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ASSESSING U.S. FOREIGN ASSISTANCE PRIORITIES IN EAST ASIA AND THE PACIFIC

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA AND THE PACIFIC

OF THE

COMMITTEE ON FOREIGN AFFAIRS
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ASSESSING U.S. FOREIGN ASSISTANCE PRIORITIES IN EAST ASIA AND THE PACIFIC

THURSDAY, MAY 16, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:01 p.m., in room 2172, Rayburn House Office Building, Hon. Steve Chabot (chairman of the subcommittee) presiding.

Mr. CHABOT. The committee will come to order.

I would like to welcome and thank everyone for attending the Subcommittee on Asia and the Pacific's hearing this afternoon.

Mr. Bera will be sitting in for the ranking member, Eni Faleomavaega, who could not be with us here today. Mr. Bera and I will make opening statements, and other members will be recognized for 1 minute to make a statement if they wish to do so.

We want to start this on time because we are going to have votes shortly. We will vote and then come back, but we can get in as much as possible before that.

This hearing was called to further assess the Fiscal Year 2014 State Department and U.S. Agency for International Development, USAID, budget request for the East Asia and the Pacific region. It follows Secretary of State Kerry's and USAID Administrator Shah's testimony received at the full committee last month.

The Asia-Pacific region is receiving the largest proposed budget increase of any other region, which makes it critical that we focus on this portion of the budget request and hear from State Department and USAID about how the additional funds for this region will fulfill U.S. priorities and national security objectives. Of particular interest are those nations receiving a significant increase in foreign assistance, notably Burma, Indonesia, and the Philippines.

I believe all of us in this room today know how important Asia is politically, militarily, and economically. The administration refers to a foreign policy rebalance. Congress has also recognized Asia's importance. In the last 2½ years, three Presidents or Prime Ministers have addressed a joint session of Congress. All three have been from the Asia-Pacific region, including South Korea's President Park, who spoke in the Capitol just last week. But while we all note the region's geopolitical significance, such a substantial increase in foreign assistance funding must be justified as providing an equally substantial return on the taxpayer investment.

The Asia-Pacific is a region which faces many challenges, among them: Nuclear proliferation, human trafficking, terrorism, widespread corruption, natural disasters, poverty, and complex security threats, all of which have bilateral and multilateral implications. Today we have come face-to-face with what will undoubtedly be one of our greatest challenges in Asia, North Korea's belligerence and nuclear ambitions. We also have major concerns about China's growing political and economic influence throughout the region and its aggression in the South and East China Seas. In the face of such challenges, no single one-track approach to ensuring U.S. national security interests and priorities will suffice, but it must be multipronged. I hope the witnesses here today will elaborate on the administration's plans for confronting these threats.

The administration seeks a $53.3 million budget increase for the Asia-Pacific region. It proposes expanding foreign assistance, with the goals of strengthening regional security, enhancing economic integration, developing the Lower Mekong region, supporting democratic developments, and addressing war legacies.

In today's fiscal environment, as we face our own nearly $16.8 trillion national debt, this $53.3 million is not chump change. The entire Asia-Pacific budget of $1.2 billion must be thoroughly examined. For example, the administration is proposing providing Burma with an additional $28.8 million. While we have seen tremendous progress over the course of only 2 years, Burma is fraught with ongoing violence in the ethnic areas, which, in many cases, is being perpetrated by the Burmese military. There are few signs reconciliation is forthcoming, and reforms have yet to benefit Burma's diverse communities. Our U.S. Embassy staff on the ground cannot travel outside specified zones, and there have been roughly 1,300 additional people unlawfully detained in the ethnic areas.

I think President Thein Sein's visit to the White House next week is perhaps a bit premature. While we have seen advances, it is too early, in my view, to proclaim a new day in Burma. In addition, I am aware that the administration is considering providing military assistance to Burma. Frankly, I believe, with the slow-moving reform process and numerous human rights issues remaining in Burma, considering providing military aid is probably premature and may face considerable opposition in this Congress.

Similarly, the increase in military assistance to Cambodia, I believe, may very well be unwarranted. I hope today's witnesses will explain the reasoning behind this request.

There are many other areas of concern that I am sure my colleagues will address this afternoon—one of them is the continuing and unjustified assistance to Beijing that is aimed at promoting job growth in China. When many Americans are still struggling to make ends meet and find jobs, we should not be using American tax dollars to subsidize a country that owns $1.2 trillion of U.S. debt, steals our technologies, and puts U.S. companies out of business and American workers oftentimes out of work.

I welcome increased U.S. attention and engagement in Asia because our economic security and political development depends on the success of each other. At the same time, our strategy needs to be judicious and discerning. We should not be funding projects just

because we can. The truth is, we can't afford to take that approach anymore.

I look forward to hearing from our distinguished witnesses this afternoon.

I now yield to Mr. Bera for his opening remarks, if he can make them in 5 minutes.

Mr. BERA. Absolutely.

Mr. CHABOT. Okay. Excellent. The gentleman is recognized.

Mr. BERA. Thank you, Mr. Chabot.

And thank you, Mr. Yun, Ms. Biswal, for being here.

U.S. policy toward the Asia-Pacific reflects the growing importance of the Pacific Rim to our own country's prosperity. The region is home to two-thirds of the world's population and many of the world's fastest-growing economies.

The rapid growth of this region presents both opportunities, but it also presents challenges for our strategic interests. Robust engagement there is necessary because it promotes U.S. economic interests as well as regional and global peace and stability.

As the region rapidly grows and transforms, a sustained and visible U.S. commitment is increasingly essential. Our country's future prosperity and security will be defined by events and developments in this important region. The State Department's Bureau of East Asian and Pacific Affairs rebalances our country's relationship across the Asia-Pacific, strengthens multilateral engagement, enhances security cooperation, supports democracy and human rights, and taps into the regional markets which are key to U.S. economic growth.

At $1.2 billion, a 7 percent increase over Fiscal Year 2012 levels for the Asia-Pacific region, EAP's Fiscal Year 2014 budget request supports the Obama administration's rebalance to the Asia-Pacific. This funding will help support democratic reform in key countries and will assist in shaping the region's emerging security landscape.

U.S. assistance will also focus on renewing our leadership in this region, deepening economic ties, promoting democratic values, strengthening diplomatic engagement, and broadening the U.S. security presence.

I am also pleased that the administration plans to strengthen regional organizations such as the Association of Southeast Asian Nations and the East Asia Summit. Stronger multilateral institutions in Asia are necessary to promote stability and act as a counterweight to China's rapid expansion.

With regards to specific countries, the budget request for Burma is a substantial increase above the Fiscal Year 2012 level. The additional funds will support the country's democratic gains following the dramatic political gains of the past 2 years. The funding will also address humanitarian needs both within and across Burma's borders, as well as promote national reconciliation, a vital issue given the ongoing ethnic conflicts.

The Philippines is another country that will see a significant budget increase. Specifically, the Fiscal Year 2014 budget requests additional funding to help the Philippines, a treaty ally of ours, build their maritime security capabilities. Given the ongoing disputes and security challenges in the region, it is important that we

deepen our traditional security ties to promote a stable and peaceful Asia-Pacific.

And, last, foreign assistance to countries in the Asia-Pacific is not a gift. The United States provides foreign aid because it serves our interests—security, economic, and political interests—and because it reflects our values. U.S. assistance is also a vital sign of our country's deep commitment to the Asia-Pacific region.

Mr. Chairman, thank you for calling this important hearing, and I look forward to hearing from our witnesses.

Mr. CHABOT. Thank you very much, Mr. Bera.

At this time, we are going into recess to vote. We will be back in probably 30 minutes or so. We are in recess.

[Recess.]

Mr. CHABOT. The committee will come back to order.

I would now like to recognize the gentleman from California, Mr. Sherman, for the purpose of making an opening statement.

Mr. SHERMAN. Okay. Virtually all my statements will be about our trade deficit and our trade agreements, because virtually all of our trade deficit is attributable to the region we are focused on.

We have a huge trade deficit. It is as big a problem as our budget deficit; it just receives far less attention. Those who believe that we should always blame America first will argue that we have a big trade deficit because we have a Federal budget deficit. But we had a budget surplus in the latter part of the last century, and we still had a huge trade deficit.

Excuse me, Mr. Chairman. Am I limited to 1 minute?

Mr. CHABOT. Yeah.

Mr. SHERMAN. Ah.

