 2014. Both countries view the bilateral agreement as the basis for further regional economic integration through its expansion into a trilateral agreement to include Japan, as well as a larger multilateral FTA, the Regional Comprehensive Economic Partnership (RCEP), which will incorporate the three Northeast Asian economies with the ten members of ASEAN as well India, Australia, and New Zealand. ROK participation in TPP will ensure that the regional economy will not just be Asian but securely connected with the Pacific.

Another area for closer allied coordination is the ROK's membership in the Chinese-led Asian Infrastructure and Investment Bank (AIIB). Because the United States and Japan have chosen not to join, South Korea is in a position to take a leadership role within the AIIB by representing and insisting on the values, preferred rules, and standards of conduct shared among the three allies.

In the global security arena, the ROK has already shown great initiative by steadily expanding its participation in a variety of activities, such as PKO, anti-piracy, reconstruction and stabilization operations, and humanitarian relief. A crucial area for expansion, however, is the implementation of a vigorous non-proliferation program both in the region and globally; the steady expansion of North Korea's illicit activities makes interdiction efforts more crucial than ever. Finally, the United States and ROK can greatly expand cooperation on cyber defenses.

Ultimately, any close cooperation in the future is dependent on continuing the achievements of the past few years in reaffirming a robust and committed alliance. Because one of the most important contributing factors to a strong alliance is domestic political support, the future political leaders of both countries should be mindful to not sacrifice the achievements and hard-work of the past several years by sabotaging continuation of one of the most important bilateral relationships in the region. It is clear

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<sup>4</sup> The *Strategic Digest* is an annual publication issued by the U.S. Forces Korea (USFK), ROK-U.S. Combined Forces Korea Command (CFC), and the United Nations Command (UNC). The 4D lines of efforts were endorsed during the October 2014 U.S.-ROK security Consultative Meeting.

that the U.S. objectives for the mid- to long-term future is to continue to play an active and positive role in maintaining stability in East Asia. The promotion of prosperity, freedom, and cooperation in the region are undoubtedly integral to the U.S. national interest. The best and perhaps only way for the United States to maintain its positive influence in the region is through its alliances with key partners.

Mr. SALMON. Thank you. Mr. Schoff.

**STATEMENT OF MR. JAMES L. SCHOFF, SENIOR ASSOCIATE,  
ASIA PROGRAM, CARNEGIE ENDOWMENT FOR INTER-  
NATIONAL PEACE**

Mr. SCHOFF. Chairman Salmon, Ranking Member Sherman, members of the subcommittee, thank you for the opportunity to talk about the U.S. alliance relationships in Asia. I will focus on Japan and the Republic of Korea today.

I have prepared separate testimony for the subcommittee, but would now like to highlight two observations about these alliances. First, we should take a moment to appreciate how far we have come, from a paternalistic relationship helping these countries rise from the ashes to more equal and dynamic partnership spanning the globe in areas of security, trade, investment, technology, global health and many others. This is not to pat ourselves on the back, but instead to recognize how diverse and mutually beneficial these alliances have become.

Second, we should consider the fact that the next 60 years of these relationships and the environment within which they will operate are unlikely to resemble the past 60. In Asia, I expect a much finer line between productive harmony and potentially devastating conflict. Greater wealth and capacity in the region together with enhanced communication and interaction converging interests in the regional commons give me optimism.

But nationalism, poor governance, competition for resources, rising military investments and other factors provide reason to worry. This is a time of transition in Asia, and therefore a delicate balance must be struck between U.S. reassurance and in viewing U.S. power and presence within a new regional framework built upon the foundation of our alliances and emerging partnerships.

U.S. priorities will remain the maintenance of stability, openness and access in the region, but we will not be able to do this on our own. And so we must accomplish this in concert with other nations, and China should be a part of this process. Overall, the U.S. response to changing dynamics in Asia should include concrete steps to reassure allies and deter Chinese coercion combined with active diplomacy and networking in the region to foster a more collective approach to rulemaking and enforcement as Asia grows. This can ultimately help spread the burden for maintaining peace and territorial integrity beyond the traditional hub and spoke alliance system, although for the time being these alliances are the primary means to preserve stability and prosperity.

The United States must be a leader in Asia in a comprehensive way not just in military terms, and we should support closer cooperation among our allies and partners particularly encouraging our stronger security partnerships between Japan and Australia and Japan and the Philippines. For example, progress toward an ASEAN economic community, and even the fragile Japan-Korea-China framework that can reinforce U.S. policy goals vis-à-vis China via the words of trusted allies.

For the sake of time I would like to highlight three points on Japan. First, Japan's reaction on the defense front remains modest in budget terms and it is taking reasonable steps to loosen restric-

tions on how its forces can cooperate with others. Japan is going beyond mere presence in its EEZ and actually considering how to fight and contain a low level conflict. This is a more credible form of deterrence, and positive, I think, for the alliance as long as the alliance can become more integrated and Japan can plug into multilateral security cooperation activities more effectively.

Second, Prime Minister Abe is trying to do this and this alliance integration opportunity is embodied in our new defense cooperation guidelines. The new alliance coordination mechanism mentioned in the defense guidelines should become a more valuable tool to coordinate decisions with a higher degree of political and operational accountability.

Third, Japan is also reaching out actively to Southeast Asia in order to diversify economic interests beyond China and attempt to balance along its periphery. This is an opportunity for the United States to coordinate with Japan and reinforce our own Asian strategy.

Two points on Korea. First, North Korea remains the number one security concern, and allied solidarity is vital to managing any dangerous scenario. A conditions based approach to transfer wartime operational control, or OPCON, to South Korea is appropriate given the security challenges, but I think we should stay focused on this objective. I believe OPCON transfer is the correct policy because South Korea is capable, it can enhance our leverage vis-à-vis North Korea and China, and it is the right thing to do. Implementing OPCON transition, however, must not diminish our ability to operate in a joint fashion when necessary or undermine mutualized confidence.

Second, although South Korea has become an increasingly important partner in multilateral institutions and responding to crises overseas or problem solving be it health, security, development, and despite Seoul's understandable focus on the Peninsula, the U.S. should keep looking for opportunities to involve South Korea in multilateral partnerships to support regional governance. They are too important and capable a player to have on the sidelines and it will serve their interests too.

Finally, with regard to the poor state between Japan and Korea over historical perspectives, this is a situation that Washington can neither solve nor ignore. I applaud recent efforts by Seoul and Tokyo to improve ties, and long term, I think, a deep politicized process of grassroots truth-seeking will help solidify relations, but that will take time and is beyond U.S. control. Meanwhile, trilateral cooperation with the United States on not only North Korea but also in other shared security concerns is an opportunity to create a safe haven for Japan-Korea collaboration. We should strive to get the public in both countries to see such cooperation as a matter of course independent of bilateral grievances. And so conducting some of our trilateral activities at a higher public profile, I believe, might be useful. Thank you.

[The prepared statement of Mr. Schoff follows:]





**CARNEGIE**  
ENDOWMENT FOR  
INTERNATIONAL PEACE

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Congressional Testimony

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**Strengthening U.S. Alliances in Northeast  
Asia**

Testimony by **James L. Schoff**  
Senior Associate, Asia Program  
Carnegie Endowment for International Peace

Testimony before the House Foreign Affairs  
Subcommittee on Asia and the Pacific

July 15, 2015

Chairman Salmon, Ranking Member Sherman, Members of the Subcommittee, thank you for this opportunity to offer my views about how to strengthen U.S. alliance relationships with Japan and the Republic of Korea (ROK).

U.S. government officials refer frequently to these alliances as “cornerstones” or “lynchpins” for America’s foreign and security policies in the Asia-Pacific, and these metaphors would become tiresome if they were not so apt for describing the value the alliances deliver to U.S. national interests. Indeed, as this Subcommittee well understands, these two countries are among our most important partners in trade and rule making, collaborate closely with us within leading multilateral institutions, host significant forward deployed U.S. forces and train with us at an elite level, and are frequently the first to support U.S.-led efforts to ameliorate international crises (to which they bring valuable technology, finance, and human capital assets).

