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**“Principles of U.S. Engagement in the Asia-Pacific”**

Mr. Chairman, Senator Inhofe, and Members of the Subcommittee, thank you very much for inviting me here today to testify about the vital importance of Asian-Pacific countries to the United States and the key aspects of our engagement strategy with the region.

There should be no doubt that the United States itself is a Pacific nation, and in every regard -- geopolitically, militarily, diplomatically, and economically -- Asia and the Pacific are indispensable to addressing the challenges and seizing the opportunities of the 21<sup>st</sup> century. Senator Webb, as you have eloquently noted, “The United States is a Pacific nation in terms of our history, our culture, our economy, and our national security.” As the Asia-Pacific century emerges, defining the new international environment, the United States must enhance and deepen its strategic engagement and leadership role in the region.

Our economic relationships demonstrate the mutual importance of the interactions between the countries of the Asia-Pacific and the United States. The region is home to almost one-third of the Earth’s population. The Asia-Pacific accounts for almost one-third of global GDP and is a key driver for technological innovation. American and Asian economies are growing increasingly interdependent while assisting the global economic recovery.

Despite significant economic growth and vitality, the Asia-Pacific region is home to many of the most pressing security challenges of the modern era. What is most often absent in our discussion about the “Asian miracle” are the challenges posed by uneven growth, poverty, and weak and ineffective governments. Hundreds of millions have yet to benefit from the fruits of the Asian miracle, and income

inequality continues to strain the capacity of governments to respond. Perhaps the most significant unintended consequence of the Asian miracle has been the acceleration of greenhouse gases into the atmosphere. Asia's densely populated littoral nations will likely suffer as climatic variations target the region. Compounding these challenges is the proliferation of weapons of mass destruction, extremist groups in Southeast Asia, unresolved territorial disputes, and growing competition over energy and natural resources.

The severity and transnational nature of these challenges demand collective action and American leadership. They also suggest a need for America to enhance, deepen, and sustain our engagement to seize opportunities and minimize risk.

***Renewed Engagement Generates Results*** - Let me now take this opportunity to briefly list the steps we have undertaken over the past year to step up and broaden U.S. engagement in the region. First, we have newly reengaged in the region through visits of our senior leadership and attendance at high-level meetings. Our attendance has produced concrete results that further U.S. strategic interests. In November, President Obama spent 10 days visiting Japan, Singapore, China, and South Korea, strengthening U.S. leadership and economic competitiveness in the region, renewing old alliances, and forging new partnerships. Under the leadership and guidance of President Obama, Secretary Clinton, and Secretary Geithner, we hosted the first U.S.-China Strategic and Economic Dialogue in July 2009, and we will have follow-on discussions in 2010. The dialogue set a positive tone for the U.S.-China relationship, while underscoring challenges and opportunities to enhance that relationship. We continue to build the U.S.-Indonesia Comprehensive Partnership, which would provide a framework to broaden and deepen the bilateral relationship. Secretary Clinton has visited the region four times. Her first overseas trip as Secretary last February and her subsequent trips in July, November, and earlier this month bolstered bilateral relationships and enhanced U.S. ties to multilateral organizations.

The renewal of high-level engagement is producing tangible results. President Obama's November trip included participation in the 17th Annual Asia-Pacific Economic Cooperation (APEC) Leaders' meeting in Singapore, important for U.S. trade since APEC members account for 53 percent of global GDP, purchase 58 percent of U.S. goods exports, and represent a market of 2.7 billion consumers. APEC leaders endorsed the Pittsburgh G-20 principles and agreed to implement the policies of the G-20 Framework for Strong, Sustainable, and Balanced Growth, further expanding the global commitment to achieve more balanced growth that is less prone to destabilizing booms and busts. They also put forward a strong

statement of support for concluding the Doha Round in 2010 and agreed to reject all forms of protectionism. In addition, Leaders agreed on core principles to promote cross-border services trade that will provide a strong basis for our efforts to facilitate and promote trade in services in the Asia-Pacific region. Leaders also pledged to make growth more inclusive through APEC initiatives that will support development of small and medium enterprises, facilitate worker retraining, and enhance economic opportunity for women. Finally, Leaders took steps to ensure environmentally sustainable growth in the region by agreeing on an ambitious plan to address barriers to trade and investment in environmental goods and services.

President Obama also attended the Association of Southeast Asian Nations (ASEAN) Leaders Meeting, the first ever with all 10 ASEAN members represented, providing a clear demonstration of renewed U.S. engagement with Southeast Asia. Secretary Clinton's July trip included meetings with regional foreign ministers at the ASEAN Regional Forum (ARF) in Thailand and the signing of the Treaty of Amity and Cooperation (TAC) with ASEAN nations. Her November visits to the Philippines, Singapore, and China included attendance at APEC Ministerial Meetings and meetings with allies and regional partners that further solidified relationships and deepened U.S. multi-lateral engagement.

