

HOUSE ARMED SERVICES COMMITTEE

STATEMENT OF
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Introduction: Why is the Indo-Asia-Pacific Important?

Chairman McKeon, Congressman Smith, and distinguished members of the Committee, thank you for this opportunity to present an update on U.S. Pacific Command (USPACOM). For the past 12 months I have had the honor to lead over 328,000 service members and 38,000 civilian employees as the USPACOM Commander, and I look forward to sharing my thoughts with you on the strategic environment of this diverse and complex theater.

In 2011 the President directed his national security team to make America's "presence and mission in the Asia-Pacific a top priority." This testimony discusses the foundations of our strategy and how we plan to accomplish the President's directive by providing a candid assessment of the opportunities and challenges USPACOM faces in this critical half of the world.

The Indo-Asia-Pacific stretches from California to India. It encompasses over half of the Earth's surface and well over half of its population. The Pacific Ocean is the largest physical feature on the planet. If all the world's landmasses were placed in the Pacific, there would still be room left over for additional North American and African continents. To give you an even better idea of its size, a Carrier Strike Group takes three weeks to transit from the U.S. West Coast to the Philippines; 15 hours to get there in a C-17; and from Fort Lewis, Washington, to the Maldives is 9,000 miles.

This region is culturally, socially, economically, and geo-politically diverse. The nations of the Indo-Asia-Pacific include five of our nation's seven treaty allies,¹ three of the largest

¹ Australia, Japan, Korea, Philippines, and Thailand

economies in the world,² and seven of the ten smallest;³ the most populous nations in the world,⁴ the largest democracy;⁵ the largest Muslim-majority nation;⁶ and the world's smallest republic.⁷

The Indian Ocean is surpassing the Atlantic and Pacific as the world's busiest and most strategically significant trade corridor. One-third of the world's bulk cargo and two-thirds of its oil shipments now pass through the Indian Ocean. Nine of the world's ten largest ports are here,⁸ and the Indo-Asia-Pacific is the engine that drives the global economy. China, Japan and India are three of the world's largest economies. Last year alone, there was over eight trillion dollars of two-way trade. Regional cooperation to ensure the safety and security of these vital trade routes will become increasingly important over coming decades.

By any meaningful measure, the Indo-Asia-Pacific is also the world's most militarized region, with seven of the ten largest standing militaries,⁹ the world's largest and most sophisticated navies,¹⁰ and five of the world's declared nuclear armed nations.¹¹ All these aspects, when you take them together, result in a unique strategic complexity. And this complexity is magnified by a wide, diverse group of challenges that can significantly stress the security environment. To be successful, we must draw on the strengths of the entire U.S. government, the U.S. economy and the American people.

At a time when the region is experiencing such significant change, we must clearly communicate to our allies and partners our commitment by maintaining a credible, forward deployed, sustainable force.

² U.S., China and Japan

³ Tokelau, Niue, Tuvalu, Futuna, Nauru, Marshall Islands, Palau

⁴ China, India, Indonesia

⁵ India

⁶ Indonesia

⁷ Nauru

⁸ Shanghai, Ningbo-Zhoushan, Singapore, Tianjin, Guangzhou, Qingdao, Quinghuangdao, Hong Kong, Busan

⁹ China, India, Democratic People's Republic of Korea, Russia, Republic of Korea, Vietnam, U.S.

¹⁰ China, India, Russia, U.S.

¹¹ Russia, China, India, Democratic People's Republic of Korea, U.S.

Security Environment

The Indo-Asia-Pacific has a myriad of security challenges, including rapidly growing military capabilities, nuclear developments, unresolved territorial and resource disputes, violent extremism, natural disasters, proliferation, illicit trafficking and more. This complex security environment continues to evolve with both positive and negative trends.

Overall, the region enjoys considerable political stability. In the past year, we have seen a series of peaceful leadership transitions, most notably in China, the ROK and Japan, which have reinforced existing succession processes. With the obvious exception of China, these changes have also advanced democracy and democratic principles. We've noted the positive changes occurring in Burma's government and look forward to its continued progress. The Association of Southeast Asian Nations (ASEAN) continues efforts to provide leadership on regional security issues and to effectively address transnational challenges such as natural disaster, terrorism, transnational crime, climate change, while simultaneously working towards its goal of becoming a single economic community by 2015. We expect ASEAN to continue to grow in this role under Brunei's chairmanship in 2013. We have also seen encouraging examples of states using international bodies to address disputes peacefully, such as Bangladesh and Burma using the International Tribunal for the Law of the Sea to resolve their disputed maritime boundary in the Bay of Bengal and Thailand and Cambodia are awaiting a ruling later this year from the International Court of Justice on their long-disputed border region. We encourage all claimant states to seek peaceful means to resolve their disputes.

However, not all developments have been positive or stabilizing. North Korea's repeated violations of U.N. Security Council resolutions that forbid building and testing of nuclear weapons and long-range ballistic missile technologies, represent a clear and direct threat to U.S.

national security and regional peace and stability. China's rapid development of advanced military capabilities, combined with its unclear intentions, certainly raises strategic and security concerns for the U.S and the region. And continuing plans by violent extremist organizations (VEOs) to attack host nation and U.S. targets is another example of the issues in this vast region that are of concern not just to USPACOM, but too many Indo-Asia-Pacific nations.

North Korea: Kim Jong Un used 2012 to consolidate his power. Kim is the youngest head of state in the world and holds the leadership position in all significant North Korean institutions of national power – military, state and party. We were cautiously encouraged in February 2012 when North Korea agreed to implement a moratorium on long-range missile launches, nuclear tests, and nuclear activities at Yongbyon. However, Pyongyang almost immediately broke its promise by attempting to place a satellite into orbit using proscribed ballistic missile technology and parading an alleged road mobile intercontinental range ballistic missile system. Pyongyang responded to the unanimous U.N. condemnation of its December launch with renewed rhetoric, threats and bluster. Just a few weeks ago, again in clear violation of U.N. resolutions, North Korea announced it had conducted its third nuclear test, which it claimed – without any evidence – was a “smaller, more powerful weapon.” North Korea's nuclear weapons and ballistic missile programs, its illicit sales of conventional arms, and its ongoing proliferation activities remain a threat to regional stability and underscore the requirement for effective missile defense.

North Korea maintains a significant percentage of its combat forces forward deployed along the demilitarized zone with the ROK. From these locations, they could threaten U.S. and ROK civilian and military personnel, as they showed in 2010 with the surprise attack on the ROK ship CHEONAN and the artillery attack on Yeonpyeong-Do Island. The continued

advancement of the North's nuclear and missile programs, its conventional force posture, and its willingness to resort to asymmetric actions as a tool of coercive diplomacy creates an environment marked by the potential for miscalculation that and controlled escalation could result from another North Korean provocative action.

Kim Jong Un's stated emphasis on economic development and promises of economic growth have so far yielded little, and are undermined by North Korean missile launches and nuclear tests that lead to further sanctions and international isolation. We remain concerned about the potential for peninsular and regional instability while North Korea continues to prioritize military objectives above economic recovery and reform, and thus remains unable to sufficiently provide for its own population, a concern shared by our allies and partners.

