Chairman McCain and Ranking Member Reed, thank you for the opportunity to appear before you and other members of the Committee to discuss U.S. national security interests and objectives in the Asia-Pacific region and the changes and activity taking place there.

Events in the Ukraine and the Middle East, particularly the aggression of the Islamic State and the recent nuclear negotiations with Iran, have dominated recent policy discussions in Washington and around the world. That said, the importance of the Asia-Pacific region and the strategic competition between the United States and the Peoples Republic of China is the long game and the most consequential for our country.

For decades the United States has been the guarantor of a secure, stable and prosperous Asia. Over decades, at great cost in blood and treasure, and through persistent, credible presence and cooperation with allies and like-minded partners, we have been the stabilizing force that enabled the rise of Asia. Our role, alliance relationships and stabilizing influence are being challenged by the Peoples Republic of China. Blending hard and soft power and pursuing strategic military and economic policies China seeks the dominant role in Asia.

To comprehend fully and to assess properly U.S. defense policy and strategy in Asia, it is important to define the region beyond the Asia-Pacific region to include the Indo-Pacific expanse. That broader view puts the region's relationship with the Middle East, South Asia, and the important energy and resource sea-lanes of the Indian Ocean and, soon, those of the opening Arctic in context and best frames the military resource demands of the future.

The transformation of the Peoples Liberation Army (PLA), specifically, the Peoples Liberation Army–Navy (PLAN) in the past decade, has been remarkable. System capabilities and force structure tend to be the most newsworthy but the most consequential changes are in organization and culture. PLA transformation will be sustained and likely accelerate in the remaining years of President Xi Jingping's leadership. President Xi’s chairmanship of a leading group that is taking on reforms previously deemed too bureaucratically difficult to implement will produce changes that will advance the effectiveness and combat power of the PLA. Stovepiping within the PLA will diminish and the PLA will become more integrated and joint in the complex battlespace of cyber, space and electronic warfare. More rein will be given to the PLA, especially the Navy, to prepare to defend close to home, secure
interests abroad, to instill an ethos of fighting and winning and to demonstrate that China is an international power of significance.

Strategically and operationally this means the PLA and PLAN will operate more routinely in consonance with China’s two defined regional strategic economic priorities, the “Silk Road Economic Belt” and the “Maritime Silk Road”. PRC activity will represent a mix of hard and soft power presenting opportunities for U.S.–PRC cooperation, to be pursued where appropriate, while China seeks to establish itself as the dominant Asian power. China will build the maritime force structure to be a consequential force in the Indo-Pacific region to include the Arctic. The recent rapid expansion of infrastructure on several land features in the South China Sea must be viewed as maritime force structure as those significant improvements, while reinforcing PRC claims, offer future military use in that vital sea-lane. While our attention has been landward, China has taken Mahan to heart, understands the influence and importance of sea power, and is all in.

China’s military and economic initiatives would be a challenge even in the best of budget times. Capabilities coming into the U.S. inventory today will support likely operations in the near term. However, our nation’s ability to advance capability in the mid and far term is at great risk given Budget Control Act constraints, the lack of regular order in the budget process, and the lengthy bureaucratic processes that inhibit rapid fielding of capability. That apart, the real need in the region is capacity – adequate numbers of ships and aircraft to provide credible, persistent and predictable presence and response in the vast expanse of the Indo-Pacific region. The size of our fleet must increase, but we cannot simply satisfy ourselves with a higher ship count – balance is paramount. Accordingly we should:

- Increase the size of our submarine force to meet the increasing need in the Pacific and Indian Oceans
- Permanently move one aircraft carrier from the Atlantic to the Pacific
- Procure an additional Amphibious Ready Group to routinely float the Marines distributed in the Pacific
- Sustain the Navy’s current high-low surface combatant program mix
- Forward deploy a larger, tailored combat logistics fleet and enhance alliance logistics capability and interoperability
- Move boldly toward unmanned capability and capacity in the Pacific; specifically, high altitude/long endurance aircraft for maritime domain awareness in the vast Pacific and Arctic areas; refuelable ISR and penetrating strike capable carrier launched UAVs; long endurance, networked unmanned underwater systems

China seeks to diminish the strength and efficacy of the Pacific alliance structure that has been the foundation of regional stability. The importance of our alliance relationships and cooperation with key partners in the region must be continuously reinforced and remain a top priority. We must pursue increased technical transfer opportunities and personnel integration beyond the current modest personnel
exchange programs with them. This does not mean we should not pursue a cooperative military to military cooperative relationship with the PLA. Activities should extend beyond what we have done to date contingent on a more balanced approach of venue and activity. In short, China should take a more active role in initiating and hosting meaningful cooperative activity.

All of the above are challenging, hard and cannot be attained without change and reform. Change in accepting the continuation of product lines and variants of those lines that are adequate to need instead of starting with clean sheet designs and consequent increased cost and late-to-need introduction. Reform to reduce bureaucratic acquisition time. Reform to be more aggressive with technical transfer to allies and like-minded partners, and reform to begin to turn the high cost of personnel total compensation so that critical and strategic investments in capability and especially capacity can be sustained.

Thank you for the opportunity to appear before you today and I look forward to your questions.