

**Statement of  
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**Before the**

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

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**The FY 2015 Budget Request for the Bureau of East Asian and Pacific Affairs**

Mr. Chairman, Ranking Member Faleomavaega, and distinguished Members of the Subcommittee, thank you for the opportunity to appear before you today to testify on the President's FY 2015 budget request for East Asia and the Pacific alongside USAID Acting Assistant Administrator Denise Rollins. I would also like to thank the Committee for its leadership in supporting and promoting engagement with the Asia-Pacific region and advancing U.S. interests there. I look forward to continuing to work with you to build on our current strategic priorities in the region.

The rebalance is built on a simple premise: the Asia-Pacific is integral to United States growth and stability. For that reason, our continued engagement must not and will not waver. Secretary Kerry recently submitted to Congress a report on State Department and USAID's strategy in support of the U.S. rebalance to the Asia-Pacific region that clearly articulates that the future security and prosperity of our nation will be significantly defined by developments in the region. The economies of East Asia and the Pacific are home to nearly a third of the world's people and a quarter of global economic output. The region also boasts some of the fastest growing economies, which collectively accounted for over 40 percent of the growth in global GDP in 2013, steadily increasing this region's impact on the global economy.

At a time when the region is building a more mature security and economic architecture to promote stability and prosperity, sustained U.S. commitment is

essential. U.S. leadership will strengthen that architecture and pay dividends for our security and prosperity well into this century.

### **Recent Progress on Rebalance Strategy**

During the first term of the Obama Administration, the President laid out a vision for the Asia-Pacific rebalance based on America's stake in a prosperous and stable region. In the second term, the Administration is continuing to build on those commitments to modernize our alliances, expand trade and investment, strengthen regional institutions and respect for rule of law, promote respect for human rights, and deepen our engagement with emerging powers such as Indonesia, Vietnam and China.

We have made significant progress. Our success is reflected by the strong support for U.S. engagement by our partners and allies in the Asia-Pacific. U.S. treaty alliances with Japan, the Republic of Korea, Australia, the Philippines, and Thailand form the strong foundation of our strategic position in the Asia-Pacific, ensure regional stability, leverage U.S. presence, and enhance our regional leadership. The President recently visited three of our five regional treaty allies—Japan, the Republic of Korea, and the Philippines—where he advanced our efforts to strengthen our security ties to meet key traditional and non-traditional security challenges of the 21st century. We also continue to develop our longstanding partnership with Singapore, deepen our comprehensive partnerships with Vietnam, Malaysia, and Indonesia, and expand ties with longtime friends such as Taiwan and New Zealand.

The President's April trip was part of a continuum of U.S. Government engagement that demonstrates the comprehensive nature of our rebalance, including an economic agenda for the region that combines expansion of trade and investment with greater regional economic integration. Negotiation of the Trans-Pacific Partnership (TPP) agreement remains the centerpiece of our economic strategy in the region. The completion of TPP will significantly advance our efforts to foster an open and inclusive economic order that will expand opportunities for U.S. firms to compete in the most dynamic regional market in the world.

The United States is also playing an active role in shaping a regional architecture comprised of robust regional institutions and multilateral agreements. The goal of these initiatives is to strengthen a rules-based regional order where principles, rules, and norms, not size, shape the behavior of all states. Enhanced and

multifaceted engagement with regional groupings such as the Association of Southeast Asian Nations (ASEAN), APEC forum, the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the Lower Mekong Initiative (LMI), and the Pacific Islands Forum reinforces America's role as a strategic partner and provides additional venues to pursue cooperation with partners in the region.

We are deepening our relationships with emerging powers.. We are seeking greater cooperation with China on the range of bilateral, regional, and global issues and constructive management of our differences. In the past year, President Obama launched Comprehensive Partnerships with Vietnam and Malaysia. These formalized partnerships provide overarching frameworks for advancing our bilateral relationships. At the same time, we continue to work to realize Indonesia's potential as a global partner. As a member of the G-20 and a large, majority-Muslim democracy, Indonesia is an increasingly important emerging power in the broader Asia-Pacific alongside China and India. We also are investing in developing our relationship with China, where we seek to expand tangible and practical cooperation on a range of bilateral, regional, and global issues, while also constructively managing our differences.