Let me turn to another area of renewed engagement: Burma. Mr. Chairman, your leadership on this issue has been instrumental in changing our policy and initiating steps to engage the Burmese junta. As you are well aware, the Administration's formal review of U.S. policy towards Burma reaffirmed our fundamental goals: a democratic Burma at peace with its neighbors and that respects the rights of its people. A policy of pragmatic engagement with the Burmese authorities holds the best hope for advancing our goals. Under this approach, U.S. sanctions will remain in place until Burmese authorities demonstrate that they are prepared to make meaningful progress on U.S. core concerns. The leaders of Burma's democratic opposition have confirmed to us their support for this approach. The policy review also confirmed that we need additional tools to augment those that we have been using in pursuit of our objectives. A central element of this approach is a direct, senior-level dialogue with representatives of the Burmese leadership. Since I testified before you on the subject late last September, I visited Burma November 3 and 4 for meetings with Burmese officials, including Prime Minister Thein Sein, leaders of the democracy movement, including Aung San Suu Kyi, and representatives of the largest ethnic minorities. In my meetings, I stressed the importance of all stakeholders engaging in a dialogue on reform and

emphasized that the release of political prisoners is essential if the elections planned for 2010 are to have any credibility.

Finally, I want to underscore the Obama Administration's commitment to stepping up our engagement with Australia, New Zealand, and the Pacific Island nations. Secretary of State Clinton was en route to Papua New Guinea, New Zealand and Australia last week, but the pressing need to help organize U.S. assistance to Haiti led her to postpone that visit. Her trip builds on her meeting with Pacific Island leaders in September 2009 in New York, with all parties committing to work together to address climate change and other transnational issues. The U.S. Permanent Representative to the United Nations, Ambassador Susan Rice, has met regularly with her Pacific Island counterparts to share views and build cooperation on key issues before the United Nations. Within weeks of assuming my current responsibilities, I traveled to Cairns, Australia, to represent the United States at the Pacific Island Forum's Post Forum Dialogue of key partner countries and institutions. Australian Prime Minister Kevin Rudd chaired the proceedings, which focused on improving the coordination and effectiveness of development assistance efforts in the region.

***U.S. Principles for Engagement in the Asia-Pacific Region*** – The Asia-Pacific region is of vital and permanent importance to the United States and it is clear that countries in the region want the United States to maintain a strong and active presence. We need to ensure that the United States is a resident power and not just a visitor, because what happens in the region has a direct effect on our security and economic well-being. Over the course of the next few decades climate change, proliferation of weapons of mass destruction, and widespread poverty will pose the most significant challenges to the United States and the rest of the region. These challenges are and will continue to be most acute in East Asia. This situation not only suggests a need for the United States to play a leading role in addressing these challenges, but it also indicates a need to strengthen and broaden alliances, build new partnerships, and enhance capacity of multilateral organizations in the region. Fundamental to this approach will be continued encouragement of China's peaceful rise and integration into the international system. A forward-looking strategy that builds on these relationships and U.S. strengths as a democracy and a Pacific power is essential to manage both regional and increasingly global challenges.

With the positive outcomes of renewed engagement as a backdrop, I would like to discuss a series of principles that will guide our efforts moving forward. Intrinsic to our engagement strategy is an unwavering commitment to American values that

have undergirded our foreign policy since the inception of our Republic. In many ways, it is precisely because of the emergence of a more complex and multi-polar world that values can and should serve as a tool of American statecraft. Five principles guide the Obama administration's engagement in East Asia and the Pacific. In her January 12 speech in Honolulu, Secretary Clinton detailed the five principles for how we view the Asia-Pacific architecture and U.S. involvement evolving. These include the foundation of the U.S. alliance system and bilateral partnerships, building a common regional economic and security agenda, the importance of result-oriented cooperation, the need to enhance the flexibility and creativity of our multilateral cooperation, and the principle that the Asia-Pacific's defining institutions will include all the key stakeholders such as the United States.

For the last half century, the United States and its allies in the region – Japan, the Republic of Korea, Australia, the Philippines, and Thailand – have maintained security and stability in East Asia and the Pacific. Our alliances remain the bedrock of our engagement in the region, and the Obama Administration is committed to strengthening those alliances to address both continuing and emerging challenges. The United States, therefore, must maintain a forward-deployed military presence in the region that both reassures friends and reminds others that the United States will remain the ultimate guarantor of regional peace and stability. There should be no mistake: the United States is firm in its resolve to uphold its treaty commitments regarding the defense of its allies.

