

# FY 2017 BUDGET PRIORITIES FOR EAST ASIA: ENGAGEMENT, INTEGRATION, AND DEMOCRACY

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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 SECOND SESSION

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## **FY 2017 BUDGET PRIORITIES FOR EAST ASIA: ENGAGEMENT, INTEGRATION, AND DEMOCRACY**

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**TUESDAY, APRIL 19, 2016**

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

The subcommittee 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.

Members will be permitted to submit written statements to be included in the official hearing record. Without objection, the hearing record will remain open for 5 calendar days to allow statements, questions, and extraneous materials for the record, subject to the length limitation in the rules.

Good afternoon. And today, the subcommittee examines the administration's Fiscal Year 2017 budget request for the East Asia and Pacific region.

As we continue into what some are calling the Asian Century, U.S. annual expenditures for East Asia and Pacific are more and more important. Having lived in and traveled extensively throughout Asia, I firmly believe this region is driving the world's future. Our trade with Asia last year was more than \$1.4 trillion, and 40 percent of the world's trade passes through the South China Sea alone.

The Obama administration has pushed efforts of its Asia rebalance to facilitate U.S. engagement in the region in both security and economic advancement, yet even after all the administration's rhetoric, this bureau remains the second-smallest of the State's six regional bureaus. While an increase in high-level regional attention is important, the day-to-day resources on the ground have got to match the commitment. I look forward to the witnesses' justification of this discrepancy today.

Most Members of Congress agree with the administration's call for greater engagement with the Asia-Pacific region to stimulate closer integration among our allies and partners to promote democracy and rule of law. Congress must play an important role in this conversation, and it is imperative, especially in light of our continuing fiscal challenges, that U.S. investment in the region be both effective and efficient.

Clearly, the Asia-Pacific region faces enormous challenges. In a speech given earlier this month, Secretary of Defense Ash Carter outlined the five main challenges that the United States faces today. Two of them are situated in the Asia-Pacific. The continued provocations of North Korea's rogue regime and the threat that the South China Sea, one of the world's busiest waterways, could be militarized. Secretary Carter went on to describe the region as the single-most consequential region of the world for America's future.

On North Korea I commend Chairman Royce's leadership in increasing sanctions on this rogue regime. I would be proud to join him in that effort, and now I am eager to see the implementation of this important new law.

China's actions in the South China Sea continue to raise the risk of conflict while simultaneously jeopardizing the international rights, freedoms, and order. As China continues its alarming trend of militarizing the South China Sea, the United States must be firm in its resolve to support international norms.

While I support the freedom of navigation exercises recently conducted by the U.S. Navy, I would like to see even more strategic clarity from the administration on the issue of the South China Sea to ensure international norms and the rule of law are followed.

Resourcing diplomatic and development responses to such challenges can be especially difficult in the region because strategic priorities do not always map directly to budget priorities. We must work closely with our regional partners, who continue calls for our assistance on issues like the South China Sea through programs such as the 5-year Southeast Asia Maritime Security Initiative, which seeks to foster regional stability by improving the maritime capabilities of our partners. I hope to hear from our panel more about this initiative and others specific to the South China Sea conflict.

The region faces a plethora of additional challenges from the growing threat of radical Islamist terrorist organizations and the influence of ISIS to the difficulty of establishing a region-wide system of trade rules that are free, fair, and uphold high standards. Our trade agreements help strengthen institutions and the rule of law while deepening our ties with our trading partners and regional allies.

I continue to support the Trans-Pacific Partnership and believe it will ultimately assist in regional economic trade activity, heightened regional trade standards, and promote increased economic growth for both the U.S. and our trade partners.

I was recently at a symposium put on by the McLean Institute in Sedona, Arizona, and James Clapper was there. And I remember him saying that TPP is probably worth three aircraft carrier or is the equivalent of three aircraft carrier. I am interested in hearing the panel's thoughts on utilizing development assistance funding to bring non-TPP members closer to TPP standards.

We were also in Indonesia, and they are interested in a second round. Their President, in meeting with President Obama in January, identified that they would like to be part of a second round. Philippines is very, very interested, Taiwan. You know, it is going to be interesting to see how it all plays out, but I think all of them are looking with great anticipation for this to finally be ratified and

move on and see other opportunities arise in the days and years to come.

And today, we are going to discuss the many challenges and opportunities we face in the region and the administration's commitment to the rebalance in the context of the Fiscal Year 2017 budget request for East Asia and Pacific region. Given the heightened challenges in the region, the United States must fully commit to increasing integration amongst our allies and partners and continuing to promote peace and democracy. Making sure we understand these missions from a place of organization, efficiency, and effectiveness is equally important, so I am really grateful for our witnesses' willingness to join us today.

And I would like to recognize Mr. Sherman for any comments he might have.

Mr. SHERMAN. Thank you.

We can all agree on the importance of the East Asia-Pacific region. It is a diverse and dynamic region. We have seen significant progress there politically. We have seen democracy in Burma or Myanmar move forward. But keep in mind, democracy is not touted as a system that necessarily protects minority rights. And the Rohingya continue to suffer, whether it is from the military or even from some of the democratic leaders in Myanmar/Burma.

The economic progress has been more than significant. World Bank says extreme poverty in the region has dropped from 29 percent in 2002 to 4 percent in 2014.

While we all agree that the region is important, I think we are going down the wrong path because we are being war hawks about some islets that remain uninhabited to this day. That is how useless they are. And we are incredibly doves when it comes to jobs for the American people. You would think that the American Government might have lost touch with the citizens it claims to represent, which I think is obvious to anyone looking at our current political system.

Looking first at these maritime disputes, we have to be careful about how we deploy our limited resources. Pivot to Asia should mean we send a trade delegation to Tokyo to say we have got to deal with this trade deficit rather than sending aircraft carriers to defend islets for Japan that they are unwilling to defend at their own cost.

Let's look at these islets. There is no oil. If there was any oil, it is not our oil. And the countries who say that it would be their oil are unwilling to increase their defense budgets but are banking on their ability to redirect our defense budget because, while our defense budget may not increase, our allocation of it to protect their islets, which have their oil but there is no oil is their best investment.

And Japan, for example, continues to have a 1 percent GDP ceiling on what they spend for their own defense.

The chairman brings up the trade agreement, as our witnesses do in their opening statement. This is a trade agreement so manifestly against American interests that everyone running for President swears they are against it even those who may think otherwise. The American people will see this agreement become law only

through chicanery and trickery like ratification during a lame-duck session.

I hope that we can put enough light on this so we not only ask candidates for President where do they stand on it, but we get a clear statement from every candidate for President will they withdraw from it if chicanery is used to ratify it during the month of December of this year.

This agreement is so terrible for American working families that it is being sold as good national security policy. Suffer for your country; your country needs you. This is terrible national security policy.

First, it is a Trojan horse for China to bring its imports into the United States, goods that are admitted to be 60 percent made in China. In reality, 80 or 90 percent made in China get fast-tracked into the United States with no supervision and no tariff, a one-way free trade agreement for China.

Second, this deal puts the U.S. Government's stamp of approval on the idea that trade agreements don't control currency manipulation. So the idea that we should be so proud that we wrote the rules, no, these are Wall Street's rules that have mutilated the American middle class. We shouldn't be proud for passing them, and oh, by the way, the one rule China wanted we wrote for them even though they didn't even have to show up for the negotiations. And the key thing, the most important part of this agreement is the part that is not in it, nothing on currency manipulation.

As to North Korea, we clearly have a problem. What worries me most is that North Korea will sell fissile material or a nuclear weapon. In 2007, Israel destroyed a nuclear facility, a nuclear bomb facility in Syria. What is less well-known is that it was all North Korean equipment and technology.

North Korea was only willing to sell technology and equipment in 2007 because they didn't have very mean weapons and they needed nuclear weapons in their own belief to defend themselves from us. They now have 12 nuclear weapons. They will be developing three a year or at least enough fissile material for three a year. I don't know whether the next one goes on eBay, but I do know that the amount North Korea would demand would exceed the resources of ISIS or any other terrorist non-state actor, but Iran and other state actors would have enough money to really interest the North Koreans.

Finally, as Washington warned us, we have to avoid the tendency of many countries to go looking for dragons to slay—funny that he used the term dragon—looking for enemies we don't need.

China has domestic political problems, so they fan nationalism over islets. We do the same thing perhaps for our own political reasons. We were told that these islets, for example, sit astride trade routes involving hundreds of billions of dollars of trade. Yes, it is all trade in and out of Chinese ports, and if China had military control of these islands, they could blockade their own ports.

So we exaggerate the importance of these islets in order to meet domestic political needs. What the Pentagon needs politically most is a worthy adversary. They don't like focusing their attention on non-uniformed, asymmetrical opponents. China offers the only hope of a worthy uniformed opponent. We don't need another opponent.



We need to calm down and realize these islets are islets that remain uninhabited even though they are off the coast of the most populated continent for a reason.

And I realize that our hearing today is about the State Department and a USAID budget, but the Pentagon budget follows foreign policy or at least it should, and that is the big budget we have got to worry about.

I yield back.

Mr. SALMON. We are grateful to be joined today by Assistant Secretary Daniel Russel of the Department of the State's Bureau of East Asia and Pacific Affairs and Assistant Administrator Jonathan Stivers of the U.S. Agency for International Development Bureau for Asia. And we are thankful to these witnesses for sharing their time with us today.

And I am going to start with you, Mr. Russel, and then Mr. Stivers when he has concluded. Thank you.

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

Mr. RUSSEL. Chairman Salmon, Ranking Member Sherman, members of the subcommittee, thanks very much for your leadership in supporting strong U.S. relations with the East Asia and Pacific region. Thank you also for the opportunity to testify today about our progress in the rebalance and the relevance of the President's 2017 budget request.

And, Mr. Chairman, if I may in particular thank you for your tremendous leadership of this subcommittee and your strong support for our engagement in the Asia-Pacific. You will be sorely missed in Fiscal Year 2017 when this budget is realized.

This is also the last budget for President Obama, and so I would like to start with just a quick recap of what we think we have accomplished with your support over the last 7 years and the foundation that we think that we can lay through this budget for the next administration.

First, since security starts with friends, we modernized our long-standing treaty alliances with Japan, South Korea, Australia, and the Philippines, and we forged new security partnerships at the same time that we developed existing ones with partners like Singapore and New Zealand. This makes us much more effective in addressing both conventional security threats but also other threats such as countering violent extremism, blocking the flow of foreign terrorist fighters, preventing human trafficking, and other transnational crimes.

Second, to create jobs at home and to secure our standing in the region, we stepped up economic engagement, concluding the U.S.-Korea Free Trade Agreement, revitalizing APEC, pursuing a new bilateral investment treaty with China, and most important, negotiating the Trans-Pacific Partnership, which is a new kind of economic agreement that sets high standards for protecting workers and the environment while at the same time supporting job-creating small businesses and an open internet.

Third, we have helped build up the region's institutions and support rule of law and peaceful dispute resolution. Our investments

in ASEAN and the region-wide East Asia Summit have renewed confidence in American leadership and strengthened the region's ability to deal with tensions like those in the South China Sea.

Fourth, we have engaged intensely with China, investing the time to get to know its leaders, to advance cooperation, and to put a floor under the relationship so that it can withstand tensions. While serious concerns in areas like human rights and China's behavior with regard to maritime disputes with its neighbors remain, we have worked toward cooperative engagement on areas like cybersecurity, on shared proliferation concerns with Iran and North Korea, global health, climate change, and others.

Fifth, we have upgraded relations with emerging partners like Indonesia, Malaysia, Vietnam. We have importantly supported the democratic transition in Burma and promoted democracy, good governance, and universal values and human rights as an essential element of our policy.

The support and the funding provided by Congress has of course been essential, and the \$1.57 billion East Asia-Pacific request for 2017 builds on these accomplishments, including by addressing maritime security concerns and promoting economic opportunities.

The \$873 million in foreign assistance request supports and expands on our objectives of regional security cooperation, advancing economic growth and trade, promoting democratic development, strengthening regional institutions, as well as addressing war legacies. The other \$646 million provides essential increased funding for personnel, operations, and public diplomacy to meet growing demands driven by the rebalance.

Now, contested maritime claims in Southeast Asia and destabilizing actions such as Chinese land reclamation, construction, and militarization of disputed areas make it harder for countries in the region to resolve disagreements peacefully. And the lack of maritime domain awareness also encourages trafficking, piracy, and illegal fishing.

So the President's 2017 budget request will support our work with regional partners to build their capacity to maintain free and open access to the maritime domain through enhanced maritime security capabilities and maritime domain awareness.

Thank you very much, and I look forward to answering any questions.

[The prepared statement of Mr. Russel follows:]

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

**Before the**

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

**April 19, 2016**

**FY 2017 Budget Priorities for East Asia: Engagement, Integration, and  
Democracy**

Chairman Salmon, Ranking Member Sherman, and Members of the Subcommittee: Thank you for the opportunity to appear before you today to testify on the President's FY 2017 budget request for East Asia and the Pacific. I would also like to thank you for your leadership in supporting and promoting engagement with the Asia-Pacific region and advancing U.S. interests there.

The "Rebalance" to the Asia-Pacific reflects a profound recognition that our nation's security and prosperity will be largely defined by events and developments in the region over the next century. Home to the world's largest and fastest growing economies, East Asia and the Pacific offers growing opportunities and challenges for U.S. strategic interests. Harnessing Asia's growth and dynamism is central to American economic and strategic interests.

The President's \$1.5 billion FY 2017 budget request for East Asia and the Pacific reflects this recognition. The overall request includes \$873 million in foreign assistance and \$646.1million for diplomatic engagement. This funding allows us to maintain a strong presence as a preeminent trade and investment partner, security guarantor, and supporter of democracy and good governance throughout the region.

**Recent Progress on the Asia-Pacific Rebalance:**

Mr. Chairman, before I go into specifics on the budget request, let me highlight some of our significant accomplishments in the region in support of the Asia-Pacific rebalance.

**Deepen Security Ties and Alliances:**

The United States is modernizing its treaty alliances to provide the flexibility to respond effectively to traditional and non-traditional security challenges. We seek to strengthen partner capabilities and policies to address shared challenges and bolster a rules-based order that operates in accordance with international standards. We have secured new agreements with Australia, Japan, the ROK, and the Philippines, while maintaining our long-standing alliance with Thailand.

We established a U.S.-Japan-ROK Vice-Ministerial dialogue, which has helped to spur concrete and practical cooperation on a wide range of issues between the United States and our allies. We are adjusting our posture in the region through the Enhanced Defense Cooperation Agreement (EDCA) signed with the Philippines in April 2014, the Force Posture Agreement (FPA) signed with Australia in August 2014, and the new Guidelines for U.S.-Japan Defense Cooperation issued in April 2015.

At the March U.S.-Philippine Bilateral Strategic Dialogue, the United States and Philippines announced five Enhanced Defense Cooperation Agreement (EDCA) “Agreed Locations” that can be used on a rotational basis by U.S. forces, and discussed next steps for EDCA implementation to help modernize the Armed Forces of the Philippines, develop maritime security and maritime domain awareness capability, and provide rapid humanitarian assistance.

We launched the Global Cooperation and Training Framework (GCTF) with Taiwan in June 2015 to strengthen cooperation on training and capacity building initiatives that benefit third countries and address global and regional non-traditional security challenges, such as public health and disaster relief.

Australia, Japan, the Republic of Korea, Malaysia, New Zealand, Singapore, and Taiwan are making important contributions to the global coalition to counter-ISIL. We are working through our trilateral partnership with Japan and Australia to share information and cooperate as force multipliers to increase security across the region.

**Increase Economic Growth and Trade:**

We concluded negotiations of the Trans-Pacific Partnership Agreement (TPP), a landmark agreement that establishes strong rules that will phase out tariffs and non-tariff barriers in other countries that impede trade; establish the highest labor and environment standards of any trade agreement in history, including ones to crack down on wildlife trafficking; address trafficking in persons; set high standards for intellectual property; and promote a free and open Internet for

participants. The global economic center of gravity is shifting to the Asia-Pacific, and the United States cannot afford to be absent from the region. We have worked hard in negotiating TPP to ensure that the United States remains firmly anchored in the region's economic dynamism and is a leader in developing the region's economic architecture. The TPP is critical for the success of the U.S. economy, and also a powerful signal of our commitment to the region as a concrete example of our rebalance toward Asia.

We are now working, under the processes set forth in the Trade Promotion Authority legislation from last year, to prepare TPP and its implementing legislation for Congressional consideration, which we hope will happen as soon as possible. TPP will include nearly 40 percent of global GDP and is estimated to provide real income benefits to the United States of \$77 billion per year and eliminate over 18,000 taxes on U.S. exports.

The arithmetic is simple. U.S. tariffs average 1.4 percent – some of the lowest in the world. For the other TPP countries with which we don't already have trade agreements, their average tariff rate can be more than double that, with tariffs significantly higher for some specific products that we export. When these tariffs move to zero, in tandem with commitments to address other non-tariff barriers, American business is the big winner. TPP is the centerpiece of our economic engagement with the Asia-Pacific, which aims at creating a system that is open, free, transparent, and fair, creates new opportunities for growth at home and in the region, and reinforces our strategic presence abroad. Our engagement helps to build more stable societies by encouraging governments to strengthen rule of law. It supports our trade and investment goals by promoting laws and institutions that secure property rights, enforce contracts, and fight corruption. It empowers citizens to hold their governments accountable on issues such as protecting the environment and product safety, which is also important to the health and wellbeing of our own people. It aligns American leadership with the aspirations of ordinary people in the region, and with values that they admire, thus distinguishing us from other great powers past and present.

The United States advances critical trade and investment liberalization initiatives at the Asia-Pacific Economic Cooperation (APEC) forum that increase trade and investment, promote economic integration, and contribute to economic growth in the United States and across the region. Recent successes include reducing tariffs on environmental goods and improving supply chain connectivity within APEC, as well as launching liberalization efforts for services and digital trade.