Mr. CHABOT. We will make it 2 minutes, in your case.

Mr. SHERMAN. Okay.

Mr. CHABOT. So the gentleman is recognized for an additional 1 minute, plus the 20 seconds that he still has on the first minute.

Mr. SHERMAN. Good.

Mr. CHABOT. It was really good, by the way.

Mr. SHERMAN. Oh, okay.

And so the real question, why are we running a huge trade deficit, it is either because our workers and entrepreneurs are worse or our Government is worse, at least worse than our trading partners, at promoting U.S. exports and deterring imports and working for a better trade deficit.

And this is consistent with what I see in the Foreign Service of the United States and other countries. I talk to the Foreign Service of other countries. Promoting trade and exports is the most prestigious thing they can do. Then I talk to those in the State Department, and I have seen just egregious mistakes made by very intelligent people, which only happens when it is a matter they don't really care about, but they are trying to seem like they care when they are talking to a Congressman.

We see China not allowing our movies in, except in limited numbers, and yet we allow an unlimited number of Chinese tennis shoes in. And we have never threatened one with the other.

And we see Japan not only engaging in quantitative easing but also intervening in the currency markets. And all they are greeted with from the United States is sympathy that they have a bad eco-

nomic situation. Well, by God, we have a bad economic situation, and currency manipulation is something that ought to be at the highest levels of the State Department. And it will at least be a part of this hearing.

I yield back.

Mr. CHABOT. Thank you. The gentleman's time has expired.

I would now like to introduce our distinguished panel here this afternoon.

We will begin with the Acting Assistant Secretary Joseph Yun of the Bureau of East Asian and Pacific Affairs at the Department of State. He previously held the position of Principal Deputy Assistant Secretary. After joining the Foreign Service in 1985, he has held overseas postings in the Republic of Korea, Thailand, France, Indonesia, and Hong Kong. Before joining the Foreign Service, Mr. Yun was a senior economist for Data Resources, Inc., in Lexington, Massachusetts.

We welcome you here this afternoon, Mr. Yun.

I would also like to introduce Nisha Biswal, who has served as USAID's Assistant Administrator for Asia since September 20th, 2010. Prior to her appointment, she served as the majority clerk for the State Department and Foreign Operations Subcommittee on the Committee on Appropriations in the U.S. House of Representatives. She has also served as the director of policy and advocacy at InterAction and as a professional staff on the House Foreign Affairs Committee, where she was responsible for South and Central Asia policy. Ms. Biswal has also worked with the American Red Cross, both in their Washington headquarters and overseas as an international delegate in Armenia, Georgia, and Azerbaijan.

We welcome you both here this afternoon.

I know you are familiar with our rules. We have the 5-minute rule for witnesses and ourselves. The yellow light will come on when you have a minute to wrap up. When the red light comes on we would appreciate it if you would complete your statements.

You are recognized for 5 minutes, Mr. Yun. Thank you for being here.

STATEMENT OF MR. JOSEPH Y. YUN, ACTING ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. YUN. Mr. Chairman, Mr. Bera, and distinguished members of the subcommittee, thank you for——

Mr. CHABOT. You might want to pull the mic a little bit closer so everybody in the back can hear, too. Thank you very much.

Mr. YUN. Thank you for the opportunity to appear before you to testify on the Bureau of East Asian and Pacific Affairs budget request for Fiscal Year 2014.

With your permission, Mr. Chairman, I would like to make brief remarks and submit a more detailed written testimony for the record.

Mr. CHABOT. Without objection, so ordered.

Mr. YUN. At the outset of this administration, the President made a strategic decision to increase focus on the Asia-Pacific region. The President's approach recognizes that the United States is a Pacific power whose people, economy, and interests are increas-

ingly linked with Asia's economic security and political development.

The Fiscal Year 2014 budget reflects this strategic priority. Our budget request was crafted in full recognition of our current budgetary constraints, as well as the expectations of the American people to use their tax dollars wisely.

I am grateful for the opportunity to come before you, along with my good friend Nisha Biswal, to discuss what is at stake in a region with over half the world's population and nearly half of the world's global trade.

First, these efforts create and sustain American jobs. Economic vitality in the United States depends on the ability of U.S. firms to tap the growing base of the demand for goods and services in the Asia-Pacific region. Our diplomatic and development resources in the region support U.S. jobs by promoting open markets, protecting intellectual property, and helping U.S. Firms compete for foreign contracts.

U.S. exports to Asia-Pacific reached almost $400 billion in 2012, up 26 percent in 4 years. Through expanded engagement with China on investment, the value of Chinese greenfield investment and acquisitions in the United States has risen dramatically, from less than $500 million annually prior to 2009 to $6.5 billion by 2012. These inflows of capital support more American jobs.

Public diplomacy and consular operations throughout the Asia-Pacific bring millions of tourists and foreign students to the United States each year, with students from East Asia contributing, we estimate, $9 billion annually to the U.S. economy.

Second, our funding resources make the United States more secure. In cooperation with the Defense Department and other agencies, our security assistance programs help maintain peace and security across the Asia-Pacific, including efforts to deal with North Korea, stem proliferation, maintain freedom of navigation, and promote transparency and human rights.

Third, our budget promotes democracy, human dignity, and the rule of law. For example, in Burma, the United States is supporting a historic political and economic transition through targeted assistance to promote the rule of law, respect for human rights, a robust civil society, and the development of a transparent, accountable government that is responsive to the needs of the people.

The overall Fiscal Year 2014 budget requests for the State Department and USAID to provide $1.2 billion in funding for East Asia and the Pacific, which reflects a 7.1 increase from Fiscal Year 2012 in support of the East Asia rebalance. This is the largest percentage increase of any region.

The request expands foreign assistance funding to the Asia-Pacific region to $768 million from $715 million in Fiscal Year 2012.

On the State operations request, the budget provides an additional $25.9 million for program and supporting costs, including funding to add 24 new positions to fill needs at our Embassies and our regional bureau offices.

To conclude, Mr. Chairman, U.S. leadership in the Asia-Pacific region will pay dividends for our security and prosperity well into this century, just as our post-World War II commitment to Europe

created a similar transatlantic network of institutions and relationships.

Thank you, Mr. Chairman, for inviting me to testify today, and I am pleased to answer any questions you may have.

Mr. CHABOT. Thank you very much, Mr. Yun.

[The prepared statement of Mr. Yun follows:]

Statement of
Joseph Y. Yun
Acting Assistant Secretary
Bureau of East Asian and Pacific Affairs
U.S. Department of State

Before the

House Foreign Affairs Committee
Subcommittee on Asia and the Pacific

May 16, 2013

The FY 2014 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 Bureau of East Asian and Pacific Affairs (EAP) Budget Request for Fiscal Year 2014. 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 working further with you and other Members of Congress to continue to expand our involvement in the region.

At the outset of his Administration, the President made a strategic decision to increase focus on the Asia-Pacific region and rebalance U.S. engagements, activities, and resources toward and within this vital region. The President's approach is grounded in a simple proposition: the United States is historically a Pacific power whose people, economy, strength, and interests are increasingly and inextricably linked with Asia's economic, security, and political development.

The Fiscal Year 2014 Budget reflects this strategic priority, sustaining key investments made throughout the President's first term and investing in new initiatives to expand and deepen a government-wide commitment across the region. Our budget request was crafted in full recognition of our current budgetary constraints as well as of the high expectations set by the American people to use their tax dollars wisely to meet clear foreign policy objectives and advance U.S. interests. As you consider our FY 2014 request, I am grateful for the opportunity to come before this Committee to discuss what is at stake in this vital region and

the impact we are making in a region with over half of the world's population and nearly half of the world's global trade.

