"U.S. Policy and Strategy in the Asia Pacific: Challenges and Opportunities"
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Chairman McCain, Ranking Member Reed, distinguished Committee members, thank you for convening this important and timely hearing today. It's an honor to appear before you. I also want to commend this Committee for its steady and bipartisan leadership on the important matters of peace and security in the Asia Pacific, and for your steadfast support of our men and women in uniform and the civilians that serve alongside them. Thank you also to my fellow panelists, whose thoughtful advice and counsel I often drew upon while serving in government.

This hearing is not just timely because the challenges of the Asia Pacific have been making the news headlines in recent weeks, but because we are on the front edge of major strategic change in the region. And this change presents both challenges and opportunities for the United States in pursuit of our national interests.

So now let me offer my bottom-line up front: while some may prefer to discard the rhetoric of the "rebalance," the United States must follow through on its strategic intent or otherwise risk American primacy in the most consequential region in the world to our interests. Let me go further by noting that mere continuity of effort will not be enough to stem the tide of forces seeking to undermine our influence in the region. The United States must continue to lead in the Asia Pacific region, not just by demonstrating our military might, but also by activating all elements of national power and by making the necessary strategic investments of both resources and human capital.

With that underlying theme in mind, today I want to highlight what I see as the top three challenges and top three opportunities facing the United States in the Asia Pacific.

Challenges

1) Most Urgent Challenge: North Korea.

The most urgent challenge facing the United States is North Korea's relentless pursuit of its nuclear and ballistic missile programs. Clearly this challenge has vexed multiple U.S. Administrations. And despites some stylistic changes, the Trump Administration largely appears to be pulling from a well-worn playbook – increasing pressure on China to act, reassuring our allies, imposing more sanctions, and signaling our resolve to North Korea. Yet these same tactics ultimately failed for prior Administrations, including the Obama Administration. Simply put, the United States needs a new playbook in dealing with North Korea.

So what could that new playbook contain? First, building and sustaining pressure on North Korea is a necessary predicate to employing any other options. The challenge with North Korea, however, is that the regime has been proven resilient after years of international sanctions – including two exceptionally strong UN Security Council sanctions resolutions last year. The Trump Administration is right to be squeezing China to do more, although I remain skeptical that China will place the kind of pressure on the North Korean regime necessary to cause a change in their nuclear ambitions. To do so,

China would need to be convinced that the *status quo* of a soon-to-be nuclear-armed North Korea is worse for their interests than uncertainty over all other scenarios – a difficult task as China fears nothing more than instability or regime collapse and the prospect of a unified and democratic Korea on its periphery. And to do that, we need to be willing to hold Chinese interests at risk. Further, we need to acknowledge that Kim Jong Un is not going to suddenly throw his hands up in the air and unilaterally disarm. He views nuclear weapons as essential to self-preservation. So while more pressure is necessary to impose deeper costs, it alone will not solve the problem.

This brings me to military options. While our military is prepared for a range of contingencies and ready to "fight tonight" alongside our allies, we should not kid ourselves: a conflict on the Korean Peninsula would be unlike anything the world has experienced in decades. North Korea is not Syria. This is not a country where a few punitive strikes are possible without potentially dramatic human consequences. Thousands if not millions of South Koreans would die, the 28,500 U.S. personnel serving in Korea and their families would be at extreme risk, the regional and global economic impacts would be catastrophic, and the chance for wider regional conflagration would be high as countries with competing interests vie to influence the final outcome. We may ultimately decide that these are necessary costs, but as National Security Advisor LTG H.R. McMaster noted the other day, military options should be a last resort.

