

**Statement of  
Assistant Secretary David Stilwell  
Bureau of East Asian and Pacific Affairs  
U.S. Department of State  
Before the House Foreign Affairs Committee  
Subcommittee on Asia, the Pacific, and Nonproliferation  
September 18, 2019**

**The FY 2020 Budget Request for the Bureau of East Asian and Pacific Affairs**

Chairman Sherman, Ranking Member Yoho, and Members of the Subcommittee: Thank you for the opportunity to appear before you today to testify regarding the President's Fiscal Year (FY) 2020 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 Senior Deputy Assistant Administrator for USAID Asia Bureau, Gloria Steele, who represents one of our primary USG partners in implementation of the Indo-Pacific Strategy.

The EAP region is home to a host of the Administration's top foreign policy challenges: addressing the Chinese government's pursuit of a repressive alternative vision of regional order that would trample the shared norms and democratic principles that have provided peace and prosperity for billions of people; addressing unfair and non-reciprocal trade relations; ensuring continued U.S. access to strategic sea and airspace that is vital to our economic and geographic security; and building international commitment to address the nuclear and missile threat from North Korea.

Simply put, what the United States does in the EAP region will have a significant impact on whether the current free and open international order endures, or is replaced by a "new type" of governance that favors might-makes-right, revisionism, and repression. Our work here truly matters.

In support of the Administration's Indo-Pacific Strategy implementation plan, the President's FY 2020 request includes a diplomatic engagement budget of \$336 million and a foreign assistance budget of \$760 million for the EAP bureau.

Our request responds to critical security, economic, and governance challenges outlined in the Indo-Pacific Strategy. Countries in the East Asia and Pacific region are on the front lines of the global competition between free and repressive visions

of world order, and resources for the Indo-Pacific Strategy are central to operationalizing our approach to this challenge.

Consistent with the Administration's approach to burden-sharing, we are coordinating with our partners and allies. Treaty allies Japan, Australia, and the ROK, each with their own Indo-Pacific strategies, are leaders in this regard. In Southeast Asia, there is great potential to further expand cooperation with treaty allies Thailand and the Philippines, and with important partners such as Vietnam, Indonesia, and Singapore. More broadly, the Administration is committed to our efforts throughout the region, including our engagement with ASEAN, the ASEAN Regional Forum, the East Asia Summit, the Pacific Islands Forum, and the Asia Pacific Economic Cooperation forum.

Our budget request sees significant growth in assistance for the Pacific Islands. China increasingly threatens the stability and sovereignty of Pacific Island countries (PICs) as it seeks to erode U.S. influence in the Pacific's vast waters, which offer critical strategic depth. We see Beijing regularly fuel a narrative of U.S. withdrawal from the region. Ramping up U.S. assistance, in coordination with other partners, will demonstrate our solid and growing commitment to the Pacific, with an emphasis on helping them defend their own interests, and prevent creation of a void that can be exploited. As part of our commitment to the region, on August 5, Secretary Pompeo announced our intent to begin negotiations on certain provisions of the Compacts with the Federated States of Micronesia, the Marshall Islands, and Palau.

### **Economics:**

EAP programs in this request will reinforce the market-based economic systems, private-sector finance, and open investment environments that have driven the region's economic success. Programs will accelerate U.S. exports and investments and bolster the ability of Indo-Pacific countries to implement sustainable, transparent, and high-quality infrastructure projects – principles that have proven to enhance stability and prosperity for decades. This engagement allows us and our partners to advance economic and trade policies that open markets; and achieve free, fair, and reciprocal trade. We have a number of programs designed to address economic growth and high standards investment. And we are working with our partners at USAID to promote improving environmental safeguards, which will help protect valuable natural resources, support inclusive economic growth, and improve governance.

The Infrastructure Transaction and Assistance Network (ITAN) is a whole-of-government initiative to mobilize USG resources and private sector investment to develop high-quality and financially sustainable infrastructure in the Indo-Pacific region. The initiative establishes a new interagency Steering Committee – coordinated by the National Economic Council’s Deputy Director for International Policy – to optimize U.S. tools for assessing and prioritizing development projects, directing development finance, and deploying technical assistance to strengthen infrastructure planning and procurement development in partner countries. It will work closely with the soon-to-be-launched U.S. International Development Finance Corporation and other government agencies.

We address energy infrastructure through Asia EDGE – Enhancing Development and Growth through Energy. This is a whole-of-government effort to strengthen energy security and ensure energy access across the Indo-Pacific. The United States provides technical assistance to improve partner countries’ policy, legal, and regulatory, and commercial environments and energy-related procurement processes to attract qualified investment; works with partners to develop national and regional energy markets; uses development finance to encourage the deployment of private capital; and helps countries develop smart grids and modern energy infrastructure.

On the cyber front, the Digital Connectivity and Cybersecurity Partnership (DCCP) program promotes access to an open, interoperable, reliable, and secure Internet in developing countries, with an initial focus on the Indo-Pacific region. This initiative establishes public-private partnerships to build digital infrastructure, expand opportunities for U.S. exports, and deploy technical assistance to support projects ranging from crafting information and communications technology (ICT) sector regulations to improving cyber incident response capabilities.