As often as we tend to talk about these bilateral relationships in the same breath, however, it is important to recognize the differences between them (in terms of their structure, their historical and political background, and the trend lines for how they are evolving). In some ways, the two alliances are developing in converging directions and might come to resemble one another more closely, for example in terms of how we seek to govern international trade relations, coordinate development aid in the region, or contribute to regional stability and security. The depth of our shared interests and values helps drive this trend and creates opportunities for more productive trilateral cooperation in the future.

But in other ways—in part due to cultural differences, the scars of history, and the competitive nature of free market capitalism—the United States should expect divergent policy approaches by its allies toward such issues as the North Korean nuclear and missile challenge or China’s economic and military rise. In these cases, Washington can strive to bridge policy gaps where possible, but it should also respect the limits of trilateral cooperation and prioritize long-term harmony over short term gains.

Most importantly, the United States should never forget that its future prosperity is inextricably linked to Asia’s peaceful adjustment to its growing wealth and power, and America has the means to positively affect this outcome, if utilized wisely. Close collaboration with key U.S. allies in the region is a critical enabler for whatever strategy Washington adopts, particularly if stronger links between our allies can be encouraged.

#### Current Status of Bilateral Alliances and Recent Progress

Overall, the U.S.-Japan and U.S.-ROK alliances are in good shape today, thanks in part to consistent bipartisan support from the U.S. government over the years and careful attention paid most recently by both the Bush and Obama administrations. Polls show broad support on each side of these two alliances, and political change (back and forth) in all three countries over the last two decades has not disrupted their relationships.<sup>1</sup> In fact, the alliances are arguably as strong as they have ever been.

<sup>1</sup> For example, a 2015 poll by the Japanese Cabinet Office shows over 80 percent of the Japanese public support the U.S.-Japan Security Treaty. The latest 2014 annual poll by Japan’s Ministry of

Quick and robust U.S. support for Japan in the aftermath of its 2011 tsunami and nuclear crisis was the right thing to do not only from a humanitarian perspective, but also from a U.S. strategic standpoint and as a close friend. Although current Japanese Prime Minister Shinzo Abe often remarks that his party's return to power in late 2012 helped "repair" U.S.-Japan relations, the fact is that alliance cooperation was solid during the last two years the Democratic Party of Japan was in power, and this emerging "bipartisan" support for the relationship in Japan should be celebrated. It is a long-term asset for the alliance.

Acrimonious trade battles are largely a thing of the past (though not extinct), which has strengthened a sense of partnership. U.S.-Japan cooperation initiatives in a variety of fields—including energy, the environment, health, science and technology, and development aid (including the recently established U.S.-Japan Development Dialogue<sup>2</sup>)—have been a staple of the post-Cold War period and deliver value to the allies and to the world. Bilateral defense cooperation continues to broaden and deepen in an evolutionary manner, amidst a deteriorating security environment.

In recent years the allies have conducted more frequent and complex military exercises, updated bilateral planning, collaborated in humanitarian assistance and disaster relief (HA/DR) operations including Pacific Partnership and Operation Damayan in the Philippines (among others), established the Extended Deterrence Dialogue (EDD) to consider alliance responses to nuclear threats, and announced new Guidelines for Bilateral Defense Cooperation in 2015 to adapt to modern security threats.<sup>3</sup> In addition, the U.S. and Japanese governments agreed on a plan to reduce the U.S. Marine presence in Okinawa and relocate the Futenma Marine Corps Air Station

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Foreign Affairs on the U.S. public's attitude towards Japan shows support for the alliance near its highest ranges at over 80 percent. An Asan Institute poll from 2014 shows that over 90 percent of the South Korean public supports the U.S.-Japan alliance. A 2014 poll by the Chicago Council on Global Affairs shows that a majority of Americans view South Korea positively and as a U.S. partner; furthermore, in 2014, the highest percentage of American respondents (since polling started in 1982) supported sending U.S. troops to South Korea if North Korea invaded. See (respectively) Cabinet Office. "Figure 22: Thinking on the U.S.-Japan Security Treaty." 2015. Available at <http://survey.gov-online.go.jp/h26/h26-bouci/zh/z22.html>. Ministry of Foreign Affairs. "2014 U.S. Poll on Opinions toward Japan." 2014. Available at <http://www.mofa.go.jp/files/000061649.pdf>. Asan Institute. "South Korean Attitudes on the Korea-US Alliance and Northeast Asia." April 24, 2014. Available at <http://en.asaninst.org/contents/asan-report-south-korean-attitudes-on-the-korea-us-alliance-and-northeast-asia/>. Smeltz, Dina, Daalder, Ivo and Craig Kafura. "Foreign Policy in the Age of Retrenchment: Results of the 2014 Chicago Council Survey of American Public Opinion and US Foreign Policy." The Chicago Council on Global Affairs. 2014. Available at [http://survey.thechicagocouncil.org/survey/2014/\\_resources/ChicagoCouncilSurvey.pdf](http://survey.thechicagocouncil.org/survey/2014/_resources/ChicagoCouncilSurvey.pdf).

<sup>2</sup> See "The Guidelines for U.S.-Japan Defense Cooperation," April 27, 2015, Department of Defense at [http://www.defense.gov/pubs/20150427\\_-\\_GUIDELINES\\_FOR\\_US-JAPAN\\_DEFENSE\\_COOPERATION.pdf](http://www.defense.gov/pubs/20150427_-_GUIDELINES_FOR_US-JAPAN_DEFENSE_COOPERATION.pdf)

<sup>3</sup> See "Joint Statement of the Security Consultative Committee, Toward a More Robust Alliance and Greater Shared Responsibilities," October 3, 2013 at <http://www.defense.gov/pubs/U.S.-Japan-Joint-Statement-of-the-Security-Consultative-Committee.pdf>

for a more politically sustainable posture, receiving permission from the local governor to initiate the project (although this relocation faces delays due to local political opposition and a new opposition-backed governor).

The U.S.-ROK alliance has weathered numerous North Korean acts of belligerence and attempted intimidation in recent years, often emerging stronger for the experience. The allies approved in 2013 a new coordinated plan to respond to future North Korean provocations (enhancing deterrence) and added new bilateral working groups in the areas of cyber and space security policy.<sup>4</sup> Another important bilateral initiative—the Extended Deterrence Policy Committee—began in 2010 for the same reason as the U.S.-Japan EDD (i.e., to discuss alliance options with regard to the growing North Korean nuclear threat), and it has been an important tool for facilitating bilateral communication on the topic and reassuring Seoul of U.S. intentions and capabilities. The realignment of U.S. forces in Korea has faced delays and hurdles in implementation—much like the situation in Japan—but progress is being made and the allies signed a new agreement last year on sharing the costs for maintaining the U.S. presence through 2018.<sup>5</sup>

Most notable about the U.S.-ROK alliance, however, is its expanding relevance beyond the Korean Peninsula and in areas other than hard security, a development foreshadowed by a Joint Vision statement issued by Presidents Obama and Lee in 2009.<sup>6</sup> Adjusting and passing the Korea-U.S. Free Trade Agreement (KORUS FTA) in 2011 has helped to expand bilateral trade in certain FTA-covered areas and provides a foundation for further trade liberalization in Asia.<sup>7</sup> In addition, the allies are beginning to leverage their talents and resources more effectively in areas of nuclear nonproliferation, HA/DR, development assistance, and environmental protection and climate change.<sup>8</sup>

<sup>4</sup> See “Joint Communique: The 45<sup>th</sup> ROK-U.S. Security Consultative Meeting,” Department of Defense, October 2, 2013 at <http://www.defense.gov/pubs/Joint%20Communique.%2045th%20ROK-U.S.%20Security%20Consultative%20Meeting.pdf>

<sup>5</sup> This Special Measures Agreement renewal (signed February 2, 2014) must still be approved by the ROK’s National Assembly to take effect.