First, State and USAID resources are funding efforts that create and sustain American jobs. Economic vitality in the United States in part depends on the ability of U.S. firms to tap the growing consumer base of the Asia-Pacific region. Through efforts sustained by diplomatic and development resources in the region, the State Department and USAID support U.S. jobs by promoting new and open markets for U.S. firms, protecting intellectual property, and helping U.S. businesses compete for foreign government and private contracts. U.S. exports to East Asia and the Pacific reached almost $400 billion in 2012, up 26 percent since 2008. Through expanded engagement with China on investment, the value of Chinese greenfield investment and acquisitions in the United States has risen dramatically, from less than $500 million annually prior to 2009 to $6.7 billion in 2012. The Rhodium Group, a private research institute, estimates that Chinese investment supports 32,000 U.S. jobs, up from fewer than 10,000 five years ago. Public diplomacy and Consular operations throughout the Asia-Pacific region promote travel and exchange opportunities, including millions of tourists and foreign students who travel to and study in the U.S. each year. Students from East Asia contribute $9 billion dollars annually to the U.S. economy. In Southeast Asia, the United States has launched the U.S.-ASEAN (Association of Southeast Asian Nations) Expanded Economic Engagement (E3) initiative – a new framework for economic cooperation designed to expand trade and investment ties between the United States and Association of Southeast Asian Nations, creating new business opportunities and jobs in all ten ASEAN member countries and at home. These efforts continue to directly advance the economic strength and well-being of our citizens here in the United States—in your districts and around the country.

Second, State and USAID resources in the Asia-Pacific region are helping to make the United States safer and more secure. In cooperation with the Department of Defense and other national security agencies, our diplomats and security assistance programs help to maintain peace and security across the Asia-Pacific, including through efforts to denuclearize North Korea and halt its proliferation activities, maintain freedom of navigation in the region's maritime spaces including the South and East China Seas, and promote increased transparency in the region's military activities. Our treaty alliances with Japan, the Republic of Korea, Australia, the Philippines, and Thailand are the cornerstone of our strategic position in the Asia-Pacific and continue to ensure regional stability and enhance our regional leadership. In response to the changing security environment in Asia, the United States is modernizing our alliances to provide the United States with the

flexibility to respond to a range of traditional and non-traditional security challenges. At the same time this type of engagement mitigates sources of conflict in the Asia-Pacific region, it also enhances our ability to defend against threats to the United States—keeping us safer at home.

Third, State and USAID resources are also expanding the ranks of democratic and prosperous states in the Asia-Pacific region by promoting our deeply held values of human dignity and rule of law. In just fifteen years, Indonesia has transitioned from an authoritarian regime to a thriving democracy. Timor-Leste, Southeast Asia's youngest democracy, is already a leader in voicing the concerns of fragile and post-conflict countries to shape discussions on the future of aid effectiveness and the post-2015 Development Agenda. The United States is supporting an historic political and economic transition in Burma and is taking an active role in a country in which we are seeing a great shift with regard to respect for human rights and good governance. Although many challenges remain in Burma, the country's nascent transformation demonstrates the possibility for significant change that exists in the Asia-Pacific region. Across the region, our diplomatic, public diplomacy, and development experts are promoting good governance, inclusive participation, and the rights of women and children as well as leveraging regional and bilateral approaches to advance the development of robust democratic institutions. Just as weak governance and rule of law, violations of human rights, and corruption are often root causes of conflict and depravity, strong democratic institutions and responsive governments provide the necessary framework for sustainable economic growth and stability in the region.

The President's Fiscal Year FY 2014 budget request for the Bureau of East Asian and Pacific Affairs sustains and broadens our coordinated efforts to unlock significant strategic and economic opportunities for the United States in this dynamic region. The overall FY 2014 budget request for the State Department and USAID provides $1.2 billion in funding for East Asia and the Pacific, which reflects a 7.1 percent increase from FY 2012 in support of the East Asia rebalance—the largest growth rate of any region. The request is a reflection of our priorities and hard choices in a difficult fiscal environment, enabling us to work toward proactive diplomacy, effective development, sustainable prosperity, the search for lasting peace, and principled American leadership. It directly supports our key regional objectives, including strengthening ties with our allies, deepening our engagement with new partners and emerging powers such as China, shaping a robust regional architecture through the strengthening of regional institutions and processes such as ASEAN and APEC, expanding trade and investment, and promoting democratic values.

The request expands foreign assistance funding to the Asia-Pacific region to $768.3 million, from $715 million in FY 2012, reflecting a $53.3 million overall increase. Our foreign assistance request expands funding for the region in five 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) supporting democratic development; and (5) addressing war legacies.

Regional Security Cooperation

The State Department will deepen bilateral security partnerships and military ties and expand confidence-building measures and preventative-diplomacy mechanisms to resolve underlying grievances and advance regional stability. FY 2014 funds will allow the Department to undertake a regional and bilateral approach to reforming security and justice sectors and build lasting force capabilities, particularly in Southeast Asia and the Pacific, that advance U.S. leadership within the security architecture of the region. These efforts will help us to deter and defend against military and non-military threats to the region and to the United States.

Specifically, the FY 2014 EAP request provides an additional $23 million in Foreign Military Financing (FMF) for the Philippines to help build their maritime security capabilities, and $5.6 million in additional International Narcotics Control and Law Enforcement (INCLE) funds to improve rule of law in the southern region. Overall, the request increases bilateral INCLE funding to key countries in the region by $4.6 million, which represents an 18.6 percent increase over FY 2012 levels. These funds deepen our traditional security ties and build on our alliances to deter and defend against military and non-military threats to the United States and the region. They help fortify long-term relationships and demonstrate our lasting commitment to the Asia-Pacific region. Beyond the peaceful resolution of disputes and confronting emerging challenges together with our allies and partners, these funds build lasting ties with key leaders who are more capable and willing to work with us.

Economic Integration and Trade

Opportunities for increased U.S. trade and investment in the Asia-Pacific region are constrained by weak legal and regulatory frameworks, limited trade capacity, and other pervasive issues, such as uneven governance, corruption, and lack of cooperation for human rights that limit the ability of U.S. enterprises to fully and

fairly compete in new and emerging markets. FY 2014 funds will enhance our engagement with key bilateral and multilateral partners through an ambitious economic integration agenda aimed at tapping the efficiencies of a larger market and unlocking new sources of prosperity for the United States through the expansion of U.S. exports and reducing barriers to investment to Asia and the Pacific. By harnessing the region's economic growth and dynamism we can promote U.S. economic and strategic interests at the same time as we increase regional economic integration.

The FY 2014 request provides a net increase of $5.1 million over FY 2012 levels in Economic Support Funds (ESF) for key multilateral economic growth programs. This increase will expand programming in support of economic integration and trade capacity objectives within ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum, as well as fund regional initiatives such as the Asia-Pacific Comprehensive Energy Partnership. The request also includes an additional $22.29 million in bilateral funding to support economic growth and trade initiatives in Burma, Laos, Mongolia, the Philippines, Timor-Leste, and Vietnam.

Engagement in the Lower Mekong Region

The United States has a significant interest in the emergence of a strong and integrated ASEAN that can effectively address complex transnational challenges and reinforce the global system of rules and responsibilities that will define the future of the Asia-Pacific region. ASEAN seeks to increase economic and political integration among its member states. However, integration will ultimately hinge on the ability of member countries to "narrow the development gap" between maritime Southeast Asia and the Mekong sub-region. Low levels of economic development in the Mekong sub-region, particularly within Cambodia, Laos, and Burma (intensified by Burma's decades of relative isolation) have made it particularly susceptible to external pressures. In addition, the lower levels of capacity among Mekong countries continues to hinder ASEAN's ability to respond in a coherent and consistent manner to pressing non-traditional security challenges in Southeast Asia.

The Lower Mekong Initiative (LMI) was launched in 2009 as a development-based initiative aimed at addressing these concerns about economic development in this region, and it continues to be the primary driver of Mekong sub-regional integration for the United States. We have a significant interest in fostering greater economic capacity in the countries economically dependent on the Mekong River,

while simultaneously supporting efforts to bring greater physical, institutional, and economic connectivity across regions. This effort is meant to supplement traditional U.S. bilateral assistance by building the capacity of Mekong countries to combat specific cross-border challenges, promote institutional and people-to-people connectivity, and address development challenges. Engaging all continental Southeast Asian states on a sub-regional basis is essential to address acute and pervasive transnational/boundary challenges that can hinder economic development in the longer term, such as emerging pandemic threats, the impact of hydropower infrastructure development, climate change, and environmental degradation.

Still in its early stages, LMI has made significant progress with the Lower Mekong countries. Plans of Actions for four of the six pillars have been finalized, and the fifth and sixth pillars on Agriculture and Food Security and Energy Security are under discussion. These plans of action set specific objectives and drive coordinated efforts among the LMI countries to bridge their own development gap within ASEAN, with a goal of realizing the ASEAN Economic Community in 2015, boosting our support for ASEAN centrality and helping open markets in Southeast Asia to U.S. exports and boosting export-supported jobs in the United States. The plans will also serve as the basis for the measurement of progress on LMI goals.