As we deepen our engagement with members of the region, we continue to urge them to embrace reforms that improve governance, protect human rights, and advance political freedoms. Across the Asia-Pacific region, the United States is joining with its partners to promote democratic practices, which are essential to regional prosperity and security.

### **Resourcing the Rebalance**

At the outset of the President's first term, the State Department, in conjunction with our partners at USAID, looked at how U.S. Government resources were distributed and realized that the distribution of resources did not match the growing importance of the region and our goals there. The distribution was out of balance. Over the last five-plus years, in close coordination with Congress, we have worked to rebalance this distribution of resources.

These resources fund critical efforts that directly advance U.S. economic and security interests in the region. Within public diplomacy, for example, our programs with an English focus are paying great dividends across the region. There are 100 Fulbright English Teaching Assistants (ETA) placed throughout Malaysia. A recent survey revealed that these ETAs have directly engaged over 88,000 Malaysian youth, teachers, and community members.

Our Lower Mekong Initiative employs an innovative development-diplomacy model that advances U.S. policy goals in the region and supports a well-integrated ASEAN. LMI builds key relationships among senior officials, promoting regional stability and enabling governments to tackle contentious issues such as the sustainable development and management of the Mekong River.

With programs in Asia and the Pacific, a modest amount of money can go a long way. With an annual budget of less than \$2 million, the Lao-U.S. International and ASEAN Integration program (LUNA), managed by USAID played a significant role in Laos' accession to the WTO. A new follow on program (LUNA-II) will strengthen trade-related economic governance by helping Laos fulfill the requirements for the Laos-WTO Accession Package and agreements in support of the 2015 ASEAN Economic Community. In the Pacific, funding for initiatives such as our Climate Change Adaptation Program for the Pacific is helping 12 Pacific islands nations cope with the impacts of climate change, which disproportionately threatens their future.

The Secretary's December 2013 announcement in Vietnam of expanded regional maritime capacity building assistance reflects our commitment to assist our ASEAN partners. The planned region-wide funding support for maritime capacity building exceeds \$156 million for the next two years. In Vietnam, for example, the United States intends to provide more than \$18 million in new assistance to enhance the capacity of coastal patrol units to deploy rapidly for search and rescue, disaster response, and other activities. The Secretary's announcement builds upon the longstanding U.S. commitment to support the efforts of Southeast Asian nations to enhance security and prosperity in the region, including in the maritime domain. Existing programs include efforts to combat piracy in and around the Malacca Strait, to counter transnational organized crime and terrorist threats in the tri-border region south of the Sulu Sea between the southern Philippines, Indonesia, and Malaysia, and to expand information sharing and professional training through the Gulf of Thailand initiative.

### **FY 2015 Budget Overview**

The FY 2015 budget request reflects our interests in the Asia-Pacific region, by sustaining key investments made throughout the President's first and second terms in office and investing in new initiatives to expand and deepen our commitment across the region. The overall FY 2015 request for East Asia and the Pacific is \$1.2 billion, which includes bureau-managed diplomatic engagement funds and

foreign assistance and reflects a 5 percent increase from FY 2013. Our budget request was crafted in full recognition of current budgetary constraints. We have also been mindful of the expectation by the American people that their government use their tax dollars wisely to meet clear foreign policy objectives and advance U.S. interests. The overall budget increase for the Asia-Pacific region was reached through considered analysis and entails difficult tradeoffs. It sends a clear signal of the importance of the rebalance and America's commitment to advancing our interests in the region.

### **Foreign Assistance to the Region**

The request expands foreign assistance funding to the Asia-Pacific region to \$810.7 million, from \$741.1 million in FY 2013, reflecting a \$69.6 million (9 percent) overall increase. Our foreign assistance request sustains and expands funding for the region in six areas aligned with our broader rebalance policy: (1) strengthening regional security cooperation; (2) enhancing economic integration and trade; (3) expanding development in the lower Mekong region; (4) addressing transnational challenges such as climate change; (5) supporting democratic development; and (6) addressing war legacies in Southeast Asia and the Pacific.

The State Department and USAID began expanding funding in these priority program areas in our FY 2014 budget. Today, I would like to focus on some specific examples of where the FY 2015 request further augments investments made to date.