The United States is also working to strengthen economic ties with ASEAN. Under the U.S.-ASEAN Trade and Investment Framework Agreement, we are working to increase trade and investment relations. We are also supporting the development of the ASEAN Economic Community (AEC), which was formally launched by ASEAN members in December 2015. We are deepening our engagement through a new interagency initiative, U.S.-ASEAN Connect, announced by President Obama at the February 2016 Summit in Sunnylands, CA. Under U.S.-ASEAN Connect, we will advance existing economic programs and facilitate business ties out of our Connect Centers in Jakarta, Singapore, and Bangkok. These Connect Centers will launch new economic programs with the themes of business, energy, innovation, and policy.

Since the signing of a new Partnership for Growth (PFG) between the Philippines and the United States in November 2011, we have worked to address the constraints to economic growth and development in the Philippines. The PFG joint country action plan consists of development interventions around four inter-related themes: improving regulatory quality, strengthening rule of law and anti-corruption measures, improving fiscal performance, and promoting human capacity development. During this five-year agreement, the Philippine government has implemented major policy and institutional changes and strengthened its anti-corruption efforts. Although the agreement is coming to a close, programs in FY 2017 will continue to support PFG focus areas to ensure that the growth generated is inclusive, sustainable and resilient.

**Strengthen Partnerships With Emerging Powers:**

The United States is strengthening our partnerships with emerging powers throughout the region. We are fostering a more durable and productive relationship with China, by expanding areas of practical cooperation on global challenges, and constructively managing differences.

The annual U.S.-China Strategic and Economic Dialogue (S&ED) – last held in June 2015 – provides a unique platform to promote bilateral understanding, expand consensus, discuss differences, build mutual trust, and increase cooperation. The strategic track of the S&ED has produced benefits for both countries through a wide range of joint projects and initiatives and expanded avenues for addressing common regional and global challenges such as proliferation concerns in Iran and North Korea, the conflicts in Afghanistan and South Sudan, peacekeeping, climate change, oceans conservation, and global health security. We also hosted the Strategic Security Dialogue with China last June. While significant concerns remain regarding cybersecurity, during President Xi Jinping's visit in September 2015, we succeeded in obtaining a commitment from China to refrain from cyber

enabled theft for commercial gain, to investigate cybercrimes, and to hold senior-level dialogue on cyber-crime and cyber security. Finally, with China's constructive engagement, the global community came together in Paris in December to finalize a comprehensive agreement to combat climate change.

Indonesia, home to 240 million people, is the world's fourth-largest country and an emerging power located where critical trade routes connect the Indian and Pacific Oceans. Since 2010, we've had a Comprehensive Partnership. In October we upgraded it to a Strategic Partnership, which aims at greater cooperation on issues of regional and global interest, such as regional stability, climate change, and countering violent extremism – the latter a pressing challenge in the world's largest Muslim-majority country. As part of this upgraded partnership, we signed MOUs to enhance cooperation on defense, maritime affairs, energy, and civil aviation.

TPP will also strengthen our relations to Vietnam and Malaysia, two increasingly important partners in the region.

**Support an Effective Regional Architecture:**

We are expanding engagement with the Asia-Pacific's regional institutions, allowing for close collaboration on shared challenges, from preventing human trafficking to countering violent extremism, to stemming the flow of foreign terrorist fighters. Our work with ASEAN, the ASEAN Regional Forum (ARF), East Asia Summit, APEC, and the Pacific Island Forum helps them establish and implement rules and norms consistent with the international norms that promote peace and stability, spur greater economic growth and enable the region to respond more effectively to regional and global challenges like Ebola, nuclear proliferation, and climate change. As one example, we improved marine conservation by sponsoring the ARF Statement on Strengthened Cooperation on Marine Environmental Protection and Conservation, which was unanimously approved by all 27 ARF foreign ministers in August 2015. Through these organizations we also reinforce our bilateral relationships and advance our economic, political and security interests with regional allies and partners.

I also want to underscore how TPP will contribute to the regional economic architecture of the Asia-Pacific. Trade is more than just pure economic benefits – and the greatest export of TPP may be good governance. Through TPP's groundbreaking commitments, we will establish rules of the road for the global trading system, contributing to a regional architecture that is consistent with U.S. values and U.S. interests.

**Expand Democratic Development:**

We developed a regional component to the President's Stand with Civil Society Agenda and increased resources for civil society organizations under threat as part of our ongoing efforts to enable the growth of civil society. We are helping build capable and accountable institutions while also promoting democratic practices, access to information, transparent and responsive governance, and more inclusive participation by marginalized groups in politics and government.

We provided \$18 million to help Burma conduct historic elections on November 8 that saw millions of people voting for the first time and represented a historical leap forward in the country's democratic transition. We will continue to work with the people and institutions of Burma, including the new National League for Democracy-led government, to strengthen democratic institutions, help develop critically-important civil society, and promote inclusive economic growth and development.

In Indonesia, the world's third largest democracy and largest in East Asia, we have provided significant support for good governance, civil society and rule of law. We provided advice and counsel to Vietnamese legislators to help Vietnam revise its laws in line with its international commitments and new constitution, which includes a dedicated chapter on human rights. Regionally, we will raise labor standards through the high quality TPP trade agreement. Internationally, the United States has led the international community's condemnation of North Korea's nuclear test and deplorable human rights record.

**Resource the Asia-Pacific Rebalance:**

As the region builds a more mature economic architecture in the shadow of maritime security concerns, sustained U.S. commitment is essential to furthering stability and prosperity. The Asia-Pacific is vital to unlocking shared strategic and economic opportunities in this dynamic region. The President's FY2017 budget request includes \$1.5 billion overall in diplomatic engagement and foreign assistance funds.

The \$873 million foreign assistance request supports five key priorities: (1) strengthening regional security cooperation, with a strategic focus on maritime security around the South China Sea; (2) advancing inclusive economic growth and trade; (3) promoting democratic development; (4) strengthening regional institutions and fora; and (5) addressing war legacies in Southeast Asia and the Pacific. Mr. Chairman, let me now share with you some examples of how our FY 2017 budget request supports these five priorities.



**Maritime Capacity Building:**

Contested maritime claims in Southeast Asia and destabilizing actions such as Chinese land reclamation, construction, and militarization of disputed areas make it harder for countries in the region to resolve disagreements peacefully. Lack of maritime domain awareness also encourages smuggling, crime, piracy, and illegal fishing. We continue to work with regional partners to build their capacity to maintain free and open access to the maritime domain through enhanced maritime security capabilities and maritime domain awareness. For example, in 2015 we completed the construction of the Philippines' National Coast Watch Center (NCWC), a national command and control center for the National Coast Watch System. The NCWC will integrate national maritime information, improve maritime security of frequently trafficked maritime borders and strengthen WMD-proliferation prevention capabilities.

The President's FY 2017 request supports maritime domain awareness and law enforcement capacity in Southeast Asia. This assistance will address significant gaps in equipment, training capacity, information sharing, and surveillance capabilities. Our efforts focus on building the maritime domain awareness capability of civilian law enforcement agencies, especially coast guards.

**Trade Capacity Building:**

Trade capacity building will remain a major priority as we prepare for the implementation of the TPP agreement, especially in Vietnam and Malaysia. TPP countries have agreed to undertake historic reforms, but the successful implementation of these reforms will require a sustained program of technical assistance. The FY 2017 request includes \$22.8 million to help Vietnam undertake economic and governance reforms related to the TPP that will support labor and environment capacity building programs, customs administration, intellectual property rights, and reducing agricultural and industrial technical barriers to trade, among others. These programs build upon longstanding U.S. assistance programs in Vietnam that aim to advance governance reforms, broaden economic participation and make growth more sustainable, facilitate engagement by the private sector and civil society, promote respect for human rights, and expand accountability and transparency. We are also working to raise standards for trade and investment through APEC, the key multilateral institution for advancing our economic priorities with economies in the Asia-Pacific. The FY 2017 request includes nearly \$7.5 million in foreign assistance for APEC programs that expand trade and investment in the region, help reduce barriers to business in the region by building good governance and transparency, and programs that seek to broaden economic participation and promote sustainable growth.

**Democratic Development:**

The United States remains committed to the expansion of democratic development and human rights, including those of women and children, to create responsible Asia-Pacific partners who share America's most fundamental values. The FY 2017 request to provide U.S. assistance in this area will advance the development of robust democratic institutions, including support for the political and economic transition in Burma. The United States has a critical interest in helping the region institutionalize these democratic gains and continue on the path toward effective and transparent democratic governance, including human rights and gender equality, rule of law, and vibrant civil societies. In Burma, programs supporting civil society, media, and microcredit institutions will continue to promote a democratic culture. In Indonesia and the Philippines, the FY 2017 request supports programs that will focus on tackling persistent issues in corruption and institution-building, including strengthening civil society, governmental bodies, legal institutions, political parties, and local governments.

**Strengthening Regional Institutions:**

Under the Obama Administration, the United States has strongly backed ASEAN's central role in the evolving regional architecture, as demonstrated by our commitment to the East Asia Summit and ASEAN. The FY 2017 request supports platforms for dialogue that advance regional economic and political integration, security cooperation, and humanitarian relief. The United States will also continue assistance to the Lower Mekong Delta region through the Lower Mekong Initiative (LMI), which supports education, environment, health, food security, energy security, and connectivity to sustain U.S. engagement and partnership with Burma, Cambodia, Laos, Thailand, and Vietnam. It also aims to bring the poorest countries in ASEAN closer to the ASEAN norm. The United States considers LMI to be its avenue and primary driver of Mekong sub-regional integration and seeks to align it with the Initiative for ASEAN Integration (IAI). LMI will supplement traditional U.S. bilateral assistance by establishing common standards and resolving cross-border challenges such as water management and infectious diseases.

**Addressing War Legacies:**

As the United States embarks on a renewed, deepened relationship with the Asia-Pacific region, we must continue to demonstrate strong leadership in helping affected countries overcome health, social, and environmental challenges that are perceived as legacies of war and nuclear testing. The FY 2017 request will help Vietnam, Laos, Cambodia, and Pacific Island countries reduce the amount of unexploded ordnance (UXO). The request provides \$27 million for UXO clearance, of which \$25 million will go for Southeast Asia and \$2 million for the

Pacific Islands. Our FY 2017 request also maintains our firm commitment to complete dioxin remediation at the former U.S. airbase in Danang, Vietnam. The President's request includes \$10 million for remediation efforts in Danang.

**Diplomatic Engagement:**

In addition to foreign assistance, the FY 2017 request provides essential increased funding for personnel, operations, and public diplomacy to meet growing demands driven by the Rebalance. The \$646 million request for Diplomatic Engagement includes funding for five new positions, four on top of the existing 979 positions for the Bureau of East Asian and Pacific Affairs and one for the American Institute in Taiwan. This is in addition to 36 new consular positions added in FY 2015.

**Conclusion:**

Mr. Chairman and Members of the Subcommittee, the Department of State is making significant progress toward ensuring that the Asia-Pacific continues to be a peaceful, prosperous, and economically dynamic region. We urge your support for the FY 2017 EAP budget request, which recognizes that the United States is inextricably linked to the region and our key allies and strategic partner countries. We look forward to working with you and other Members of Congress to continue to build on our accomplishments in the region.

Thank you for inviting me to testify today. I am pleased to answer any questions you may have.

Mr. SALMON. Thank you, Mr. Russel.  
Mr. Stivers?

**STATEMENT OF THE HONORABLE JONATHAN STIVERS, AS-  
SISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY  
FOR INTERNATIONAL DEVELOPMENT**

Mr. STIVERS. Chairman Salmon, Ranking Member Sherman, distinguished members of the subcommittee, thank you for the invitation to testify today on the role of USAID in advancing U.S. foreign policy priorities in East Asia and the Pacific.

President Obama's budget request for the East Asia-Pacific region is \$873 million. That is a 12 percent increase over Fiscal Year 2015. This request is in recognition that America's security and prosperity are inextricably tied to the region, and it enables us to consolidate our gains and strengthen the Asia-Pacific Rebalance policy.

In the coming years, the countries of this region are expected to continue high growth rates and play an increasingly pivotal role in world affairs. But just how this region's development and economic growth take shape is critical to our own future.

Already home to a majority of humanity, by 2030 Asia is projected to add more people than any other region, putting unprecedented pressure to provide access for energy, clean water, food, quality education, and health care.

But despite the impressive gains of the region, they continue to grapple with evermore complex development challenges, including severe economic disparities, food scarcity, urbanization, poor governance, and suffocating pollution and environmental degradation. Human trafficking continues to be an enormous problem, and an unacceptable proportion of women in the region continue to experience gender-based violence.

At USAID, our mission is to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. At its core, the Asia-Pacific Rebalance is about strengthening our relationships not only with countries, but more specifically, with the people of the region in an effort to improve their lives.

We employ three primary approaches. First, we are pioneering a new model of development that focuses on maximizing our impact and our funding through public-private partnerships, science, innovation, and regional solutions.

Second, we are building pathways out of poverty through Global Health, Feed the Future, and Global Climate Change.

And last, we are empowering reformers to improve democratic governance and human rights. And for this reason, this budget request includes significant increases in democratic governance and human rights in almost every country in the region.

Next, a brief overview of the key countries: In Burma, the November elections resulted in the first civilian-led government in more than 50 years. USAID was proud to be the lead donor, providing \$18 million in support of the election, including: Incorporating international standards in the election procedures, training poll workers, political parties, election observers; and voter education and supporting more than 300 civil society organizations.

We helped digitize 33 million names from scratch into the voter list in a country with few computers and hundreds of dialects.

We know that democracy is about more than just elections though, which is why our support for this next phase of the democratic transition is so important. The people of Burma have high expectations and low capacity to deal with the challenges on almost every front. The government has prioritized issues such as national reconciliation, reform of the political power structures, economic growth, agricultural development, and health care. USAID will continue our strong support for the people of Burma on each of these priorities through our budget request.

We remain deeply concerned about the humanitarian and human rights situation in Rakhine State, and USAID continues to support vulnerable populations throughout the country, including the Rohingya.

In Cambodia, our primary goal is supporting and transitioning to a democracy that respects human rights. Civil society, while not fully respected there, has grown in vibrancy and strength in recent years thanks in part to our assistance. On food security, our Feed the Future initiative has helped increased yields and drive down malnutritional stunting in children under 5 by 21 percent in the areas where we work.

Indonesia's continued progress and democratic system set an example for its neighbors, but the country faces major governance, economic, and security challenges that could undermine its young democracy. Our anti-corruption investments have resulted in increased prosecution and the country's ranking on the Transparency International's Corruption Index has improved by 30 spots.

On health, we have helped Indonesia become polio-free. And last year's devastating forest and peat fires cost the country over \$16 billion. We partnered with the U.S. Forest Service to send forest specialists, but we know that prevention is the key to solving this challenge.

USAID is supporting something called the Indonesia Palm Oil Pledge, which is an innovative commitment by the world's leading palm oil producers to transition to sustainable production.

In the Philippines, our Partnership for Growth initiative has helped address the main impediments to inclusive and sustainable growth. The results have been striking. Philippines has emerged as one of the fastest-growing economies and a more reliable trade and investment partner. And for the first time, the country received investment-grade sovereign debt ratings from three of the world's leading credit agencies. Yet, lack of formal access to land is a key driver of poverty, a driver of conflict, and an obstacle to national development.

In Vietnam, USAID supports the implementation of reforms critical to potential TPP participation, including launching a new labor program this year that will support the rights of workers and improve working conditions. In addition, USAID is focused on addressing war legacies, health and disabilities, and reducing susceptibility to climate change and natural disasters.

Mr. Chairman, committee, in an interconnected world, development plays an indispensable role alongside defense and diplomacy in advancing our security and prosperity. While we must focus on

immediate crises throughout the world, it is also essential that we address the root causes of poverty, conflict, and instability, to help shape a better future for humanity. That is the heart of our work in the East Asia-Pacific region.

Thank you, and I look forward to your counsel and questions.

[The prepared statement of Mr. Stivers follows:]

**Statement of Jonathan Stivers**  
**Assistant Administrator, Bureau for Asia**  
**United States Agency for International Development**  
 Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific  
*“FY 2017 Budget Priorities for East Asia: Engagement, Integration, and Democracy”*  
 Tuesday, April 19, 2016

Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for inviting me to testify on the vital role of the United States Agency for International Development (USAID) in advancing U.S. foreign policy priorities in East Asia and the Pacific Islands, including the Asia-Pacific Rebalance. It is always an honor to testify before this committee, especially alongside my colleague from the U.S. Department of State, Assistant Secretary Daniel Russel.

President Barack Obama’s fiscal year (FY) 2017 budget request for Department of State and USAID foreign assistance in the East Asia-Pacific region is \$873 million — a 12 percent increase over FY 2015. This request is in recognition that America’s security and prosperity are inextricably tied to the region, and it enables us to consolidate the gains in the East Asia-Pacific made under the Obama Administration as we transition to the next Administration — paving the way for sustained partnership with this increasingly consequential part of the world.

USAID is a committed partner in the East Asia-Pacific. The region has come a long way in recent years, including cutting its extreme poverty rate in half between 2002 and 2012, which has contributed to stronger economic growth, greater regional stability and an expanding middle class. Malaria mortality and stunting of children under 5 resulting from poor feeding practices have plummeted, and literacy levels and secondary school enrollment are climbing. Of the five countries projected to have the fastest growing economies this year, all are in Asia and three — Burma, Cambodia and Laos — are in the East Asia-Pacific region.

In the coming years, the countries of this region will play an increasingly pivotal role in world affairs. Just *how* the region’s development and economic growth take shape is critical to our own future and is a key component of the Asia-Pacific Rebalance. That is one reason why the Trans-Pacific Partnership (TPP) trade agreement is so important. Already home to the majority of humanity, by 2030 Asia is projected to add more people than any other region, putting unprecedented pressure on nations to provide their growing populations with access to energy, clean water, food, quality education and health care.

Despite these impressive gains, the region continues to grapple with ever-more complex development challenges including severe economic disparities, food scarcity, urbanization, poor governance and suffocating pollution and environmental degradation. Human trafficking continues to be an enormous problem — as seen during last summer’s tragic boat crisis of labor migrants and Muslim Rohingyas fleeing persecution — and an unacceptable proportion of women in the region continue to experience gender-based violence.