So where does that leave us? After – and only after -- a sustained period of significant pressure and coordination with our allies, we need to ready a serious diplomatic play. But for diplomacy to succeed, its objective needs to be achievable. For years, the international community's diplomatic goal in North Korea has been denuclearization. While an important aspiration, it is likely unachievable in the near term. In the absence of credible alternatives, it is time for some realism. We, in close coordination with our allies, should develop a diplomatic road-map with outcomes short of full denuclearization that would effectively limit the threat in a meaningful and verifiable way. We would simultaneously need to refocus efforts towards deterring North Korea from the use or proliferation of nuclear weapons. Needless to say, all of this will require serious diplomatic agility and for that we need all hands on deck. I would strongly encourage the Administration to fill key Asia positions at both the State Department and the Defense Department soon.

This brings me to the final part: our defensive game. We need to substantially accelerate improvements in the defenses of our allies as well as our homeland so that we are better prepared to act in the event diplomacy fails, or even if it succeeds to improve our deterrence posture. The Obama Administration set into motion a systematic strengthening of U.S. regional ballistic missile defenses and homeland defense by positioning of key capabilities in the Republic of Korea and Japan and more Ground-Based Interceptors in the western United States. The Trump Administration needs to do more and do it fast. For example, we need to continue to further operationalize U.S.-ROK-Japan trilateral military cooperation, accelerate the operational timeline for THAAD in Korea, and support any official Japanese request for THAAD or offensive strike capabilities. We should also not dismiss the possibility of rotating dual-capable aircraft to the Peninsula to demonstrate our extended deterrence commitment to the Republic of Korea. This will have the added benefit of signaling our seriousness to China.

2) Most Consequential Challenge: U.S.-China Competition

Critical as North Korea is, we can't let it distract us from the challenges posed by China's rise. This is the most consequential challenge we face. China's strategic intent is to chip away at decades of American security and economic primacy in Asia while avoiding a complete rupture in the bilateral relationship with the United States or direct conflict in the near term. It is challenging international law, bullying and coercing its less powerful neighbors, and trying to create a wedge between the United States and our allies. Further, China has proven so far that it is willing to accept a high level of reputational cost to achieve its strategic aims. We face a strategic tipping point. The cumulative effect of China's actions, coupled with a lack of any real consequences, is that many in the region are beginning to feel that the writing is on the wall when it comes to Chinese regional hegemony.

Now many believe that great power competition is a relic of history, or that even by speaking in such terms we could generate the very conflict we seek to avoid. But to ignore the fact that China is already in competition with us would be tantamount to strategic malpractice. I do not mean to suggest that we should enter a new Cold War with China, nor can we cast aside areas of U.S.-China cooperation that benefit our interests. Rather, we should be clear-eyed about our long-term interest in preserving the American position in the region. To do so, the United States needs to invest in our comparative strengths and, by extension, our own credibility.

For the Defense Department, that starts with getting our own house in order to address the scale of the China challenge. The Department's efforts on China are woefully under-resourced and lack strategic direction. Deputy Secretary Work has spearheaded essential efforts like the Third Offset strategy to correct this, but I would strongly recommend the Department go significantly further. Secretary Mattis should issue a new DoD-wide strategy that prioritizes the Department's efforts with respect to China and aligns both defense budget investments and human capital resources.

Further, the United States must articulate an affirmative policy for the region, and from there define U.S. policy on China – not the other way around. Our alliances are our most precious strategic asset in the region, and we must continue efforts to strengthen and modernize them. During the Obama Administration we made some real strides in forward-stationing some of our most impressive capabilities to the region while also adjusting our force posture to make it more distributed, operationally relevant, and politically sustainable. But we now need to move to the next phase of that effort.

In this regard, I would like to thank you, Chairman McCain, for proposing an Asia Pacific Stability Initiative, which I hope the Trump Administration will support. A multi-year initiative to reinforce our own forces will not only improve our ability to fight and win wars, it will help us keep the peace. There is a lot to be done. We need to expand and diversify our regional access agreements. We need to increase our forward-stationed capabilities and rotational forces to help us manage the tyranny of distance. We need to upgrade critical regional infrastructure and fill munitions shortages. We need to update our operational concepts to account for the growing anti-access/area-denial denial challenges we face.