Proliferation: We remain concerned by North Korea's illicit proliferation activities and attempts to evade UN sanctions. North Korea's acts defy the will of the international community and represent a clear danger to the peace, prosperity and stability of the Indo-Asia-Pacific.

USPACOM's Counter Weapons of Mass Destruction (CWMD) program is a complementary multinational activity intended to support counter-proliferation interdiction operations. USPACOM welcomes Thailand as a recent endorsee of the Proliferation Security Initiative (PSI) and looks forward to the new opportunities their active participation will bring. CWMD provides a voluntary framework through which PSI partner nations can improve operational capabilities and domestic legal authorities in order to interdict WMD, their delivery systems, and related materials. Participation in PSI is vital, as part of an interagency approach, to the reduction of WMD trafficking. The Defense Threat Reduction Agency, the Office of the Secretary of Defense and USPACOM continue to synchronize a wide range of CWMD-related activities such as international counter proliferation with our allies and partners, and foreign and

homeland consequence management. Additionally, USPACOM is coordinating with the U.S. Department of Energy (DOE) to establish Centers of Excellence with both China and India to promote effective nuclear security and safeguards.

China: China's military has benefited from many years of double-digit economic growth, which has helped fund a comprehensive military modernization effort. China's military is an increasingly trained and capable fighting force focused, in part, on denying U.S. access to the Western Pacific during a time of crisis or conflict. There are a number of notable examples of China's improving military capabilities, including five new stealth and conventional aircraft programs and the initial deployment of a new anti-ship ballistic missile that we believe is designed to target U.S. aircraft carriers. China is producing great quantities of advanced aircraft, missiles, electronic warfare systems and other specialized military equipment, while its shipyards are currently building six classes of modern diesel-electric submarines, destroyers and frigates. These new systems augment or replace older platforms and are rapidly transforming the People's Liberation Army (PLA). China commissioned its first aircraft carrier a few months ago and is continuing efforts to integrate aircraft with the ship to achieve a nascent regional power projection capability within the next few years.

Chinese military operations are also expanding in size, complexity and geographic location. Last summer, the PLA-Navy conducted its largest ever exercise outside the first island chain and into the Western Pacific, demonstrating increasing proficiency and sending a clear message to the region. Chinese maritime intelligence collection operations increased in 2012 as well; with historic first such missions into the Indian Ocean and within the U.S. exclusive economic zones off of Guam and Hawaii.

Overall, China's intensive efforts to build, test, and field new aircraft, ships, weapons and supporting systems are of increasing concern to the region. Many Asian nations worry about Chinese current and future intentions, with many of them asking, "As China's military capabilities improve, will China's intentions change?"

Chinese naval and maritime law enforcement vessels have been active in recent years in trying to advance China's territorial and maritime claims in the South China and East China Seas. China's strong rhetoric about the indisputable nature of its claims, combined with active patrolling by civil and military ships and aircraft in the air and waters surrounding Scarborough Reef and the Senkakus Islands, has raised tensions with the Republic of the Philippines and Japan respectively. China has also used other economic and diplomatic tools to pressure those countries to accede to Chinese claims. These actions have resulted in U.S. partners and allies in East Asia seeking additional support and reassurance. I am particularly concerned that the activities around the Senkakus islands could lead to an accident and miscalculation and escalation between China and Japan. The close proximity of ships and aircraft from all sides of these disputes raises the risks of escalation. Elsewhere, in the South China Sea, periodic confrontations between Chinese and Vietnamese ships and Chinese efforts to pressure international companies to not explore for oil and gas raise tensions. China has consistently opposed using collaborative diplomatic processes – such as negotiations of a Code of Conduct or international arbitration – to address disputes in the South China Sea, instead insisting on bilateral negotiations.

China's relationship with Taiwan remains stable following the reelection of President Ma Ying-jeou in Taiwan. Cross- Strait tensions are at historic lows because Taiwan and mainland China have consistently pursued increased economic integration and people-to-people

exchanges. However, the PLA continues to maintain a robust military buildup opposite Taiwan that contradicts Beijing's stated pursuit of a "peaceful development" of cross-Strait relations. Many of China's military developments appear specifically intended for use in a possible future conflict with Taiwan. Included in this growing arsenal are hundreds of short-range ballistic missiles and land-attack cruise missiles, high-speed patrol boats equipped with advanced anti-ship cruise missiles, naval mines suitable for blockading Taiwan's ports, and various types of electronic warfare and cyber attack systems. Cyber activity presents a significant and growing threat to USPACOM.

China is rapidly improving its space and counterspace capabilities to advance its own interests, and presumably to challenge the U.S.' or other actor's use of space-based systems. China is expanding its satellite navigation, reconnaissance and communications capabilities through routine space launches. At the same time, we are concerned over extensive writings about – and apparent continued testing of – anti-satellite systems, including a purpose-built missile system, lasers and jammers.

One military development worth specifically highlighting is the advances being made across the Indo-Asia-Pacific to enhance or expand submarine forces, including in several smaller navies as a potential counter to stronger neighbors. From the northernmost part of our area of responsibility where Russia maintains attack and strategic capabilities in its Pacific Fleet, to the westernmost boundary where India is growing its submarine force, we see an emphasis on submarines throughout the region. The largest and most capable non-U.S. submarine force in the region is clearly China's, which continues to expand and modernize to complement China's increasingly capable surface fleet. Australia, Singapore, Indonesia, Malaysia, Vietnam and the ROK are nations that have recently launched – or soon will launch – new, modern submarines.

Both Russia and China are expected to soon field new ballistic missile submarines capable of ranging the U.S. homeland.

Violent Extremism: Violence perpetrated by extremists, separatists, nationalists and others of varied motivations remains a concern for USPACOM and our partners. Improvised explosive devices (IED) are the asymmetric weapon of choice for many of these groups. We average over 100 IED incidents per month in South and Southeast Asia, the highest rate outside Central Command's area of responsibility. The overwhelming majority of these incidents are not linked to global transnational violent extremism, but some are. We continue to see periodic eruptions of sectarian / religious violence in a variety of places, to include Burma, India, Indonesia, the Philippines, and Thailand. There is also a strong correlation between criminal activities and violent extremism, which often manifests through extortion, kidnapping and other violent crime. Several countries, including Bangladesh, Indonesia, and Malaysia, are traditional focal points for extremist recruiting, fundraising, movement and other facilitation efforts. Extremists affiliated with Iran are active in USPACOM's area of responsibility as well. Iranians with links to Hezbollah conducted both successful and disrupted attacks in India and Thailand in February 2012.

USPACOM has made significant progress in countering terror through building partner capabilities and through counter radicalization programs implemented by Civil Military Support Elements and Military Information Support Teams in support of U.S. Embassies. We are encouraged by the persistent pressure that our partners and allies have applied against VEOs over the last ten years and the marked success they have achieved in countering extremist ideology and terror plots. Continued success requires a consistent long-term effort to diminish the drivers of violence that al-Qa'ida and other terrorists exploit. These efforts to prevent terrorist

radicalization, recruitment, and mobilization are critical to defeating this dangerous ideology and reducing strategic risk; neither we nor our partners can capture/kill our way to victory in this fight. Continued modest preventive efforts today will make expensive reactionary efforts far less likely in the future.