<sup>6</sup> See “Joint Vision for the Alliance of the United States of America and the Republic of Korea,” The White House, June 16, 2009 at [http://www.whitehouse.gov/the\\_press\\_office/Joint-vision-for-the-alliance-of-the-United-States-of-America-and-the-Republic-of-Korea](http://www.whitehouse.gov/the_press_office/Joint-vision-for-the-alliance-of-the-United-States-of-America-and-the-Republic-of-Korea)

<sup>7</sup> Early evaluations of KORUS FTA show modest export gains for small and medium-sized U.S. enterprises and bilateral trade expansion for FTA beneficiary items overall. See *U.S.-Korea Free Trade Agreement: Effects on U.S. Small and Medium-Sized Enterprises*, U.S. International Trade Commission, Investigation No. 332-539 USITC Publication 4393 May 2013 at <http://www.usitc.gov/publications/332/pub4393.pdf> and “One Year Trade Statistics of KORUS FTA” by U.S.-Korea Connect at <http://www.uskoreaconnect.org/facts-figures/issues-answers/korus-trade-figures.html>

<sup>8</sup> See, for example, *The U.S.-South Korea Alliance: Meeting New Security Challenges*, Scott Snyder ed., Lynne Rienner: Boulder, CO, 2012 and “U.S.-Korea Environmental Cooperation

The aforementioned are all positive trends for the two alliances, reflecting mutual recognition of their ongoing value and a mature alliance management infrastructure that strives proactively to minimize policy differences and expand bilateral cooperation when possible. For both Japan and South Korea, public and government support for their alliances with the United States remains strong, and they recognize the alignment of our national interests with the agenda of stability, openness, and access.<sup>9</sup>

Still, U.S. fiscal restraints and political dysfunction, combined with China's rise, raise doubts in Tokyo and Seoul about the long-term sustainability of American primacy in Asia, and they are taking different steps to hedge against relative U.S. decline. The challenge for U.S. policy makers is to find feasible ways to reassure the allies without simply subsidizing their security at an unsustainable financial and political cost to America, essentially to live up to the policy promise of the so-called rebalance to Asia (in all of its political, economic, and military dimensions) in a consistent and practical manner. Before offering policy recommendations toward this end, the following summarizes Japanese and Korean responses to China's military rise in the region, with some concluding recommendations for U.S. policy vis-à-vis its allies.

#### Allies' Responses to China's Rise in Northeast Asia

By some measures, the policy and military responses to China's rise by Tokyo and Seoul remain modest, suggesting sufficient confidence— for the moment— in national strength and the value and reliability of their alliance relationship with the United States. After all, China has been a significant source of growth for both countries, and a stable and prosperous China has been good for Asia overall. Despite consistent year-on-year Chinese military budget growth of 10-plus percent, for example, Japan's defense spending has been essentially flat since 2000 and South Korea's increase has averaged less than 4 percent per year (and that has been driven more by North Korea than by China).<sup>10</sup> Japanese and Korean direct investment in China during this time continued to grow significantly, perhaps belying any concern about increasing economic vulnerability.

#### *Japan Defense Posture*

In Japan's case, part of its apparent complacency on the military front can be attributed to the strong bilateral alliance and its own modern armed forces. Although purely defense oriented and relatively small given Japan's wealth, the country's Self-Defense Forces (SDF) boast the world's

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Commission 2013–2015 Work Program,” State Department, February 14, 2013 at <http://www.state.gov/documents/organization/205226.pdf>

<sup>9</sup> “Access” in this case, describes the ability of Japan and its U.S. ally to be able to take steps to maintain stability and openness, as they deem it necessary to protect national interests, consistent with international law.

<sup>10</sup> Japan's defense budget in 2000 was about ¥49 trillion, which is where it stands in 2015. Defense spending represents consistently less than 1 percent of Japan's GDP. From Ministry of Defense, “Defense Programs and Budget of Japan Overview of FY2015 Budget,” p. 50 at [http://www.mod.go.jp/e/d\\_budget/pdf/270414.pdf](http://www.mod.go.jp/e/d_budget/pdf/270414.pdf) ROK figures from David Kang, “Paper Tiger: Why isn't the rest of Asia afraid of China?” *Foreign Policy*, April 25, 2013.

seventh largest defense budget in the world including such high-end capabilities as mid-air refueling, airborne warning and control (AWACs), Joint Direct Attack Munitions (JDAMs), Hyuga-class (helicopter) destroyers and Atago-class Aegis (missile defense) destroyers, and will soon field 5<sup>th</sup> generation fighter aircraft in the form of the F-35.

What Japan lacks, however, is a legal and political framework that would allow the flexible application of these forces to support a wide range of national security objectives, either alone or in concert with the United States. The SDF was built primarily to operate domestically in response to potential attacks on the homeland. Typical of the parochial nature of Japan's forces, it possesses one of the world's largest inventories of CH-47 transport helicopters but no way to deploy them quickly overseas. Its new XC-2 military transport aircraft was designed to be large enough to carry Patriot missile defense batteries for national defense, but not the large helicopters that could be useful in an international crisis. U.S. officials would like to see Japan expand the range of security cooperation activities it can conduct with its ally and with other partners, but the Japanese public is reluctant to endorse SDF entanglement in such activities.

Ever since Japan's purely financial contributions to the Gulf War in 1991 were derided as mere "checkbook diplomacy," successive administrations have expanded modestly the range of SDF missions that Japan can conduct overseas, both legally and operationally. These changes came about slowly— at times through temporary authorization that eventually expired— and they were usually of a non-military nature, such as providing logistical or engineering support to a United Nations operation or multilateral security initiative. The purpose was to contribute more directly to international peace and security, but it was also a way to sustain the alliance by satisfying U.S. requests for more burden sharing in this field, and some saw benefit in the SDF gaining overseas deployment experience. In this sense, Japan has been hedging modestly for several years, maintaining a modern military and broadening its reach.

In contrast to this incremental approach, current Prime Minister Shinzo Abe is pursuing a more substantive overhaul of the nation's security laws, driven more directly and urgently by the rise of China, as well as North Korea's nuclear and missile development. In 2013, he pushed through a law to strengthen the national protection of classified information, established a new National Security Council to enhance crisis management and oversee the country's first National Security Strategy, and his administration revised the National Defense Program Guidelines (NDPG) and Midterm Defense Plan (MTDP), which governs Japan's future defense procurement. In this area, Japan will boost the defense budget slightly (about 1-2 percent per year) and extend the life of existing submarines and destroyers as a way to expand its military power affordably.

At the operational level, Tokyo's focus is on:

- strengthening intelligence gathering, maritime domain awareness in the East China Sea, and information security (e.g., with plans to buy unmanned aerial vehicles (UAVs), enhancing the use of space with new X-band communications and reconnaissance satellites, and bolstering cyber security capabilities);
- strengthening outer island defense and rapid deployment capability (by acquiring amphibious vehicles, conducting joint training with U.S. Marines, and planning to buy Osprey tilt-rotor aircraft);

- improved defense against nuclear/missile attack (with continued investments in missile defense and possibly developing a retaliatory strike capability, either via aircraft or cruise missiles);<sup>11</sup> and
- expanding weapons export and defense industry development opportunities by loosening legal restrictions and allowing a wider range of companies to get involved in the global supply chain for defense or dual-use articles.

Connected to this is the Abe administration's push to "normalize" the country's defense posture in the near term by allowing Japan to exercise collective self-defense in certain situations, and longer term by revising the military's legal status with a new Fundamental Law on National Security or even revising the nation's Constitution. This could expand further Japan's ability to utilize its military in a flexible manner, but significant political hurdles exist and will limit any further reforms beyond a package of legislation currently being debated in Tokyo.

The key issue for Japan (and what is most noticeable about the new NDPG) is that it is thinking beyond deterrence as the only role for the military and understanding that it might actually become necessary to use force for self-defense (either around the Senkaku Islands or vis-à-vis North Korea). Previously, Tokyo tended to believe that the mere existence (and later, presence) of Japan's SDF—combined with the U.S. alliance—was enough to satisfy its deterrence needs. It now realizes that lower thresholds of conflict might only be deterred if it shows willingness and ability to fight, and the object of this deterrence is China in the East China Sea. Moreover, Japan needs to be able to project force in a flexible manner to adapt to unpredictable situations in case deterrence fails, as well as to give Japan's leaders different options for controlling escalation.