At USAID, our mission is to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity. Key to achieving success is ensuring that development gains are inclusive of all people — which is also critical to ensuring that development progress can be sustained over the long term. At its core, the Rebalance is about strengthening our relationships with countries, but more specifically, with the *people* of the region, and USAID plays an indispensable role by partnering from the bottom-up to help people escape poverty and improve their lives. We employ three primary approaches to advance our development goals.

First, USAID is pioneering a **new model of development** that focuses on maximizing our impact and our funding through public-private partnerships, science, innovation and regional solutions. For example, with every dollar USAID invested in more than 360 public-private partnerships active in 2015, partners committed about \$3.50 in both cash and in-kind contributions over the life of the partnership. In Indonesia, where our mission is a leader in incorporating science, technology, innovation and partnership, we are targeting the mobilization of \$800 million from the private and public sectors to generate clean energy while investing just \$17 million in USAID funding.

Second, we are building pathways out of poverty through **three priority initiatives**: Global Health, Feed the Future and Global Climate Change. In the East Asia-Pacific, health, food security and climate change challenges are often interrelated, demanding an integrated strategy. That's why through Feed the Future, for example, we not only target improvements in agricultural productivity, but we also look for ways to increase household nutrition and income while building resilience to the impacts of a changing climate and economic shocks. In addition, we are supporting sustainable economic growth through assisting TPP partners such as Vietnam to implement the important commitments they have undertaken as part of TPP, including on labor, the environment and intellectual property enforcement.

Last, we are empowering reformers to improve **democratic governance and human rights**, because we know that government by the people offers the best chance for freedom and prosperity. The U.S. also has stronger relationships with stable, democratic countries that respect human rights. Central to our efforts is the recognition that civil society is a key pillar in any healthy democracy — vital to strengthening good governance that responds to the needs of the people and plays an important role in shaping a prosperous and secure future.

Next, I will provide a brief overview of USAID's efforts in selected countries in the region.

#### **Burma**

One of the most remarkable developments in the region this past year occurred in Burma, where USAID provided over \$18 million — more than any other donor — in support of the November 2015 elections that resulted in the first civilian-led government in more than 50 years. The challenges of conducting an election were enormous in a country with 53 million people, over 100 languages, more than 90 political parties, conflicts and the worst floods in 50 years occurring just months before the elections. Specifically, USAID supported:



- The Union Election Commission in incorporating international standards in its election procedures, including strategic communications, election day operations and stakeholder dialogues;
- Training poll workers and increasing the participation of civil society in the electoral process;
- More than 300 civil society organizations and media outlets in conducting voter education, including outreach to the majority of all cell phone users with voter education messages;
- The technology which led to the digitization of 33 million names from scratch into the voter list in a country with few computers and hundreds of dialects;
- Domestic and international election observation, including training more than 5,000 observers and establishing the first independent nonpartisan election observation organization in Burma; and
- Political party training for more than 12,300 party members from 84 parties.

We know that democracy is about more than elections, which is why our support for the next phase of the democratic transition is so important. The people of Burma have high expectations for the new National League for Democracy-led government and the country faces pressing challenges on every front. The government has prioritized key issues such as national reconciliation, further institutional reform of political power structures, economic growth, agricultural development and health care. USAID continues to promote democratic reform and is helping the new government ensure that tangible benefits from the transition reach the people. We also continue our strong support for our civil society partners as the transition advances.

On national reconciliation, USAID plays an important role in U.S. Government efforts that have helped ethnic leaders to better engage with one another, participate in official ceasefire negotiations and better understand the interests of communities affected by conflict. Our assistance has increased participation of civil society, ethnic leaders and government representatives in the peace process. Furthermore, ahead of the November 2015 elections, USAID's reconciliation efforts reached nearly 4,000 Rakhine and Rohingya youth with training on media literacy and skills to recognize misinformation and resist incitement to violence.

We remain deeply concerned about the humanitarian and human rights situation in Rakhine State, including the treatment of Muslim Rohingyas. Failure to address the root causes of conflict in Rakhine could undermine the democratic reform process in the country, increase instability and insecurity, and impede Burma's relations with the United States and international community. Of FY 2015 resources, USAID provided a majority of the \$85 million the United States allocated for humanitarian and other assistance to vulnerable populations throughout Burma, including in Rakhine and along the border with Thailand. Working with Rakhine State communities, these actions include the launch of a new \$5 million livelihoods recovery program to help improve access to services such as village savings and loans associations, water and sanitation, and skills trainings for approximately 45,000 individuals.

#### **Cambodia**

The primary goal of our assistance in Cambodia is supporting and transitioning the country to a sustainable and lasting democracy that respects human rights and improves the lives of all its citizens. Support for civil society underpins all our assistance in the country. In recent years,

civil society has grown in strength and inclusiveness thanks in part to our assistance, although civil society is still challenged by the Government of Cambodia.

USAID-supported civil society organizations provide legal assistance to people imprisoned for participating in political or labor demonstrations and those who were evicted or had their land taken from them without due process. On labor, in part due to USAID facilitation, garment worker unions have negotiated a 40 percent increase in the minimum wage over a two-year period. We are also improving forest management by helping indigenous and other communities in and around forests work with local government officials to conserve their forests. Last, human trafficking continues to plague Cambodia and in response, we are putting greater focus on addressing its root causes — for example, by expanding vocational training opportunities and improving basic education.

In Cambodia, Feed the Future partnerships have improved nutrition and food security through horticulture, fish and other food security-related work for more than four years. As a result, we have helped drive down stunting by 21 percent in the areas where Feed the Future works and increase horticulture yields for targeted farmers by up to 273 percent. On health, USAID has played a key role in helping Cambodia meet its Millennium Development Goals on tuberculosis mortality and maternal and child mortality ahead of schedule, accelerate progress toward malaria elimination by 2025, and reduce HIV prevalence by more than 50 percent, paving the way for setting an ambitious goal of zero new HIV/AIDS cases by 2025.

#### **Indonesia**

Indonesia's continued progress is essential to the Asia-Pacific Rebalance policy and its democratic system sets an important example for its diverse neighbors. It is the world's third largest democracy and fourth most populous nation, with the largest economy in Southeast Asia. The country still faces major governance, economic and security challenges that could undermine its young democracy. Through targeted investments, USAID partners with the Government and people of Indonesia to strengthen a just and accountable democracy that engenders political and social stability. On health, we have helped Indonesia become polio-free and have helped reduce multidrug-resistant tuberculosis mortality by over 60 percent over the past six years.

On democracy and governance, our anti-corruption investment has resulted in a significant increase in the number of cases of grand corruption being prosecuted, and it has facilitated the continuous improvement of the country's ranking on Transparency International's Corruption Perceptions Index. In three years, Indonesia improved its rank from 118 to 88, a 30 place gain. In addition to improving the effectiveness of the court system, USAID has supported the adoption of judicial case tracking technology in all 350 district courts. The new system improves the independence, transparency, accountability and efficiency of court records management and is accessible to the public.

Last year's devastating forest and peat fires in Indonesia laid bare the governance, health, economic and security implications of environmental degradation. The impacts of the fires were staggering. Daily emissions from the fires at times exceeded those emitted from the entire U.S. economy. Non-health economic losses are estimated at over \$16 billion, which is double the

economic loss from the devastating 2004 tsunami. We responded by setting up special shelters where those suffering from respiratory distress could receive treatment. We partnered with the U.S. Forest Service to send forest specialists to help with investigations, operations and the provision of satellite imagery, and to equip firefighters in the hardest-hit provinces with high pressure pumps, tools and fire retardant clothing.

Prevention of future fires is the only solution to this problem. To this end, we are bringing a South Carolina-sized area of biodiverse forest under improved sustainable management which will reduce forest fires, illegal logging and wildlife trafficking — but we are not doing this alone. USAID is supporting the Indonesia Palm Oil Pledge, an innovative commitment by the world's leading palm oil producers to transition to sustainable production. Our projects are also conserving huge swathes of lowland and peat forest, home to endangered species including orangutans, tigers and rhinos.

#### **Laos**

As the second-poorest country in the East Asia-Pacific, Laos suffers from the highest infant and child mortality rate in Southeast Asia, 44 percent of children under 5 — one of the highest rates in the world — suffer from stunting, and 30 percent of the people live in extreme poverty. Building on our prior health efforts, in January we launched a nutrition project that works with community organizations to reduce child stunting by improving feeding practices for pregnant women and children, and improving education and water and sanitation.

#### **Philippines**

Through the U.S.-Philippines Partnership for Growth, USAID has collaborated with other U.S. Government agencies and the Philippine government to address the country's main impediments to inclusive and sustainable growth: ineffective governance, insufficient public financing, inadequate infrastructure and weak human capacity. The results have been striking: In recent years, the Philippines has emerged as one of the fastest-growing economies in the region and a more reliable U.S. trade and investment partner. Investor confidence is on the rise and for the first time, in 2013, the country received investment-grade sovereign debt ratings from three of the world's leading credit rating agencies.

Yet economic gains have not generated tangible improvements in the lives of many Filipinos, with 13 percent of the population still living in extreme poverty. Lack of formal access to land and natural resources by a large proportion of the population is a key cause of poverty, a driver of conflict and an obstacle to national development in the Philippines. With just under half of all land in the Philippines titled, we are working to improve the regulatory environment and streamline the land registration process in the Philippines.

The “Strengthening Urban Resilience for Growth with Equity” (SURGE) project, launched in August 2015, assists local government units in prioritizing the types of land that require titling support and identifying special case areas that require attention — including in Antipolo. To date, our efforts in this area have helped create 110 land management units and restore approximately 250,000 land ownership records following Typhoon Haiyan in 2013.

An archipelago of more than 7,000 islands, the Philippines is uniquely vulnerable to natural disasters and the effects of climate change. Since Typhoon Haiyan, we have helped 100,000 people in 61 villages in the south increase their resilience to climate change. USAID's disaster risk and reduction assistance was put to the test in 2014 when a tropical storm roared through Mindanao, affecting nearly half a million people. "The water reached 24 feet. Only the tallest rooftops and floating houses could be seen. Everything else was under water," recalled La Flora Village Chairman Otacan. During the storm, residents adhered to the flood warning system instituted with USAID assistance, and the entire village of 1,120 people survived. "We could not have been more prepared," said Chairman Otacan.

#### **Timor-Leste**

Timor-Leste continues to battle extreme poverty — born out of decades of conflict and repression — coupled with vulnerability to natural disasters. Since approximately 70 percent of Timor-Leste's population relies on agriculture for their livelihoods, USAID focuses on helping farm households become more prosperous through increased incomes and improved community well-being. We are proud that our agriculture initiatives have helped increase farmer incomes by up to 125 percent.

#### **Vietnam**

President Obama's visit to Vietnam next month underscores the country's growing significance as an emerging regional power. Vietnam has undergone an economic transformation in recent decades that has contributed to improved health and drastic reductions in poverty. However, sustained progress is threatened by poor governance, a weak business environment, limited transparency, and health and environmental problems. USAID is accelerating Vietnam's transformation to a responsible, more inclusive partner and a market-based economy, and addressing the legacies of the past conflict between our countries.

USAID is committed to helping Vietnam implement the reforms that are critical to its ability to fully implement the Trans-Pacific Partnership (TPP) agreement. Already, we have helped improve over 150 Vietnamese laws and regulations affecting commercial activities and related judicial procedures. Working with other U.S. Government agencies, USAID plans to implement activities to build capacity in Vietnam to ensure freedom of association, including independent unions, and other internationally recognized labor rights; protection and enforcement of intellectual property; environmental protection and sustainable growth; and good governance.

Our governments' successful collaboration on dioxin remediation remains an important bilateral priority to address war legacy issues, and has been one of the keys to transforming the U.S.-Vietnam relationship over the past five years. We recently completed the first of two phases of thermal treatment of approximately 45,000 cubic meters of dioxin-contaminated soil and sediment at Danang Airport, and the entire remediation is expected to be completed next year.

Our health work and support for persons with disabilities is a cornerstone of our engagement with Vietnam. Vietnam has helped to reduce new HIV infections by nearly 50 percent over the last 10 years with help from USAID through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). We have trained rapid response teams in all 63 provinces to prevent and respond to infectious diseases and other pandemic threats. Opening a new chapter, we are

supporting Vietnam in assuming a global leadership role on combating zoonotic diseases under the Global Health Security Agenda. Since 2010, USAID has improved the welfare of almost 30,000 persons with disabilities.

As one of the most vulnerable countries in the world to climate change, millions of rural and urban Vietnamese would be seriously impacted by just one meter of sea level rise in the Mekong River Delta. In response, we are supporting agricultural extension centers to develop new tools that help boost farmers' ability to improve their livelihoods with climate-smart methods.

#### **Regional Development Mission for Asia (RDMA)**

Based in Bangkok, Thailand, USAID's Regional Development Mission for Asia (RDMA) focuses on key development challenges that transcend borders — with a primary focus on the Lower Mekong countries, where the development gap within the East Asia-Pacific region is especially pronounced. For example, in most Lower Mekong countries, skilled workers are in high demand by the private sector but in short supply. To better prepare Southeast Asian youth for employment, we are collaborating with Cisco, Google, Hewlett-Packard, Intel and Microsoft to train university and vocational college instructors from across the Lower Mekong region under the Lower Mekong Initiative. We have quadrupled the funding for this initiative by leveraging almost \$50 million from the private sector compared to our \$12 million seed funding. Last year, USAID played a key role in helping ASEAN establish the region's first legal framework for combating trafficking in persons. By the end of this year, we will award a new activity aimed at reducing the number of human trafficking victims and increasing the number of trafficked persons able to access social services. We will also soon launch a new project to combat wildlife trafficking in the region.

In addition, RDMA manages programs in countries where USAID does not have a regular mission or country office: China, Laos and Thailand. USAID also helps Tibetan communities improve their livelihoods, conserve their environment and preserve their threatened cultural traditions, including the Tibetan language. Through USAID's cultural preservation activities in Tibet, one million pages of historically important Tibetan text — many previously unknown, including text composed by the Fifth Dalai Lama — were digitized and made available to Tibetans and Buddhists in the region and around the world.

#### **Conclusion**

Mr. Chairman, in an interconnected world, we are safer and stronger at home when fewer people face destitution, when our trading partners are flourishing, when nations around the world can withstand crises, and when societies are freer, more democratic and more inclusive. Development plays an indispensable role — alongside defense and diplomacy — in advancing our security and prosperity. While we must focus on solving immediate crises, it is essential that we also address the *root causes* of poverty, conflict and instability — so that we can build a sustainable path of progress that shapes a better future for humanity. This is at the heart of our work in the East Asia-Pacific region, which the FY 2017 budget request will continue to support.

Thank you for the opportunity to share with you what USAID is doing in this critical region. I look forward to your counsel and questions.

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Mr. SALMON. Thank you very much.

Just to give you a heads-up, we could get be getting buzzed for a vote any time now, any time between 25 past until 20 till, so we are going to be up here on pins and needles.

Mr. Russel, I completely support 100 percent the administration's stated goal of a rebalanced Asia. In fact, when I look at the priorities that you have outlined in your speech, I didn't really find anything that gave me pause. I support everything that you said 100 percent.

And, Mr. Stivers, the same goes for you. And as I have gone throughout the region and I have met with your personnel, both of you, I am so impressed and so amazed at how much they accomplish with the resources that they have. And I guess that leads to my question.

I mentioned that in my opening statement that while we have identified Asia as one of the most important priorities on the globe for this administration and for us as a country, it still remains pretty low as far as the resources, out of the six regions, second from the bottom. What is it going to take for us to be able to get the resources completely necessary? I know some of the Embassies that I have gone to seem like they have just about everything they need, but some of those Embassies that I have been to, they need more than they have got. They don't have all the resources that they need.

And again, I want to state for the record that your folks are some of the most amazing people I have ever met in my life, incredible leaders. And the ranking member mentioned kind of a nexus if you will between DOD and what you do with State Department and USAID. I believe that what you all do is keeping us out of war. And it is probably for less than 1 percent of the total budget, the job that you do is incredibly worth what we commit to it.

But are we giving the resources necessary for this region? And if not, how do we get there, Mr. Russel?

Mr. RUSSEL. Well, Mr. Chairman, first of all, thank you very much for your heartfelt and kind words. And in particular, thank you for your personal travel to the East Asia and Pacific region. That really makes a big difference not only to your understanding and Congress' understanding of the issues but to our folks. So we thank you for that.

Thank you also for your comments about the men and women who staff our Embassies in the East Asia and Pacific region. We are in the people business, and as a bureau, we have made it a point of pride to seek out and attract and to develop the best people in the Foreign Service community.

We have throughout the lifespan of this administration consistently sought to fund the rebalance. We have sought and prioritized funding. And our foreign assistance budget, as Mr. Stivers mentioned, is up about 12 percent. Our overall budget compared to Fiscal Year 2015 is up about 11 percent.

We have also deepened our collaboration and coordination with partners, industrialized nations in the region, in particular such as Japan, the Republic of Korea, Australia, and outside the region like the EU in order to try to leverage our collaborative efforts to promote our agenda.

It is quite true that other regions may have more trouble, more crises, and more countries, and that accounts for some of the disparity between the regions. But like you, I argue that we have by far and away the best people.

Mr. SALMON. Mr. Stivers?

Mr. STIVERS. Thank you. Thank you.

This Fiscal Year 2017 request, if adopted, we think would better accomplish a lot of our goals. We think it is appropriate considering the crises all over the world and the budget environment that we are in. But we are doing our part to become more efficient, to leverage the private sector more, to work with our allies who have similar interests—Australia, Japan, the Asian Development Bank.

And just a word on our people in the field, our AID missions, I mean, they are working in some of the poorest villages, helping sick families with our partners, hungry children, education. They are going into these villages with their “From the American People” USAID hat to really represent the best in American values and deeds. And that engagement with the people, despite, you know, disagreements we may have with governments, is really important in terms of strengthening what we believe in as Americans.