Our partners in Southeast Asia have made impressive strides in reducing the danger posed by violent extremists, but disrupted attack planning in Indonesia, the Philippines, and Thailand last year is testament to the remaining threat. Smaller, more fragmented groups continue to pursue their disparate agendas through violence and intimidation. Joint Special Operations Task Force-Philippines (JSOTF-P) continued to advise and assist Philippine Security Forces as they improved counterterrorism capabilities in combating the Abu Sayyaf Group and Jemaah Islamiyah in the southern Philippines. The improving security situation has supported the implementation of an initial peace framework agreement between the Philippine government and the Moro Islamic Liberation Front. This agreement serves as a vehicle for ongoing negotiations to build lasting peace and improve security and stability in the Southern Philippines. Counterterrorism efforts, which have included improved information sharing and increased cooperation, have also had positive impacts on the related issues of piracy and crime. Piracy and robbery-at-sea in the Malacca and Singapore Straits remain low.

Lashkar-e-Tayyiba (LeT) remains one, if not the most operationally capable terrorist groups through all of South Asia. LeT was responsible for the November 2008 attack in Mumbai, India that killed over 160 people, including six Americans, and has supported or executed a number of other attacks in South Asia in recent years. Beyond the direct impact of these attacks, there is a significant danger another major terrorist attack could destabilize the fragile peace between India and Pakistan. Should the perpetrators of such an attack be linked

back to Pakistan – as was the case in the 2008 attack – the Indian government may face domestic pressure to respond and the resulting spiral of escalation could be rapid. For those reasons, and more importantly to protect innocent lives, we and our partners in the U.S. Government engage regularly with the Indians and Pakistanis to avert such a crisis.

India’s relationship with Pakistan has gradually improved in recent years, thanks to a series of confidence building measures, growing economic ties and the absence of large-scale destabilizing incidents. However, we remain concerned the progress could be quickly undone by a major terrorist attack. Both sides maintain modern, trained militaries underpinned by demonstrated nuclear capabilities. A major war on the subcontinent is not likely, but could be catastrophic to both sides, as well as the region. In addition, while India has seen its bilateral economic ties with China expand in recent years, its unresolved border disputes with China have remained a source of friction. We do not think war between India and China is inevitable or likely, but unresolved territorial issues and regional competition could fuel incidents.

Elsewhere, South Asia is mostly free from direct conflict, but various, mostly internal, challenges remain. Despite Nepal’s inability to resolve its many political issues, reintegration of former Maoist combatants into the army is now complete and the process has remained peaceful, with all parties and entities working within the framework of peace and stability. Bangladesh may struggle to contain political violence and turmoil as they face national elections early next year. Sri Lanka needs to work to move past its recent history and reconcile a nation divided by many years of civil war.

Indo-Asia-Pacific nations continue cooperative efforts to reduce illegal trafficking in drugs, persons and commercial products, an endeavor significantly challenged by the enormous distances and varied geography of the region. Through Joint Interagency Task Force West,

USPACOM partners with international and other U.S. government agencies in this effort.

Typhoons, earthquakes, floods, tsunamis and cyclones are all too common in Indo-Asia-Pacific. Increasingly severe weather patterns and rising sea levels threaten lives and property, and could even threaten the loss of entire low-lying nations. In 2012, almost 100 natural disasters struck Asia, causing nearly 4,000 deaths and affecting over 65 million people. Amazingly, this was actually below the 10-year average of over 6,600 people killed annually by natural calamities.

The illegal trafficking of people, animals and products poses a transnational threat. Counterfeit or substandard antibiotics can promote the introduction and spread of antibiotic resistant strains of diseases, such as malaria and tuberculosis. Water sanitation and global food security issues can divert resources and halt the flow of goods and services in the event of global pandemics. Illegal trafficking in animals and plants has the potential to spread organisms that destroy crops or food chain ecosystems. As we engage with the Indo-Asia-Pacific nations through Cooperative Health Engagement (CHE), we will enhance the region's ability to deal with these and other public health risks.

Based on USPACOM's past HA/DR experience, we have initiated changes to the planning and execution of health engagement in the Indo-Asia-Pacific. The focus has shifted from one-time provision of health care to an underserved population to CHEs which build sustainable, multilateral, capability, capacity and medical interoperability in support of the USPACOM Theater Campaign Plan. CHEs tie directly to health security, homeland defense and transnational threats. Some of our more successful efforts include Cambodia, Vietnam and Laos Blood Product Safety projects. These interagency collaborations have built national civilian and military blood product capacity resulting in a national self-sustaining blood supply. Through the

DoD HIV/AIDS prevention program (DHAPP), militaries of ten Indo-Asia-Pacific countries are implementing HIV prevention programs to reduce the incidence of disease among uniformed international partners, and by extension, in the civilian communities in which they live. DoD overseas medical research laboratories have made great strides in developing countermeasures to many emerging diseases. The Armed Forces Research Institute of Medical Sciences in Bangkok, Thailand, has made important breakthroughs on the Hepatitis A vaccine, the Japanese Encephalitis vaccine, and the first HIV vaccine to show efficacy in human trials. All of these engagements serve to build health security in the Indo-Asia-Pacific region and contribute to a more stable global health environment.

Resource Competition: Demand for water, food, and energy will only grow. Friction caused by water availability and use is evident between India and Pakistan, between India and Bangladesh, between countries in the Lower Mekong regions of Southeast Asia, between China and Southeast Asia, and even internally in China between the northern and southern regions of the industrialized east. Much of the Indo-Asia-Pacific is unable to adequately provide for their own food requirements, highlighting the need for stable, plentiful supplies available through international commerce. The same is true for energy supplies. Disruption to these supplies or unexpected price increases will quickly strain many governments' ability to ensure their population's needs are met.

Intelligence Support to Operations: The challenges I've addressed all place a significant strain on our theater and national intelligence organizations. Still, these challenges, which necessitated our national strategy to rebalance to the Indo-Asia-Pacific, must be met head on by our military leadership and the Intelligence Community (IC). There are several key enablers that I believe will assist in this task. Key among these is the continuing requirement for making "all

sensed data” available to our analysts so that it can be quickly absorbed into our decision cycle and visualized in a way that assists our understanding of complex issues. As we reset the Intelligence, Surveillance, and Reconnaissance (ISR) force in the drawdown from Afghanistan and reprioritize our overhead sensors, we must ensure that those ISR sensors and accompanying processing, exploitation, and dissemination (PED) architectures and personnel that help us understand our unique operating environment are optimally positioned and outfitted to achieve this mission. Most importantly, I need to have effective command and control over ISR architecture in real-time through all phases of operations. We are making steady progress in all of these areas. Improving processes to rapidly share information with allies and partners creates a common understanding within the region and results in more effective and robust relationships. Maturing concepts for cloud architectures and initiatives to enhance access to those clouds have great promise to unleash knowledge from derived data in ways that we have not yet experienced. Significant advances in intelligence mission management are helping address my need for effective command and control, optimization and visualization of ISR. Still, we have much work to do to fully realize the potential advantage of a penetrating understanding of our key threats.