Of course, Japan is not just looking to increase its own military capability as a means to thwart Chinese intimidation and so-called gray zone conflict (i.e. a state of neither peace nor war, such as skirmishes between Coast Guard vessels). Boosting the military is also seen as responding to U.S. requests for more proactive Japanese contributions to regional security, and strengthening the Japan's alliance with the United States is another way for Tokyo to bolster deterrence by signaling to Beijing that conflict with Japan ensures U.S. involvement. This is the backdrop for the bilateral initiative to revise Guidelines for US-Japan Defense Cooperation, completed in April 2015.

#### *Opportunities in U.S.-Japan Defense Guideline Revision*

Washington should welcome Japan's reinterpretation of the Constitution to allow it the limited exercise of collective self-defense, since collective self-defense might apply to UN-approved international security cooperation activities and to a situation involving North Korea. This would allow for more integrated alliance defense cooperation, particularly in the areas of intelligence, surveillance, and reconnaissance (including space and cyber domains), logistical support, and

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<sup>11</sup> The possible development of a strike capability is being studied in Japan, but no decisions have been made. For a country with a restrictive "no war" constitution and a defense-only military, the move would be politically sensitive, even if only technically available for defensive purposes. All of Japan's neighbors already possess such capability.

maritime force protection.<sup>12</sup> These are some of the issues discussed by the allies as they worked to revise their Guidelines for Bilateral Defense Cooperation throughout 2014, and is only the third time in over fifty years that they have taken on this task. The purpose of this stepped-up security cooperation is two-fold:

- To complement the U.S. rebalance to Asia as a response to a more demanding regional security environment (primarily to deter North Korean aggression but also to balance against Chinese maritime expansion); and
- To combine with other allies and like-minded partners (e.g., Australia, South Korea, and some Southeast Asian countries) to build habits of regional security cooperation and a regional security architecture that can eventually involve China and help dampen security competition in East Asia.

The two most important aspects of the updated guidelines are a shift to a more integrated style of security cooperation and a new alliance coordination mechanism (ACM) that will help manage the political and operational dynamics of this shift. These changes are increasingly important as North Korea modernizes its nuclear missile force and as emerging military domains of cyber and space blur the lines between “forward area” and “rear area.”

Whereas the previous alliance concept created separate zones of activity that require relatively little joint planning or training, the new guidelines should enable more integrated operations especially in the areas of missile defense, surveillance and reconnaissance, antisubmarine warfare, counter proliferation, and more direct logistical support of each other, depending on the situation. These could apply to the defense of Japan or other situations around the world.

With any luck, the allies will never have to carry out these missions against real threats, but the newfound ability to plan and train for them will strengthen the alliance and enhance deterrence regardless. This is good for both countries and contributes to regional stability. The new guidelines also could facilitate greater multilateral security cooperation and exercises involving countries like Australia, South Korea, and India, which can bolster regional confidence and capacity to address collective security challenges. Cooperation might also be possible further afield, say if Japanese surveillance support could assist a UN-authorized peace building mission someday in Yemen, for example, with assets stationed in nearby Djibouti.

Japan’s expanding bilateral relationship with Australia is worth highlighting in this regard, since it represents a sustained effort by various administrations in both Tokyo and Canberra to diversify and strengthen defense ties beyond their alliances with the United States. It began with the Japan-Australia Joint Declaration on Security Cooperation in 2007, follow-up “2+2” (defense and foreign ministry leaders’) meeting and an acquisition and cross-servicing agreement in 2010, an information security (sharing) agreement in 2012, and a defense equipment and technology transfer agreement in 2014. This “enabling architecture” between two “hubs” in the U.S.-led “hub

<sup>12</sup> For more on how the United States and Japan could use the Defense Guideline revision process to develop a more integrated “front office/back office” alliance posture, see James L. Schoff, “How to Upgrade U.S.-Japan Defense Cooperation,” Carnegie Endowment for International Peace Policy Outlook, January 16, 2014 available at <http://carnegieendowment.org/2014/01/16/how-to-upgrade-u.s.-japan-defense-cooperation/gykq>



and spoke” security framework in Asia is facilitating trilateral security cooperation that in turn can help operationalize larger multilateral frameworks such as the ASEAN Defense Ministers Meeting-Plus (ADMM+) and associated expert working groups.

Overall, the new U.S.-Japan defense guidelines should allow for more comprehensive alliance cooperation that adds a substantive security component to already robust economic and foreign policy coordination, but there will be political and legal limits to what Japan can do. Japan’s new security legislation will not allow the SDF to use force unless the country is directly threatened or attacked, and its PKO track record suggests that Tokyo will be very selective about joining multilateral coalitions. The new guidelines will provide opportunities for cooperation over time, but these should be explored incrementally in the near term, with due regard for Japanese domestic and regional sensitivities. Change won’t happen overnight.

#### *Republic of Korea*

There is less to describe about South Korea in the context of tangible reactions to China’s economic and military rise. ROK defense investments in recent years have been driven more by developments involving North Korea rather than China, particularly after North Korean attacks in 2010 led to the buttressing of Northwest Island defenses and other counter-battery systems. Much of this has been considered in close consultation with the United States, and the allies approved in 2013 a new coordinated plan to respond to future North Korean provocations (enhancing deterrence) and added new bilateral working groups in the areas of cyber and space security policy.<sup>13</sup>

The Roh Moo-Hyun administration around 2005 promoted a defense procurement policy to grow the Navy and Air Force and allow them to be more expeditionary, with the idea that the North Korean threat would diminish as North-South relations improved and the ROK’s regional and global interests would expand. Renewed North Korean belligerence and its nuclear tests, however, soon led to a paring back of that defense plan, and the result is a sort of hybrid procurement strategy that tries to serve both of Korea’s security needs (i.e. on-Peninsula first and foremost, but also a broader regional and even global reach over the longer term).

As such, in addition to investing in battle readiness at home (including a variety of command and control systems and related infrastructure to prepare for the transfer of wartime operational control (OPCON) to South Korea from the United States by 2015), the ROK military has acquired Aegis capable destroyers, an ever larger submarine force, and AWACs aircraft – among other modernization initiatives— that will help Seoul hedge against Chinese regional military dominance in the future. Indeed, although the ROK push to extend the range of its indigenous ballistic missiles from 300km to 800km in 2012 was explained as a way to counter North Korean missile capabilities, it can also be seen as a long-term investment in a capability that might be needed post-unification, when Korea will be hemmed in by two large nuclear and missile powers

<sup>13</sup> See “Joint Communique: The 45<sup>th</sup> ROK-U.S. Security Consultative Meeting,” Department of Defense, October 2, 2013 at <http://www.defense.gov/pubs/Joint%20Communique,%2045th%20ROK-U.S.%20Security%20Consultative%20Meeting.pdf>

in Russia and China. Recent ROK investments in missile defense and UAVs will have a similar “dual use” (i.e., for North Korea now, and for wider national defense later).

Coupled with this hedging on the military side, a different form of diplomatic hedging by Seoul includes pursuing better ties with China itself, since the cool relations that pervaded the Lee Myung-bak administration (2008-2012)—as Beijing often rose to protect Pyongyang despite its aggressiveness—was seen as strategically undesirable. Although some in Japan and the United States worry that this diplomatic outreach risks driving a wedge between the U.S.-ROK alliance and between South Korea and Japan, better ROK-China relations can have many positive effects (e.g., to promote regional stability and facilitate cooperation in case of turmoil involving North Korea). Better ROK-China ties is not necessarily a zero-sum dynamic, and Washington, Tokyo, and Seoul should make efforts to ensure it does not move in this direction.