Mr. SALMON. Mr. Sherman—

Mr. SHERMAN. Thank you.

Mr. SALMON [continuing]. I yield to you.

Mr. SHERMAN. I can’t possibly match the chairman’s level of niceness. I will comment, however, that I have and will continue to vote for the higher levels of tax revenue that will be necessary if we are actually going to be spending the money that you have recommended to us and that you would recommend to us if the resources were available.

I see that we are providing significant aid to Myanmar/Burma. How much of that is going to help the Rohingya and other ethnic minorities?

Mr. STIVERS. Thank you, Mr. Sherman, for that question and for your attention to the plight of the Rohingya in the region.

It certainly is a human rights and humanitarian crisis there. Last year, we provided \$85 million in food aid, lifesaving humanitarian assistance to vulnerable populations within the country of Burma, of which Rakhine State and the Rohingya received a significant amount of that.

In addition, we support civil society and voices of tolerance in terms of trying to get at some of the root causes of the disagreements and the conflict between the different groups.

Mr. SHERMAN. I note that our aid to Vietnam will include almost \$22 million to help them participate in the TPP. What will that money be spent on?

Mr. STIVERS. Thank you for that. Certainly, you know, the rule of law, human rights, and labor are all issues that hold us back from a more robust partnership there. And whatever your position is on the—

Mr. SHERMAN. But if they don’t get the money, are they going to be in compliance?

Mr. STIVERS. Well, whatever your position is on the TPP—

Mr. SHERMAN. Right.

Mr. STIVERS [continuing]. We believe that getting Vietnam or any country to achieve high standards on trade to better promote U.S. exports, on the environment, labor, state-owned enterprises, IPR, anything we do to increase the standards——

Mr. SHERMAN. Will this money——

Mr. STIVERS [continuing]. Would be better.

Mr. SHERMAN [continuing]. Be spent to help their exporters comply with standards to export to the United States or will it be spent to help our exporters import to Vietnam? How would you spend——

Mr. STIVERS. This is——

Mr. SHERMAN [continuing]. \$21.75 million to help us export to Vietnam?

Mr. STIVERS. This is technical assistance, rule of law assistance that we provide to help show them how to better comply with these agreements. And certainly, you know, there are many aspects of TPP, of which market access and export promotion is one of them.

Mr. SHERMAN. I will just point out to go to my district and say you are going to have to compete on a level playing field with 60-cent-an-hour labor, with places where if people organize unions, the party just plants drugs on them and arrests them, claims they are drug dealers, and that we have to spend \$22 million in order to help them sell us stuff for 60 cents?

Mr. STIVERS. We hope to improve the conditions there.

Mr. SHERMAN. It will help—yes. And we will be dealing with the budget before we deal with TPP, so if we are not members of TPP, would this money still be spent or would you reprogram it?

Mr. STIVERS. This assistance is important regardless of TPP. Again, it is high trade standards that we want the country to adhere to. So regardless if TPP moves forward or not, I think it is important that Vietnam has as high of standards as possible, and that is what we are helping them do.

Mr. SHERMAN. State and DRL have declined to pursue distributing physical media such as hard drives and CDs to North Korea because of the risk to our partners. What can we do to get information and make it accessible to the people of North Korean, Mr. Russel?

Mr. RUSSEL. Well, Congressman, we are working to try to improve access to international information to the North Korean people. It is quite true that possession of CDs or thumb drives is a punishable offense in the DPRK, and we are concerned about not putting either third parties or the North Korean people themselves in immediate physical risk.

Nevertheless, the North Korean people are benefiting from a range of programs, including Radio Free Asia and the work that we are doing together with the Republic of Korea.

Mr. SHERMAN. I point out that all over the world we help people who want to risk their lives to make their countries better. Congress has said, for example, that we are going to provide weapons to the right Syrian forces, and so we don't fail to provide those weapons on the theory that whoever uses them will expose themselves to danger.

It seems like you are saying we won't provide the thumb drives in northern China to patriotic North Koreans who are willing to



risk their lives and bring them into North Korea. Is there a reason why we are unwilling to help these patriotic North Koreans?

Mr. RUSSEL. We work to provide access to information for the North Korean people directly and with our partners in the ROK.

Mr. SHERMAN. I hope we do thumb drives as well. Thanks.

Mr. SALMON. Short question from Mr. Brooks.

Mr. BROOKS. I hope it will be short.

I am looking at what committee staff has given me, and tell me if I have got it correct, that this hearing does not include anything in the Near East but rather it is limited to East Asia and the Pacific?

Mr. STIVERS. That is right.

Mr. RUSSEL. That is correct.

Mr. BROOKS. That is correct. And according to committee staff notes, the Fiscal Year 2017 budget request increases funding for East Asia and the Pacific 11.9 percent. Is that accurate?

Mr. RUSSEL. Foreign assistance budget, that is correct, sir.

Mr. BROOKS. And you are familiar with the financial condition of Puerto Rico right now and how that is a major issue on Capitol Hill?

Mr. RUSSEL. I am aware of it through—

Mr. BROOKS. Of the existence of it. And you need to turn on your microphone. I am not sure if it is hitting the record very well.

Well, Puerto Rico, by way of example, has a debt that is unpaid, at risk of default that averages out to \$20,000 per Puerto Rico resident, \$20,000 apiece. In contrast, America's per-capita debt approximates \$60,000, again, \$60,000 per person for the United States. We are looking at what is happening in Puerto Rico when it is \$20,000.

And my question is with this kind of increase that you want to spend in faraway lands where America seems to be on a path to insolvency and bankruptcy without the will in Congress or in the White House to be financially responsible and properly manage our resources, what can you tell the constituents of my district, Alabama's 5th Congressional District, that would help convince them that this is a worthwhile expenditure given the rather precarious financial condition that their country is in and the increasing risk that America is going to suffer from a debilitating insolvency and bankruptcy?

Mr. RUSSEL. Congressman, my answer would be that the East Asia and Pacific region is a larger export market for U.S. exports than Europe is, than Canada or Mexico is. And the—

Mr. BROOKS. Are you suggesting we have to pay them money to get them to buy our products?

Mr. RUSSEL. Our strategy is to invest in U.S. national interests. And the U.S. has a national interest in tethering itself to the most dynamic economic growth region on planet Earth, East Asia and the Pacific. We derive phenomenal benefits not only in economic and commercial terms but also in security and other aspects from our sustained investment in the Asia-Pacific region.

Mr. BROOKS. So, as I understand it, your whole argument is based on potential trade arrangements—

Mr. RUSSEL. No, I—

Mr. BROOKS [continuing]. With these nations?

Mr. RUSSEL. No, Congressman. I think that there is a compelling case for why the U.S. national interests, both economic and security, rests in intensified engagement with the Asia-Pacific region. This is a part of the world that is demographically growing at an extraordinary rate, that is a major consumer of American products, that is receptive and attracted to the American brand that is moving steadily in the direction of universal values that America has championed—

Mr. BROOKS. Right, Mr. Russel, I appreciate your insight. I apologize for having to cut you off. But I can sense some antsy Congressmen because we have had votes called and we are nearing the point where we will miss the points and we have got to go over to the United States Capitol and the House Floor in order to cast those votes. If you want to add anything when we resume, that will be great. Unfortunately, I won't be here because I have other hearings. I have got Strat Forces Subcommittee and other things that are coming up that I will have to attend to after votes. But thank you for your insight.

Mr. SALMON. And we will reconvene after the vote on the Floor.

Mr. CONNOLLY. Mr. Chairman, I promise I am just going to take a minute—

Mr. SALMON. Fire away.

Mr. CONNOLLY [continuing]. Because I can't come back.

Mr. SALMON. Okay.

Mr. CONNOLLY. I thank the chair.

I just want to say to my friend from Alabama with whom I recently traveled to China, I can tell you that my constituents would answer his question. We need to be engaged. This is a very important part of the world where we cannot afford to retreat and withdraw. And it is always a false choice to say to us we can either afford domestic investment or foreign aid but not both. I mean, it sounds good, but we are talking about less than 1 percent of the United States budget, and it is a tool that helps us avoid military engagement and that can have long-term return on it. So it is an investment worth making if the United States is going to live up to its responsibilities as an engaged world power.

I thank the chair.

Mr. BROOKS. Amen.

Mr. SALMON. And you do have bipartisan agreement here on that.

Mr. BROOKS. Absolutely.

Mr. SALMON. Thank you. We will reconvene after the vote. Thank you.

[Recess.]

Mr. SALMON. We will reconvene this hearing.

Mr. Russel and Mr. Stivers, I wanted to give you a chance to maybe respond to the last question, resources for the State Department in general, why is it important? And you got a little bit of a chance to answer that.

The other thing I really wanted to focus on, the ranking member spoke about these rocks and uninhabited islands that are totally unimportant and maybe you could tell us why they are important. I will give you a chance on both of those.

Mr. RUSSEL. Well, thank you very much, Mr. Chairman. The U.S. is a Pacific nation, and our future is inextricably intertwined with the growth of the Pacific region. The good news is that, both for demographic and for economic reasons, the trend lines are by and large good in Asia. Poverty has diminished dramatically, GDP, economic growth, internet penetration, education, women's rights, human rights, civil rights. There are some very, very positive trends and developments, much of which can be attributed, I believe, to the leadership exercised by the United States in championing universal rights but also in providing a security climate that allows for that economic growth.

And the stability and the security of the Pacific region is a vital U.S. national interest. It is not a luxury item. And we would, as you pointed out, ignore it at our peril because this is the ounce of prevention that spares us the many pounds of cure that would be required to try to influence events if we weren't present in a credible and influential way.

The economic and the security pieces go hand in hand with what our companies do. I have discovered from traveling in the region again and again that the American brand is very much a function of the way that our companies operate with respect to rules and investment and growing people and in fairness. We are giving people in the Asia-Pacific region hope, we are giving them opportunity, and they are repaying us with good governance and open markets. It is a bargain.

Mr. SALMON. Just to interject, and I get to see that firsthand. You know, what is interesting is we wring our hands every year over this discretionary budget. I just might point out that we could zero out all discretionary spending, all your funding for State Department, USAID, national parks, transportation, military. We could zero it all out and we would still have a heck of a deficit going, and that is because this place never really talks about the one place where if we made some changes actually would probably get us closer to a balanced budget, and that is dealing with our nondiscretionary accounts or our mandatory spending. And those areas eclipse everything.

And in a few years if Congress—I am leaving, but if Congress continues to put its head in the sand on dealing with entitlement spending and not doing anything about it, there won't be any money for discretionary spending. So this is money well, well, well spent, and I am anything but a big spender. And anybody who knows me knows that. But this is money that is incredibly well spent, and that is why I hounded you a little bit about even, you know, focusing more resources on the region because it is so critical to our livelihood, to our domestic policy as far as jobs and to our national and international security.

Mr. Stivers?

Mr. STIVERS. Thank you for the chance to answer that question.

Well, we live in an interconnected world right now, and it is getting smaller and smaller. And East Asia is not a faraway land. It is right here in terms of our security and stability. We know infectious disease knows no borders. If we don't try to work on these issues—that is where the avian flu came from in terms of Southeast Asia—it is essential that we are engaged on these issues.

We know some of the drivers of violent extremism, denial of civil liberties, harsh authoritarian rule, corruption, impunity, if we don't help these countries and these reformers in these countries try to address those issues, those are really the root causes of some of the problems that we are seeing globally and also that affect us here in the United States.

And certainly our values of democracy and human rights are absolutely essential to our work in our foreign assistance. We don't believe that less than 1 percent of our U.S. budget going to development and working with our allies is too much to provide.

Mr. SALMON. Let me just ask a follow-up question. Nothing, you know, is static. Nothing stays the same forever. And, you know, if our leadership from the region evaporates, what could potentially happen?

Mr. RUSSEL. Mr. Chairman, there is a tremendous hunger in the Asia-Pacific region for sustained and continued U.S. presence and U.S. leadership because the stability and the predictability that we have provided over the last 6 plus decades has enabled citizens in the region to build the kind of life that citizens everywhere seek.

I think that with respect to the question that the ranking member asked about the South China Sea, the answer lies in one word: Rules. It is not about the rocks; it is about the rules. And we profit when we live in a rules-based world. We suffer and I would add we will spend a hundredfold in seeking to claw back the space in which we can exercise our rights if we let it slip through our fingers, if we don't continue that investment.

Building a rules-based system in the Asia-Pacific region benefits the United States in a very direct way, and whether it is with respect to security and the peaceful resolution of maritime disputes, ensuring that the rules apply equally to big countries and to small, or whether it is with respect to trade, TPP, of course we believe, should be ratified by the U.S. Congress not only because of the issue of U.S. credibility but because it is such an important strategic opportunity. Forty percent of global GDP is represented by the 12 partner countries. We are looking at the majority of the world's middle-class consumers living and working in the Asia-Pacific region in just a matter of a few years.

Whether or not we operate in a transparent, high standard, rules-based environment in the Asia-Pacific is going to be a determinant of whether the American people benefit and whether the American economy flourishes or not.

Mr. SALMON. I just want to have one last question.

I know I mentioned that a couple weeks ago I attended an international summit held by the McLean Institute, and many of the speakers expressed grave concerns about the fact that on these islands that have really no value, as was mentioned or at least by the ranking member, if they have no value, then why is China building runways on them? Why is China putting radar on them? Why is China putting weapons on them? It is a reason. It is causing our allies in the region great, great, great concern.

I think it is about rule of law, but I think it is also about boundaries that have to be clear for any civilization. And I guess it does get back to rules, rules that have been in place for a long, long, long time. And if we as the one free beacon of liberty and hope

can't stand to protect and secure rule of law, then I don't know what we are here for.

Last week, Defense Secretary Ash Carter visited an American aircraft carrier while it was sailing in the South China Sea, the second time he has made such a visit. And it highlighted once again this tension. And there are U.S. national security concerns. How does this year's budget request complement and operationalize the response to these tensions within State and/or USAID, and how does State and USAID's efforts complement DOD's response in our FON ops?

Mr. RUSSEL. Well, Mr. Chairman, we have an FMF request on the order of \$86.6 million that provides funding for a variety of maritime security initiatives and improvements among our partners and our allies. Much of this is oriented at capacity-building and maritime domain awareness.

The coastal countries in the South China Sea want and need to have the ability to monitor what is transpiring in their environs and their territorial waters and in their EEZs. And frankly, seeing what is going on is helpful in avoiding crises and avoiding incidents and accidents.

We are supporting their efforts also with an eye toward their ability to respond to disasters and humanitarian assistance, given the number of climatic incidents and typhoons and so on.

The goal, as you alluded to, Mr. Chairman, is not to create an advantage of one claimant over another. We have no interest in that, and that is not what we are about. What we are seeking to do is to ensure that the countries adhere peacefully to the rule of law and, importantly, take no actions to abridge universal rights and international legal principles like freedom of navigation, freedom of overflight, unimpeded lawful commerce. That is a U.S. interest. It is a universal interest and a universal right that mustn't be abridged. That was the rationale behind the visits by Secretary Carter.

The FMF programs that we are putting forward in our request directly complement the Department of Defense's Maritime Security Initiative. We consult and cooperate closely and anticipate that we will be able to ensure that the two programs dovetail as we move forward.

Mr. SALMON. For whatever it is worth and then I will close my questioning and yield to the ranking member, but for whatever it is worth, I think that there needs to really be, I think, a stepped-up effort on behalf of all of us to reach out to the ASEAN folks to be more of a voice of clarity on these issues in the region. And I think that the more we speak in unison with some of the international bodies associated with this issue, I think the more that we will find success because I truly do think China is kind of testing its boundaries. And I really believe that. The more clarity we provide, the more we are able to avoid any kind of a conflict. Do you want to comment on that?

Mr. RUSSEL. Well, the U.S. engages directly with the 10 members of ASEAN. Of course, we also engage with China and other neighbors in the region through a series of platforms, the preeminent one being the East Asia Forum. President Obama has made it a point throughout his Presidency to attend on an annual basis, and

he importantly hosted the 10 leaders of ASEAN in February in an informal summit in California, which allowed for a day-and-a-half of in-depth conversation on a range of economic and security issues.

One thing that came through loud and clear is the shared conviction among all the leaders that the economic imperative to promote and sustain stability in the Asia-Pacific region is a common responsibility. We discussed things that each country, both claimant countries and non-claimant countries can do. We also discussed the importance of direct engagement and dialogue with China.

President Obama met with President Xi Jinping on March 31 here in Washington on the margins of the Nuclear Security Summit, and had a very, very direct discussion of our concerns and our interests with respect to the South China Sea.

We still have a long way to go. The pattern of behavior by Chinese forces and actors remains troubling. But I believe that we have a real dialogue with the Chinese, and that they have heard us loud and clear.

Mr. SALMON. Thank you.

Mr. Sherman.

Mr. SHERMAN. Thank you.

Mr. Stivers, I see we are reducing our aid to Mongolia. Any particular reason?

Mr. STIVERS. Well, thank you for that. Mongolia is a middle-income country, and they also had an MCC compact, which was \$285 million over 5 years to address constraints of growth that I believe it is coming to a conclusion. We have a small democracy and governance youth program there. We believe that is an appropriate footprint considering our other challenges in the region.

Mr. SHERMAN. The chairman of our full committee had field hearings in Los Angeles, as you remember, to focus on the rule of law in the Philippines and particularly the seizures of land by politically connected individuals. Mr. Russel, have you followed up on that and can you report to us that the abuses we learned about in that hearing have been at least partially addressed by the Philippine Government?

Mr. RUSSEL. Well, we continue to engage on an ongoing basis with the national and the local authorities in the Philippines on a range of good governance programs. And I am sure Mr. Stivers can build them out. We think that the Philippines has made progress under the leadership of President Aquino in strengthening the rule of law throughout the Philippines, but we still see a considerable amount of work yet to be done.

Mr. SHERMAN. I hope you deal with the chairman's staff on that and see if we can be specific because there were specific items brought to our attention of that filtering.

Mr. Stivers?