The Indo-Asia-Pacific Rebalance

The Rebalance to the Asia-Pacific Strategy reflects the recognition that the future prosperity of the United States will be defined largely by events and developments in the Indo-Asia-Pacific.

While the Indo-Asia-Pacific region today is at relative peace, we remain concerned as we see stress points in territorial disputes and the threat that North Korea presents to the peace and security of the region. However, the credible and persistent commitment of the United States to the region through robust presence and partnerships has, and will continue to provide, an

enduring, prosperous, and stable security environment for the region.

Fundamental to the rebalance is that USPACOM actions align and synchronize with the diplomacy, policy, and economic confidence building measures of our U.S. government partners. These coordinated efforts demonstrate an enduring resolve to show commitment to the Indo-Asia-Pacific across all facets of engagement. USPACOM remains focused as the military component of this commitment, and we will continue to plan and conduct operations, actions, and activities that support this holistic governmental approach in building upon the peace and prosperity of the region.

The posturing and forward presence of our military forces is key to USPACOM's ability to rapidly respond to any crisis or disaster. Due to the vast distances involved in our area of responsibility, it is imperative we continue to receive the support provided by our partners in the Services and through the Congress to maintain the readiness of our forward deployed forces. USPACOM manages the rebalance along four lines of operations that form the bedrock of our strategy. Those four lines of operations are; (1) strengthening alliances and partnerships, (2) improving posture and presence, (3) developing capabilities and concepts, and (4) planning for operations and contingencies.

Strengthening Alliances and Partnerships: At the core of the rebalance, is an effort to renew, modernize and strengthen our alliances and partnerships in support of shared security interests. We are ensuring our alliances are adaptive so they can meet the challenges of the current security environment while capitalizing on emerging opportunities. Similarly, we are exploring innovative ways to expand cooperation through more effective strategic partnerships in order to address the complex problems presented by nontraditional security challenges. USPACOM is working closely with the five U.S. treaty allies in our AOR, Australia, Japan, the

Philippines, South Korea and Thailand, as well as key partners, including India, Indonesia and Singapore.

Australia: The U.S.-Australian alliance is an anchor of peace and stability in the Indo-Asia-Pacific, and promotes economic development and integration, good governance, and the rule of law. USPACOM coordinates closely with our Australian partners to promote security in the region. This past fall in Sydney, we co-hosted USPACOM's Pacific Chiefs of Defense annual conference, where 22 of 26 Chiefs of Defense attended. We engaged in a weeklong series of briefings and discussions on security cooperation. In addition, the Australian Chief of Defense and I attended the Australia-U.S. Ministerial (AUSMIN) Consultations in Perth in November where we jointly briefed on our robust mil-to-mil engagements.

We are continuing to implement the force posture initiatives announced by President Obama and Prime Minister Gillard in November 2011, which include U.S. Marines who will rotate through Darwin to participate in bilateral training. In addition, access by U.S. aircraft to airfields in Northern Australia, which will provide significant training opportunities. The first rotational deployment of approximately 250 U.S. Marines in Darwin was successful, and planning continues for the second rotation scheduled to begin in April 2013. We are working together to increase the USMC rotational presence in Darwin to approximately 1,100. This increase will require infrastructure improvements and we are currently in the process of identifying the details of those requirements. We are also working through the protocols and lift required to deploy these personnel in the event of a natural disaster as we did during the 2004 Indian Ocean tsunami. I am confident that our efforts will bear fruit, and we will continue to posture in a manner that supports our strategic objectives.

We also continue to seek better opportunities to advance bilateral and multilateral

operations. For example, our biennial Exercise TALISMAN SABER 2013 is a combined U.S. - Australian exercise designed to train our respective military forces in planning and conducting Combined Task Force operations. We are further analyzing the benefits of expanding TALISMAN SABER to include other security partners.

We are also realizing increased value in the expansion of regional trilateral security cooperation engagements. The close relationship between Australia and the U.S. facilitates the inclusion of other countries to our combined security cooperation efforts, such as with Japan. This allows us to move forward together and support multilateral security exercises and activities with multiple nations focusing on Proliferation Security Initiative exercises, HA/DR operations, information sharing, intelligence, surveillance, and cyber security cooperation.

Japan: The U.S.-Japan Alliance, supported by a robust U.S. military presence in Japan, continues to provide the deterrence and capabilities necessary for the defense of Japan and for the maintenance of peace, security, and economic prosperity in the Indo-Asia-Pacific. Over the last year, the Office of the Secretary of Defense and USPACOM have worked with our Japanese counterparts to realize adjustments in the U.S. force posture in the Indo-Asia-Pacific. Significant achievements with realignment initiatives include: progress in the environmental impact assessment process for the Futenma Replacement Facility; the expansion of aviation training relocation programs to Guam; the relocation of the Japan Air Self Defense Force (JASDF) Air Defense Command to Yokota Air Base; and progress in the relocation of the Japan Ground Self Defense Force (JGSDF) Central Readiness Force Headquarters to Camp Zama.

These movements do not alter the fundamental goals of the Realignment Roadmap, which are to maintain deterrence and mitigate the impact of U.S. forces on local communities. In fact, the adjustments improve interoperability between U.S. forces and the Japan Self Defense

Forces (JSDF) thereby strengthening the overall deterrent capability of the U.S.-Japan Alliance. Bilateral exercises, such as KEEN EDGE 2012 and KEEN SWORD 2013, do the same and continue to expand earlier set precedents for expanded U.S.-Japan operations. Likewise, the deployment of Marine Corps MV-22s to Okinawa replaces outdated equipment and brings enhanced capabilities to our forward deployed Marine forces.

In concert with the Joint Staff and the Office of the Secretary of Defense, we have begun to evaluate alliance roles, missions, and capabilities in order to fortify the alliance for the evolving challenges of the regional and global security environment. The United States and Japan continue to share common security interests such as containing the threats presented by the North Korea, providing humanitarian assistance and disaster relief (HA/DR), and supporting freedom of action in shared domains. In addition, we are cooperating to help allies and partners in the region build security capacity through training and exercises. These efforts will contribute to continued peace and stability in the region.

Philippines: Our 62-year-old alliance with the Philippines remains key to our efforts to ensure the stability and prosperity of the Western Pacific, and we are modernizing the relationship to meet the challenges of the 21st Century. High-level engagements including Secretary Clinton's visit to Manila in November 2011, when she signed the "Manila Declaration," the first "Two-Plus-Two" Ministerial Consultations hosted by Secretaries Clinton and Panetta in April 2012, and President Aquino's official visit in June 2012, have reinvigorated the U.S.-Philippines relationship. We are seeing a renewed interest to redefine our relationship with capability and capacity building beyond the CT effort; increased rotational access; and more sharing of situational awareness in the maritime domain.

We remain committed to our alliance with the Philippines as defined in the 1951 Mutual

Defense Treaty. This past December, we co-chaired the annual Mutual Defense Board/Security Engagement Board in Manila, which remains the focal point of our expanding military relationship. As the Armed Forces of the Philippines (AFP) continue to transition from internal security operations to territorial defense, we will make adjustments to the military-to-military relationship in order to effectively mitigate perceived threats. We are currently discussing opportunities to increase rotational presence of U.S. forces in jointly identified priority areas to allow new training for Philippine and U.S. forces.