The danger, of course, is that some key factors are moving in negative directions. As Japan-ROK ties worsen, for example, suspicion grows in both countries that steps taken to mitigate the China risk (particularly in the military realm) might also be turned against one another. This exacerbates the security dilemma prompted by China’s defense spending growth, and it is hardening public attitudes in all three countries. Sensitive history issues have become highly politicized in the region when precisely the opposite dynamic (i.e. shifting the historical debates to the academic rather than political arena) is preferred. All of this complicates U.S. plans for the rebalance to Asia and risks drawing Washington into a cultural/historical struggle going back centuries, which can only end with strained U.S. relations with one ally or the other.

#### *Korea-Japan Relations*

U.S. policy makers should recognize that the historical perceptions gap between Japan and South Korea regarding Japan’s colonial era is wide and largely unbridgeable in the near (and possibly medium) term. Political and diplomatic agreements to “paper over” this gap in the 1990s sustained gradual progress in bilateral relations since then, albeit in ebbs and flows, but both sides poked enough holes in this weak fabric by 2014 to set ties back by a couple of decades. The good news is that leaders in Tokyo and Seoul are making honest efforts to repair the damage, but this is always harder to do the second time around, and there are groups in both countries that are motivated and mobilized to resist compromise. Current efforts seek to two tracks of dialogue whereby discussion and claims related to history can continue, but do not halt bilateral communication and cooperation on shared national security interests.

Because any crisis involving North Korea (or nearly any major regional security, economic, or environmental crisis) will require close U.S.-Japan-Korea trilateral cooperation to manage effectively, it is important for the United States to work proactively in support of productive trilateralism. One need only look at the intractability of current challenges in Syria and Eastern Ukraine to see how limited U.S. options and leverage become when there is a lack of regional unity and capacity, and then apply this to a North Korean collapse or war scenario to appreciate the value of U.S.-Japan-Korea cooperation.

In recent years, the three governments have tended to keep trilateral cooperation initiatives out of the public limelight, since this was seen as the easiest way to avoid excessive scrutiny (and possible criticism) and establish habits of operational collaboration. But it is becoming increasingly clear that low public support rates in Korea and Japan for closer security cooperation

(as evidenced by the rejection in late 2013 of required ammunition for a ROK PKO in South Sudan that was donated via UN channels by a nearby SDF unit, among other examples) could interfere with trilateral cooperation, even if the need seemed obvious to Americans.<sup>14</sup> Thus, it might be advantageous to publicize existing cooperation initiatives more actively—especially when in support of regional public goods related to security, health, the environment, and energy—as a way to possibly increase public support for trilateral cooperation in Japan and Korea. The goal over time would be to acclimatize the publics to trilateral cooperation for national interests as a matter of course, which in no way prejudices issues of bilateral concern.

#### Policy Recommendations

##### *Japan*

- In order to address an underlying source of tension in the region, continue to push back diplomatically against expansive Chinese maritime claims in the South China Sea and East China Sea by insisting that China clarify the legal basis for its so-called nine-dashed line demarcation and pursue more actively a regional coalition in support of this position.
- Coordinate with Japan the implementation of a Southeast Asia Maritime Security Initiative (mentioned by Defense Secretary Carter at the 2015 Shangri-La Dialogue) to help build partner capacity to enhance maritime domain awareness and deter unlawful activity.
- Support Japan's reinterpretation of exercising collective self-defense rights, particularly with regard to a North Korea scenario and UN peace keeping operations as a means to support deeper alliance integration of security cooperation. China might complain that such a move would be a sign of dangerous Japanese militarism, but it is simply assuming the same rights as any other nation and responding to a degrading security environment.
- Similarly, be supportive of other steps Japan might take to normalize its military with broader rules of engagement, expand its defense budget, and possibly include development of a retaliatory strike capability, so that Japan is better able to protect its own territory without heavy U.S. involvement. Of course, security treaty commitments mean that the United States could be drawn into any China-Japan conflict in the East China Sea, so adequate bilateral consultation, planning, and defense coordination is required. In this sense, something akin to the U.S.-ROK counter-provocation plan might be a useful way to make sure that operational and political/diplomatic issues are fully considered as an alliance (utilizing the new ACM).
- Overall, be inclined to support the sale of U.S. defense equipment such as UAVs and other systems, as well as the deepening of bilateral defense industrial cooperation. Incorporating Japanese commercial technology (such as fuel cells and advanced materials) has the potential to improve the quality and cost-effectiveness of certain U.S. weapon systems.
- Consider expanding opportunities to export U.S. natural gas as a way to support U.S. industry and help Japan diversify its supply sources.
- Follow-through on the relocation of U.S. Marines from Okinawa to Guam as a way to strengthen the political sustainability of U.S. military presence in Japan and to support the

<sup>14</sup> "South Korea to Return Ammunition Provided by Japan," Kyodo News, December 27, 2013. Available at <http://www.japantimes.co.jp/news/2013/12/27/national/south-korea-to-return-ammunition-provided-by-japan/#.VaQ3mE177cs>

Pentagon's policy of geographic distribution in the region. The move to Guam will reduce modestly the burden of hosting Marines on Okinawa, and it will add momentum to the Futenma Marine Base relocation project and overall U.S. realignment in Japan. In a variety of ways, therefore, it will enhance the alliance posture in the region.

- Sustain sufficient U.S. defense spending to reassure allies and engender support for a U.S. initiative to network alliances and partnerships in the region to strengthen the regional security architecture (inclusive of China, as much as possible). Support for negotiation of a high-standard Trans-Pacific Partnership (TPP) trade deal is an important component of this effort. This is part of living up to the policy promise of the Rebalance to Asia.

#### *Republic of Korea*

- Although China is often reluctant, seek joint U.S.-ROK dialogue with Beijing regarding future scenarios involving North Korea (everything from collapse to violent lashing out against the alliance or Japan). The main ROK concern about China involves its approach to various North Korea contingencies, and better communication and more predictability is needed on this front. Such discussions might be able to alleviate Chinese fears about the future posture of the U.S.-ROK alliance post-unification, and if so it could soften Beijing's support for North Korea.
- Support the transfer of wartime OPCON from the United States to ROK and encourage ROK authorities to invest for this transition, even if the potential threat from North Korea has not diminished significantly. This is a way to show North Korea that its primary counterpart for discussions about the future of the Peninsula is South Korea (not the United States) and South Korea is capable of handling this responsibility (with additional investment in domestic capabilities and in close cooperation with the United States).
- Continue to encourage ROK participation in regional security cooperation activities (such as the counter-piracy mission in the Gulf of Aden and the Proliferation Security Initiative), as this can help operationalize the regional security architecture and build stronger ROK-Japan, ROK-Australia, and other mil-to-mil relationships that might help shape/moderate Chinese behavior.

#### *Trilateral*

- Despite ROK-Japan tensions over history, encourage Seoul to keep up trilateral security cooperation, given the vital role that Japan plays in South Korea's security (via its hosting of U.S. bases and promised rear area support in various North Korean contingencies). Trilateral cooperation should be a "safe haven" for regional cooperation, even when Korea-Japan ties are strained.
- Consider publicizing certain existing trilateral cooperation initiatives more actively—especially when in support of regional public goods related to security, health, the environment, and energy—as a way to help increase public support for trilateral cooperation in Japan and Korea. The goal over time would be to acclimatize the publics to trilateral cooperation for national interests as a matter of course, which in no way prejudices issues of bilateral concern.

Mr. SALMON. Thank you. Mr. Lohman, I am going to direct my first question to you. Thailand's ongoing military rule and the significant human rights issues that have come with it has made justifying military cooperation with Thailand more difficult for us. But despite this, Thailand is still a critical partner and U.S.-Thai cooperation is important for U.S. security efforts in the region. What kind of leverage do we have to encourage the military government to move toward elections?

Mr. LOHMAN. Well, I think in the case of Thailand, our leverage really comes from our long term friendship with the country. We do have a security alliance with Thailand, in fact we do also have a treaty basis for that alliance dating back to 1954. So in this case I don't really think of it so much as leverage because you don't really use leverage over a friend, you try to work it through the difficult times.