### **Security:**

As the Indo-Pacific becomes more contested and dynamic, we have to work harder to ensure peace and security. We are working with partners to strengthen maritime security and domain awareness, cybersecurity, humanitarian assistance and disaster response, as well as to counter transnational crime.

Eliminating the threat to the United States and our allies posed by North Korea’s illicit nuclear and ballistic missile programs is a top diplomatic priority. We remain committed to the goals President Trump and Chairman Kim set in their summit in Singapore in June 2018 and are prepared to begin working-level

negotiations to discuss how to make progress toward those goals, namely complete denuclearization of North Korea. At the same time, we coordinate closely with our allies and partners in the region and around the world, particularly the Republic of Korea and Japan, to maintain international unity and ensure continued implementation of existing sanctions. We are expending enormous effort to increase trilateral security cooperation with Japan and South Korea. Since the beginning of the Trump Administration, the final, fully verified denuclearization of North Korea remains a 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 information from independent sources into and out of the closed country, including through broadcasting.

On the South China Sea, we have stated publicly our deep concern for China's recent provocative actions against oil and gas activities in the region. These actions undermine peace and stability in the region, and call into question Beijing's commitment to peaceful resolution of maritime disputes. We continue to call on ASEAN to develop a meaningful framework that fully accords with international law and respects the rights and interests of third parties.

The region faces a number of common threats that require us to reinforce longstanding security alliances and partnerships and encourage a more networked approach to security cooperation. Our aim is to expand a flexible, resilient network of security partners to promote regional stability, advance maritime security and freedom of navigation, expand assistance/disaster relief and peacekeeping operations, and counter transnational crime.

### **Governance:**

Our focus on governance strengthens the economic pillar of our vision for a free and open Indo-Pacific. Continued prosperity and autonomy are rooted in good governance and transparency. These are necessary conditions to counter corrupt and opaque financial practices, social and economic influence, human rights abuses, and autocratic practices that continue to threaten growth and development of the region. The EAP request supports strong civil society, efforts to counter corruption, judicial sector and legal reform, responsible borrowing, and honest procurement and contracting practices, among other aims. Weak institutions, corruption, and poor human rights conditions drive away private sector investment. The Indo-Pacific Transparency Initiative (IPTI) that Vice President Pence

announced in November encompasses our efforts to empower the regions' citizens, help combat corruption, and strengthen the sovereignty of nations. The three outcomes we are seeking to build through the Transparency Initiative are sound, just, and responsive governance, characterized by strong anti-corruption measures and increased public sector accountability and transparency; strengthened rule of law and electoral processes and inclusive public participation in policymaking; and respect for fundamental freedoms and human rights reinforced by a strong, active civil society.

- **Sound Governance:** Increasing public sector accountability and transparency, fostering access to information, strengthening anti-corruption measures, promoting responsible borrowing, and encouraging honest and open procurement and public financial management practices.
- **Just Governance:** Strengthening the rule of law by supporting national and sub-national legislatures and government institutions, promoting legal and judicial reforms in line with international standards, strengthening the integrity of elections and political processes, promoting political party development, boosting inclusive public participation in policymaking, and building capacity to investigate and prosecute financial and other crimes.
- **Responsive Governance:** Promoting a strong, active civil society by supporting organizations that foster fundamental freedoms and human rights, strengthening grassroots social accountability initiatives, strengthening civic education, increasing the participation of women and minorities, expanding people-to-people exchanges, and increasing access to credible information through thriving and independent media.

### **Support for Regional Institutions:**

The United States strongly supports the ASEAN-centric regional architecture and is implementing security, economic, and governance goals of the Indo-Pacific Strategy through the U.S.-ASEAN Strategic Plan of Action, the East Asia Summit, and the ASEAN Regional Forum.

We are deepening our engagement in the Mekong and aligning the U.S.-led Lower Mekong Initiative to support the shared ASEAN and U.S. vision for a free and open Indo-Pacific. We continue to leverage APEC as the region's premier forum for advancing our economic and trade agenda. We have deepened our engagement

with the Indian Ocean Rim Association (IORA), which we believe plays an important role in reinforcing regional architecture, prosperity, and security.

### **Conclusion**

Embedding principles of the Indo-Pacific Strategy in our work will require efforts across the spectrum of our capabilities: diplomatic initiatives, public diplomacy programs that inform and educate foreign publics and strengthen people-to-people ties, governance capacity building, economic cooperation and commercial advocacy, and military cooperation. But we are not launching from a standing start. The United States has been an Indo-Pacific nation for 200 years and many Americans have given their lives to ensure it remains free and open. Our longstanding programs seek to do the same, and this approach will continue, as shown in our budget request for 2020.

Mr. Chairman and Members of the Subcommittee, the Department of State is making significant progress toward ensuring that the Indo-Pacific continues to be a peaceful, prosperous, and economically dynamic region. But the challenges – especially those posed by Beijing’s revisionist, aggressive, and subversive policies – will not go away anytime soon. We welcome your support for the FY 2020 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.