We use training opportunities to address short-term AFP capability gaps while helping them build long-term capability and capacity. Additionally, our security assistance is primarily focused on supporting the AFP maritime domain awareness and maritime security capabilities, but also includes information technology and cyber security. This past May, we transferred a second Hamilton-Class Coast Guard Cutter (Ramon Alcaraz) to the Philippines, and we continue to partner with the AFP to affect the necessary maintenance and training.

Operationally, USPACOM engages the Philippines through the Joint Staff-sponsored exercise BALIKATAN and periodic PACIFIC PARTNERSHIP missions that focus on humanitarian/civic assistance and civil military engagement as well as numerous service component-led exercises. In addition, for the past decade, JSOTF-P has operated in a non-combat advisory and assist role in support of the AFP to combat and contain violent extremist organizations. We are currently assessing JSOTF-P's enduring requirements to align with the current security situation. A strong U.S.–Philippines alliance greatly enhances regional stability and helps the U.S. guarantee an environment that will help prevent miscalculation, promote regional cooperation, and protect vital Sea Lanes of Communication for all parties.

Republic of Korea (ROK): 2013 marks the 60th year of the U.S.–ROK alliance, which

remains strong and essential to the success of our strategy. For over six decades, the United States and the ROK have collectively worked to provide peace and stability in Northeast Asia by deterring a North Korean regime committed to periodic provocations and overt threats to peace and stability on the peninsula and in the region. A major conflict in Korea could have unpredictable, long term, and far reaching impacts due to the central location of the Korean peninsula in Northeast Asia and the vital importance of Northeast Asian trade to the global economy. We have limited understanding of North Korean leadership intent, which remains a concern to long-term stability.

General Thurman and I are aligned in our efforts to do what is necessary for the United States and the ROK as this alliance undergoes transformation, a change that will ultimately assist the ROK to better meet security challenges both on and off the peninsula. Part of that transformation is the transition of operational control to the ROK military, which will allow it to take the lead role in the combined defense of Korea. Transition of operational control in 2015 is conditions-based and certification of key capabilities must be accomplished. The U.S.-ROK exercise program – which includes KEY RESOLVE and ULCHI FREEDOM GUARDIAN – is a key mechanism to certify that critical capabilities, such as C4I and command and control of combined and joint forces, are achieved. As we proceed through the transition process, USFK will seamlessly transform into U.S. Korea Command (KORCOM) and will remain capable of executing future plans.

To address the growing threat posed by North Korean missile capabilities, the U.S. and ROK have been conducting close consultations through the Alliance Counter-Missile Capabilities Committee. Last fall, these discussions resulted in the adoption of a comprehensive Alliance counter missile strategy. ROK capability improvements under this strategy include the

development of new ROK ballistic missiles that increase ranges from 300 kilometers (km) up to 800 km, strengthened missile defenses, improvements to command, control and communications, as well as enhanced ISR capabilities. All of this is to better achieve a fully-integrated and operational missile defense umbrella. As part of enabling these improvements, the Missile Guidelines governing ROK missile and unmanned aerial vehicle ranges and payloads were revised. These improvements in ROK capabilities are a smart and proportionate response to the growing North Korean missile threat.

Trilateral security cooperation between the United States, the ROK, and Japan has been evolving, although political and historical context moderates the pace at which it develops. The shared values, financial resources, logistical capability, and planning capacity to address complex contingencies make this trilateral partnership a relationship worth pursuing.

USPACOM and our counterparts within Japanese and the ROK military staffs will continue to find ways to enhance trilateral cooperation with diplomatic assistance. During the April 2012 and December 2012 DPRK missile tests, USPACOM coordinated closely with both our ROK and Japanese counterparts throughout the launches. We conducted a trilateral naval exercise in the Yellow Sea in June 2012 improving our naval forces' tactical interoperability in ballistic missile defense. U.S., ROK and Japan officials issued a trilateral statement at the Defense Trilateral Talks in early 2013 stressing that we will closely coordinate to monitor a potential North Korean nuclear test and to respond to ballistic missile threats.

Thailand: As the treaty relationship between the U.S. and Thailand enters its 180th year, our relations remain strong, vibrant, and essential. Thailand has demonstrated a willingness and capability to act as a regional leader in a number of areas, including HA/DR efforts. Thailand has also been a partner supporting reform in Burma, and invited representatives from Burma, as

observers, to exercise COBRA GOLD 13, which is the U.S.'s largest co-hosted multilateral exercise in the world. Thailand is a demonstrated partner in counterterrorism and is the U.S.' oldest partner in the region.

Thailand will be increasingly important in collective security, peace and prosperity in the region. USPACOM remains committed to helping the Thai military further develop its already impressive capabilities so that it can assume even greater security responsibilities in the Indo-Asia-Pacific, particularly in counter-piracy and maritime security, humanitarian assistance and disaster relief, and peacekeeping operations.

India: The U.S.-India relationship is the strongest it has been since India gained its independence in 1947. A strengthened U.S.-India strategic partnership is imperative to achieve U.S. national interests including ensuring regional security, strengthening the international trading system, protecting shared domains, countering terrorism, and bolstering international nonproliferation. We remain India's most frequent partner for security engagements. Our defense relationship is built around a robust program of dialogues and engagements, military exercises, personnel exchanges and defense trade, which has grown from \$0 to \$9 billion dollars in less than a decade. The Indians now operate a fleet of six C-130J cargo aircraft; they have taken delivery of their first of eight P-8I Poseidon maritime patrol aircraft and their first of ten C-17 Strategic Airlifters.

Our relationship with India has room to grow, and we are optimistic and enthusiastic about its potential. India's legacy of non-alignment and commitment to a policy of "strategic autonomy" is often viewed as limiting the relationship. However, our shared values and commitment to democratic principles inevitably place us on parallel, if independent paths. Several of these parallel interests include cooperating in multilateral forums which address

counterterrorism and maritime security, including anti-piracy and HA/DR issues. We support India's increased desire for regional leadership.

While U.S.-Indian relations remain on an upward trajectory, we recognize there are impediments that must be overcome in the relationship. Process issues in the Indian bureaucracy and Indian concerns about U.S.-Pakistan relations are examples of challenges to achieving the strategic partnership we seek. Deputy Secretary of Defense Carter's India Defense Trade Initiative, however, has great potential to overcome much of the inertia and institutional red tape that has hampered our ability to expand cooperation. Even though progress is incremental, USPACOM continues to reinforce our desire for, and commitment to an expanded relationship that promotes a secure and stable South Asia.

Indonesia: Since President Yudhoyono signed a comprehensive partnership between Indonesia and the U.S. in 2010, progress has been made in military relations. Following a decade of political, economic, and military reform, Indonesia has surfaced as a vibrant democracy, with an emerging economy and a strengthened USPACOM – Armed Forces of Indonesia (TNI) relationship. We are working extensively with Indonesia in areas such as resilience and disaster risk reduction, counter terrorism, and, most recently, Indonesia and the United States were designated co-chairs of the Asia Pacific Intelligence Chiefs Conference. As co-chairs with Indonesia since 2011, we are now preparing to conduct the inaugural Counterterrorism Exercise (CTX) of the Association of Southeast Asian Nations (ASEAN) Defense Ministers' Meeting – Plus (ADMM-Plus) Experts Working Group (EWG) on Counterterrorism in 2013.