I think ultimately Thailand will return to democracy, but they have a couple underlying, very deep political challenges, one involving the health of the king, and the other very deep social divisions within the country that they have to work their way through. In the meantime, I think we need Thailand to help us address a lot of the security challenges in the region, and so I don't think we want to throw that away in the process of pushing for a return to democracy.

Mr. SALMON. So in response to—this will be for Dr. Hwang and Mr. Schoff—the evolving threat posed by North Korea over the past several years, the United States and South Korea have developed a new counter-provocation plan and a tailored deterrent strategy. What should Congress know about these plans, and have the various agreements between the U.S. and South Korean militaries on responding to North Korean provocations made the alliance function more smoothly?

Mr. SCHOFF. Sir, I happened to be serving in the Defense Department at the time of the Yeonpyeongdo shelling and that was a perfect example of the alliance dealing with a low level provocation that in many ways in conjunction with the Cheonan bombing had prompted this idea of developing a counter-provocation strategy.

And I think as tight as our alliance is and as well as I think we manage that process, those situations are inherently difficult, because the main responsibility of the low end of escalation is our ally partner but they want to bring the United States in kind of relatively quickly or early or show us up to help force the other to stand down. At the same time we don't necessarily want to get too deeply enmeshed and yet we want to be supportive of our ally.

So I think that process was a very useful way to help deepen mutual understanding about what to expect from each other, and I think what Congress should know about this process is that it is a continual process. As people change in and out of these positions in the Secretary of Defense and in the White House and over time, continued communication at the very high levels so that mutual expectations are shared about what to expect from each other, this reassurance deterrence balance, I think, is a very tenuous one.

We have done okay with Korea on this front, and in the tailored deterrent strategy it is even more important because the stakes are so much higher on the nuclear side of things. So the communica-

tion and the Extended Deterrence Policy Committee, I think, is extremely valuable. I have been in those meetings and we share, we learn things about each other in that process. And continued engagement in that process, I think, is the main thing I would recommend.

Ms. HWANG. Well, this is where history is important, because, and you talk to any military commanders that have served in Korea and they will tell you that it is one of the closest alliances, and this is because the U.S. has fought side by side with South Korean soldiers. I mean you often hear about the blood, sweat and tears, but not only obviously during the Korean War but also during the Vietnam War when South Korea sent so many troops to reinforce U.S. troops. And this makes the U.S.-ROK lines quite different from the U.S.-Japan which, in essence, is theory in terms of how they work together.

I think it is important to understand that for the last 60-plus years we have actually had a very effective deterrent that has evolved against North Korea's conventional threat. So when you ask about North Korea's threat it is important that currently and in the future North Korea now really poses threats on several different fronts. One is the conventional one, which I believe our alliance has worked very successfully to deter and that is essentially manageable.

What is more challenging are the asymmetric threats increasingly from North Korea, and these include not only missile threats, certainly potential use of WMD and now things like cyber threats. And the 2015 Strategic Digest published by the U.S. forces in Korea essentially identifies North Korea's missile threat and comes up with four specific ways in order to address them including detect, defend, disrupt and destroy, the so-called 4D lines.

And I believe that South Korea is complementing this. They just announced an increase in \$8 billion to the 2016–2020 Fiscal Year budget specifically to address the missile threats. So this is an ongoing process, but again the North Korean threat is evolving over time.

Mr. SALMON. Thank you. How is Prime Minister Abe's government—I am going to direct this to Mr. Schriver—planning to implement the reinterpretation of the right to engage in collective self-defense? What is the legislative process ahead and what is the expected time frame, and how will the new policy affect bilateral security cooperation, and how do the revised mutual defense guidelines reflect this change?

Mr. SCHRIVER. Thank you. That process is unfolding right now. They have pursued implementing legislation as a follow-on effort to the decision to reinterpret the constitution. It is a fight that Prime Minister Abe is willing to take on even though in many cases it is not very popular.

I think right now the legislation that has gone forward and actually was approved in the last couple days, that polls under 50 percent. So he is taking some risks here, but it is a follow-on to the previous decision. It is something he is committed to. And the timeline will depend on the politics and whether or not he wants to go quickly with the separate pieces of legislation. At one point I think there were 17 pieces, maybe one of my colleagues could re-

fine that. But it is a significant number of pieces of legislation in order to fully implement this decision.

For us, I think it gives us greater flexibility. Again we have to further define that alongside the Japanese and have that discussion about roles and missions, but breaking out of this self-imposed limitation on collective self defense opens up a wide range of possibilities for our alliance in potential conflict talking about known contingencies such as the Korean Peninsula, Taiwan Strait, but also peacetime activities, humanitarian affairs, disaster relief, freedom of navigation operations in the South China Sea. I think, in short, it just gives us a lot more flexibility to act as an alliance where our shared interests are concerned and this is something that I think is a good thing.

Mr. SALMON. So a segue onto that would be the disputed islets of, well, Japan would probably contend they are not disputed. It is a settled issue. But the Senkaku Islands, the Diaoyu Islands in the East Sea: It has been our policy since 1972 that the 1960 U.S.-Japan Security Treaty covers the islets, because Article V of the treaty stipulates that the United States is bound to protect the territories under the administration of Japan, and Japan administers the islets.

So what are Japan's expectations regarding U.S. involvement in a hypothetical contingency between China and Japan over these islets, and under what conditions do you think that the United States would be required by that statute to use force to defend the islets or defend Japan?

Mr. SCHRIVER. Well, I think Japan's expectations should rightfully be that we would honor our word. And as you say, the treaty has been interpreted that way. President Obama when he visited Japan last year articulated that specifically that the treaty applies to the Senkaku Islands. So I think they should have an expectation that we would honor that word and help them defend the Senkakus should there be a crisis there.

They are fully prepared to do things on their own before bringing in the United States, and I think the response that they have had to Chinese incursions has been quite robust. And if you look at how they are doing their own defense planning, they are shifting more resources and attention to the south specifically for this purpose to deal with this potential contingency.

So I think Japan's first notion would be to see about their own defense, but of course given that we have provided our reassurance and our word at the highest level, I think they would rightfully expect us to be involved should there be a conflict of that nature. Hopefully it is one that we can avoid, and I think so far the Japanese response has been pretty effective in terms of deterring more Chinese aggression.

Mr. SALMON. At least for now it is on hold. Mr. Sherman.

Mr. SHERMAN. I will pick up on that. On 9/11, forces under the protection of the de facto Government of Afghanistan killed over 3,000 Americans. NATO recognized this as an attack on the United States and NATO countries put their own soldiers in harm's way in order to respond. Japan did not put any of its forces in harm's way.

Is this security agreement we have with Japan explicitly created as a one-way street? That is to say an attack on Japan is an attack on America, but an attack on America is something for Japan to sympathize about? Is this a two-way agreement like NATO or a gift from the American people to Japan? Mr. Schriver?

Mr. SCHRIVER. Well, I think as a reminder, of course we essentially wrote Japan's—

Mr. SHERMAN. I am not saying that this agreement was written in Tokyo, it may have been written in Washington. But it has got to be evaluated today.

Mr. SCHRIVER. Right. Yes, sir.

Mr. SHERMAN. Is it a mutual defense agreement or a one-way defense agreement?

Mr. SCHRIVER. Well, it is moving in the direction of a mutual defense agreement because—

Mr. SHERMAN. Moving in the direction. But we lost 3,000 people and they exposed no soldiers to harm.

Mr. SCHRIVER. They did commit peacekeeping troops under their constitution and what was allowed at the time, and we have long—

Mr. SHERMAN. So is there anything in our treaty with Japan that says they have to come to our aid if we are attacked? Is there a line you can point to?

Mr. SCHRIVER. It is not the same nature—

Mr. SHERMAN. So it is a one-way deal, the wisdom of which may have existed in prior centuries. I visited Japan not too long ago, was shocked by the jingoistic views of some of the very top leaders that I met with, with regard to World War II. A major leader who played even a more critical role before I met him put forth the idea that nanshoku benefited from Japanese occupation. What do we do to get the Japanese to build bridges like the Germans and to not relitigate World War II? Mr. Schoff.

