

**Statement of
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Before the

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

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The FY 2018 Budget Request for the Bureau of East Asian and Pacific Affairs

Chairman Yoho, Ranking Member Sherman, and Members of the Subcommittee: Thank you for the opportunity to appear before you today to testify regarding the President's Fiscal Year (FY) 2018 budget request for East Asia and the Pacific. I would also like to thank the Subcommittee for its leadership in supporting and promoting engagement with the Asia-Pacific region and advancing U.S. interests. I am pleased to be joined by USAID Acting Assistant Administrator Gloria Steele.

The Bureau of East Asian and Pacific Affairs (EAP) is responsible for engaging a region that represents a quarter of the world's population and GDP, some of the world's fastest growing markets, and four of our top ten trading partners. Despite all of its dynamism and promise, we also face serious challenges, the most urgent being the threat of North Korea's nuclear and missile programs. In addition, as China's influence and ambitions grow in the region, there is increasing concern about how this will affect the rules-based order that has served the region so well over the past decades. And as we have seen in the southern Philippines, ISIS is seeking to spread violence and its hateful ideology in Southeast Asia.

The high level of U.S. engagement in the region early in the Trump Administration sent a clear signal that Asia remains a top priority. Vice President Pence, Secretaries Tillerson and Mattis, and USTR Lighthizer all traveled to Asia within the first four months of the Administration. Vice President Pence visited key partners and allies – Australia, South Korea, and Japan, as well as Indonesia, where he also engaged representatives to all ten ASEAN countries – and there have been many meetings at the highest levels of government, including summits with the leaders of Japan, South Korea, China, and Vietnam, among others. The President invited leaders of Thailand, the Philippines, and Singapore to Washington.

We expect this pace to continue this year, with the Secretary returning to Asia for the Association of Southeast Asian Nations (ASEAN) Regional Forum and the Asia-Pacific Economic Cooperation (APEC) Ministers Meeting, and USTR Lighthizer to attend the ASEAN Trade Ministers Meeting. The earliest-ever announcement that the President will travel to Asia for summits this November sends a clear signal of the importance we attach to U.S. economic and security engagement in the Asia-Pacific Region.

The President's FY 2018 budget request of \$717 million for East Asia and the Pacific will allow us to project a strong U.S. presence in the region. The overall request includes \$393 million in foreign assistance and \$324 million for diplomatic engagement.

The budget request supports the President's priorities to defend national security, assert U.S. leadership, foster opportunities for U.S. economic interests, promote respect for human rights, and ensure accountability to the U.S. taxpayer. The request acknowledges that our operations must become more efficient and our assistance more effective.

Government assistance alone cannot resolve complex challenges, nor can the United States do so alone. We expect aid recipients to make better use of their own investments for development, and partner donor countries to do more to support peace and prosperity in the Asia-Pacific region.

We had to make some tough tradeoffs. But by focusing our efforts on our most important policy goals and national security and economic interests, we aim to maximize our use of taxpayer dollars.

Policy Priorities

The FY 2018 budget request enables EAP to advance four key priorities: addressing the North Korea threat; maintaining leadership and influence in the region; defeating ISIS and combatting transnational crime; and creating jobs and economic opportunities for Americans.

North Korea

The most urgent and dangerous threat is North Korea. Its continued pursuit of nuclear weapons and the means to deliver them is not new. The regime, however, has been demonstrating new capabilities over the past two years at a quicker pace than it has ever done before. We are stepping up our pressure campaign to address

this growing threat. It starts with our allies. We are increasing our trilateral security cooperation with Japan and South Korea. With them and others, we are working to isolate and increase pressure on North Korea with the goal of convincing the regime to return to serious talks aimed at denuclearization. This has been and remains this Administration's top diplomatic priority.

Addressing North Korea's egregious human rights record is also important. This budget request will enable us to support programs that promote the flow of independent information into and out of the closed country, including through broadcasting.

Engagement and Influence

The budget request promotes continued work with our allies and partners to bolster Southeast Asian security cooperation, maritime security, and the rule of law, which are important to regional security and economic stability. We will support the ongoing development of regional institutions such as ASEAN, EAS, APEC, and the Lower Mekong Initiative to engage with our partners and uphold the rules-based order.

The United States has supported ASEAN's central role in the evolving regional architecture. The FY 2018 request supports platforms for dialogue that advance regional economic and political integration, security cooperation, democracy, human rights, labor rights, and humanitarian relief.

Contested maritime claims in Southeast Asia and destabilizing actions such as Chinese land reclamation, construction, and militarization of disputed features in the South China Sea make it harder for the region to resolve disagreements peacefully. We continue to work with regional partners and allies to build their capacity to maintain free and open access to their seas through enhanced maritime security capabilities and maritime domain awareness. We seek to complement the Department of Defense's Maritime Security Initiative (MSI) and security cooperation programs under Section 333 with grants or loans from the global Foreign Military Financing (FMF) fund. FMF is used to provide defense articles and augment capabilities, whereas MSI is better able to maintain and support existing articles. The two are not interchangeable, but complement each other.