3) The Enduring Challenge: Terrorism

Finally, even as we focus threats from state actors like North Korea and China, the threat of terrorism in the region is the most enduring challenge. It is also the most pressing and tangible challenge for many of our friends in South and Southeast Asia. Since 9/11, Southeast Asia has seen occasional high-profile terrorist attacks in places like Bali, downtown Jakarta, and the Philippines. With the emergence of the Islamic State, the threat is now evolving. We are seeing more foreign fighter flows to and from the Middle East, ISIS-inspired groups and individuals emerging, as well as ISIS-inspired attacks -- although nothing yet on the scale of what we have seen in Paris, Brussels or London.

So, while DoD's priority is rightly fighting ISIS in Syria and Iraq, we cannot ignore the global dimensions – whether in Europe or in Southeast Asia. While Southeast Asian governments have so far contained ISIS's ability to gain a real foothold, we should be mindful of how quickly ISIS can gain strategic momentum. Now is the time to blunt that possibility in Asia through preventive action in concert with our friends and allies.

As a first step, I recommend DoD conduct a strategic review of terrorism threats in Southeast Asia and how it is positioned to address them. This review should be informed by a Commander's Estimate from U.S. Pacific Command. This effort would help illuminate any regional capacity gaps or opportunities for cooperation, and whether the Department is appropriately postured and resourced for counterterrorism in the region. I believe there is more the Department could be doing – whether it is increased information sharing, training or even operational support to nascent trilateral cooperation among Indonesia, Malaysia and the Philippines.

Opportunities

1) Biggest Strategic Opportunity: India

The United States and India increasingly share a common strategic outlook on the Asia Pacific – especially a mutual concern over Chinese military modernization and adventurism. The strategic logic behind Prime Minister Modi's "Act East" policy is highly compatible with that of the U.S. rebalance. But more importantly, we share common values as the world's two largest democracies and as well as a culture of innovation and entrepreneurship. In many ways, we are natural partners. But can the United States and India reach a new level of cooperation to place limits on China's adventurism and ambition? I believe it is possible but only if we together persist in overcoming the suspicions of the past and build stronger habits of cooperation.

Last year, Secretary Carter designated India a "Major Defense Partner" of the United States – a status unique to India that allows our two countries to cooperate more closely in defense trade and technology sharing. I was pleased to see National Security Advisor LTG H.R. McMaster recently reaffirm the U.S.-India Strategic Partnership and specifically our defense cooperation with India. It is essential that we sustain the momentum. This will require both the U.S. and Indian systems – which are not naturally

compatible -- to demonstrate mutual flexibility as well as ambition. For that to happen, there has to be leadership driving it from the top lest both bureaucracies smother the chance of progress. I found that we often stand in our own way.

But India also has to demonstrate that it is prepared to let go of its old fears. The United States does not seek an actual alliance – nor should we -- but we do seek a *meaningful* partnership that benefits us too. Our strategic partnership will reach its value limits in the defense realm, if we can't build practical habits of cooperation. For example, we need to operate and exercise more together and with others, facilitate more exchanges of our military personnel, and regularize our defense dialogues at every level.

2) Near Term, High Reward Opportunity: Southeast Asia

The United States has the chance to play a more strategic game in Southeast Asia. And if we blink, we will miss it. Our relationships in Southeast Asia need to be well tended. I was pleased to see Vice President Pence's trip to Indonesia last week, and the announcement that President Trump will travel to the Philippines and Vietnam later this year for the U.S.-ASEAN Summit, the East Asia Summit, and the APEC Leaders Meeting. I hope to see Secretary Mattis attend this year's IISS Shangri-La Dialogue.

The demand signal in Southeast Asia for U.S. defense engagement is on the rise – and we have made progress meeting that demand in recent years. Chairman McCain, your tireless efforts to strengthen and transform our relationship with Vietnam have not only been heroic, they have been strategic. I am also proud of the progress we made during the Obama Administration in expanding our strategic partnership with Vietnam, including lifting the ban on the sale of lethal weapons, addressing legacy of war issues, and expanding U.S. naval and Coast Guard engagement. I hope we are able to sustain this positive momentum with Vietnam.