Mr. SCHOFF. Sure. Thank you, sir. Well, I think one quick point to make is that the Japanese opinion is diverse. That there is not one Japanese view, but what you described is certainly a worrying or an uncomfortable portion of the Japanese population that I think does not fully appreciate how severe and subjugating their actions were during that time, and therefore does not really understand why the feedback from parts of South Korea and parts of China are the way they are.

Mr. SHERMAN. And part of it is a matter of when the events took place. Their conquest of much of China wasn't any more brutal than European expansion in Africa or even in Indonesia. It is just that it took place in the 1940s not the 1840s and it is very hard to make an argument that conquering China was a fair thing to do in the 1940s.

Mr. SCHOFF. I think that is a valid point and certainly one that some in Japan would say we were kind of following the lead of many of the other imperial powers. I think the point, or what I try to encourage Japanese friends who may feel this way—plenty do not feel that way; plenty learn very sufficiently about the history—is to say the focus should not be on kind of what was right or wrong in the context of what was going on at that point, but here



we are now and you have neighbors that feel the way they do and we have an education process that I think needs to be continued.

Mr. SHERMAN. And trivialize the concerns of those who are concerned about the so-called comfort women, which I think is perhaps not a good euphemism, then you are going to have a great difficulty doing business in East Asia.

What do we do to get the Japanese to spend more on their military? We are told we have to defend the oil of the Middle East. Why? Well, because the world economy is dependent upon it. Why? Because Japan burns Middle East oil. So how do we get Japan to spend more than 1 percent, and how is it they have stuck us with the responsibility of defending their oil tankers, which by the way don't even have American flags or American troops?

Mr. SCHOFF. Well, sir, just quickly responding, I believe Japan does contribute in a variety of ways. Certainly when they are helping the Syrian refugees in the Middle East that is helping the overall situation. When they are contributing to counterpiracy operation in the Gulf of Aden that helps. I understand that it is not an additional percent or two of GDP necessarily, but they do have legal and political limitations.

Mr. SHERMAN. Well, it is all wrapped up in 1 percent of GDP.

Mr. SCHOFF. Well, those other expenditures are beyond that on different line items. But I think we need to continue to encourage. To me it is less about the money right now. They don't necessarily get the best value for money in the way that they procure and the way they maintain their forces, so I think they are moving in a direction to be able to have a more competitive defense industry that may reduce procurement costs; they may get more value for the dollar. But it is also about loosening legal restrictions on being able to be a more equal partner in multilateral security cooperation.

Mr. SHERMAN. When you save hundreds of billions of dollars by keeping legal restrictions it is hard to loosen legal restrictions.

Dr. Hwang, South Korea is developing its own missile defense system. They could be buying the American system. They run a huge trade surplus with the United States. We are supposed to be partners in their defense. Why are they creating their own instead of buying ours?

Ms. HWANG. Well, I certainly can't speak for the South Korean Government. Clearly though there are obviously economic reasons they want to develop their own system domestically. There are some political ones though too. There is this impression among South Koreans, and again this is the civil society that is opposed to the alliance. They view the alliance as an outdated form essentially of dependence on the United States. They don't necessarily trust the United States. And so by relying on a U.S. system this perpetuates this notion that somehow South Koreans are dependent on the United States. Personally I think that obviously South Korean adoption of the THAAD does make the system much more interoperable and makes much more sense for the South Korean defense.

Mr. SHERMAN. I yield back.

Mr. SALMON. Thank you. Mr. Lowenthal?

Mr. LOWENTHAL. Thank you, Mr. Chair. I would like to kind of follow up. I found the discussion of Japan very interesting. And I

want to talk, and I know this is a little bit off the topic, but I want to talk, this past weekend I was honored to host the United States Ambassador to Vietnam, Mr. Ted Osius, in my district. I represent a very large section of Little Saigon. Well, the largest part of Little Saigon, and I was pleased that the Ambassador came. And much of the discussion was about the Trans-Pacific Partnership, and he heard many of the concerns of my constituents who have deep misgivings about efforts to strengthen ties, economic ties especially between the United States and a Southeast Asian country such as Vietnam because of human rights issues in Vietnam.

And so I want to ask you if you have any thoughts about that. How do we balance our strategic interests with human rights interests if you have, I mean we are really talking about, it kept coming up in the polls that 92 percent of the people in Vietnam want closer economic ties with the United States and not China. And I am going to talk a little bit about that also, about China.

And so we see this on both countries, but I am also very concerned about human rights issues and what we can do about it and what your thoughts are, how we strengthen this alliance when we know that there are countries that we are talking about that have terrible records on human rights, like Vietnam. So I am wondering, any thoughts about that?

Mr. LOHMAN. Well, I think of the TPP and some of these trade connections that we are making less in strategic terms than I do in economic terms. I don't really see inclusion of Vietnam in the TPP as a way of building strategic connections to Vietnam. It is really a way of helping them liberalize their economy. And so the connections from the econ side and the liberalization side to the human rights side, I think—

Mr. LOWENTHAL. But people also see it there as a way of breaking the dependence of Vietnam from China too. That is critically a part of the equation. And it may not be directly as you are talking about, but in that equation. And whether it is in, I am going to ask you also to tell me whether it is because of the issues in the South China Sea or whatever, but they see this as that relationship with China is also part of that equation.

Mr. LOHMAN. They may see it as a way to diversify their ties. I mean, I think they still do have significant economic interests in China and with China, trade connections and investment connections and that sort of thing. So maybe they want is fully diversify, and in that sense the TPP does that for them as well. But I just don't see it as a tie-up. I think—

Mr. LOWENTHAL. But what about in terms of economic issues though?

Mr. LOHMAN. What is that?

Mr. LOWENTHAL. What about us lifting the lethal weapons ban with—

Mr. LOHMAN. Well, no, I mean on those things—

Mr. LOWENTHAL. It is beginning this, well, I am just wondering how do we deal especially around when we know there is strong human rights violations.

Mr. LOHMAN. Yes. I think the restrictions that we have on lethal shipment of arms to Vietnam is a prudent thing and something that we have to take on a case by case basis. We just sent them

these P-8 aircraft or just sold them P-8 aircraft in a way to help them address a problem we have in a nonlethal way, but help them contribute to something that we both have. But it is not the same as giving them tanks or guns and that sort of thing. So I think that is something that we can manage with them. It is a very different relationship than we have with Thailand.

So right now Thailand is going through a hard time but we have this long history with Thailand. So you have different venues of working through these issues with a country like that where you have a treaty alliance than you do with Vietnam. We are still emerging from a long period of enmity.

Mr. LOWENTHAL. Anybody else about the human rights? Dr. Hwang?

Ms. HWANG. I really appreciate this question, and I think the example of South Korea can actually be quite instructive. We have to remember that all during the years of the alliance, I mean South Korea for the '60s and '70s during rapid industrialization also had a really bad human rights problem. It was a brutal authoritarian regime. And the United States privately, the government had serious problems with South Korea's, the government's behavior.

But the point here, I think, is that what history has shown us on the northern half of the Peninsula, basically North Korean human rights record and the world's response, correctly, I believe, has been to try to isolate them, place economic sanctions, and human rights violations is a tremendous part of it. But it has not improved the situation. So in other words, threatening to cut off economic engagement, threatening to cut off economic opportunities has not worked in North Korea.

Now I think the key point here is that through economic vitalization that TPP brings with increased U.S.-Vietnam trade, it is precisely as you said, sir, that it is an alternative to China. And the reality is, if U.S. has vigorous economic contact and trade with Vietnam we can be a much more positive influence than China can be in Vietnam.

And in terms of what can we do about human rights, I think the very fact that you even brought up this issue and to constantly state this as not necessarily as a condition but as a parallel to increase economic engagement, I think, is very helpful.