Following a 12-year hiatus, USPACOM has reestablished security cooperation activities with the Indonesian KOPASSUS (Army Special Forces). The measured pace of this engagement

includes key leader dialogue and small-scale subject matter expert exchanges in areas such as military decision making, medical planning and law of war / human rights. More activities of this type are planned for 2013 and will gradually expand at a pace commensurate with the demonstrated progress in the TNI's transparency and institutional reform. Broadly speaking, we cannot afford to disengage just as we establish key partnerships in the Pacific.

Defense trade is also increasing as Indonesia grows its military budget. The United States is providing Foreign Military Financing and is in conversation with Indonesia on purchases of military equipment such as attack helicopters, fighters, and radar systems. The comprehensive partnership between Indonesia and the United States is strengthening ties between the two countries as well as bolstering our engagement with Southeast Asia and the region as a whole. The progress in this security relationship is very promising for both countries.

Singapore: Our bilateral relationship with Singapore is extensive and continues to strengthen and broaden. Singapore armed forces comprise a small, but capable military, and the access to port and airfield facilities they grant the United States is key to our posture in the Asia Pacific. Their main focus continues to be security within the Strait of Malacca and Singapore Strait and they cooperate with Indonesia, Malaysia and Thailand in conducting security patrols within the Straits against piracy and other illicit activities.

Singapore's armed forces are also conducting counter-piracy missions in the Gulf of Aden. Both of our militaries are seeking to increase engagement across all USPACOM service components. Singapore's offer to host U.S. Littoral Combat Ships (LCS) at Changi Naval Station, the first scheduled to arrive in April 2013, will also significantly enhance USPACOM's posture.

Engaging with Other Partners:

New Zealand: In addition, PACOM has been working hard to promote our security relationships with our partners in the region. For example, U.S.-New Zealand bilateral ties are stronger than it has been in three decades. We have made historic improvements in our relationship as we advance diplomatic, economic, and security cooperation. The growth between our countries is exemplified by regularized strategic and defense consultations, joint efforts to protect Antarctica's maritime ecosystem, and strategic dialogues on the Pacific Islands. The Washington Declaration, signed by Secretary Panetta and Defense Minister Coleman in June 2012, has allowed for greater flexibility in terms of joint exercises, military liaisons, and military educational exchanges. In 2012, Secretary Panetta announced a significant policy change, modifying restrictions on U.S. military relations with New Zealand by allowing the Secretary of Defense to waive, on a case-by-case basis, the restriction on access by Royal New Zealand Naval vessels to U.S. military and Coast Guard facilities.

China: The U.S.-China relationship has elements of cooperation and competition. The overall U.S. policy goal is to expand the areas of practical cooperation in addressing shared economic and security challenges, while preventing unhealthy and disruptive competition from undermining the relationship. In January 2011, President Obama and Chinese President Hu Jintao agreed to "build a cooperative partnership" that included a commitment to develop "continuous, stable, and reliable military-to-military relations." More recently, in 2012, President Obama and President Hu Jintao agreed to explore "building a new model of major power relations" in recognition of the fact that rivalry and conflict does not need to be inevitable between a rising power and an established power. Both Washington and Beijing are working towards these goals, as evidenced by the more than 60 formal dialogues a year including the

Strategic and Economic Dialogue, which USPACOM attended at the invitation of Secretary Clinton last year. Both nations recognize the importance of our bilateral relationship not only to the Indo-Asia-Pacific region, but also to the world, which explains in part why, in spite of many disagreements, the United States and China stress the importance of stability in the overall bilateral relationship.

For the first time in four years, the Commander of USPACOM participated in a military-to-military engagement with China in country. To mature the partnership, I visited China twice in my first six months as a commander and hosted reciprocal visits at my headquarters.

The importance of stability presents opportunities in our bilateral military-to-military relationship. China's participation in regional multilateral and bilateral security dialogues, consultations and mechanisms has grown commensurate with its rising economic and military clout, and has provided greater potential for cooperative engagement with the United States and the region. Through those multilateral and bilateral activities, the United States is working with the Chinese to build a relationship that seeks to address regional security issues based on enhanced trust and convergent interests. Nontraditional missions such as HA/DR, counter-piracy, peacekeeping, and military medicine offer potential for growth. The Chinese received our invitation to attend the Rim of the Pacific (RIMPAC) Exercise in 2014 very positively, and it appears both sides view U.S. outreach and Chinese attendance as an important step in fostering greater trust and openness in the bilateral military-to-military relationship.

The seventh U.S.-China Defense Policy Coordination Talks in October 2012 featured substantive discussions on U.S.-China relations including maritime security and safety, as well as regional and global security issues. In early December, USPACOM hosted a delegation of PLAN officers led by VADM Zhang Yongyi, Vice Chief of the PLAN. Discussions during the

roundtable focused on USPACOM's mission in the region and USPACOM's thoughts on the U.S. government's perspective on recent territorial and maritime disputes in the East China Sea and South China Sea. During the 13th U.S.-China Defense Consultative Talks in early December, both delegations reaffirmed the importance of a healthy, stable and reliable military-to-military relationship. We achieved a broad consensus on a number of areas of common concern and candidly discussed areas of disagreement. The U.S.-PRC 2013 Military-to-Military Planning Conference in Beijing expanded on these talks. Both sides agreed to a bilateral plan consisting of over 40 events, the largest number since China suspended military-to-military engagements in 2010.

Our bilateral military dialogues with China provide us with important opportunities to discuss our respective concerns as well as to explore areas of future cooperation. The Chinese characterize our rebalance as militarily heavy, aimed at containing them, and that it has "emboldened" regional actors such as the Philippines and Japan against them, generating regional instability. However, Beijing also questions the sustainability of the rebalance, pointing to sequestration and other looming fiscal issues.

A continuing point of friction between the U.S. and China and a key part of bilateral discussions involves Chinese efforts to impede our lawful military activities in international air and maritime areas. While we do not believe China seeks a repeat of the 2001 EP-3 incident, we still see instances where Chinese forces conduct unsafe or unprofessional maneuvers in proximity to legally operating U.S. forces.

Despite our many differences with the Chinese, we have areas of common interest, and both sides agree that 2012 was an especially positive and productive year for military-to-military relations. We furthered the relationship in line with DOD's long-term objectives of increasing

cooperative capacity, fostering institutional knowledge and building a common picture of the security environment. The PLA became more amenable to conducting more complex engagements, and committed to events beyond the normal one-year time frame. USPACOM will continue to develop this relationship focusing on our converging interests in counter-piracy, counter-terrorism, protecting sea lanes, and humanitarian assistance and disaster relief.

Multilateral Relationships and Institutions: While the U.S. is committed to strengthening bilateral alliances and partnerships, we also recognize the critical role multilateral relationships and institutions will play in enhancing regional security. Common challenges like natural disasters that strike with little warning require unified efforts to respond rapidly and effectively. Institutions such as ASEAN can serve as an organizing force to harness such efforts but can likewise serve as a unifying body in establishing principles that support responsible behavior by regional actors.