Whether it's growing our strategic partnership with Vietnam, reaffirming our longstanding and high-value alliance with Thailand, pursuing newer relationships with countries like Burma and Sri Lanka, or expanding our long-standing defense cooperation with Singapore, the potential for America in Southeast Asia is not yet exhausted. While we can and should do more through defense engagement to seize this opportunity, we also need to increase our diplomatic resources and personnel in Southeast Asia, expand our International Military Education and Training (IMET) funding and Foreign Military Financing (FMF) allotments to the region, strengthen our outreach to young Southeast Asian leaders, and connect our entrepreneurs. This needs to be a comprehensive effort.

Even as we pursue stronger bilateral relationships in Southeast Asia, our engagement with ASEAN needs to be central to our strategy. While ASEAN certainly has its challenges, 50 years after its inception, it still represents an important multilateral mechanism to advance political, economic and security cooperation in the region – cooperation undergirded by a collective belief in a rules-based order. I would recommend that Secretary Mattis continue the efforts of his last two predecessors by hosting ASEAN defense ministers in the United States at the earliest opportunity.

Finally, this Committee's leadership on Southeast Asia has been essential. When bipartisan Congressional delegations take the time to travel halfway across the world to demonstrate interest in one of the world's most dynamic regions, it sends a strong signal. But more than just showing up, the Committee deserves applause for initiating the

Southeast Asia Maritime Security Initiative – a much needed and timely inject of American effort to fill a critical maritime capacity gaps in Southeast Asia. I would recommend this initiative not only be continued but also broadened to allow DoD to help facilitate the U.S. Coast Guard engagement and training in the region.

3) Long-Term Opportunity: Networking Asia's Security and Economic Architecture

To retain the primacy needed to protect our interests in an increasingly complex security environment, the United States needs to weave together its disparate engagement efforts. Towards the end of the Obama Administration, the Department of Defense began to emphasize the importance of networking a new type of Asian security architecture – former Secretary Ash Carter called it a "principled security network." This network is essentially a complex set of bilateral, trilateral and multilateral relationships that help all of us do more, over greater distances, with greater economy of effort. Most importantly, this network is based on long-shared principles including the peaceful settlement of disputes, freedom of navigation and over-flight and the right of all countries to make their own security and economic choices free from coercion.

The U.S. has a central role to play in facilitating this network. Whether it is sustaining our investments in multilateral constructs like ASEAN Defense Ministers Meeting Plus, or building new security collaborations among our most capable allies like the increasingly valuable U.S.-Japan-Australia trilateral, we have an opportunity to be the glue to this network. We need to be looking for more ways to advance this network, such as building better humanitarian and disaster relief capabilities region-wide that can be activated in crisis, or building a common regional operating picture in the region's most important waterways.

Finally, in addition to facilitating this new security architecture, we need to present a vision for an equivalent economic architecture that promotes sustainable and inclusive economic growth and economic opportunity for all countries – including the United States. To do this, we need to pick up the pieces from the Trans-Pacific Partnership disaster and present a new alternative – and soon. We need to show that American economic engagement in Asia is not just about renegotiating bilateral trade deals or righting deficits. In the absence of meaningful American economic statecraft in the region, China is already filling the void. And that has dangerous implications for our relationships in the region – setting up a false choice for our allies between their security and prosperity. Besides these strategic implications, the lack of a serious U.S. economic initiative in Asia will leave average Americans at a long-term economic disadvantage.

In summary, both the challenges and opportunities for the United States in the Asia Pacific are significant. But without urgent American leadership and the requisite whole-of-government investment, the United States will not be able to rise to them. Decades of relative peace and prosperity that American leadership has enabled in the region are at risk, and the primacy of the American position is far from certain. Thank you, and I look forward to your questions.