Mr. LOWENTHAL. Thank you. And I also wanted to know, what I heard also, and I went on a CODEL led by Chairman Salmon to Vietnam, much about the fear of what is going on in the South China Sea and what role the United States can play or should play, and the great fear of Chinese expansionism in the South China Sea and which may be part of the driving force of Vietnam which we picked up of wanting to, at least part of the reason of wanting to be closer to the United States, although that love-hate relationship between China and Vietnam goes on long before what has taken place.

Any comments about what our role should be and what you perceive how this will affect our alliances, the actual activities of China in the South China Sea?

Mr. LOHMAN. Well, I think Randy referenced one impact it is having, and it is pushing the alliances closer to us and that has definitely happened with the Philippines. I think a couple of things

we could do in the case of the Philippines, because it is on the front lines, is continuing to help them build their military, build their maritime awareness, build their presence in the seas in a way that they can at least monitor their claims full time, if not defend them, and maybe one day be able to defend them. I think we could also be more vocal about the application of our treaty with the Philippines to certain areas of the dispute.

Mr. SCHRIVER. I will just add that I think what Secretary Carter said in his speech in Singapore about fly, sail, operate is very important. The areas that we regard as international waters we need to exercise in a way that demonstrates that, freedom of navigation exercises. Clearly we can't deter the Chinese from the land reclamation. They are building the air strips and militarizing the islands. But challenging the broader sovereignty claim of the so-called 9-dash line is very important, and I think Japan and Korea have important roles to play here. Because they are also nonclaimant countries and their participation then underscores that for us it is about freedom of navigation. It is about free flow of commerce. It is about international law. It is about how you address these disputes. And so having other nonclaimant countries such as Korea and Japan who count on those sea lines of communication alongside us in these efforts, I think, is very important.

Mr. LOWENTHAL. Mr. Schoff?

Mr. SCHOFF. Sir, could I just add briefly on that? For example, when Japan began to engage Vietnam in terms of trying to transfer build capacity for maritime domain awareness, maritime surveillance that helped prompt Vietnam to actually develop a coast guard authority and a separate entity non-military that would begin to operate these, because that was the only actor that then this aid could be given, and there are now coast guard exchanges between Japan and Vietnam. So I think whether it is Japan or getting other countries involved in this capacity building process physically improves their capacity, but then in terms of human capital and exchange, I think, is also very important.

Mr. LOWENTHAL. Thank you. And I yield back.

Mr. SALMON. Thank you. Ms. Meng.

Ms. MENG. Thank you, Mr. Chairman, Mr. Ranking Member. I wanted to go back a little bit to the issue of specifically comfort women, but just in general historical tensions which have long colored Japan's relationships with its neighbors, specifically China and South Korea. China and South Korea and many Americans as well argue that the Japanese Government has never sufficiently atoned nor adequately compensated them for Japan's occupation and belligerence in the early twentieth century.

How should Japan approach the question of history going forward? How serious is Japan's historical past to building new relationships? And just out of curiosity, recently Prime Minister Abe visited the United States and spoke in front of Congress, and would love to hear your thoughts and analysis on what you thought about the words and his tomes specifically in relation to a comfort women issue. Thank you.

Ms. HWANG. Well, I actually think that focusing on the specific historical disagreement is actually distracting. And I have to be careful here because I think we as the United States should be

very careful to not be dismissive. That these are very, very highly emotional and deeply and profoundly important issues for Asians. And I don't think it helps for us to lecture our allies and say this is trivial, get over it and move on, there are more important things.

However, having said that, I don't think it is actually the specific, all the disagreements about the actual wording and so on. I don't think that is really what is at heart here. What it really is is what it represents. And I think there are deep uncertainties and anxieties felt by Japan as well as by, certainly by China, but South Korea and others in the region, and it is uncertainties about the future. And I think especially for South Korea, Japan's inability to express what Koreans believe is adequate apology, which by the way I don't think Japan will ever be able to meet South Korean bar for what is adequate, that represents uncertainties, deep uncertainties about the future.

So it is really not so much about the past, but the fact that if Japan can't account enough about the past what will its behavior be in the future? And so I think as the United States with these allies and this complex relationship with China, what we should do is focus on those strategic objectives that Japan and South Korea share in the future. And I think on that they can find common ground.

Mr. SCHRIVER. Maybe I could add. I think particularly on the so-called comfort women, I agree it is a terrible euphemism. Japan can and should do more and they should do it quickly, because this is a population that is literally dying off and they have an opportunity to address it directly in meaningful ways now. Prime Minister Abe will have an opportunity in August, the 70th anniversary of the end of the War to make a statement. There is a lot of attention and focus on that statement. And I do expect he will say something to correctly take responsibility and address that. Whether or not it meets a threshold that the South Koreans will approve of that is more difficult to say.

Yes, ma'am. In fact the other part of your question was about his address. I thought his address was excellent for a U.S. audience, for the U.S. Congress. You were probably there. And he, I think, chose to focus on our difficult past and was able to turn it into a positive by having veterans there talk about how we rebuilt this relationship into one of the closest alliances we have.

I personally don't think that that was the forum where he is going to talk about Korea and China. And by the way I am very skeptical on China. They are not exactly the guardians of historical accuracy here. If you go through their museum, no mention of the Cultural Revolution, no mention of the Great Leap Forward, no portrait of Zhao Ziyang, and he was General Secretary of the Communist Party.

But I do think with Korea he has got this opportunity on August 15th. He has the possibility of meeting with Park Geun-hye at various international fora. They haven't had a bilateral meeting yet. And I think we should push him not in a disrespectful way but among allies that there is some urgency on this Korea problem, because this is a community that is not going to be around forever and he can do things to positively address it.

Mr. SCHOFF. I was just going to add that there was a time during the 1990s, I think, when Japan and Korea were able to, in many ways, paper over a significant difference in historical perspective about what exactly happened during the colonial era, but they managed to paper over that. Subsequently in more recent years enough holes have been poked in that paper and that hole that now what used to look like an okay, a seamless part of the wall is now a bit of a gaping hole there right now.

And these efforts in August and other anniversaries are opportunities to begin to move in the right direction, but I still think fundamentally if you are going to fix that problem it is a long term process of education and engagement between the two so that sons and daughters of those today have a deeper appreciation for what actually happened and they have gone through a process of discovering that together. That is ambitious and time consuming, but there is not a real substitute for that over the long term.

Mr. SALMON. Well, the buzzers have rung and it looks like we have got some votes. This has been a very wonderful panel. I appreciate you taking the time to answer all of our questions and I am sure we have a million more, but thank you very much. And this committee is now adjourned.

[Whereupon, at 3:51 p.m., the subcommittee was adjourned.]

# APPENDIX

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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  
Matt Salmon (R-AZ), Chairman**

July 13, 2015

**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 2200 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

**DATE:** Wednesday, July 15, 2015

**TIME:** 1:00 p.m.

**SUBJECT:** U.S. Economic and Military Alliances in Asia

**WITNESSES:** Mr. Walter Lohman  
Director  
Asian Studies Center  
The Heritage Foundation

Mr. Randall Schriver  
President and Chief Executive Officer  
Project 2049 Institute

Balbina Hwang, Ph.D.  
Visiting Professor  
School of International Service  
American University

Mr. James L. Schoff  
Senior Associate  
Asia Program  
Carnegie Endowment for International Peace

**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 and the Pacific HEARING

Day Wednesday Date 7/15/15 Room 2200

Starting Time 2:39pm Ending Time 3:51pm

Recesses            (        to        ) (        to        ) (        to        ) (        to        ) (        to        ) (        to        )

Presiding Member(s)

*Matt Salmon*

Check all of the following that apply:

Open Session

Executive (closed) Session

Televised

Electronically Recorded (taped)

Stenographic Record

TITLE OF HEARING:

*U.S. Economic and Military Alliances in Asia*

SUBCOMMITTEE MEMBERS PRESENT:

*Jeff Duncan, Steve Chabot, Brad Sherman, Alan Lowenthal, Grace Meng*

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.)*

TIME SCHEDULED TO RECONVENE \_\_\_\_\_

or  
TIME ADJOURNED 3:51pm

  
Subcommittee Staff Director