The United States remains committed to the promotion of democracy and the protection of human rights, including the rights of women, children, and minority communities to foster responsible Asia-Pacific partners that share America's fundamental values. Our \$63 million request for Burma supports the country's

ongoing transition towards democracy, including support for political, economic, and human rights reforms. A successful transition would promote stability in the region and ensure Burma continues to develop as a key democratic and economic partner of the United States.

As China and other countries around the region increase restrictions on civil society and human rights defenders, it is critically important we continue to support human rights and democracy. The recent death of Chinese Nobel Peace Prize laureate Liu Xiaobo while in custody is a tragic reminder of the daunting repression facing democracy and human rights advocates in China and in some parts of the region. The United States' support for human rights and democracy promotion has been and will remain a key pillar of our strategy.

The budget also provides up to \$38 million for critical War Legacy programs. These efforts engender goodwill among local populations and are essential for maintaining U.S. influence in the Mekong Region. They also provide a platform that allows us to broaden other aspects of our bilateral relationship with these countries.

Defeating ISIS and Countering Transnational Crime

The siege of Marawi City by ISIS-affiliated groups in the southern Philippines demonstrates the group's appeal to home-grown extremists in Southeast Asia, even as ISIS faces battlefield losses in the Middle East.

The FY 2018 EAP foreign assistance request support efforts to defeat ISIS and counter transnational crime – a funding source for ISIS – in Southeast Asia.

Our law enforcement and judicial sector programs have resulted in significant gains in recipient countries' capacities to identify, prosecute, and effectively isolate terrorists and other criminals. We are supporting critical police investigation and crisis response skills that helped units respond to bombing attempts in Malaysia and the Philippines.

Regionally, our border security and information sharing programs will continue to assist countries prevent foreign terrorist fighter transit, trace illicit financing, and counter trafficking in goods and people. These programs help to ensure that Southeast Asia's economic integration does not leave it more vulnerable to terrorism, cyber attacks, or other transnational crimes.

We will also continue efforts to disrupt ISIS recruitment in the region, including sustaining assistance in the Philippines to provide job training opportunities for at risk youth in the southern Philippines and addressing radicalization in universities across the region. The request provides \$23 million for efforts to combat violent extremism.

Development programs in Southeast Asia will also continue efforts to eliminate corruption and promote fundamental freedoms, in addition to providing viable economic opportunities. These programs address vulnerabilities to make it more difficult for ISIS and other violent extremist groups to recruit and operate.

Economic Opportunity

With respect to advancing economic opportunity for the United States, the FY 2018 EAP foreign assistance request supports economic growth programs that level the playing field for U.S. businesses and reduce trade barriers.

Our use of foreign assistance through APEC and ASEAN is important as it provides economies of scale in shaping the policy environment for fair trade with the region's more than two dozen economies – helping to promote higher standards across the region, including countries with which we may pursue bilateral trade agreements.

We are working to raise standards for trade and investment through APEC, the key forum for advancing our economic priorities with economies in the Asia Pacific. Our engagement with APEC allows us to advocate the standards and practices that bolster American competitiveness and prosperity in a market of three billion consumers that makes up more than 60 percent of world GDP, and includes nine of our top 15 export markets.

The FY 2018 request includes funding for APEC programs that expand trade and investment in the region, reduce barriers to business in the region by advancing good governance and transparency, and seek to broaden economic participation and promote sustainable growth. Through ASEAN, we are building capacity to establish appropriate “light-touch,” harmonized regulations that will enable U.S. companies to compete on a level playing field across all ten ASEAN member states.

We will continue bilateral U.S. economic programs in Vietnam, Indonesia, the Philippines, and Burma, which lay the groundwork for high quality, fair, and reciprocal trade.

Diplomatic Engagement

In addition to foreign assistance, the FY 2018 request requires improved efficiencies in public diplomacy programming.

U.S. public diplomacy advances U.S. foreign policy objectives by informing and influencing foreign governments and influential members of their publics, including media, emerging leaders, jurists, thought leaders, legislators, and civil society. U.S. public diplomacy in EAP will continue to support our highest foreign policy objectives related to North Korea, a rules-based order in Southeast Asia, and destroying ISIS.

At the same time, there is more competition. We see dramatic jumps in public diplomacy programs from China, including its expansion of exchange programs and academic scholarships for leaders and students from Southeast Asia and the Pacific Islands. We use public diplomacy to project America's commitment to the region and push back against negative narratives about U.S. actions. In the end, we aim to be the region's partner of choice by using educational, cultural, and digital exchange programs to promote U.S. security and economic interests. EAP's public diplomacy budget is roughly split between public diplomacy funds and appropriations to the Bureau of Educational and Cultural Exchanges that are used for international and educational exchanges. We will focus on what works best, including robust exchanges such as the Fulbright Program, the International Visitors Leadership Program, and the Young Southeast Asian Leaders Initiative. Our media programs focus on priority U.S. interests in Asia, for example, by informing Asians about North Korea and the stakes in the South China Sea.

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 2018 budget request and 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.