Our alliance with Japan is a cornerstone of our strategic engagement in Asia. The May 2006 agreement on defense transformation and realignment will enhance deterrence while creating a more sustainable military presence in the region. The Guam International Agreement, signed by Secretary Clinton during her February 2009 trip, carries this transformation to the next stage. As part of our ongoing efforts to assist the Government of Japan with its review of the Futenma Replacement Facility (FRF) Agreement, a high-level working group met in Tokyo in November and December, and the Government of Japan is continuing its review. In addition to our focus on these issues, we are working to create a more durable and forward-looking vision for the alliance that seizes upon Japan's global leadership role on climate change and humanitarian and development assistance programs, to name a few. As we approach the 50<sup>th</sup> anniversary of the alliance, we will work closely with our friends in Japan to think creatively and strategically about the alliance.

We are also working vigorously with our other critical ally in Northeast Asia, the Republic of Korea, to modernize our defense alliance and to achieve a partnership

that is truly global and comprehensive in nature. Building off the Joint Vision Statement between Presidents Obama and Lee Myung-bak, we are committed to creating a more dynamic relationship that builds on our shared values and strategic interests. We look forward to the Republic of Korea's growing international leadership role as it hosts the 2010 G-20 Leaders Meeting.

Japan and the Republic of Korea have been key partners in our joint efforts to maintain peace and stability in Northeast Asia and, in particular, to denuclearize North Korea through the Six-Party process. The process suffered serious setbacks in 2009 with North Korea carrying out a series of provocations including its April 5 missile test and its May 25 announcement of a second nuclear test. As President Obama said, North Korea's actions blatantly defied U.N. Security Council resolutions and constitute a direct and reckless challenge to the international community, increasing tension and undermining stability in Northeast Asia. However, the international community's unified response to North Korea's provocations is another example of the fruits of U.S. engagement. The U.N. Security Council, led by our Five-Party partners, unanimously condemned the DPRK's provocative actions and passed UNSCR 1874, introducing tough sanctions against North Korea's weapons and proliferation finance networks. When North Korea began to show renewed interest in dialogue later in the year, the United States sent U.S. Special Representative for North Korea Policy Ambassador Stephen Bosworth to Pyongyang on December 8 for discussions with North Korean officials about the nuclear issue. In these discussions, the DPRK reaffirmed the importance of the Six-Party Talks and the September 2005 Joint Statement on the verifiable denuclearization of the Korean Peninsula in a peaceful manner. We did not, however, reach agreement on when and how North Korea will return to Six-Party Talks, a matter that we will continue to discuss with Asian partners early in 2010.

Our deep and sustained engagement with China continues to yield progress on important international issues, such as the global economic recovery, climate change policy, and efforts to denuclearize the Korean Peninsula. However, we obviously do not see eye-to-eye with China on every issue, as evidenced by our discussions on human rights and concerns over China's opaque military modernization and exclusionary industrial policies. We will continue to address these issues through continuous and frank dialogue, seeking out Chinese cooperation on areas of mutual concern while directly addressing differences. A recent example of this approach is our engagement regarding Google's troubling allegations regarding intrusions and the routine accessing of human rights activists' e-mail accounts by third parties. U.S. officials have emphasized the importance of

China's addressing the concerns raised by Google as well as the importance of Internet freedom as a central human rights issue.

We need to recognize Asia's importance to the global economy. Close U.S.-Asian economic cooperation is vital to the well-being of the U.S. and international economic order. However, as President Obama noted in his recent trip to Asia, "We simply cannot return to the same cycles of boom and bust that led us into a global recession." The United States and Asia need to emphasize balanced growth and trade.

It is worth highlighting that four Asian economies (China, Japan, the Republic of Korea, and Taiwan) are now among our top-twelve trading partners. Today, the 21 APEC economies purchase almost 60 percent of U.S. goods. Taken as a group, ASEAN is also a large and critical trading partner. The strong Asian participation in APEC, the WTO, and the G-20 reflects the increasing importance of Asian economies and their centrality to strengthening the multilateral trading system and maintaining our economic recovery.

Continued integration of the economies of this region will create new business opportunities, benefitting workers, consumers, and businesses and creating jobs back here in the United States. Despite strong export growth to the Asia-Pacific, the United States' share of the total trade in the region has declined by 3 percent in the past five years. To reverse this trend, we will continue to work with the Congress, stakeholders, and the Republic of Korea to work through the outstanding issues of concern so we can move forward on our bilateral free trade agreement. We will also enter into negotiations of a Trans-Pacific Partnership Agreement, as President Obama announced to APEC leaders in November. As the Administration stated when it announced its intention to launch these negotiations, we intend to work in partnership with the U.S. Congress and stakeholders to shape a high-standard, broad-based regional agreement that will serve as a potential platform for economic integration across the region. This is an exciting opportunity for the United States to engage with some of the fastest growing economies in the world as well as to update our approaches to traditional trade issues, address new issues, and incorporate new elements that respond to 21st-century challenges.