Mr. STIVERS. Thank you. Thank you for the chance to—certainly, Chairman Royce has just been a champion on this issue, but land rights is one of the top priorities if not the top priority of people in the Philippines, Cambodia, Burma, Indonesia. It rises to the top of any poll in terms of concerns, and so we are addressing that issue in most of these countries.

In terms of the Philippines, in August we launched something we called the SURGE program, which does exactly some of the things

you talked about. It works with the local governments in terms of helping them better organize the way they handle land titles from a programmatic view.

Mr. SHERMAN. Yes. Even if you have got land title, if armed thugs with political support can deprive you of the use of your land, force you to sell, there is a problem. But I am going to move on to another issue.

Mr. Russel, our trade deficit with Japan is enormous. It is often not talked about because it is smaller than the trade deficit we have with China. Part of the reason for that deficit is explicit, direct, open currency manipulation by the Japanese. Are we doing anything, and do you predict that next year the trade deficit will be lower than this year? So are we doing anything, and is it going to be successful in reducing the deficit?

Mr. RUSSEL. Well, with all due respect, Congressman Sherman, I will leave the issue of currency to the Department of the Treasury and I will stay out of the predictive business. But—

Mr. SHERMAN. But you are willing to advocate for the role of the U.S. trade representative but you won't go on the—okay. Please proceed.

Mr. RUSSEL. The Japanese Government has—

Mr. SHERMAN. But wait a minute. I do want—how can you possibly advocate for a trade deal on the one hand and have no opinion on currency manipulation on the other? I mean, I could see you saying you are not going to talk about trade and you are not going to talk about currency, but you are talking about currency and you are not talking about currency.

Mr. RUSSEL. Well, what I will talk about is America's national interest, and we have a national—

Mr. SHERMAN. But your—

Mr. RUSSEL [continuing]. Interest—

Mr. SHERMAN [continuing]. Testimony has been that this is a good trade deal for working American families, and yet you have no opinion on—I want to go on to just one last thing as my time expires, and that is we will sanctimoniously and with great hubris tell everybody in Asia that we are going to teach them about democracy, and yet you know and I know that the plan of the administration is to sneak this trade deal through the United States Congress during a lame-duck session. And I would hope that you would respond just for the record as to how it is going to undercut our ability to be an example of democracy if we use chicanery to pass the one thing through our democracy that Asian countries are looking at. They will watch us as we sneak it through in the dead of night and then next year, the State Department will be lecturing them about democracy. So I would hope you would respond for the record on that because I see my time is expired.

Mr. RUSSEL. I categorically reject the assumptions that underlie your question, Congressman.

Mr. SHERMAN. Well, if the assumptions are wrong, can you promise me that the administration will not use the lame-duck session to try to pass a trade deal that they can't pass through a democratic body in any other way?

Mr. RUSSEL. What we have done and the effort that I have been a part of is to create a transparent and high-standard agreement that opens the door for U.S. businesses to——

Mr. SHERMAN. Mr. Russell, if I can interrupt——

Mr. RUSSEL [continuing]. Trade——

Mr. SHERMAN [continuing]. And reclaim my time——

Mr. RUSSEL [continuing]. With lower tariffs——

Mr. SHERMAN. Mr. Russel, you love this agreement so much that you are part of an administration that will use chicanery to pass it, and then you tell us that is okay because it is a really loveable agreement. That is no way to show democracy to the world. It is not——

Mr. RUSSEL. Congressman, I have a very——

Mr. SHERMAN [continuing]. Like you can use underhanded chicanery to thwart democracy but only for a really, really good purpose.

Mr. RUSSEL. Congressman, I have a very robust toolkit of diplomatic resources, but underhanded chicanery does not——

Mr. SHERMAN. If we use——

Mr. RUSSEL [continuing]. Number among them.

Mr. SHERMAN [continuing]. Underhanded chicanery to pass this trade deal, which is the one most visible thing America will do in affecting the Pacific region, they will watch what we do, they will watch how we do it. And if we use chicanery to pass it and then tell them that democracy should be skirted around if you have a really good reason, then I do not think we will be effective advocates for democracy in Asia.

Mr. RUSSEL. Congressman, I am proud of America's record as an advocate for democracy, and I am proud of the TPP agreement that this administration has negotiated.

Mr. SHERMAN. I hope we can be proud of the process through which it is submitted to Congress.

And I yield back.

Mr. SALMON. Well, I don't think that the administration is going to be given charge of the congressional schedule. I don't think Mitch McConnell or Paul Ryan will give that up.

Mr. SHERMAN. Mr. Chairman, under the Trade Promotion Authority Act, it is the President who determines the entire schedule. He submits it, and then we have to vote on it within 90 days. I believe it is 90; it could be 60. So we have, through legislation, which I opposed, given the executive branch control of our schedule when it comes to voting on this agreement, and I fear—and I have given the administration a chance to douse those fears—that chicanery will be used in the timing of the voting on this deal.

Mr. SALMON. All right. Well, thank you very much for coming to this hearing. We really appreciate it, appreciate all your hard work and the good things that you are doing in the region. Thank you very much.

And this committee is now adjourned.

[Whereupon, at 2:37 p.m., the subcommittee was adjourned.]



## A P P E N D I X

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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**

April 19, 2016

**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:** Tuesday, April 19, 2016

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

**SUBJECT:** FY 2017 Budget Priorities for East Asia: Engagement, Integration, and Democracy

**WITNESSES:** The Honorable Daniel R. Russel  
Assistant Secretary  
Bureau of East Asian and Pacific Affairs  
U.S. Department of State

The Honorable Jonathan Stivers  
Assistant Administrator  
Bureau for Asia  
U.S. Agency for International Development

**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 4/19/16 Room 2200

Starting Time 1:00pm Ending Time 2:37pm

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

Presiding Member(s)

*Salmon*

Check all of the following that apply:

Open Session ☒

Electronically Recorded (taped) ☐

Executive (closed) Session ☐

Stenographic Record ☐

Televised ☐

TITLE OF HEARING:

*FY 2017 Budget Priorities for East Asia: Engagement, Integration, and Democracy*

SUBCOMMITTEE MEMBERS PRESENT:

*Brooks*

*Sherman, Gabbard, Lowenthal, Connolly*

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 2:37pm

*LM Baund*

Subcommittee Staff Director

**Questions for the Record Submitted to  
Assistant Secretary Daniel Russel and  
Assistant Administrator Stivers by  
Representative Matt Salmon  
House Committee on Foreign Affairs  
April 19, 2016**

**Question:**

Seven years after the start of the Administration's "Asia Rebalance", the Bureau of East Asian and Pacific Affairs (EAP) has only slightly more than half the personnel and budget of the Bureau of European Affairs. Total American personnel working in EAP have only increased by about 11% since FY2010, and it remains the second smallest of State's six regional bureaus. The smallest is the Bureau covering South and Central Asia. While increased high-level attention to the region is important, so, too, are the day-to-day resources on the ground. In light of this, how does the operational budget demonstrate State's internal commitment to the rebalance? What other plans, if any, does State have to rebalance its resources internally?

**Answer:**

We have deepened our engagement in a range of areas and have requested resources to support our requirements. Our extensive collaboration with Asian allies and partners on key global issues through frequent and sustained engagement by the President, Cabinet, and senior officials is the "new normal" of U.S. relations with the Asia-Pacific.

EAP's FY 2017 request adds four additional positions to the 24 that have been added since 2013. Also, we are building and expanding facilities to accommodate a larger USG presence in China, which includes the realignment of an additional 77 consular positions.

To support the demands of a growing platform, we are requesting additional ICASS staff in China and Burma. With the help of Congress, EAP has seen steady growth since the beginning of the Obama Administration.

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**Question:**

In the past few years, under the leadership of President Xi Jinping, China has experienced even greater restrictions on civil society, free expression, and rights advocacy in particular. How are U.S. assistance efforts in the areas of democracy, civil society, human rights, and the rule of law continuing in this environment? What levers does the United States have to influence this trend towards greater restrictions?

**Answer:**

The ongoing crackdown on civil society in China has limited the ability of Chinese citizens to peacefully protest government policies and increased pressure on foreign and domestic NGOs operating in China. The recently passed Law on the Management of Foreign NGO Activities is particularly

troubling. We will continue to join with other likeminded countries to raise our concerns as the Chinese government begins to enact implementing regulations.

We will also continue urging China to uphold the assurances it has made that it welcomes engagement with foreign NGOs. The NGO law will be an important part of the agenda when Secretary Kerry meets senior Chinese leaders at the upcoming Strategic and Economic Dialogue and the High-Level Consultation on People-to-People Exchange. We remain committed to supporting programs intended to have a direct and lasting impact in China, including projects promoting rule of law reform, human rights, and a free and flourishing civil society.

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**Question:**

In January of this year the Asian Infrastructure Investment Bank elected its first president, held its inaugural meeting of their Board of Governors and Board of Directors, and selected 5 Vice-Presidents. Many regional countries have joined the Bank despite the absence of U.S. support. What steps have State and USAID taken to respond to this Chinese initiative? Does State view the AIIB as an organization that will compete against the World Bank and the Asian Development Bank? Or will it complement their mission to provide capital to development needs in Asia?

**Answer:**

There is a pressing need to enhance infrastructure investment around the world, including in Asia. The international community has a stake in seeing the AIIB complement and work effectively alongside the existing architecture. We welcome the commencement of operations and official inauguration of the AIIB, which took place January 16-17 in Beijing, and congratulate Jin Liqun on his selection as the first President-elect.

We share with other countries an interest in ensuring that new financial and development institutions such as the AIIB support high environmental, governance, and procurement standards, as well as the social safeguards in place in existing institutions such as the World Bank and Asian Development Bank. We have raised these concerns directly with China – including during President Xi Jinping’s state visit to Washington last September – and with other countries that have joined the AIIB. The United States and China agreed, as evidenced in the joint Presidential statement, that new multilateral development institutions, like AIIB, must be structured and operated in line with the principles and safeguards mentioned above. The draft operational policies that we have seen from the AIIB are promising, as was the AIIB’s decision to co-finance its initial loans and investments with the World Bank or ADB, helping ensure that these early AIIB operations meet high standards in practice.

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**Question:**

Since 2010 China’s growth rate has slowed from 10.6% to 6.9% in 2015, and many experts predict it will continue to slow. How does the Administration assess the implications of China’s slowing economy, both within China and within the region? How can the United States best respond to China’s “new normal”?

**Answer:**

As China's economy slows, the Chinese government will face increased difficulty between the necessary long-term structural changes and reforms it must undertake and the pressure to generate short-term gains from social financing to boost growth. The Chinese government's intervention during the sharp market swings of last summer and the beginning of 2016 belie its commitment to allow markets to play a greater role in the economy. In fact, the recently released 'details' of the government's 13th Five Year Plan reveal more, not less, government involvement and support of the economy through targeted programs and picking winners rather than a reliance on market forces. We anticipate China's impact on the regional economy to be larger than previously thought. Aside from the obvious effects of decreased purchases from neighbors for basic commodity inputs, Chinese firms will continue to look for further engines of growth outside China's border, which could mean increased Chinese investment in neighboring countries.

U.S. economic leadership in the region continues to be important. Our policy seeks to maintain the Asia Pacific region as a key destination for U.S. goods and service exports. We plan to maintain leadership by bringing together 12 APEC economies representing 40 percent of global GDP together around the Trans-Pacific Partnership, an ambitious trade agreement that includes the highest labor, environment, and intellectual property standards in the world. This agreement will knit together an economic area where every participant – regardless of size – agrees to fight bribery and corruption, abide by international labor standards, including the formation of independent trade unions, and commits to enforcement of environmental safeguards. TPP will: eliminate more than 18,000 taxes on American exports and level the playing field for American workers; allow for the free flow of ideas and data and promote additional standards that are critical for building the foundation of a common ASEAN digital economy; and strengthen a rules-based order where principles, rules, and norms govern the regional economy and drive China and others in the region toward higher standards.

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**Question:**

The Department of State requested \$1.5 million in PEPFAR funds for China in FY2017. However “HIV testing and treatment are free according to established national policy” in China. How will this money help the Chinese people in ways the government cannot or will not fund?

**Answer:**

The PEPFAR-China program does not purchase commodities such as HIV testing kits. The funds go to our technical staff at the U.S. CDC office in Beijing and to our cooperative agreement with China-CDC's national center for AIDS to promote technical collaboration.

Our technical staff and counterparts at the China-CDC do collaborative work on HIV-related policies and guidelines (testing strategy, treatment recommendations, laboratory training) at the national level and field/site level projects (pilots, models, research).

Activity in China involves collaboration with the Government of China to develop, implement, and evaluate interventions for key populations (KPs) that can be scaled up nationally and disseminated globally. KPs are driving new HIV infections in China and other concentrated epidemics. PEPFAR support to KPs is important in many settings such as China where it may be more difficult for governments to serve these populations.

In addition to technical assistance on HIV treatment policy and guidelines in accordance with the World Health Organization's 2015 recommendations, activities also support efforts of provincial and local governments to ensure increased access to coordinated quality treatment of cross-border populations, many of whom do not hold Chinese citizenship and are therefore not covered by the national government's free antiretroviral therapy (ART) policy.

PEPFAR collaborates with national and sub-national partners to increase coverage and efficiency of care and support services to key populations, while building clinical capacity of county-level health care workers to provide care for people living with HIV in priority provinces.

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**Question:**

Hong Kong's Umbrella Movement pro-democracy protests of 2014 received worldwide sympathy but failed to gain true universal suffrage in the Chief Executive election process. Over the next fiscal year we are likely to see renewed pro-democracy activism in Hong Kong during the run-up to the 2017 elections.

What plans does State have to support the legitimate democracy the people of Hong Kong rightfully expect? How will State and USAID hold the People's Republic of China accountable to the Sino-British Joint Declaration, the treaty that provided for handover of Hong Kong and which guarantees representative democracy?

**Answer:**

We continue to emphasize – publicly and in our diplomatic conversations – that the legitimacy of Hong Kong's Chief Executive would be greatly enhanced if the Chief Executive were selected through universal suffrage and if Hong Kong's residents had a meaningful choice of candidates. Since the Legislative Council in 2015 voted down the Hong Kong Government's proposal, which was based on Beijing's restrictive framework, to implement universal suffrage, it is unlikely universal suffrage will be enacted in time for the 2017 Chief Executive selection.

We will continue to push for universal suffrage to be implemented in future elections in accordance with the Basic Law and the aspirations of the people of Hong Kong. We have been consistent and vocal in our support for Hong Kong's democratic development, and, more generally, for Hong Kong's continued high degree of autonomy under "one country, two systems." In March, for example, we coordinated the first-ever Joint Statement on China at the UN Human Rights Council in Geneva, in which eleven nations joined us in criticizing actions taken by China, including the apparent abduction of five Hong Kong booksellers as a violation of the high degree of autonomy promised Hong Kong under its Basic Law. In the last several months, Commerce Secretary Pritzker and Treasury Secretary Lew visited Hong Kong to demonstrate our support for Hong Kong's autonomy. In March 2016, we transmitted to Congress the latest version of our Hong Kong Policy Act report – which articulates our support for the democratic development of Hong Kong.

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**Question:**

Hong Kong's Basic Law, enacted as part of the British handover to China in 1997, provides that Hong Kong's "previous capitalist system and way of life shall remain unchanged for 50 years". The 50 years will end in 2047 and Hong Kong's pro-democracy leaders are already turning their attention to that year.

What is the State Department's long-term plan towards Hong Kong, moving up to and after 2047?

**Answer:**

At this point in time, the best way we can plan for developments in Hong Kong after 2047 is to continue our strong support for Hong Kong's high degree of autonomy under "one country, two systems" in the here and now. That means continuing to support Hong Kong's rule of law tradition, democratic development, and protection of civil liberties. These are the things that have made Hong Kong a great success. Indications of their erosion or potential disappearance after 2047 would have serious implications for Hong Kong's future, even before we get to 2047, and would be regarded as cause for great concern by any U.S. Administration.

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**Question:**

In the past year, the Cambodian government under Prime Minister Hun Sen has taken some repressive actions against some members of the opposition and civil society, despite a power sharing agreement negotiated with the opposition in 2014. How have U.S. assistance efforts, particularly democracy and human rights programs, adapted to these circumstances? Some observers have suggested that withholding U.S. assistance might help pressure Hun Sen into dropping charges against opposition leader Sam Rainsy and other opposition figures, which many observers believe are politically motivated. Is this a valid view?

**Answer:**

We are closely following developments in Cambodia, particularly the democracy and human rights situation. We raise these issues repeatedly at the highest levels of the Cambodian government. Recognizing the serious challenges that the Cambodian opposition and rights activists currently face, USAID increased its Cambodia budget by \$10 million in FY2016, specifically to increase programming for civil society. No U.S. assistance funds directly support the Government of Cambodia.

This programming will include capacity building to improve the effectiveness and impact of civil society, NGOs and advocacy groups, including small grants to organizations that promote democratic and electoral reforms. Civil society-focused programs will also monitor the implementation of Cambodia's new Law on Associations and Non-Governmental Organizations, and provide support to groups adversely affected by this and other regressive legislation.

Focusing on democratic institutions, USAID is currently implementing two programs designed to create the appropriate preconditions for free and fair elections in 2017 and 2018. The first promotes further reform within the National Election Committee. The second works with two Cambodian NGOs to complete a voter registration audit. Errors in voter registration were cited as a major cause of irregularities during the 2013 election.

Democracy and human rights programs offer crucial support to the Cambodian people and provide the skills and training necessary for a more democratic Cambodia. Cutting funding for these and other development programs (health, agriculture, basic education, and climate change) would deprive the Cambodian people of much needed support to ensure developmental gains are not lost. These programs also bolster space for civil society by providing outlets for citizen engagement on important policy and service delivery issues. Moreover, withholding democracy and human rights



assistance would embolden the government to further limit fundamental freedoms because activists would have fewer resources to resist the government's pressure.

**Question:**

Please discuss NADR (Nonproliferation, Anti-terrorism, Demining, and Related Programs) assistance projects that help Indonesia combat the risk of violent militancy and terrorism. What law-enforcement capabilities do you think the United States should help Indonesia to strengthen? How do you ensure that institutions with which the United States works respect human rights and the rule of law?