Under regional security, for instance, the FY 2015 request of \$12.5 million for International Military Education and Training (IMET) reflects a \$4 million, or 46.7 percent, increase over FY 2013. The IMET request would straight-line or increase funding for efforts throughout the region. As we seek to build ties and influence in the Asia-Pacific, there is arguably no better program than IMET to ensure the United States is positioned for strong relationships with the next generation of military leaders. Our FY 2015 request recognizes that providing valuable training and education on U.S. military doctrine and practices promotes democratic values, builds capacity in key areas, increases the professionalization of the forces, and creates lasting military-to-military relationships.

The request also supports our maritime capacity building by increasing Foreign Military Financing (FMF) in the Philippines to \$40 million, a \$14.5 million (57 percent) increase over FY2013 levels. This assistance will expand our support for

the Philippines' efforts to improve its maritime security and maritime domain awareness, which is a U.S. priority.

On the development side, the FY 2015 budget expands funding for key economic governance programs. For example, the request further expands funding for the Governance for Inclusive Growth program in Vietnam, which was announced by Secretary Kerry in December 2013 in Ho Chi Minh City as a key program that will help Vietnam implement the important commitments it undertakes in the Trans-Pacific Partnership.

The budget provides \$88.45 million to support Burma's political and economic transition, a \$26.5 million (43 percent) increase over FY 2013 levels, to help to strengthen institutions, sustain reforms, and address challenges prior to and following national elections in 2015. Assistance programs in Burma, which Acting Assistant Administrator Rollins will discuss further in her testimony, provide an opportunity for the United States to help shape Burma's transition by promoting democratic values, stability, and development to secure the country's future as a responsible member of the international community after decades of isolation. Success in Burma depends on building the capacity of Burmese institutions to govern and on the strength of Burma's efforts to resolve existential ethnic, religious, and cultural identity questions. Assistance will continue to advance human rights and Burma's democratic transition by opening space for and strengthening civil society, ensuring broader participation by the people of Burma to shape and direct these reforms, and furthering reconciliation and an inclusive national identity.

The FY 2015 request for Burma also seeks funding and authorities to support measured and calibrated engagement with the Burmese military through Expanded IMET (E-IMET) training. This training will focus on reform-focused topics to support the peace process, civilian control, professionalization, accountability, transparency, and the protection of human rights. Voices from across Burmese society – opposition leader Aung San Suu Kyi and members of the National League for Democracy, ethnic minorities, former political prisoners, members of the 88 Generation Student group, and credible reformers within and close to the government – have urged the United States to engage with the Burmese military to improve its respect for human rights and help make it a stakeholder in the success of democratic reforms.

Finally, since Super Typhoon Haiyan made landfall near Tacloban, the United States has stood closely with our friends in the Philippines to offer assistance.

President Obama is committed to continuing to stand by the Philippines through the recovery process as it faces the many challenges associated with reconstruction. The FY 2015 request reflects this commitment by providing an additional \$20 million in Development Assistance to support mid- to long-term recovery efforts in the Philippines. These targeted investments in our development and security assistance build on our full cadre of programming in the region to support our crucial policy goals.

### **Diplomatic and Public Diplomacy Programs**

In addition to foreign assistance, the FY 2015 request also provides essential funds for additional personnel, operations, and public diplomacy to meet growing demands driven by our intensified focus on the Asia-Pacific region. Our nation benefits from additional resources to strengthen people-to-people ties with the region through expanded outreach and education and cultural exchanges, particularly with ASEAN countries.

Our FY 2015 Diplomatic Engagement request provides additional program and support costs for EAP, including funding to add three new positions to our existing 1,014 positions in order to fill critical needs at our embassies. These positions will support the Public Diplomacy operations and will be assigned to Jakarta, Indonesia; Ulaanbaatar, Mongolia; and Guangzhou, China. This increase comes on top of the 24 new positions requested in FY 2014 for the Asia rebalance. These resources must be accompanied by an increase in Educational and Cultural Exchanges funding for cultural and educational programs to reach a greater number of people throughout the region.

While the FY 2015 budget reflects a renewed commitment to the Asia-Pacific, it builds upon our active and enduring presence in the region as a Pacific nation. Our economic, diplomatic, and strategic ties in the region are stronger now than at any time in history. We look forward to building on that momentum in the months and years ahead.

Thank you, Mr. Chairman, for inviting me to testify today on our FY 2015 budget request. I am pleased to answer any questions you may have.