The FY 2014 request provides an additional $15 million in ESF to support LMI. This effort is meant to supplement traditional U.S. bilateral assistance by building the capacity of Mekong countries to combat specific cross-border challenges, promoting institutional, professional, and people-to-people connectivity, and advancing efforts to address development challenges. These FY 2014 funds support part of a larger multi-year $50 million LMI deliverable announced by Secretary Clinton at the ASEAN Regional Forum Ministerial Meeting in July 2012.

Democratic Development

FY 2014 funds will support good governance and inclusive participation, promote the rights of women and children, and advance the development of robust democratic institutions. Our commitment to the expansion of democratic development and human rights in the region helps create responsible partners who share our most fundamental values. A key focus is supporting the political and economic transition in Burma.

Burma, a country crippled by decades of military rule and international isolation, is undergoing an accelerated, historic political transition marked by an expansion of civil liberties and human rights. The United States began normalizing relations in 2012 in response to the dramatic political, social, and economic reforms adopted by the Government of Burma. Burma remains important to U.S. interests as a demonstration of the benefits that accrue to a nation that pursues a progressive path to change. U.S. assistance builds on a long legacy of support for the aspirations of the people of Burma and focuses on new and expanded collaboration in key priority areas. The U.S. government is supporting and accelerating the political and economic reform process through targeted assistance to promote the rule of law, respect for human rights, a robust civil society, and the development of a transparent, accountable government that is responsive to the needs of the people of Burma and committed to inclusive, equitable, and transparent growth. In 2015, Burma will have its first opportunity in the post-military regime era to hold multiparty national elections that adhere to international standards. Through USAID, the U.S. government is providing critical support for preparations for a free and credible national election. In addition, one of Burma's most significant challenges is achieving the national unity that has eluded the country since independence. U.S. assistance is working to address the root causes of long-running conflicts and ethnic tensions. We will continue to provide humanitarian assistance to conflict-affected and vulnerable populations in border areas and the interior of the country and improve health, food security, and economic opportunity and livelihoods for all the people of Burma.

The FY 2014 request expands bilateral funding for Burma to $75.4 million, an increase of $28.8 million from FY 2012. FY 2014 funding will also support programs that aim to strengthen democratic institutions, good governance, civil society, rule of law and respect for human rights in Indonesia, Cambodia, Mongolia, the Philippines, Timor-Leste, and Vietnam.

Addressing War Legacies

As the United States embarks on a renewed, deepened relationship with the Asia-Pacific region, we must continue to demonstrate strong leadership in helping affected countries overcome health, social and environmental challenges that remain perceived as legacies of war. The FY 2014 request will help Vietnam, Laos, Cambodia, and Pacific Island countries overcome lingering challenges threatening sustainable development by undertaking humanitarian efforts to reduce the effects of unexploded ordnance (UXO). The request provides an additional $4 million for UXO clearance in Laos and an additional $1 million for UXO clearance

in the Pacific Islands. The request also sustains UXO programming for Vietnam and Cambodia. Our FY 2014 request also maintains our firm commitment to remediate dioxin contamination at the former U.S. airbase in Da Nang, Vietnam. We have requested a total of $12 million to support remediation and to fund broader health programs to help Vietnamese with disabilities, regardless of cause.

Diplomatic and Public Diplomacy Programs

Beyond foreign assistance, the FY 2014 request also provides funds for additional personnel, operations, and public diplomacy to meet growing demands associated with our intensified focus in the Asia-Pacific region. For instance, our principled engagement strategy with Burma, after several decades of international pressure and sanctions, helped advance key reform efforts. Expanded engagement with ASEAN and other fora such as the Pacific Islands Forum and the Secretariat of the Pacific Community continues to enable our efforts to effectively tackle transnational priority issues such as transnational crime, counter-proliferation, and disaster preparedness. We will continue to intensify our engagement on the Trans-Pacific Partnership (TPP) and work within the Asia-Pacific Economic Cooperation forum to increase opportunities for trade and investment and reduce barriers—directly benefiting the U.S. economy. The U.S. rebalance demands increased people-to-people engagement with the region by expanding our outreach and educational and cultural exchanges, particularly with ASEAN countries. We expect this unprecedented level of engagement with our Asia-Pacific partners to further broaden as we implement the U.S. rebalance strategy for the region.

For this reason, the FY 2014 EAP request included funds to expand our diplomatic and public diplomacy platform in the Asia-Pacific region. Our State Operations request - which funds our personnel, operating costs, and public diplomacy programs in the region - provides an additional $25.9 million for program and supporting costs, including funding to add 24 new positions to our existing 1,008 positions in order to fill critical needs at our embassies and in our regional bureau offices. Ten of these positions will be Washington-based, while the remaining 14 will be overseas. The overseas positions are for Burma (three positions), Australia (three positions), Korea (two positions), Jakarta (ASEAN, two positions), and one position each in Timor-Leste, Vietnam, Brunei, and New Zealand. Of the $25.9 million, $10 million is associated with public diplomacy funding and represents an 18 percent increase. This increase will help to continue our alumni engagement, English-language teaching and training, academic advising, and journalist training. Budgetary constraints have forced the Department to steeply reduce its request for

educational and cultural exchanges across the board, which will result in reduced funding for all regions, including the Asia-Pacific.

In every regard, Asia-Pacific countries are indispensable to addressing the transnational challenges and seizing the economic and strategic opportunities of the 21st century. At a time when the region is building a more mature security and economic architecture to promote stability and prosperity, effective and sustained U.S. engagement can have an unprecedented positive impact on developments in the region. U.S. leadership will help shape that architecture and will pay dividends for our security and prosperity well into this century, just as our post-World War II commitment to rebuild Europe helped to create a comprehensive and lasting transatlantic network of institutions and relationships. The time has come for the United States to make similar investments as a Pacific power. The United States must enhance and deepen its strategic engagement and leadership role in order to meaningfully shape the emerging Asia-Pacific century.

Thank you, Mr. Chairman, for inviting me to testify today on our FY 2014 budget request. I am pleased to answer any questions you may have.

Mr. CHABOT. Ms. Biswal, you are recognized for 5 minutes also.

STATEMENT OF THE HONORABLE NISHA BISWAL, ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. BISWAL. Thank you, Chairman Chabot and Congressman Bera and members of the committee. Thank you for the opportunity to testify today on the President's Fiscal Year 2014 budget request for East Asia and the Pacific.

In the interest of time, I, too, will summarize my statement and ask that the full statement be entered into the record.

Mr. CHABOT. Without objection, so ordered.

Ms. BISWAL. Thank you, Mr. Chairman.

And let me begin by thanking you, sir, for your leadership, and this committee for laying the bipartisan foundation of support for increased U.S. engagement in the Asia-Pacific region.

As my esteemed colleague Joe Yun has articulated, the rebalance of the Asia-Pacific region is a key economic and national security priority. Deepening our engagement is sensible and strategic in a region that is home to two-thirds of the world's population and some of the fastest-growing economies, but one that also encompasses nearly 30 percent of the world's poor.

We know that Asia faces serious development challenges, such as inequitable growth, poverty and malnutrition, the threat of pandemic diseases, environmental degradation, and natural disasters, just to name a few. President Obama has noted that Asia will largely define whether the coming century will be marked by conflict or cooperation, by needless suffering or human progress.

USAID's role is to provide the platform for partnership and technical cooperation with the countries of the region to ensure that we are advancing human progress and cooperation. To that end, the President's budget requests $768.3 million for international assistance programs for East Asia and the Pacific, and as Joe noted, an increase of 7.5 percent compared to Fiscal Year 2012.

Our programs in the region are focused on supporting bilateral and regional efforts to address these challenges by investing in health and human capacity, by strengthening food security, and helping the region address the impacts of global climate change.

At the same time, we recognize that a critical constraint to inclusive and efficient growth is persistent and pervasive corruption, weak systems of governance, and continuing challenges to human rights. So much of our assistance also focuses on these priorities.

Across the region, we will devote 33 percent of the request to improving health outcomes. Four countries—Cambodia, Indonesia, Philippines, and Vietnam—are the priority or focus countries for the Global Health Initiative. And our support has helped improve maternal and child health and reduced the spread of infectious diseases such as HIV, avian influenza, malaria, and tuberculosis.