USPACOM, working with the State Department and the Office of the Secretary of Defense, has supported U.S. engagement with ASEAN. I recently met with the newly-inaugurated ASEAN Secretary General and was encouraged by his desire to continue the progress made by his predecessor in addressing security-related matters in Southeast Asia. We are also participating in two major ASEAN Humanitarian and Disaster Response field training exercises in May and June 2013 reinforcing multilateral civ-mil and mil-mil cooperation as the ASEAN Humanitarian Assistance (AHA) Center comes online.

Engagement Tools: Foreign Military Financing (FMF) and International Military Education and Training (IMET) are two of the top security cooperation engagement tools available to USPACOM. With minimal continued increases to meet our requirements, we can truly address a broad range of challenges from border security issues, HA/DR, counterterrorism,

and military-to-military engagement. USPACOM countries receive between 0.1%-0.15% of the worldwide FMF. Specific USPACOM considerations in making FMF budget recommendations include: Commander and Theater Campaign Plan priorities, coalition partner contributions or country priorities, and U.S. access objectives. The Philippines and Indonesia were the top beneficiaries of USPACOM FMF aid in FY12. IMET is a low cost, high impact program that has a longstanding track record of establishing valuable relationships with senior officers and leaders from critical partner nations.

Programs such as these contribute resources which USPACOM can synchronize with other efforts to build right-sized capacity at the right time, ultimately strengthening our relationships, building interoperability, and maintaining our leadership role in the region. The sustained engagements these programs provide also help regional nations appreciate the value of maintaining an active U.S. presence.

Improving Posture and Presence:

The U.S. requires a more geographically distributed, operationally resilient and politically sustainable posture that allows persistent presence and, if needed, power projection. As many of you who have frequently visited Asia know, the tyranny of distance imposed by the size of both the Pacific and Indian Oceans and intervening landmasses requires the United States to operate forward in order to achieve rapid response. This rapid response hinges on flexibility and forward positioning of both permanent and rotational military forces and is essential in enabling us to influence the onset and unfolding of crises, prevail in conflict, and provide aid in the aftermath of disasters.

Some of the most visible results of the rebalance can be seen in the ground forces now returning to theater. After a dozen years supporting wars in the Middle East, USPACOM's

permanently-assigned forces are resetting to focus on the Indo-Asia-Pacific. Recently, the Army removed I Corps and the 25th Infantry Division from world-wide service rotation, permanently assigning them to USPACOM and, at my request, subsequently elevated Commander, U.S. Army Pacific to a four star position. Likewise, the Marine Corps removed the III Marine Expeditionary Force from its world-wide service rotations, allowing them to once again concentrate on Pacific theater missions.

A large component of USPACOM's permanent posture adjustment is the Defense Policy Review Initiative (DPRI), which is a product of an extensive force posture and footprint review conducted by USPACOM and approved by the Secretaries of Defense and State in 2005. DPRI also remains a key transformational goal of the U.S.-Japan Alliance, and we are supportive of its implementation. A major element of DPRI is the significant reduction of Marine forces on Okinawa and relocation of approximately 8,000 Marines to Guam and Hawaii. The resulting end state is a transition from a heavily-concentrated Marine force in Northeast Asia region to four Marine Air Ground Task Forces geographically distributed across the Pacific providing a more flexible and balanced capability throughout the entire Western Pacific. The implementation is in progress with the Environmental Impact Statement under development in Guam and land-use alternatives being studied to support a future Environmental Impact Statement in Hawaii. While we intend to leverage the use of existing infrastructure to the maximum extent possible, resource investments will be needed to support this realignment. Based on current planning estimates we anticipate the movement of Marines to Guam by 2020 and to Hawaii by 2026. It should be noted that the government of Japan has also committed to providing \$3.1B to support the strategic realignment. It is recommended that a focused approach be adopted for the identification of required resources so that this estimated timeline can be accelerated and the strategic benefits of

a balanced forward force presence across the entire Western Pacific can be realized sooner.

Additional DPRI initiatives include the relocation of part of the Navy's air wing in Japan from Naval Air Facility Atsugi to Marine Corps Air Station Iwakuni as a result of encroachment issues. In large measure, DPRI remains on track due to the contributions provided by the Government of Japan (GOJ). In December 2012, the GOJ submitted the environmental impact statement for the Henoko-based Futenma Replacement Facility to the Okinawa Prefectural Government, moving the process one step closer towards completion. Meanwhile, U.S. forces will continue to operate from the existing facility at Marine Corps Air Station Futenma.

As previously mentioned, changes in rotational forces are already underway. These include the rotational presence of Marines in Darwin, Australia, and the upcoming rotational presence of Littoral Combat Ships at Changi, Singapore. Further, USPACOM is able to enhance the persistence of our rotational and forward deployed force presence through various operations such as those conducted in support of freedom of navigation, humanitarian missions, and civic assistance, to name a few. Pacific Air Force's Operation PACIFIC ANGEL and Pacific Fleet's PACIFIC PARTNERSHIP are two examples that bring joint, combined and non-governmental organizations together to deliver cooperative health engagements, engineering civic action programs and subject matter expert exchanges to many nations, specifically in areas like Oceania, Sri Lanka, and Laos – opening doors that would otherwise be closed to a U.S. military presence.

In addition to operations, exercises serve as a valuable means of augmenting presence in and around the region while simultaneously providing opportunities for robust and meaningful engagement. The USPACOM exercise program is key to maintaining a credible defense posture, strengthening relationships with our allies, expanding our partner networks, and preparing to

accomplish the full range of military contingencies. Congressional support for the Combatant Command Exercise Engagement and Training Transformation (CE2T2) program, therefore, is critical. CE2T2 directly impacts our ability to conduct joint training exercises and theater security engagement events in the Pacific region. USPACOM's portion of this essential program is comprised of 18 major exercises and involves joint military forces, interagency activities, and 30 of our 36 partner nations. In support of the rebalance, the number of major exercises conducted will expand to include events with Malaysia, regional Proliferation Security Initiative (PSI) partners, and ASEAN.

The exercise program also provides important venues for joint experimentation to accelerate the development and fielding of new and maturing concepts, technologies, and procedures ahead of potential adversaries. This is essential to the development and application of innovative capabilities and concepts that comprise the third component of USPACOM's rebalance efforts.

Developing Capabilities and Concepts:

Today's regional threats and potential contingencies necessitate USPACOM be equipped with America's most advanced ships, aircraft, intelligence collection, logistics, and missile defense capabilities, thereby placing our finest forces forward. In order to outpace the rapidly evolving challenges of tomorrow, however, USPACOM requires further investments in hardware, systems, and innovation. For example, the Indo-Asia-Pacific's unique challenges in terms of distance and threat require development of capabilities related to lift; long-range strike; ISR; sub-surface capabilities; and missile defense. We are also working with the Deputy Secretary of Defense's Deputy's Management Action Group (DMAG Asia Pacific) to determine the optimal mix of capabilities, given competing requirements.