The U.S. commitment to democracy and the protection of human rights is an intrinsic and indispensable aspect of our character as a nation and our engagement in the Asia-Pacific region. Let me be clear, the promotion of democracy and human rights is an essential element of American foreign policy. It is part of who

we are as a people. We believe human rights are not only core American values, but universal values. These values are a force multiplier in a region where democratic norms are on the ascent. We believe that citizens around the world should enjoy these rights, irrespective of their nationality, ethnicity, religion, or race. The United States will continue to speak for those on the margins of society, encouraging countries in the region to respect the internationally recognized human rights of their people while undertaking policies to further liberalize and open their states. As President Obama said in his speech on the way forward in Afghanistan and Pakistan, “We must promote our values by living them at home -- which is why I have prohibited torture and will close the prison at Guantanamo Bay.” President Obama has eloquently stated that our willingness to speak out on human rights and other democratic values is the source of our moral authority and courage.

In order to ensure that human rights and the development of the rule of law and civil society remain strong pillars of our engagement, we will continue to adopt new and creative approaches that seize the opportunities of a dynamic information age. The freedom to speak your mind and choose your leaders, the ability to access information and worship how you please are the basis of stability. We need to let our partners in the region know that we will always stand on the side of those who pursue those rights.

Democratic governance is rapidly evolving within Asia; advancing human rights, freedom, and democracy is critical to alleviating poverty and conditions that catalyze extremism. Sustained economic growth requires governments that are transparent, non-corrupt, and responsive to the needs of their people. Our strategy is to maintain pressure on local decision-makers to improve governments’ human rights records while cooperating closely with international and non-governmental organizations involved in monitoring and reporting on human rights.

As the Asia-Pacific region evolves, so should our own approach to multilateral economic and security cooperation. The President stated in Tokyo that we aim to participate fully in regional organizations, as appropriate, including engaging with the East Asian Summit. Secretary Clinton spoke in Honolulu of the need to enhance the flexibility and creativity of our multilateral cooperation. We plan to consult with allies and partners in the region and with Congress on how the United States, working with our Asian counterparts, can join and shape the region’s evolving multilateral bodies. Strong, multilateral links to Asia can help ensure that the United States remains a critical part of this dynamic region.



Multilateral engagement can be an effective way to address our efforts to deal with transnational security challenges such as climate change, pandemics, or environmental degradation. For example, steps taken by APEC and ASEAN to improve cooperation among regional emergency management agencies is an important step in light of the spate of recent natural disasters that have battered the region. Multilateral efforts are also proving effective in addressing new transnational threats such as terrorism, piracy that threatens our sea lanes, and traffickers who exploit women, children, laborers, and migrants.

In 2011, the United States will host APEC for the first time in 18 years, providing us with unique opportunities to demonstrate our commitment to and engagement in the region, shape the organization's agenda in ways that reflect our values, and will help U.S. businesses and workers to compete on a more level economic playing field in this dynamic region. Through APEC, we will continue to advance regional economic integration, reduce barriers to trade and investment in the region, and help rebalance the Asia-Pacific economies. Working with ASEAN, the U.S. will seek to streamline and strengthen the ASEAN Regional Forum's (ARF) institutional processes and create a more action-oriented agenda, especially with respect to transnational and non-traditional security challenges.

### *Conclusion*

The United States faces a number of critical challenges in the coming years in its engagement with Asia. These include rising and failing states, proliferation of weapons of mass destruction, critical global issues like climate change, violent extremism in some parts of Southeast Asia, poverty and income disparity. The essential ingredient in meeting these challenges is United States leadership. We need to play an active role in helping the countries of the region to enhance their capacity to succeed. The region is vital to U.S. interests not only in the Asia-Pacific context, but also globally. We are a vital contributor to the region's security and economic success. The Asia-Pacific region, in turn, has a profound impact on our lives through trade, our alliances, and partnerships. As the region continues to grow and as new groupings and structures take shape, the United States will be a player, not a distant spectator. Under President Obama and Secretary Clinton's leadership, we are ready to face these challenges. We look forward to working with Congress and this Committee to seek opportunities to influence positively the future direction of the region.

Thank you for extending this opportunity to me to testify today on this pressing and vitally important issue. I am happy to respond to any questions you may have.