Asia is also home to 62 percent of the world's hungry and 70 percent of undernourished children. The President's Feed the Future initiative is increasing agricultural productivity and food security through a comprehensive approach that invests in the entire agricultural value chain.

But sustainable economic growth and agricultural development require effective stewardship of the region's natural resources and biodiversity. And so we direct 17 percent of the 2014 request to share best practices, tools, and technologies for conserving forests, coral reefs, and fisheries, promoting clean energy, supporting climate change adaptation, and combatting illegal wildlife trafficking.

And in a region that experiences over 60 percent of global natural disasters, we are helping improve disaster response capabilities across the region so that countries in the region can handle these disasters when they happen. As we speak, our Office of Foreign Disaster Assistance personnel are on the ground in Burma and Bangladesh working with local partners and the United Nations to help prepare for and respond to Cyclone Mahasen.

The budget request prioritizes support for political and economic transition in Burma, the Partnership for Growth in the Philippines, and the Comprehensive Partnership with Indonesia, as well as resources to consolidate democratic gains in Mongolia.

Finally, we also address issues of strengthening regional institutions, such as the ASEAN Secretariat, and our work with the Lower Mekong countries to address transnational issues and promote regional integration.

Mr. Chairman, we recognize that to do all that I have laid out we cannot be business as usual. And so as part of the USAID reforms, we are changing the way we do business in three major ways: A greater emphasis on local partnerships to ensure sustainable solutions; a focus on science, technology, and innovation to ensure that we are bringing the latest, most efficient tools; and a focus on partnerships that leverage private-sector and other donor resources. We think that this is critical to advancing our interests in the region and advancing prosperity for the countries of Asia.

Thank you for the opportunity to testify, and I welcome your questions.

Mr. CHABOT. Thank you very much.

[The prepared statement of Ms. Biswal follows:]

Statement of Nisha Biswal
Assistant Administrator, Bureau for Asia
U.S. Agency for International Development
House Committee on Foreign Affairs
Sub-Committee on Asia and the Pacific

Addressing Foreign Policies and Funding Priorities
for the FY 2014 Budget in Asia and the Pacific

May 16, 2013

Chairman Chabot, Ranking Member Faleomavaega and distinguished Members of the Committee:

Thank you for the opportunity to testify before this Committee today on the role of the U.S. Agency for International Development in supporting U.S. priorities and addressing development needs in Asia and the Pacific. As the hearing is focused on "Assessing U.S. Foreign Assistance Priorities in East Asia and the Pacific," I will address my testimony to that part of my portfolio. Before I start, I want to acknowledge the critical role that this committee has played, in a bipartisan manner, in understanding and elevating the importance of U.S. engagement in the Asia Pacific region.

This afternoon, I want to share with you my perspective on the vital role of U.S. foreign assistance in this region and how USAID's development programs address regional challenges and advance American interests. As my good friend and colleague, Joe Yun, has articulated, the rebalance to the Asia Pacific region is a key economic and national security priority as well as a recognition that the region presents the U.S. with an unprecedented opportunity for investment, trade and access to cutting-edge technology. President Obama laid out the vision and rationale for this foreign policy shift in his pivotal speech to the Australian parliament in 2011. He said, and I quote:

> The United States has been, and always will be, a Pacific nation...As the world's fastest-growing region -- and home to more than half the global economy -- the Asia Pacific is critical to achieving my highest priority, and that's creating jobs and opportunity for the American people....As President, I have, therefore, made a deliberate and strategic decision -- as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future.

This commitment was evident in the frequency and intensity of engagement from Secretary Clinton during her tenure and was reinforced by Secretary Kerry in his recent travel to the region and in his remarks before this Committee last month.

Mr. Chairman, deepening our engagement in Asia and the Pacific is sensible and strategic in a region that is home to two-thirds of the world's population and the world's fastest growing economies, but one that also encompasses nearly 30 percent of the world's poor. We know that the region faces serious development challenges, such as a lack of dependable access to clean water, infectious disease pandemics, environmental degradation, food scarcity, natural disasters, and government corruption. These compelling needs in Asia require USAID assistance and

support to advance U.S. strategic interests. As the President noted in that speech, "Asia will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress." The Asia Pacific rebalance is, at its heart, our effort to ensure that the coming century is one marked by cooperation and human progress that extends mutual prosperity and security.

USAID's programs in the region are focused on enabling that vision through support of bilateral and regional efforts to address the major challenges facing Asian economies and societies, by investing in health and human capacity, strengthening food security and helping the region cope with and mitigate the impacts of global climate change and natural disasters. At the same time, we recognize that a critical constraint to inclusive and efficient growth is persistent and pervasive corruption, weak systems of governance and continuing challenges to human rights and labor rights, and as such, much of our assistance focuses on these challenges.

Mr. Chairman, we recognize that for USAID to be relevant in Asia, with its growing economies and dynamic private sector, we need to change our business model. And so our programs and strategies in the region have been undergoing a transformation as part of the Administrator's USAID Forward agenda, to reflect the following three realities:

1) Durable and sustainable solutions require local partners. To be truly sustainable, our assistance must invest in local institutions that can carry on the work long after our assistance has ended. Sometimes that means host governments, but often it means non-government institutions such as civil society, universities, and private sector organizations.
2) Transformational development requires robust partnerships. To be transformational, assistance needs to be at a scale that has national impact. To go to scale in countries with large populations and large economies requires partnerships that leverage other resources, whether from other donors, host country governments or private actors.
3) Science, Technology and Innovation enhance development outcomes. Complex and integrated problems will require new approaches. Partnerships between American and Asian scientific and academic institutions and private sectors will bring new research, technologies and innovations that are relevant to the complex challenges facing this region.

USAID stands ready to take up these challenges. The President's Fiscal Year 2014 foreign assistance request for East Asia and the Pacific is $768.3 million, an overall increase of 7.5 per cent compared to FY 2012 actual levels. The budget request prioritizes support for the political and economic transition in Burma and for the Partnership for Growth in the Philippines, advances the Comprehensive Partnership with Indonesia and helps consolidate economic gains as we transition our relationship with Mongolia.

Burma:

Since allowing the successful participation of opposition parties to participate in the April 2011 elections, Burma has continued to engage in a number of remarkable political and economic reforms in their transition toward democracy, improving human rights, strengthening rule of law, and increasing engagement with the international community. The FY 14 request includes a $29 million increase to support this historic transition under the framework of the U.S. – Burma

Partnership for Democracy, Peace, and Prosperity that will strengthen democratic institutions and practices; improve the country's public health system; increase food security; support peace and reconciliation efforts; and support economic governance to promote broad-based, inclusive growth. U.S. assistance will also continue to support humanitarian assistance programs along the Thailand-Burma border and within Burma to provide needed services to vulnerable populations during the transition. Throughout its assistance program to Burma, the United States will emphasize the role of women as well as social cohesion, working across diverse populations to ensure that investments are sensitive to conflict dynamics.

Philippines:

The U.S. foreign assistance priorities in the Philippines mirror overall U.S. foreign policy strategic goals in the East Asia and Pacific region: promoting peace, democratic governance, stability, security, and prosperity. Development resources will accelerate support for the Partnership for Growth and help the Philippines achieve broad-based and inclusive economic growth, while continuing to strengthen the foundations for a more peaceful, democratic and well-governed state that rejects terrorism in the conflict-affected areas of Mindanao. The Philippines' steady progress in economic performance has continued, in large part, due to sound macroeconomic policies, increased export growth and foreign direct investment, improved competitiveness rankings, and the national government's steadfast commitment to pursue reform. To sustain this growth and ensure inclusiveness, USAID will more deeply invest in the Partnership for Growth to improve governance, expand fiscal space, and strengthen human capacity. Fiscal year 2014 assistance will improve regulatory quality, strengthen the rule of law and democratic practices, expand integrity initiatives, and promote sustainable and efficient fiscal policies. It will also localize growth by working with highly motivated local governments to improve their governance capacities and mobilize technical support needed to spur economic growth. Long-term economic growth will be enhanced through environmental programs to reduce the risks of disaster and biodiversity loss, strengthen conservation natural resource management, and increase access to sustainable water supply and sanitation services. USAID works closely with the Philippine government in designing and implementing programs, developing appropriate mechanisms, describing intended impacts, and identifying key economic barometers to assess progress and evaluate success. U.S. assistance seeks to maximize the impacts of security sector and development assistance programs in the Philippines through an effective, whole-of-government approach guided by a focused strategy.