**Answer:**

As threats have changed – for example, the rising threat of foreign terrorist fighters – we've adapted our cooperation with the Government of Indonesia, and we're always discussing new avenues. It is important to note that Indonesia recognizes the threat posed by foreign terrorist fighters and was a co-sponsor of UN Security Council Resolution (UNSCR) 2178. The government has repeatedly and forcefully denounced ISIL.

The Department of State's Diplomatic Security Anti-terrorism Assistance (ATA) program in Indonesia began in 2003, at the invitation of the Indonesian government. Since then, more than 2,000 members of Indonesia's law enforcement agencies have participated in U.S. government-sponsored training.

All foreign security force participants in Department of State-funded training are vetted in accordance with the Leahy law, and all of the Department of State's Anti-Terrorism Assistance (ATA) training includes components related to human rights and use-of-force policies and procedures. The ATA program also conducts specialized training on less-lethal tactical response methods. We recognize Indonesia's efforts to uphold human rights while carrying out an effective rule-of-law-based counterterrorism strategy, and we applaud the Indonesian government's follow-through on its commitment to fully investigate allegations of detainee abuse. We engage regularly with the Indonesian government and civil society to promote respect for human rights, and we make human rights a key feature of our ongoing, broad-based bilateral cooperation.

**Question:**

As the Chair of ASEAN in 2016, Laos will receive the most international attention it has received in decades, including hosting its first visit by a sitting U.S. President. The international community has numerous human rights concerns about Laos, which remains a one-party state with limited freedom of expression. One of the most prominent civil society activists, Sombath Somphone, was abducted from a police checkpoint in 2012. How will the Administration use this increased attention on Laos, including President Obama's visit, to advance issues of concern related to human rights?

**Answer:**

Our relationship with Laos is improving, including dialogue on human rights. However, we remain concerned about restrictions on civil society, freedom of religion, freedom of expression, freedom of assembly, and instances of enforced disappearance. We are particularly troubled by Mr. Sombath's

unexplained disappearance and the chilling message it sends to other members of civil society who strive to improve the lives of their fellow citizens.

As Chair of ASEAN this year, Laos will host several high-level visits, including from President Obama and Secretary Kerry, which will give us the opportunity to raise these issues.

We regularly press Laos to fulfill its international human rights commitments under the International Convention on Civil and Political Rights. In Laos' Universal Periodic Review before the UN Human Rights Commission last year, we urged Laos to improve its human rights record, including easing registration requirements for domestic and international civil society organizations and religious groups. We have called on the Lao government to conduct a full, thorough, and transparent investigation, and to take all measures necessary to resolve Mr. Sombath's case.

Strengthening the emerging but fragile civil society in Laos is a key objective of our embassy there, and the Department supports programs through the International Republican Institute that work with civil society to help it build capacity.

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**Question:**

In Malaysia, will INCLE (International Narcotics Control and Law Enforcement) programs increase their emphasis on combating trafficking in persons, given its poor performance in that area over the past several years?

**Answer:**

The United States is committed to working with Malaysia to combat trafficking in persons, including through our foreign assistance programs. The Department's Office to Monitor and Combat Trafficking in Persons (TIP Office) currently supports two INCLE-funded grant projects in Malaysia. With those funds, the International Organization for Migration (IOM) and Health Equity Initiatives are working to strengthen the management of shelters for victims of human trafficking that are managed by both the government and NGOs.

Health Equity Initiatives, a local NGO, works to improve mental health services in Malaysia's government-run TIP shelters by providing ongoing training and support to shelter staff. The TIP Office also uses INCLE funding to support an Intermittent Legal Advisor (ILA) through the Office of Overseas Prosecutorial Development Assistance and Training (OPDAT) at the Department of Justice to assist the Malaysian government in prosecuting traffickers.

The Bureau for International Narcotics and Law Enforcement (INL) funds the U.N. Office on Drugs and Crime (UNODC) to strengthen the investigative capacity of law enforcement on human trafficking. Malaysia is also included in several INL-supported regional projects, including a maritime project on transnational crime and regional trainings in Thailand through INL's International Law Enforcement Academy (ILEA).

Future anti-trafficking programming in Malaysia will depend upon the trends and recommendations outlined in the 2016 *TIP Report*, which will form the basis of the TIP Office's Fiscal Year 2017 regional programming strategies. Programming decisions will also take into account Malaysia's status as an upper Middle Income Country and its ability to fund anti-trafficking activities with its own resources.

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**Question:**

How does the U.S. government engage with Malaysian law enforcement officials on counter-terrorism activities? How do assistance programs ensure that antiterrorism authorities, in particular the Security Offenses (Special Measures) Act and the new Prevention of Terrorism Act, are not abused to suppress political dissent in Malaysia? What assurances has the U.S. government received?

**Answer:**

In both private conversations and public statements, senior U.S. officials have emphasized to Malaysian government interlocutors the importance of maintaining human rights standards and due process in countering terrorism. We continually raise concerns about the use of the Sedition Act and other laws against political opponents of the government at the highest levels, most recently when I met with Deputy Prime Minister and Home Affairs Minister Zahid in Washington, DC in March.

In 2012 Malaysia abolished its decades old Internal Security Act, which had been used to detain without trial individuals deemed a threat to national security, including suspected violent extremists. With the passage of the Security Offenses (Special Measures) Act (SOSMA) in 2012, Malaysia began transitioning to a rule-of-law based approach to counterterrorism.

Under SOSMA and related counterterrorism legislation passed in 2015, Malaysia has successfully prosecuted through its courts approximately 40 ISIL sympathizers and other terrorist supporters. In order to strike the proper balance between fighting terrorism and protecting human rights, the Malaysian government needs to continue to allow terrorist suspects access to legal counsel through the criminal justice system. At the same time, the Malaysian government needs to end the selective use of national security legislation against political opponents.

We routinely ensure that respect for human rights features prominently in the training we fund and provide to our foreign partners, and we regularly emphasize that counterterrorism efforts must be carried out in a manner consistent with human rights and the rule of law. We take our obligation seriously to implement the letter and spirit of Section 620M of the Foreign Assistance Act of 1961, as amended or commonly known as the Leahy Law, and vet foreign security forces before providing them with training or other assistance. When we have credible information that an individual or unit has committed a gross violation of human rights, we do not provide that unit assistance.

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**Question:**

It has been about six weeks since the UN Security Council passed its latest North Korea Sanctions resolution. The key to UN sanctions on North Korea, and pressure on North Korea in general, has always been China's willingness to act. How do you assess China's enforcement of these and earlier sanctions and restrictions on North Korea so far? What more have we asked China to do to put North Korea on the path of denuclearization?

**Answer:**

President Obama and President Xi discussed at length during their recent meeting in Washington the importance of effective implementation of UN Security Council Resolution (UNSCR) 2270, and China's leaders have publicly committed to full implementation. While it is too early to assess China's implementation of the UNSCR, we have seen some encouraging steps, such as China blocking Ocean

Maritime Management (OMM) vessels from entering its ports, issuing directives to banks to shut down accounts held by DPRK persons, and promulgating trade regulations to implement the UNSCR's restrictions on coal and mineral trade.

We are actively working with all UN Member States, including China, to ensure that they vigorously implement the sanctions measures included in UNSCR 2270 and previous UNSCRs, including through bilateral consultations and engagement with the UN Panel of Experts for DPRK sanctions. UNSCR 2270 includes a request to member states to report domestic measures taken to implement sanctions. China has submitted such implementation reports in the past when similar requests have been included in previous DPRK sanctions UNSCRs (1718, 1874, and 2094). These reports are available on the UN website. We look forward to reviewing China's submission for the 2270 report due on June 2, 2016, as well as what the UN Panel of Experts will uncover over the next year and report on in its 2017 Final Report expected in February 2017.

China has repeatedly called on the DPRK to live up to its international obligations and commitments, including by taking meaningful, concrete, and irreversible steps toward verifiable denuclearization. We will continue to urge China to do more until we see concrete signs that Kim Jong-un has come to the realization that the only viable path forward for his country is denuclearization.

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**Question:**

The Enhanced Defense Cooperation Agreement (EDCA), finalized between Washington and Manila in 2014 and approved by the Philippine Supreme Court in January 2016, allows for the increased rotational presence of U.S. military forces, ships, aircraft, and equipment in the Philippines and U.S. access to Philippine military bases. How does Foreign Military Financing support military modernization in the Philippines and the growing U.S. military presence?

**Answer:**

Foreign Military Financing (FMF) assistance to the Philippines is focused primarily on crucial capacity building programs that are designed to enhance the ability of the Armed Forces of the Philippines (AFP) to defend Philippine territory. FMF packages for the Philippines are carefully designed to help shape an AFP that is professional, well-trained, and capable of deploying, maintaining, and sustaining both existing equipment and new procurements. The acquisition of new systems through FMF are carefully considered in order to ensure they provide the right capability for the AFP's stage of development and help the AFP build and enhance existing skills as well as acquire new ones.

The ongoing disputes in the South China Sea (SCS) have highlighted deficiencies in Philippine maritime capacity. FMF assistance is, accordingly, increasingly focused on addressing this significant capability gap by increasing the number of naval, air, and ground-based systems in the AFP inventory in order to assist the Philippines in the effective enforcement of national and international law. Through FMF, the Philippines is working toward being capable of patrolling and securing its territorial sea and archipelagic waters, and developing a maritime domain awareness capability that will allow it to monitor offshore areas. This capability complements U.S. military efforts in the region and is consistent with U.S. policy objectives.

The Philippines is the largest recipient of FMF in the East Asia and Pacific region, receiving \$66 million in FY 2015. The programs support upgrades to maritime sensors, weapons, and engineering for

the Philippine Navy; aid the Philippine Air Forces Self Sufficiency Program; fund command and control modernization; and fund Technical and Professional Training Cases enhancing maritime capability.

New platforms provide the operational reach for the Philippines to patrol vast areas off its coasts. However, significant gaps exist in the Philippines' ability to monitor activity, share information (both internally among the Philippine interagency and externally with the United States and other allies and partners), coordinate an integrated response, and execute a professionally designed and strategically significant deterrence operations. Specifically, the Philippines has a critical deficiency in maritime patrol aircraft and Unmanned Aerial Vehicles (UAV) for Intelligence, Surveillance, and Reconnaissance (ISR).

Acquisition of these assets will increase the Philippines' operational reach and maritime domain awareness. The U.S. is also upgrading the Philippines' two Hamilton Class High Endurance Cutters (WHEC), which were previously transferred to the Philippine Navy (PN) through the Excess Defense Articles (EDA) program, with radar and other sensors and communication equipment. A third EDA Hamilton class cutter is set to join the PN soon and will be similarly equipped. Having compatible capability on all three ships is a critical first step toward institutionalizing the Philippines' practices of training on, operating, and maintaining not just the platforms but also the skill sets required to expand its maritime domain awareness. Professionalization of the AFP and interoperability with the U.S. will be improved through International Military Education and Training (IMET) and increased participation in combined exercises with the United States and other partners.

In coordination with the U.S. Embassy Manila, the U.S. Department of Defense, and U.S. Pacific Command, we continuously review and tailor our assistance programs to ensure they are supporting our mutual policy and capacity building objectives. Our significant annual military exercises, such as the recently concluded annual exercise "Balikatan," test U.S. military interoperability and capabilities with the Philippines.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Russel by  
Representative Matt Salmon  
House Committee on Foreign Affairs  
April 19, 2016**

**Question:**

The United States restricted military assistance to Thailand after the Thai army seized power in a coup in May 2014. Although the military junta lifted martial law in early April 2015, there remains no date for elections and the junta continues to restrict freedom of expression. What are the specific criteria for restoring foreign assistance to Thailand? Are there ways the United States could use foreign assistance policy to put more pressure on the junta to restore democracy?

**Answer:**

Since the 2014 coup, the United States has consistently underscored both publicly and privately our concerns about the military-led government's delays in returning Thailand to democratic governance and the accompanying restrictions on civil liberties, including freedom of expression and peaceful assembly. Consistent with U.S. legal requirements, in 2014 we suspended Foreign Military Financing (FMF), International Military Education and Training (IMET), and other military assistance (including

Peacekeeping Operations) for Thailand. We will not resume programs or spending in these areas until a democratically elected government has taken office. We also continue to consider carefully through a case-by-case interagency review process whether to proceed, where consistent with legal requirements, with certain high-level engagements, military exercises, sales, and training programs with the Thai military and police.

At the same time, Thailand is a long-time ally and we continue to work together on a broad range of issues, including advancing regional security, expanding trade and investment, protecting public health, countering transnational crime, and assisting refugees and displaced persons. We have sought to maintain our important bilateral and regional cooperation and assistance, where permitted by law. The FY 2017 request continues certain assistance programs in Thailand to sustain our humanitarian, economic, environmental, counter-narcotics, and counterterrorism interests in the region.

In addition, a portion of U.S. assistance for Thailand is directed toward the Thai population and non-governmental entities to bolster Thai civil society, which is instrumental in returning to a democratically elected government. These programs have included people-to-people exchanges to build the capacity of Thai civil society groups to participate more fully in the reform process and to advocate for the restoration of civil liberties. Programs funded by the State Department's Bureau of Democracy, Human Rights, and Labor support improved labor standards and collective bargaining; Thai civil society organizations continue to participate in regional programs promoting free expression.

Going forward, we will continue to evaluate closely our assistance and engagements and seek any necessary adjustments in light of political developments in Thailand. We will also continue to emphasize our support for civil society's right to express itself freely, a return to democracy, and respect for human rights, while ensuring that we are able to maintain and strengthen this important partnership and security alliance over the long term.

**Questions for the Record**  
**Submitted to USAID Assistant Administrator Jonathan Stivers by**  
**Representative Matt Salmon**  
**Subcommittee on Asia and the Pacific**  
**Committee on Foreign Affairs**  
**U. S. House of Representatives**  
**April 19, 2016**

**Question:**

Aung San Suu Kyi's National League for Democracy (NLD) recently enjoyed a substantial and historic victory in Burma. How have U.S. assistance opportunities and the foreign aid environment in general, changed in Burma since the NLD won a sweeping victory in the 2015 national elections? How are the new NLD government's policies, including those related to ethnic states, organizations, and militias, likely to affect U.S. assistance objectives and programs related to conflict mitigation and reconciliation?

**Answer:**

Since the November 2015 national election, the urgency within the new government to improve the lives of the people of Burma has intensified. Daunting challenges remain to the new government's ability to effectively govern a country transitioning from decades of repressive military rule, corruption, mismanagement of the economy, and conflict in ethnic areas.

The government's openness to collaboration with the United States has increased as a result of the election, and U.S. assistance is essential to enable the new government to succeed, deliver results, and continue Burma's transformation. The U.S., and USAID in particular, has already positioned itself as a trusted development partner with the new government, providing strategic advice on key reform areas, such as promotion of the rule of law and development of economic growth strategies. The U.S. and other partners in the international community have been working closely with the new government and its top advisors to assess their priorities. U.S. assistance priorities strongly align with those identified as such by the newly elected government, including programs which support national reconciliation and peace, provide support to the parliament and other key democratic institutions, promote civil society and the rule of law, foster broad-based inclusive economic development, aim to eliminate discrimination and improve human rights, and pursue advances in health.

The new democratically elected, civilian-led government is still formulating its policies and approaches to new policy implementation. However, it is clear that achieving lasting peace and national reconciliation is a top priority for the new government, and is closely intertwined with durable democratic and economic reform in Burma. The new government's stated commitment to an inclusive peace process and consideration of federalism as one way to resolve these conflicts provides hope that the government, military, and ethnic armed groups can continue to work together to achieve lasting peace between all parties. In support of locally-led national reconciliation efforts, USAID is providing critical support to civil society, ethnic armed groups, and other stakeholders to more effectively participate in the peace process. U.S. assistance in support of national reconciliation among all of Burma's diverse communities, including support for the peace process and efforts to promote tolerance and respect for diversity, should continue to be flexible and allow the U.S. to respond to opportunities and challenges as they emerge.

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**Question:**

China has vastly expanded its trade with Southeast Asian countries and has become a major source of development assistance in the region. It has provided large development loans, Chinese-built infrastructure, and substantial investment packages in both the Lower Mekong and in archipelagic Southeast Asia. To what extent, if at all, is the United States coordinating foreign aid programming with China or other aid donors in the EAP region? How has Chinese foreign assistance in the region affected the ways in which the United States provides aid or the ways in which U.S. assistance advances U.S. interests? How are State and AID preserving U.S. influence in response?

**Answer:**

The United States works closely with bilateral and multilateral partners to ensure that development assistance in the East Asia and Pacific region remains a high priority, and is well coordinated and effective. Our goals in the East Asia and Pacific region through the Asia Pacific Rebalance are to strengthen our relations to promote security, shared prosperity, and democracy and human rights. While cooperation with China remains a challenge, coordination on issues of common concern has increasingly strengthened over the past few years. In September 2015, USAID and China's Ministry of Commerce (MOFCOM) signed a memorandum of understanding (MOU) that established a durable and overarching framework to guide our future collaborative efforts. Collaboration under the

MOU relevant to the East Asia and Pacific region includes work to promote the Global Health Security Agenda, food security, and disaster response.

On April 28, 2016, USAID Administrator Smith represented the United States at the first annual high-level U.S.-China Development Cooperation Dialogue. The establishment of the USAID-MOFCOM annual dialogue as a regular, concrete information exchange mechanism for U.S.-China development cooperation helps to strengthen and deepen our cooperation while addressing critical global development policy challenges faced by many in developing countries. The dialogue provides a framework to inform each other on our respective bilateral development assistance programs, identify resource gaps, and work with multilateral and regional institutions to meet current and future development challenges in the region.

Some examples of U.S.-China development cooperation include efforts to prevent wildlife trafficking, such as reducing the illegal ivory trade between Africa and East Asia, and efforts to prevent the spread of pandemic diseases in East Asia. In Timor-Leste, USAID is working with China to explore ways to collaborate on aquaculture development to sustainably advance Timor-Leste's food security strategy and address malnutrition.