USPACOM is further working to improve cyber capability, capacity, and security through our recently activated Joint Cyber Center – Pacific. We believe the Joint Cyber Center is critical for synchronizing cyber operations with the other operational domains. In order to improve cyber operations with allies and partners, USPACOM continues to advocate for implementation of a Joint Information Environment (JIE) that addresses coalition networks as an organic element of the design. As a result of our cyber planning, exercise, and engagement efforts, the United States has emerged as the partner of choice in the Pacific for collaboration in the cyber domain.

We must continue to progress in strengthening the collective cyber security capabilities of the U.S. and its allies and partners. Our bilateral and multilateral communications interoperability programs have improved the management of electromagnetic spectrum, tactical data link capabilities, communications security, and satellite management in the multilateral environment. We are working to meet increasing demand for cyber and information assurance partnerships, including requests from all nations with whom we have bilateral communications agreements as well as those from emerging partner nations.

Resilient cyber and space capabilities are critical to USPACOM's ability to maintain communications, situational awareness, and command and control of forward deployed forces and coalition partners. USPACOM is working with allies and partners to strengthen collective cyber security and those efforts have the collateral benefit of strengthening relationships as they build capacity. Still, a more defensible and secure cyber architecture specifically designed for joint and coalition mission partners as well as cyber defensibility is necessary to ensure our ability to communicate securely, share information, and conduct operations. Space assets also remain vulnerable to terrestrial and on-orbit threats. For example, China possesses a mature anti-

satellite (ASAT) research and development program. Expanding USPACOM's organic satellite communications capacity will help mitigate this threat.

Because USPACOM recognizes the resource constraints the U.S. faces, we also endorse and participate in the development of concepts that augment the efficacy of our capabilities. These include warfighting approaches such as the Joint Operational Access Concept, Air Sea Battle, and efforts to deepen ally and partner capacity to prevent, respond to, and rebound from crisis.

USPACOM further supports concepts that allow for creative and innovative funding mechanisms in order to accomplish our mission. The Global Security Contingency Fund (GSCF) is one such tool. Its broad-based authority has the potential to allow improved interagency security cooperation in support of U.S. government strategic objectives.

Moving forward, to better deter and defeat aggression, USPACOM is taking steps to improve in-theater critical munitions stockpiles. In the past year, U.S. Army Pacific and U.S. Forces Korea have seen tangible benefits from the rebalance, improving their ability to meet future requirements through enhanced prepositioned stocks. USPACOM is working with the Office of the Secretary of Defense and the Joint Staff through the Munitions Requirement Process to ensure adequate resourcing of munitions, as well as other logistics enablers, such as the pier facilities at Military Ocean Terminal Concord, a next generation Offshore Petroleum Discharge System, our inland petroleum discharge system capability, and completion of required MILCON projects in support of our theater petroleum plan.

Planning for Operations and Contingencies:

The final aspect to USPACOM's rebalance efforts is the planning we conduct for operations and contingencies. Just as innovative concepts allow us to maximize our resources,

so too, does creative planning. An example of this is our approach to the USPACOM Theater Campaign Plan (TCP). The TCP operationalizes our theater strategy and puts words into execution. Although the TCP has traditionally been used to generally guide command efforts for a five year period, planning has begun too late for our service components to execute with anything but resources on hand. USPACOM has now extended the TCP's time horizon by producing a Theater Campaign Order that defines component taskings for the current fiscal year. Planning for the next fiscal year occurs in conjunction with TCP planning for the next five year period, far enough out to allow our service components time to influence their parent service budgets.

Another example of a new approach to planning is our Theater Security Cooperation Plan. Developing mutually supported objectives and goals with our allies and partners is critical, and aligning a solidified U.S. position is crucial to building capability in the region. To support this effort we have developed Country Security Cooperation Plans to support the Theater Campaign Plan. These lay the foundation for our bilateral and multilateral engagements and allow us to be smarter in the application of our resources.

Additionally we have reassessed the efficacy of our theater-wide command and control efforts and have made the adjustments necessary to better respond to the dynamic security environment we find ourselves in.

Repercussions of Sequestration and Continuing Resolution

During the past decade the U.S. joint force has been heavily tasked in other AORs. As a consequence, the USPACOM AOR, in many areas has assumed additional risk. Examples of areas of particular concern are ISR assets, regional and homeland ballistic missile defense capabilities, carrier strike group availability, undersea warfare capabilities, munitions availability

and theater lift. The rebalance has given us a new opportunity to begin to solve this and to re-emphasize to our allies and partners that we are a committed Pacific nation. However, the impact of sequestration and shortfalls in operating accounts under the continuing appropriations resolution may begin to undermine our strategic rebalance initiatives, exasperate existing resource challenges, and result in increased risk.

Due to service funding reductions, USPACOM component training tempo will be drastically reduced; rotational forces in theater will be reduced, all leading to decreased ability to accomplish assigned missions, respond to crises, and support theater engagement objectives. These funding cuts will challenge our ability to execute both discreet operations and the broader Indo-Asia-Pacific rebalance strategy.

The net effect of sequestration will be a negative impact in the Indo-Asia-Pacific at a critical time as we look to stabilize our forward presence and increase engagement with our treaty allies and partners. Given the size of the USPACOM AOR, Service contributions, especially lift capabilities that the Air Force and Navy provide, are crucial to engagement with Indo-Asia-Pacific countries.

Facilities maintenance is critical to sustaining essential infrastructure. In order to provide immediate savings, Services will be forced to forgo facilities sustainment. Due to lack of maintenance, issues that would have been inexpensive minor problems will turn into expensive projects in future years. The inability to conduct preventive maintenance will affect the lives of our service members and will cause a bow wave of maintenance and infrastructure requirements in the out years. Degraded facilities put missions at risk and delayed MILCON projects endanger the implementation of international agreements.

Civilian furloughs and restrictions on hiring are of special interest. Civil servants

represent a noteworthy portion of our capability and capacity. If furloughs occur, every aspect of USPACOM's warfighting readiness will be adversely affected. Overseas schools, hospitals, and warfighting staffs will be impacted. Of particular concern, more than half of those who support our ISR architecture are civilians. The current budget restrictions and hiring freeze also puts at high risk the Joint POW/MIA Accounting Command's (JPAC) ability to meet the NDAA 2010 required 200 identifications per year by Fiscal Year 2015.

The impact to each of these civilians will be significant - 22 unpaid days equates to 20% less pay for nearly half the year. On a personal level, it breaks faith with a skilled workforce. Much of what they do simply cannot be picked up by others in their absence.

As we work through the near-term resource implications of funding reductions and assess the increasing risk, I will continue to work with the Services to preserve, to the extent possible, our essential homeland defense and crisis response capabilities... capabilities resident in our USPACOM forward deployed forces. We will also continue to demonstrate U.S. resolve and commitment to peace and security in the Indo-Asia-Pacific.

Conclusion

The Pacific Ocean does not separate the United States from Asia; it connects us. We are connected by our economies, by our cultures, by our shared interests, and our security challenges. We have been accepting additional risk in the Indo-Asia-Pacific region for some time. Our rebalance strategy is in place, and we are making progress. Implementing and sustaining the strategic rebalance will require long-term, sustained commitment and resources.

On behalf of our military members and civilian employees that work every day to ensure that our country is successful in this effort, I would like to thank the Committee for their support, and I look forward to answering your questions.