Indonesia:

As the largest Muslim majority nation and the third largest democracy, Indonesia represents one of our most critical strategic partnerships in the region. Within the framework of the U.S.-Indonesia Comprehensive Partnership, U.S. development assistance supports Indonesian efforts to improve the quality of higher education and primary healthcare, strengthen governance and democracy, sustain the environment, manage disasters, and create an environment for technology and innovation to thrive. In particular, the FY 14 request includes a $14.3 million increase in higher education funding that will support our commitment to enhance engagement in the region with greater cooperation through educational exchanges and a focus on innovative science and technology.

Mongolia:

Despite Mongolia's impressive economic gains, complex economic, governance, environmental, and capacity issues persist and widening social inequalities are a concern. USAID will focus its efforts on improving the business environment, facilitating diversification of the economy, and increasing trade and investment. U.S. assistance is designed to promote private sector-led growth and long-term capital investment as well as to aid the Government of Mongolia in addressing corruption, strengthening legal reforms, and creating greater transparency and accountability. USAID will also collaborate with the Government of Mongolia to develop a self-sustaining, legacy-based partnership that builds on the successes of current programs in accelerating government effectiveness and transparency, further strengthening rule of law, and increasing sustainable economic growth. Fiscal year 2014 assistance will provide the necessary foundation to implement this legacy program, ensuring that development gains are sustained as we transition from a traditional development program to a partnership that focuses more on trade and investment.

Regional Institutions

The President's request also prioritizes support for strengthening regional institutions in East Asia and the Pacific through increased funding for the Lower Mekong Initiative and ASEAN to accelerate regional integration, leverage higher education partnerships, devise innovative solutions to trans-boundary threats, and promote greater regional connectivity. We are also working with regional institutions and member countries to build disaster-resilient communities, enhance trade and investment, and to address trafficking in persons and illegal wildlife trafficking. Most recently, we have expanded our presence and programs in the Pacific to support regional institutions, like the Secretariat of the Pacific Community (SPC) and Secretariat of the Pacific Regional Environment Programme (SPREP), and to work with other Asian donors to strengthen Pacific Island Nations' ability to withstand the impacts of global climate change, to combat gender based violence and provide elections assistance to fragile democracies. As you know, under the strong urging of this Committee, and especially Ranking Member Faleomavaega, we have opened a USAID office in Papua New Guinea to manage these programs and enhance our engagement with these countries.

Program Priorities

As I noted, the goal of these programs is to create shared solutions to the challenges facing Asia. U.S. assistance in the Asia-Pacific focuses heavily on helping countries both bilaterally and regionally to address challenges in health, food security and agriculture, environment and climate change, governance, and disaster risk reduction.

Health - Across the region, USAID will devote 33 percent of the FY 2014 request to improving health outcomes. Four countries—Cambodia, Indonesia, Philippines and Vietnam—are USAID focus countries for the Global Health Initiative where U.S. investments have been highly successful in improving maternal and child health.

In Cambodia, for example, USAID has helped to increase the number of deliveries attended by trained healthcare providers by increasing demand and promoting timely referrals to hospitals. As a result, 825,000 antenatal care visits and 122,433 deliveries were attended by trained

healthcare professionals during the last year – an 8-10 percent increase from the year before. Ensuring that maternal health services are safe and accessible is an intervention that specifically targets and addresses barriers experienced by women.

USAID has effectively reduced the spread of infectious disease, including HIV/AIDS, avian influenza, malaria and tuberculosis (TB), which represent trans-boundary challenges for the region. Through the President's Malaria Initiative, USAID is successfully implementing programs in the Lower Mekong to control the development and spread of drug-resistant malaria through personal protection, rapid and high-quality case management, drug quality control and disease surveillance in Burma, China, Cambodia, Laos, Thailand, and Vietnam.

In Indonesia, for example, two existing USAID projects on malaria and maternal health were combined into one integrated, joint activity implemented by UNICEF to strengthen maternal and child health services in Eastern Indonesia. As a result of our support, 88 percent of deliveries in focus areas were attended by a skilled birth attendant, and 26,530 pregnant women in Eastern Indonesia received insecticide-treated bed nets, raising the total to 249,510 since 2010.

Food Security and Agriculture – Despite the remarkable economic gains and potential in the region, food security and agriculture remain a significant challenge as Asia is home to 62 percent of the world's hungry and 70 percent of undernourished children.

In Cambodia, USAID's participation in the Feed the Future program is increasing rural demand for quality agricultural inputs and new technologies through the promotion of improved agricultural practices for both small farmers and suppliers. This two-fold approach of creating demand from the farmer through increased knowledge and training, while simultaneously building the capacity of suppliers to address adequately farm safety, quality assurance, quality control, business development, and disease and pest identification, resulted in an average growth of 40 percent in sales made by rural enterprises, and a 300 percent increase in yields by U.S. assisted farmers.

Environment and Climate Change – Economic growth, food security, and the stability of Asian societies are based on natural resources which are being decimated at an increasing rate. This unabated destruction of terrestrial habitats, fisheries, and biodiversity will have significant local, regional, and global consequences. In response, USAID will direct 17 percent of the FY2014 request to share best practices and technologies to conserve forests and coral reefs, promote clean energy, support adaptation, strengthen sustainable fisheries management, stop illegal wildlife trafficking, and promote sustainable infrastructure development.

In Indonesia, for example, USAID continues to work closely with extractive industries in adapting and implementing best forest management practices to reduce the risk of forest degradation. USAID has identified and signed agreements with 13 forest concession companies, resulting in improved management of over one million hectares of high conservation value areas with significant biodiversity. We were also able to leverage over $400,000 of investment from the private sector for climate change related activities in Indonesia.

Governance – As we have seen with Indonesia's shift from authoritarian rule to democracy and Timor-Leste's peaceful post-conflict transition, democracy and respect for human rights are

increasingly part of the fabric of the Asia Pacific. Nevertheless, we recognize that there is still much work to be done in countries like Cambodia, Vietnam and Burma.

For example, in Timor-Leste U.S. assistance led to demonstrable improvement in both the structure of the country's legal institutions and the services provided to their most vulnerable citizens. USAID's assistance enabled four of the country's local legal aid organizations to process cases for 536 new clients. USAID also enabled the continued development of Timor-Leste's key anti-corruption institutions, which began to show improvements in conducting investigations, managing caseloads and referring cases for prosecution. Timor-Leste's corruption fighting institutions have begun to make notable advances; in fact, in Transparency International's 2012 Perceptions of Corruption Index, Timor-Leste's rank moved from 143 to 113, a positive gain of 30 places.

To support Burma's ongoing reform efforts, USAID is focusing on democracy, human rights and rule of law through programs to prepare the country for a free and credible national election in 2015, improve the functioning of Parliament, and encourage reform in the justice sector. In addition, USAID will support civil society, the Government of Burma, and other stakeholders to strengthen mechanisms that promote transparent and accountable governance. In support of the upcoming elections, USAID has launched a three year, $11 million program that will improve electoral administration to ensure free, fair, honest and credible elections; promote voter education; provide parliamentary strengthening assistance; and, support political party development.

Disaster Risk Reduction – In a region that experiences over 60 percent of the world's major natural disasters, USAID has made substantial gains in helping governments bilaterally and regionally to improve their disaster response capabilities.

For example, in the Pacific Islands USAID has been participating in the implementation of a five-year activity that aims to help 90 communities across 12 countries strengthen their resilience to climate change and the violent weather that can accompany these changes. This activity will build local knowledge through community-based trainings and participatory risk mapping and analysis and cultivate adaptive capacity by helping local leaders to factor climate change projections into traditional decision-making processes. We are also working with the University of Papua New Guinea to conduct research on forest management, carbon sequestration and forest rehabilitation. Additionally, USAID builds the capacity of the Federated States of Micronesia and the Marshall Islands in disaster preparedness, emergency response and recovery, and post-disaster reconstruction.

Closing

Mr. Chairman, USAID will help transform the U.S. Government's relationship with Asia, and support broader U.S. national security interests and strengthen our U.S. economy. As part of our "rebalance" to Asia, USAID will work in partnership with governments and societies, using host country priorities and resources to leverage development impact.

I appreciate the opportunity to share what USAID is doing in Asia and the Pacific and I am eager to hear your advice and counsel. I welcome any questions you may have.

Mr. CHABOT. We appreciate the testimony of both witnesses here this afternoon.