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**Question:**

Since the hearing, China's National Peoples' Congress has passed the Overseas NGO Management Law. Though subject to typically opaque procedures, it seems this law will block virtually all foreign funding in Chinese civil society and hamstring NGOs operating on the Chinese mainland. How will this law affect the administration's activities in greater China, including the democracy, human rights, rule of law, and Tibet-related programs? How will American NGO's be impacted by the Overseas NGO Management Law? In what ways will USAID, its affiliates, and NGOs which receive USAID funding be impacted by this law? Will the effects of this law bleed over into any U.S. activities in third countries?

**Answer:**

The new Law on the Management of Foreign NGO Activities has exacerbated an uncertain and hostile environment for foreign NGOs and their Chinese partners that will undoubtedly discourage certain activities and initiatives. It is possible it could negatively impact U.S.-funded programs in China and we are working closely with our implementing partners to review our programming policies in light of the law's passage.

USAID remains committed to continuing to support programs intended to have a direct and lasting impact in China, including projects supporting Tibetan communities in China. In light of the law's passage, USAID and its partners have begun to cautiously develop strategies to continue their work after the law comes into effect on January 1, 2017. NGO laws are of concern in many countries in Asia and around the world. We do not expect China's domestic NGO law to have a direct impact on our activities in other countries.

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**Question:**

The FY2017 budget makes no request for Development Assistance funds for Wildlife Anti-Trafficking in Indonesia, down from \$1 million request in previous years. Has the State Department halted Wildlife Anti-Trafficking projects in Indonesia? If so, why?



**Answer:**

Within the FY 2017 budget request for Development Assistance funds for Environment and Biodiversity, USAID/Indonesia plans to devote \$2,625,598 to Combating Wildlife Trafficking, which will be a significant contribution in advancing actions to combat the illegal wildlife trade.

USAID/Indonesia will use FY 2017 resources to continue to support the U.S. Mission's Wildlife Trafficking Law Enforcement Action Plan for Indonesia. In the marine sector, USAID will continue to support a new project, which addresses illegal trade and trafficking in marine species via awareness raising and behavior change. In addition, a planned sustainable forests and biodiversity activity will incorporate technical assistance, countering wildlife trafficking, and awareness raising activities among local constituents, such as civil society organizations, youth groups, and academic institutions. USAID will also support updating legal, policy, regulatory, or procedural frameworks related to wildlife trafficking to strengthen and ensure coordination among institutions and facilitate accurate information flows to prevent and interdict wildlife trafficking. In addition, USAID will continue working through an interagency agreement with the U.S. Department of the Interior to address wildlife poaching through improved species monitoring and inventory in National Parks.

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**Question:**

The Administration has requested tripling Development Assistance to Laos, one of Asia's poorest countries. The FY 2017 budget request says Development Assistance funds will be aimed at strengthening Laos's economic and trade rules, improving its healthcare system, and strengthening programs for disabled persons. Why has the Administration targeted such an increase for Laos, how will the Administration ensure such a large increase can be used effectively, and how does USAID work to ensure that local partners are effective in countries as underdeveloped as Laos? Does the existing civil society and infrastructure on the ground in Laos have the capacity to handle such an influx of funds?

**Answer:**

Laos plays a critical role in the U.S. Rebalance to Asia given its strategic location between China, Vietnam, Thailand, Burma, and Cambodia. Laos and the United States are on a solid trajectory to strengthen the bilateral relationship and resolve Vietnam War era legacy issues. Laos is changing quickly, with a young population and the highest economic growth rate in the region. However, Laos is one of the poorest countries in the world and lags behind the other ASEAN countries from a development perspective. In Laos, 30 percent of the population lives in extreme poverty, 44 percent of children under five suffer from stunting (one of the highest rates in the world), completion rates to Grade 5 (the last year of primary education) stand at only 77 percent in large part due to high dropout rates in early grades, and unexploded ordnance claims the lives of dozens of innocent people each year. Ethnic groups living in remote areas and rural children are particularly vulnerable to these challenges.

In Laos, foreign assistance can go a long way in addressing development gaps for the relatively small population. The FY 2017 request reflects the Administration's strong interest in providing Laos with opportunities to pursue a path toward sustainable and democratic socio-economic development that is diversified. Enhanced assistance to strengthen health and education systems; strengthen the legal sector; and facilitate the adoption of rules-based, high-standard regional economic and trade architecture are key aspects of supporting a stronger Laos and enhancing our bilateral relationship.

In recent years, Laos has increasingly opened its doors to foreign investment, trade, and development assistance. The FY 2017 request for Laos will include funding to support technical assistance to help Laos meet commitments required as a member of the World Trade Organization (WTO) and the ASEAN Economic Community (AEC). This assistance will further integrate Laos into the global economy, thus helping to generate sustainable trade and investment and creating the conditions for improved access to economic opportunities and higher incomes for both men and women from all areas of Lao society. Trade policy assistance to Laos will also help build their capacity to understand and engage more productively in future trade negotiations.

The FY 2017 budget request also recognizes the linkages between health and education in building a healthy and educated population and workforce. In partnership with Lao community-based health workers, activities will support community members to improve maternal nutrition and feeding practices of infants and young children. Improved nutrition in these populations will contribute to a decrease in stunting and therefore healthier development and increased economic productivity. U.S. support will also address early grade reading and learning disparities between boys and girls in order to ensure that all children have foundational literacy skills by the end of the primary cycle.

The Administration closely monitors all of the assistance that it provides to Laos (and other countries) through rigorous monitoring and evaluation processes. The FY 2017 request reflects analysis of current programmatic results, institutional capacity of in-country partners, the U.S. government's ability to implement and manage resources effectively, as well as development need. USAID is already working productively with a number of Lao civil society partners to implement successful programs, and will continue to work with other donors to best address capacity limitations to ensure that additional resources are utilized effectively.

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**Question:**

USAID continues to provide some assistance to Mongolia that focuses on private sector investment and trade, but is “scaling back its presence” in the country. Falling commodity prices and government missteps, however, reportedly have contributed to falling economic growth. Is there a need for continued or greater development assistance?

**Answer:**

Having experienced significant economic growth over the past few years, Mongolia is now classified by the World Bank as an upper-middle income country. As a result of such progress and overall budget constraints, USAID decided to close the Mission and gradually phase out development assistance in Mongolia.

However, we recognize that Mongolia continues to face unmet development challenges, including urbanization, inadequate infrastructure, limited administrative capacity, unsustainable public debt, corruption, and environmental degradation. While USAID did not request additional funding for Mongolia in the FY 2017 request, we are continuing to provide development assistance in the near-term through two remaining bilateral projects. The first project, slated to end in April 2018, is a two-year, \$1.3 million activity (supported with FY 2015 DA) that aims to strengthen capacity among local small and medium enterprises, while also increasing their access to credit. USAID also expects to award shortly a new two-year, \$2.5 million democracy and governance project (supported with FY 2015 ESF) which will focus on strengthening Mongolia's democratic institutions by fostering emerging leaders'

engagement with their government and expanding programs that strengthen Mongolia's partnerships with emerging democracies. This project will also end in 2018.

USAID support is coupled with the Millennium Challenge Corporation's (MCC) efforts, which concluded an initial \$284.9 million compact with Mongolia focused on property rights, health, vocational education, energy and environment, and transportation in September 2013. The MCC board selected Mongolia for a second compact in December 2014 and is in the process of developing the second compact.

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**Question:**

How does the US prioritize and administer its assistance across 12 countries in the Pacific Island region? How do we coordinate with Australia and New Zealand?

**Answer:**

USAID's programs in the 12 Pacific Island countries focus on the island nations' most pressing and urgent challenge of adapting to the impacts of climate change. The 12 Pacific Islands consistently identify climate change as their most pressing concerns in regional gatherings, like the Pacific Islands Forum. USAID also provides assistance to Papua New Guinea to respond to the impact of HIV/AIDS.

With some of the areas in the Pacific Islands region being only 15 feet above sea level, USAID is addressing pressing global climate change issues by providing technical assistance that increases local and national capacity to adapt to the negative impacts of climate change across the 12 island countries. Technical assistance includes improved planning and policies, and building climate-resilient infrastructure in communities based on national and regional adaptation plans and priorities.

Within the Pacific Islands, we have also made strategic choices on how to focus our development assistance. For example, Papua New Guinea suffers from one of the highest rates of HIV/AIDS in the region and receives technical support on HIV/AIDS prevention and treatment. USAID also has the lead responsibility for disaster mitigation, relief and reconstruction in the compact countries of Federated States of Micronesia and the Republic of Marshall Islands—some of the most disaster prone areas within the region. In addition, since the Asia region is extremely susceptible to natural disasters, USAID is also providing disaster management and risk reduction support in Papua New Guinea, Fiji, the Marshall Islands, and Micronesia to increase the resilience of communities and to strengthen their ability to respond to disasters.

USAID development assistance in the Pacific is administered by USAID staff based in Manila, as well as USAID-deployed American and Foreign Service National staff at U.S. Embassies in the Pacific Islands that support and monitor program activities and enhance U.S. government presence in the region.

To maximize the impact of U.S. government assistance, USAID regularly coordinates programming with Australia, New Zealand, and the European Union — the biggest donors in the region — bilaterally and through partnerships with regional organizations such as the Pacific Island Forum Secretariat and the Secretariat of the Pacific Community. Both the U.S. and Australia seek to strengthen these and other regional organizations. U.S. assistance to the Pacific Islands offers targeted technical assistance that can fill gaps that require special attention, and is additive and complementary to Australia's programs.

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**Question:**

An agreement between the Philippine government and rebel forces in Mindanao would grant a high level of political autonomy to Muslim-majority areas on the southern major island of Mindanao and the Sulu archipelago and end a four-decade long insurgency. Although the agreement has yet to be implemented due to some political resistance, it brings hope of greater security and economic development in parts of Mindanao. Please describe current U.S. efforts to promote economic development and reduce extremist ideologies and violence in the region. If the agreement providing for political autonomy is implemented, how might U.S. assistance adapt to changing circumstances?

**Answer:**

While the soon-concluding Aquino administration has made progress toward peace in the Autonomous Region of Muslim Mindanao (ARMM), there are communities that remain exposed to threats of violent extremism and conflict. USAID is addressing the drivers of violent extremism and conflict in the Philippines by strengthening governance in ways that promote the legitimacy and effectiveness of government and that mitigate instability and marginalization of vulnerable populations.

USAID works via a multi-pronged approach. First, we engage with local governments in conflict-prone areas to improve their delivery of basic services, and to strengthen practices that make the government more transparent and accountable. Second, we match this work with actions in civic education, civil society strengthening and mechanisms for public participation that foster greater engagement between citizens, including youth and their local governments.

Poor access to education, illiteracy, unemployment and weak representation in local and national institutions hinder youth from becoming productive members of their communities. To help address this, USAID works with more than 19,000 out-of-school youth to develop their education competencies, livelihood capabilities and life and leadership skills, so that they can engage productively in civic affairs and economic activities. USAID's economic growth, health and environment projects likewise benefit the populations of Mindanao more broadly to help overcome economic and social exclusion and strengthen resilience.

USAID is also building community capacity to prevent, mitigate and resolve conflict through a people-to-people approach that engages key peace actors who can facilitate face-to-face interactions and mobilize communities toward peace and reconciliation. USAID coordinates its work with other development partners directly supporting the peace process through an inter-agency working group. Should the agreement be implemented, USAID would explore making adjustments to its programs to support any changes to the operating environment while continuing to work closely with other donors to complement efforts.

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**Question:**

Part of the Economic Support funds for Tibet will be used to "increase awareness of ethnic Tibetans' culture" (Apdx 2, pg 606). Where will the State Department raise awareness of Tibetan culture? Is this program aimed at people living in China? What is the Chinese government's response to these programs?

**Answer:**

USAID supports programs that are raising awareness of Tibetan culture and practices inside Tibetan areas of China, in China more broadly, and internationally. While increased scrutiny of international NGOs working in China continues to narrow the operating environment for USAID implementing partners, so far the Chinese government has been receptive to USAID programs that are preserving Tibetan cultural and traditional practices.

In response to Congressional directives in current and prior year Appropriations Acts which note support for "activities which preserve cultural traditions" in Tibetan communities in China, USAID currently is helping raise awareness of Tibetan culture through our work to digitally preserve texts and intangible cultural items from Tibetan areas in China. The project has already preserved well over one

million pages of text and other artifacts, many previously unknown, including text composed by the Fifth Dalai Lama in the 17th Century. The project will create 6,000 digital library drives available to Tibetans and Buddhists in the region and around the world.

USAID is also helping local Tibetan communities in China map their culture and learn to use their heritage, in a culturally appropriate manner, as a tool for economic development and cultural tourism development; preserve Tibetan cultural traditions and art forms; and promote economic opportunities for Tibetan artisans. In addition to projects managed by USAID, the State Department also promotes Tibetan culture through scholarship and exchange programs run by the Bureau of Educational and Cultural Affairs, and other activities. For example, in February, Under Secretary of State Sarah Sewall, who serves as Special Coordinator for Tibetan Issues, hosted a reception at the State Department to celebrate the Tibetan New Year.

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**Question:**

Since 2002, Congress has appropriated funds to promote sustainable development, environmental conservation, and cultural preservation in Tibetan communities in China. How effective have these programs been? In what ways do they help to improve human rights conditions in Tibetan areas of China?

**Answer:**

As a vulnerable population and ethnic minority, Tibetans in China face particular challenges due to geographic, cultural, linguistic, and political limitations that hinder their socio-economic development. Human development indicators in rural Tibetan areas remain far below national averages, and in many nomadic regions are comparable to those of the world's most impoverished populations. USAID programming supports the Tibetan people based on three interlinked objectives: 1) strengthening the capacity of Tibetan communities to meet their socio-economic needs; 2) conserving the environment of the Tibetan plateau; and 3) preserving and enhancing appreciation for Tibetan cultural heritage.

Despite the difficult operating climate for non-governmental organizations (NGOs) and the heightened sensitivities in providing assistance to Tibetan communities, programs working in support of all three objectives have been largely effective. USAID's implementing partners are working across all Tibetan areas of China, including the Tibetan Autonomous Region and Yunnan, Sichuan, Gansu, and Qinghai provinces. Achievements under the three objectives include:

**Sustainable Tibetan Development**

USAID programs improve Tibetan livelihoods through access to education, vocational training, and health care, and assist in enterprise development. This includes the formation of herder cooperatives; small grants for community-based organizations and local NGOs; support for small business associations and establishment of business training and development centers; scholarships, internships, and study tours; improvement in market access and value chain analysis; youth pre-employment training; and local eco-tourism development and access to web-based tourism services.

- USAID has developed the life skills of thousands of Tibetans, including hundreds of English Language Program Tibetan graduates, over the past decade. These individuals are now widely recognized as leaders in their communities and have critical roles within the non-governmental sector – including as leaders for USAID-supported NGOs and local Tibetan civil society organizations.

- USAID has assisted over 3,000 households with goods and livestock distribution, business training, vocational training and assistance in establishing sustainable rural livelihoods. Lessons from these programs are now being promulgated with Chinese local officials, who have asked for help in meeting China's 2020 poverty alleviation targets.
- USAID has provided support to the Tibetan business sector, including business development services, market access, and investment for more than 600 Tibetan businesses and cooperatives.

#### **Environmental Conservation on the Tibetan Plateau**

To preserve the environment on the Tibetan plateau, USAID programs support local participation and awareness in environmental conservation and biodiversity; introduction of sustainable renewable energy alternatives; national park and eco-tourism planning; wildlife monitoring and human-wildlife conflict mitigation; management plans for wetland conservation; rangeland co-management and grassland rehabilitation; and pilots on climate change adaptation.

- USAID has established Tibetan anti-desertification grassland and wetland management practices. Pilot projects have preserved 7,500 hectares of grassland and wetland.
- USAID's funded projects have established workable models for rangeland management that are sustainable, and based on Tibetan principles. These have been picked up informally by prefecture level environmental conservation bodies for replication. Training has also been provided to dozens of Tibetan herder cooperatives on such topics as grassland ecology.
- USAID has successfully developed Tibetan community-led and owned activities to preserve the high altitude plateau environment. This has included over 200,000 Tibetan community members engaged in environmental preservation activities, especially water resource management, with over 40 Tibetan NGOs gaining increased capacity to work in environmental preservation activities.

#### **Tibetan Cultural Sustainability and Preservation**

To preserve Tibetan culture and traditions, USAID programs enable communities to use their heritage as a tool in their economic development by promoting Tibetan heritage through cultural tourism, preservation and distribution of tangible and intangible Tibetan cultural artifacts, and the development, protection, and marketing of artisan traditions.

- USAID supports the preservation of Tibetan texts of cultural value. Over 2 million pages of significant Tibetan texts have to date been preserved, including the 17th century Visions of the Fifth Dalai Lama, a text that had been thought to have been lost. Its acquisition and digital preservation, alongside hundreds of other works, represents a permanent archive of valued Tibetan texts with global availability.
  - USAID has provided hundreds of scholarships for Tibetan college students to attend education at Tibet language schools. This has an important impact on maintaining the daily use and utility of Tibetan language on the Tibetan Plateau.
  - USAID supports the development of skills to preserve Tibetan cultural activities which include museum establishment; Tibetan language library establishment and maintenance; and training and recording of Tibetan cultural practices such as folk songs, folk tales, Tibetan ritualized speech/chants, and training in Tibetan mural conservation.
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**Question:**

Please describe U.S. efforts to increase human and governmental capacity to carry out effective economic policies in Timor-Leste. How are U.S. assistance activities helping to diversify Timor-Leste's economy?