Now we have 5 minutes to ask questions, and we will stay within our 5 minutes as much as possible. I will begin by recognizing myself for 5 minutes.

Mr. Yun, I will begin with you. I would like to start with something that the ranking member, Eni Faleomavaega, and I feel very strongly about, and are very concerned about. That is the recent attack on the Taiwanese fishing vessel by a Philippine Government ship that resulted in the death of a Taiwanese national.

I hope you will take just a moment to address this issue and advise us as to any discussions that the administration might be having with Philippine Government officials regarding, for example, an official apology to Taiwan or compensation to the victim's families or any other action that might be contemplated at this time.

Mr. YUN. Thank you, Mr. Chairman.

On this very tragic incident, number one, we would very much like to convey our condolence to the family for the loss of life.

I think there have been a number of discussions between Manila and Taipei, and, of course, we would like those discussions to go on to an end that is acceptable to both sides.

I think, at this point, sir, we really don't know what happened. I understand an investigation is going on. But we are keeping in very close contact both with Taipei and Manila on this incident. It is very unfortunate because, as you well know, these are two of our closest friends and partners in the region, and so we just feel awful.

Mr. CHABOT. Thank you very much. We would appreciate the Department keeping this committee up to date on what is happening there. Ranking Member Faleomavaega and I just came back from Korea, Japan and Taiwan a couple of weeks ago. As you indicated, both of these countries are very close and important allies to the United States and you hate to see something like this happen between friends.

Moving on, the U.S. has provided an extraordinary amount of assistance to Cambodia since 2007, roughly $70 million a year. Over the course of the last few years, however, we have seen assistance yield arguably few results, and Cambodia is no more closely tied to the United States than it was back in 2007.

According to our U.S. Ambassador to Cambodia, Ambassador Todd, the relationship, according to him, has actually soured quite a bit following President Obama's visit to Cambodia last year. I am not inferring it is because of that, but since then it apparently has worsened. In addition, Hun Sen's party, the Cambodia People's Party, CPP, controls almost every aspect of governance and civil life in Cambodia, including the military and police forces, which are all members of the standing committee of Hun Sen's CPP and its Politburo. Every single top military commander also sits on the CPP's central committee.

Additionally, many of these CPP-dominated military units are involved in gross human rights abuses, like violent land seizures for economic concessions. We just met with some Cambodians about land seizures last week. Economic concessions to timber and rubber and palm oil companies and a whole range of things.

Would you comment on that, Mr. Yun?

Mr. YUN. Thank you, Mr. Chairman.

I think we absolutely share your concerns. There is no question about that.

I think the high level of our assistance really does reflect the tragic history that Cambodia has gone through and really our effort to help overcome past legacies. Having said that, you are very much on the right, same thinking as us. Their abuse of human rights and lack of political freedom is very much of concern.

As you noted, President Obama was in Cambodia last November for multilateral meetings, East Asia Summit and other meetings. And he did have a meeting with Prime Minister Hun Sen, and at that meeting he had a very good discussion and conveyed our very strong views on human rights.

There will be Cambodian elections coming up in July. And, again, we have been telling the Cambodians to please be inclusive and also have openings so that political opposition can legitimately represent themselves. And these discussions are going on, and I expect these elections will be a crucial indicator of——

Mr. CHABOT. Thank you. If I could stop you there just for a second because I am almost out of time, but you mentioned the national elections in July.

Let me ask you, if they are determined not to be free or fair, which a lot of observers think is quite likely, how will the administration adjust, for example, its assistance levels to Cambodia to reflect our disapproval with how Hun Sen is ruling the country and how the elections went, if they don't go the way they should? And when I say "should," not judging which way an election should go, but just that it is fair.

Mr. YUN. We will, of course, have to digest what happens in the election, but I would imagine it will be a very important factor in the way we go with our assistance.

Mr. CHABOT. All right. I would strongly urge that is a factor. It ought to be a factor in whether we are taking American taxpayer dollars and aiding a country, if their elections are deemed to be fair and open to both sides or all sides.

Mr. YUN. Yes.

Mr. CHABOT. Thank you very much.

I would now like to recognize the current ranking member for the day, Mr. Bera, for 5 minutes.

Mr. BERA. Thank you, Mr. Chairman.

And, again, thank you, Mr. Yun and Ms. Biswal, for your opening statements.

Obviously, the strategic rebalance to the region is very important and something that I think this committee and many of us in the House support. There is huge opportunity in the Asia-Pacific region, but there are also, obviously, significant challenges, particularly when we look at East Asia, when we look at the Pacific and the South China Sea region.

If you were to think about, you know, one or two key challenges to this region, would either one of you—you know, feel free to articulate what you think our biggest challenges are to the U.S. strategic interests in this region.

Ms. BISWAL. Sure. I would be happy to talk about what I think are some of the critical development challenges that bear into our interests in the region. Because, as you see the fast-growing economies, they are having some major impacts within the region—the issues of urbanization, competition over natural resources; the impacts on health, with the emergence of pandemic diseases. As you know, Southeast Asia is the crucible of the pandemic threats that have been emerging over the past decade or so. And global climate change and the impact of environmental degradation on the world's resources and, frankly, on pollution that we experience on our own shores.

And so these are important challenges not only for the region, but they are important for us. And so, increasingly, our programs are looking at how we address the way Asia grows, the way Southeast Asia experiences growth, to push for more sustainable and inclusive growth that takes into account managing and mitigating for these particular developmental challenges.

Mr. BERA. And would it be accurate to say that the budgetary requests that are being made for the coming fiscal-year budget helps us build critical infrastructure to address these challenges and lays out those priorities?

Ms. BISWAL. Absolutely. While we don't invest in hard infrastructure, the soft infrastructure of governance that is fundamental to how the region grows is where we put a lot of resources.

Mr. BERA. Great. Thank you.

Mr. Yun?

Mr. YUN. I would say our biggest opportunity and biggest challenge is in the economic area. Very much think there is enormous growing market there; how we take advantage of that. And how we deal with problems associated with unfair trade, not level playing field, and these include thefts of intellectual property rights, cybersecurity.

So I think those are the issues that are of critical interest to Americans, and we need to deal with them.

Mr. BERA. Great.

And in my remaining time, you know, I was recently reading that USAID has been working with the country of India to help them develop their own aid institutions to help other nations.

Ms. Biswal, what do you think India's role is in helping these emerging economies in the region? And how best can we work with India?

Ms. BISWAL. Sure. So we are increasingly working with and talking to India about the development programs that it supports within the Asia region. We have a trilateral dialogue, U.S., India, Japan, that focuses on the East Asia theater. And India is investing very heavily in Burma in many of the same areas in which we are providing support. And so I think there is an opportunity for us to work together to maximize the impact of the resources that we bring to bear.

When President Obama went to India in 2000, he talked about the local-global cooperation. And he launched, along with Prime Minister Singh, the Partnership for an Evergreen Revolution, which talks about the partnership between the United States and India in the African context.

Increasingly, we are looking at how to partner in sub-Saharan Africa, and in Afghanistan, in South Asia, and in East Asia.

Mr. BERA. Great. Yeah, thank you.

Mr. Yun, do you have anything that you would like to add?

Mr. YUN. I don't think I have much to add to that.

Mr. BERA. Okay. Great.

With that, I will yield back my time.

Mr. CHABOT. Thank you very much.

I think the gentleman has left that we were going to turn to next. The gentlelady from Hawaii is recognized for 5 minutes.

Ms. GABBARD. Thank you very much, Mr. Chairman.

Thank you very much for being here today with us.

You have mentioned, both of you, in different parts of your testimony about our country's focus and rebalance toward Asia and the Pacific and, without a doubt, the importance that we focus on the broad range of challenges and opportunities that we face, which include the security and prosperity of the Asia-Pacific region.

I represent the Second District in Hawaii. And the regional instability created by the recent North Korean provocations, as well as the slow-boiling territorial disagreements around the Senkakus and South China Seas, are something that affect us in a very personal way but also affect us as we look at this rebalance and the region as a whole. And I think it underscores the growing need that we strengthen our Nation's military and diplomatic presence in the region, where we have economic and national security interests that are inextricably linked.

We had Secretary Kerry here before us in the committee last month, and he touched very briefly on the fact that we need to do things differently going forward, specifically as it relates to North Korea.