**Answer:**

One of the primary goals of the U.S. Government in Timor-Leste is to promote conditions for this young country to emerge as a stable, democratic, and economically prosperous state. U.S. foreign assistance efforts aim to support the Government of Timor-Leste as it builds the governance and human capacity needed to thrive in the coming years. For example, USAID's work with the Ombudsman for Human Rights and Justice in Timor-Leste has equipped staff with valuable skills to monitor good governance and human rights issues, and to accurately receive and process citizen complaints. Additionally, this program has also delivered materials and training on tracking activities related to service delivery, infrastructure development, and public procurement processes, thus, supporting robust policy implementation in the economic sector.

To ensure future prosperity, Timor-Leste must also diversify its economy. Timor-Leste is one of the most oil-dependent countries in the world. As such, the United States has taken multiple steps to assist Timor-Leste to expand its economy beyond oil. U.S. development assistance in Timor-Leste – managed by USAID – includes support for the agriculture sector, and will soon expand to include support for the tourism sector – for the purpose of helping to diversify Timor-Leste's economy.

In agriculture, USAID has helped transform the coffee sector in Timor-Leste into the largest export commodity, after oil, through diversifying crops and increasing yields of farmers. This transformation has benefited over 23,000 households, almost entirely in rural areas. USAID also provides technical assistance and facilitates market linkages to help families who depend on farming for their livelihoods by dramatically increasing fruit and vegetable production, as well as linking them to stable markets. This support currently benefits over 250 communities.

The agriculture support also cross-cuts other developmental priorities by increasing diet diversity, especially among women and children, and by educating rural households about: 1) nutritious foods; 2) sanitation and hygiene; and 3) basic business skills. The Government of Timor-Leste still struggles to provide vital health care services, especially to remote and mountainous areas where the majority of the population resides. USAID investments in health focus on increasing the capacity of health workers to deliver quality maternal and newborn care, family planning, and reproductive health services at national and sub-national levels to improve health outcomes for women and newborns. The project will also work with communities to better manage forests and water resources, and adopt climate-smart farming techniques including conservation tillage, intercropping and crop rotations, agro-forestry and reforestation, and alternatives to shifting cultivation farming.

In the tourism sector, USAID will soon begin a project that will help related businesses become more competitive, enjoy better communication with the government, and employ more Timorese, especially youth. USAID has already generated strong interest in this area from other major donor countries, and is likely to double our own investment.

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**Question:**

Please describe rule of law, good governance, human rights, and civil society programs in Vietnam. How much of this assistance goes directly to the government of Vietnam and how much to NGOs? How are programs for strengthening governmental and judicial institutions coordinated with and complimentary to with the U.S. objectives of building civil society organizations?

**Answer:**

For USAID's rule of law, good governance, human rights and civil society programs in Vietnam, the Agency has provided technical assistance, training, and other support to strengthen policy making, law drafting and implementation, oversight, and other governance mechanisms. Our programs promote greater exchange, networking, and sharing of information nationwide within and between the government, private sector, and civil society organizations, including social organizations, research centers and universities. Further, technical assistance interventions help Vietnam to establish a more transparent and rules-based system of governance.

A key development objective in Vietnam is enhanced governance, including greater transparency and accountability. No direct funding is provided to the Government of Vietnam (GVN), but our programs work in tandem with key ministries such as the Ministry of Justice, the Ministry of Labor and Social Affairs, the Ministry of Health, and other entities in the design, implementation and evaluation of rule of law, good governance, human rights, and civil society programs. Many USAID programs aim to help the GVN meet international best practices and standards. USAID engagement with GVN institutions also strengthens civil society by increasing their capacity to participate in policy and law-making processes as well as their ability to advocate for the rights of vulnerable populations, such as persons with disabilities, LGBT, minorities, and women.

For example, last year, USAID worked with the Ministry of Justice to organize workshops on a revised Civil Code that increases the protection of rights with active civil society participation. Additionally, USAID's Provincial Competitiveness Index (PCI) program provides a transparent basis for comparing and ranking provincial governments on indicators of accountability and responsiveness to issues of concern to businesses and citizens. By measuring informal charges, transparency of planning documents like land and budget, and transaction costs for domestic enterprises and issues like regulatory burden of foreign enterprise regulations, the PCI incentivizes provincial governments to improve economic governance.

USAID has successfully expanded direct grant relationships with 11 local NGOs, worth more than \$14 million, to build capacity and provide support in health, environment, disabilities, and economic governance sectors. In addition, many local NGOs receive USAID funding through sub-grants.

**Key programs include:**

- **Governance for Inclusive Growth (GIG):** USAID is increasing public participation in the drafting and implementation of laws. This program also includes a sub-grant component to work directly with civil society organizations on governance.
- **Partner Capacity Development:** USAID is supporting organizational capacity building, training, and target-of-opportunity program activities for local organizations and other partners.
- **Land Access for Women (LAW):** The Land Law in Vietnam has often been applied in ways that discriminate against women and ethnic minorities. USAID is training grassroots community

volunteers to help farmers, particularly women farmers, understand their land rights under the law and therefore increase their ability to access land.

- **Red River Delta Adaptation and Youth (READY):** USAID is promoting effective and innovative climate change adaptation initiatives in the Red River Delta through a Vietnamese NGO to encourage environmental advocacy and youth participation.
- **Disabilities:** Under a five-year framework for disabilities cooperation with the Ministry of Labor and Social Affairs, USAID supports governance issues related to the Law on Disability and Convention on the Rights of Persons with Disabilities. USAID also funds six NGO awards, including three to local organizations. These activities are advancing the rights of persons with disabilities, improving access to services and medical care, and improving access to education, training, and economic opportunity.
- **Small Grants Program (Localworks):** Vietnam will be one of the first countries to benefit from “Small Grants Program” funding authorized by Section 7080 of the Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235). Known as Localworks, the program will strengthen local organizations in Vietnam through direct grants and resources for improving the civil society legal environment, capacity and networking abilities of local organizations to create solutions to local problems.

**New Rule of Law and Labor Programs:** With FY 2017 funding, USAID will begin expanding work on rule of law and labor issues. Vietnam will benefit from support to strengthen its framework to provide equal protection under the law, resolve disputes and settle commercial issues, and support legal aid to vulnerable populations. USAID will also work with Vietnam to strengthen protections for workers, including freedom of association, and improve productivity and worker-management dialogue. Vietnam’s aspirations for increased economic integration require that these standards be raised to meet its international commitments.

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**Question:**

What is the timeline for completion of dioxin removal and remediation activities in Vietnam? What are the lasting effects of the contamination and how can the United States help to address them?

**Answer:**

Agent Orange – a herbicide that includes dioxin – was sprayed extensively in Vietnam during the war. There have been extensive studies to evaluate the persistence of the contamination which found that former U.S. military installations (approximately 28) where Agent Orange was mixed, loaded, and stored continue to show elevated levels of dioxin. Of these 28 locations, the three most significant are the former U.S. airbases in Danang, Phu Cat, and Bien Hoa. The Government of Vietnam, with United Nations assistance, constructed a landfill at Phu Cat and the U.S. government has an active remediation project at Danang which began in 2011. An assessment of Bien Hoa is near completion.

USAID anticipates completion of remediation activities at the Danang airbase in late 2017, with full demobilization by mid-2018, subject to appropriations of funds. By the end of the project, all dioxin-contaminated soil and sediment on site will meet the approved project cleanup goals to protect human health and address this important war legacy issue.

An Environmental Assessment of dioxin contamination at Bien Hoa airbase is in the final stage of completion. The Environmental Assessment aims to provide a definitive characterization of

contaminated volumes, review containment and treatment alternatives, including applicable technologies, and provide a very rough estimate of costs depending on a chosen approach.

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**Questions for the Record submitted to  
Assistant Secretary Daniel Russel by  
Representative Alan Lowenthal  
House Committee on Foreign Affairs  
April 19, 2016**

**Question:**

Mr. Russel, I would like to ask you about the needs on demining and unexploded ordnance (UXO) efforts in Southeast Asia. I would like to focus in specifically on those countries where we are still addressing the legacy of war: Vietnam, Cambodia, and Laos.

In the current fiscal year, under the omnibus passed in December, Congress delineated \$19.5 million for Laos and \$10.5 million for Vietnam out of a \$145 million budget for Humanitarian Demining with no set amount for Cambodia or any other countries. Do you believe that Congress should set aside money for Cambodia as well, given our war legacy and the need for demining in that region?

**Answer:**

The Department is grateful for the attention Congress has paid to demining and unexploded ordnance (UXO) removal efforts in Southeast Asia. As you noted, in Fiscal Year 2016, Congress earmarked \$19.5 million for Laos and \$10.5 million for Vietnam to remove UXO from prior U.S. military operations, while Congress did not earmark funds for UXO removal in Cambodia.

Between 1993 and 2015, the United States has contributed more than \$117 million for Conventional Weapons Destruction (CWD) programs in Cambodia to clear landmines and UXO, provide risk education to vulnerable populations, and develop Cambodia's own national capacity to clear mines and UXO independent of U.S. assistance. Of the \$6.4 million in Fiscal Year 2015 CWD funding allocated for Cambodia, the majority will support projects in eastern Cambodia where UXO remaining from the Vietnam War is prevalent. These projects will continue with FY 2016 funding of at least \$5.5 million, which is the current bilateral funding level. At current funding levels, our implementing partners estimate that eastern Cambodia could be effectively cleared of U.S.-origin UXO in as little as eight years. Conversely, it will take many more years and substantially more resources to clear Laos and Vietnam of U.S.-origin UXO.

Cambodia's own capacity to address landmines and UXO is substantially more developed than those of Laos and Vietnam. It has both a functioning mine action authority (Cambodia Mine Action Authority -- CMAA) and national clearance operator (Cambodia Mine Action Center -- CMAC). Laos and Vietnam are in the earlier stages of developing effective national capacities and require more funding and attention.

Given these considerations, the Department does not feel it necessary for Congress to designate specific CWD funding levels for Cambodia in future appropriations; however, additional funding for these efforts in Cambodia would decrease the estimated time required to clear Cambodia of all known landmines and UXO.

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**Question:**

Mr. Russel and Mr. Stivers, I also have a question regarding democracy and human rights in the region. In your testimony, Mr. Russel, you highlight democracy and civil society development. I applaud these efforts and would like to see even more focus on democracy and civil society in our engagements efforts in Asia. However, as I think this Subcommittee has pointed out in previous hearings, we have seen very little progress and even some backsliding in many countries in the region. I visited Vietnam just under a year ago, and it seems very little has changed since I was there. In fact, just this last weekend I met with Vu Minh Khanh, the wife of imprisoned human rights lawyer Nguyen Van Dai. Dai was arrested and imprisoned just days after being beaten in the streets by unidentified attackers.

In Cambodia, you have the government harassing the opposition and passing an onerous law that will make it more difficult for NGOs to operate. In your testimony, Mr. Russel, I see you highlight US help to Vietnamese legislators on drafting a new constitution with a section on human rights. Whatever the Vietnamese constitution might say on human rights, I don't see it translating into reality for the many Vietnamese who just want to speak freely without fear of violence or imprisonment. In light of this lack of progress, how can we measure the success of our programs supporting democracy and civil society?

**Answer:**

We remain concerned about the human rights situation in Cambodia and Vietnam, and USG programs continue to support anti-corruption and human rights activists, and encourage reforms in the areas of freedom of speech, belief and assembly. Success is often incremental and takes place over a period of time, and we monitor overall trends to gauge progress on issues.

The USG continues to engage with Vietnam on key human rights issues through the annual Human Rights Dialogue, and through civil society programs funded by the State Department, and other programming from the U.S. Agency for International Development. We have seen some positive steps, including a decrease in the number of prisoners of conscience from 160 in mid-2013 to fewer than 100 today and Vietnam's decision in February to ratify the UN Convention Against Torture and the UN Convention on the Rights of Persons with Disabilities. Vietnam also passed a new law to provide greater protections to LGBTI persons including the decriminalization of same-sex marriage. In addition, Vietnam's commitments to the Trans-Pacific Partnership (TPP) agreement, if ratified, would include allowing the formation of independent labor unions.

Despite these steps forward, progress has been uneven and the overall human rights record remains poor. Though Vietnam demonstrated some positive legal reform in the criminal procedure code, including the right to counsel and right to not self-incriminate, the National Assembly actually increased penalties for vague political offenses under national security laws. Cambodia, under the continued leadership of Hun Sen has resisted the adoption of reforms leading to democracy and human rights. Recently, Cambodia adopted a new Law on Associations and NGOs which limits activities by any organization loosely deemed to be a "threat" to the current government. In addition, the opposition leader remains in exile while his deputy is under constant threat of arrest. A major human rights NGO, ADHOC, has been under constant harassment with many members summoned for questioning or arrested.

As the above examples illustrate progress is uneven and often backsliding occur far too often. In response, The Bureau of Democracy, Human Rights and Labor's (DRL) has made concerted efforts to improve program monitoring and evaluation to ensure the bureau has the necessary evidence to learn

what works and to design better programs. DRL's rapid response funds utilize a rigorous evaluation system, which collects data from at-risk activists so fund managers can be informed of issues that affect the achievement of objectives. Fund managers also receive data on the violations experienced by activists in countries like Cambodia and Vietnam, in order to better target future cases. In addition, DRL's M&E team has been conducting an internal evaluation of programs in closed and highly restrictive environments, in order to learn what has worked and why.

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The Department is grateful for the attention Congress has paid to demining and unexploded ordnance (UXO) removal efforts in Southeast Asia. As you noted, in Fiscal Year 2016, Congress earmarked \$19.5 million for Laos and \$10.5 million for Vietnam to remove UXO from prior U.S. military operations, while Congress did not earmark funds for UXO removal in Cambodia.

Between 1993 and 2015, the United States has contributed more than \$117 million for Conventional Weapons Destruction (CWD) programs in Cambodia to clear landmines and UXO, provide risk education to vulnerable populations, and develop Cambodia's own national capacity to clear mines and UXO independent of U.S. assistance. Of the \$6.4 million in Fiscal Year 2015 CWD funding allocated for Cambodia, the majority will support projects in eastern Cambodia where UXO remaining from the Vietnam War is prevalent. These projects will continue with FY 2016 funding of at least \$5.5 million, which is the current bilateral funding level. At current funding levels, our implementing partners estimate that eastern Cambodia could be effectively cleared of U.S.-origin UXO in as little as eight years. Conversely, it will take many more years and substantially more resources to clear Laos and Vietnam of U.S.-origin UXO.

Cambodia's own capacity to address landmines and UXO is substantially more developed than those of Laos and Vietnam. It has both a functioning mine action authority (Cambodia Mine Action Authority -- CMAA) and national clearance operator (Cambodia Mine Action Center -- CMAC). Laos and Vietnam are in the earlier stages of developing effective national capacities and require more funding and attention.

Given these considerations, the Department does not feel it necessary for Congress to designate specific CWD funding levels for Cambodia in future appropriations; however, additional funding for these efforts in Cambodia would decrease the estimated time required to clear Cambodia of all known landmines and UXO.

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**Question:**

Mr. Russel and Mr. Stivers, I also have a question regarding democracy and human rights in the region. In your testimony, Mr. Russel, you highlight democracy and civil society development. I applaud these efforts and would like to see even more focus on democracy and civil society in our engagements efforts in Asia. However, as I think this Subcommittee has pointed out in previous hearings, we have seen very little progress and even some backsliding in many countries in the region. I visited Vietnam just under a year ago, and it seems very little has changed since I was there. In fact, just this last weekend I met with Vu Minh Khanh, the wife of imprisoned human rights lawyer Nguyen Van Dai. Dai was arrested and imprisoned just days after being beaten in the streets by unidentified attackers.

In Cambodia, you have the government harassing the opposition and passing an onerous law that will make it more difficult for NGOs to operate. In your testimony, Mr. Russel, I see you highlight US help to Vietnamese legislators on drafting a new constitution with a section on human rights. Whatever the Vietnamese constitution might say on human rights, I don't see it translating into reality for the many Vietnamese who just want to speak freely without fear of violence or imprisonment. In light of this lack of progress, how can we measure the success of our programs supporting democracy and civil society?

**Answer:**

We remain concerned about the human rights situation in Cambodia and Vietnam, and USG programs continue to support anti-corruption and human rights activists, and encourage reforms in the areas of freedom of speech, belief and assembly. Success is often incremental and takes place over a period of time, and we monitor overall trends to gauge progress on issues.

The USG continues to engage with Vietnam on key human rights issues through the annual Human Rights Dialogue, and through civil society programs funded by the State Department, and other programming from the U.S. Agency for International Development. We have seen some positive steps, including a decrease in the number of prisoners of conscience from 160 in mid-2013 to fewer than 100 today and Vietnam's decision in February to ratify the UN Convention Against Torture and the UN Convention on the Rights of Persons with Disabilities. Vietnam also passed a new law to provide greater protections to LGBTI persons including the decriminalization of same-sex marriage. In addition, Vietnam's commitments to the Trans-Pacific Partnership (TPP) agreement, if ratified, would include allowing the formation of independent labor unions.

Despite these steps forward, progress has been uneven and the overall human rights record remains poor. Though Vietnam demonstrated some positive legal reform in the criminal procedure code, including the right to counsel and right to not self-incriminate, the National Assembly actually increased penalties for vague political offenses under national security laws. Cambodia, under the continued leadership of Hun Sen has resisted the adoption of reforms leading to democracy and human rights. Recently, Cambodia adopted a new Law on Associations and NGOs which limits activities by any organization loosely deemed to be a "threat" to the current government. In addition, the opposition leader remains in exile while his deputy is under constant threat of arrest. A major human rights NGO,

ADHOC, has been under constant harassment with many members summoned for questioning or arrested.

As the above examples illustrate progress is uneven and often backsliding occur far too often. In response, The Bureau of Democracy, Human Rights and Labor's (DRL) has made concerted efforts to improve program monitoring and evaluation to ensure the bureau has the necessary evidence to learn what works and to design better programs. DRL's rapid response funds utilize a rigorous evaluation system, which collects data from at-risk activists so fund managers can be informed of issues that affect the achievement of objectives. Fund managers also receive data on the violations experienced by activists in countries like Cambodia and Vietnam, in order to better target future cases. In addition, DRL's M&E team has been conducting an internal evaluation of programs in closed and highly restrictive environments, in order to learn what has worked and why.