And, Mr. Yun, I know you have a lot of background in this area, and I would love to hear your thoughts in more detail than we had before on exactly what are some examples of different diplomatic steps that we can take toward North Korea in order to stop this endless cycle that we have been under for so long and, specifically, the tactic that we have proposed legislation on and has been tried before in 2005, with the sanctions on hard currency for North Korea.

Mr. YUN. Thank you very much.

This is a tough one, the North Korean challenge. Specifically, their nuclear weapons program has been there, as you know, since the late 1960s, so this is a problem we have had to deal with for decades. And, of course, as they test more nuclear devices and as they test more missiles, their capabilities increase, which is very worrisome.

I had an opportunity to accompany Secretary Kerry on his trip to Northeast Asia some 6 weeks ago. And, clearly, there is awareness among our two key allies, which is Japan and South Korea, and they are working very closely with us.

I would say, really, the important party with leverage and influence over North Korea is China. And, on this occasion, Secretary Kerry had a really lengthy engagement with Chinese leadership, including President Xi Jinping, Prime Minister Li Keqiang, and Foreign Minister Wang Yi. We are continuing that dialogue, and

very soon afterwards we had a visit by their six-party chairman, Wu Dawei. And, of course, this will go into next month and thereafter, with important meetings between our side and Chinese side.

So we are putting a lot of emphasis on that front, Ms. Gabbard. But it is something we dealt with, and I think, quite frankly, while many people will criticize that it has not been successful, at the same time I think the problem that we have so far is, I would say, you know, considering it is a 30-, 40-, 50-year-old problem, we will continue to deal with through strength, especially with our allies, and build up our defenses, especially around Hawaii and Alaska.

Ms. GABBARD. I think one of the issues that concerns many of us, though, however, is that while the cycle continues and people say we go back to status quo every time, the bar of what status quo is continues to be raised as North Korea continues to develop more nuclear and ballistic missile capabilities.

Specifically, if you could touch again, quickly, on the hard currency sanctions, as the chairman of this committee as well as many of my colleagues and I have introduced legislation to bring back these hard currency sanctions on North Korea.

China's role in allowing that success that we saw in 2005 to happen—we saw that it worked, but, unfortunately, the program was pulled back too quickly back in 2005, and apparently because of China.

Now, when things have changed, we would like to hear your thoughts on how that could be continued in a more successful way.

Mr. YUN. As you know, we have had a number of sanctions imposed against North Korea. And I believe these have been multilateral as well as unilateral. And, most lately, China has also sanctioned some North Korean entities, specifically Foreign Trade Bank (FTB).

And these are discussions we are going to have as new information comes in. Ms. Gabbard, we would like to give you a classified briefing on steps we have taken and we have asked our partners to take on this issue.

Ms. GABBARD. Thank you. I look forward to continuing the conversation.

Thank you, Mr. Chairman.

Mr. CHABOT. The gentlelady's time has expired.

The gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you. I have another hearing going on at the same time.

Mr. Yun, you said in your testimony that our exports to your region has gone up to $400 billion. What are our imports from that region? And is there a reason why only one was mentioned in your testimony?

Mr. YUN. I don't have the import figure, sir, but I would imagine they also have gone up. And I fully——

Mr. SHERMAN. Wait a minute. You are our chief diplomat for East Asia, and nowhere in your notes or with your staff behind you do you know what our imports are from the region?

Mr. YUN. I don't have the exact figure. I will be happy to provide them to you, sir.

Mr. SHERMAN. Do you happen to know it within $100 billion?

Mr. YUN. I think probably it would be, since we have a deficit, it would be way larger than the export figure.

Mr. SHERMAN. Okay.

You talk about the new security concerns. The concern I have is that, since we are pulling out of Afghanistan, our military-industrial complex needs a new focus and that fighting China over the South China Sea provides that.

One of the major focuses of our national security deployment is to help Japan defend some islands that it claims. What percentage of its GDP does Japan spend on its defense, compared to what we do?

Mr. YUN. Again, I would be happy to provide you figures, sir.

Mr. SHERMAN. Okay.

Have you made any efforts to push the Japanese to say, look, if you want to go eyeball-to-eyeball militarily with China, would you mind doing that to some extent with your own expenditures, rather than ask the American defense budget to deploy additional forces to East Asia? Has that been an objective of our policy?

Mr. YUN. We have frequent discussions with the Japanese on these issues, and, of course, the Japanese provide host-nation support for our troops and our bases——

Mr. SHERMAN. So they allow us, at our expense, to defend their territory from their territory and have invited us to devote our resources to defending their disputed islands, but they have made no promises to you to increase their military expenditures as their national security situation worsens. They feel that that should be handled by the U.S. taxpayer.

Is there any part of that characterization that is demonstrably false?

Mr. YUN. I think, as we speak, the Japanese, including led by the government, are reviewing the issue of whether they should change their constitution——

Mr. SHERMAN. Okay. So we spend, they review, and there is no—now, China restricts the import of U.S. movies, when they are not pirating them to begin with.

Have you taken any action to focus Chinese attention on not allowing American movies to be shown on all their screens? And have we threatened any restriction on their access to U.S. markets in order to open theirs?

Mr. YUN. Every year, we have had strategic and economic dialogue in which intellectual property rights form the core of our——

Mr. SHERMAN. This was not a question about intellectual property rights. The question was access to screens, where they say they have quotas on how much of our import they will accept. We have no quotas on how much they can send to us in fabrics or tennis shoes or whatever.

Isn't it outrageous that, running this huge trade surplus with us, that they would restrict our imports to their country while having unlimited access to our market? Is that an outrage that you share and have expressed to the Chinese?

Mr. YUN. We do share these views. And, again, we——

Mr. SHERMAN. Let me get you pinned down. Is it outrageous that our movies do not have free access to the Chinese market?

Mr. YUN. Our movies should have free access.

Mr. SHERMAN. Okay.

You talked about that there were a lot of jobs from exports. I do want the record to reflect that the U.S. Policy Institute has calculated that our imports from China, since we gave it MFN status, have displaced 2.8 million U.S. jobs. And I think that dwarfs the figure that you put forward as to the export jobs to China or even the entire region.

I see my time has expired. And I hope that we will be more aggressive in seeking to open up the Chinese market. And I haven't even had a chance to talk about Japanese currency manipulation or Chinese currency manipulation, but maybe we will do another round.

Mr. CHABOT. Thank you. We are going to do another round.

I will recognize myself for 5 minutes.

I have to note that my Democratic colleague was scoring such great points with respect to our Democratic administration, but I want to at least throw out some assistance relative to the Japanese issue.

Correct me if I am wrong, Mr. Yun, but it is my understanding that after World War II one of our principal concerns with Japan was their aggression, and all their neighbors were, as well. They had a history there. And so, by their constitution, which we helped them write, their ability to act militarily was, shall we say, greatly constrained to what it was prior to World War II. Is that accurate?

Mr. YUN. I think that would be very accurate, sir.

Mr. CHABOT. As you attempted to answer, having just been over there and having discussed this with both the Japanese and the Koreans and others in the region, they are in the process of overhauling their constitution. One issue, in particular, is in the area of defense and how they can act.

They are now one of our strongest allies in the region; is that correct?

Mr. YUN. Yes, I would say they are most definitely one of our strongest allies in the region.

And just to go a little bit further, they do want to change the constitution so they can help outside Japan, as well, including, for example, by sending peacekeeping forces outside.

Mr. CHABOT. It is in our interests in order to encourage that ability for them to act militarily more in conjunction with the United States than in the past. That is our goal, and we are trying to encourage them to do that, correct?

Mr. YUN. We are trying to encourage them to do that. And, however, as you mentioned earlier, this is a very sensitive issue——

Mr. CHABOT. And that is what I wanted to get at. One of the problems is some of their neighbors, like South Korea, for example, that have an experience, and you have the comfort-women issue and a whole range of things in the region that gives a lot of folks a lot of heartburn whenever you get into this stuff. But it is a pretty complicated issue.

I agree with many of the points that my colleague from California made, but I think it is just a bigger story. I hated seeing the administration squirm. Unlike yesterday, when I was in the Judiciary Committee where we had Eric Holder as our witness, and I was one of the questioners, I felt that I should defend the adminis-

tration here a little bit, although maybe it goes against my natural instincts.

But let me get off of Japan for just a minute, which I hadn't even intended to go into at this point. But let me ask, the State Department has requested $10.3 million to add 21 new positions, 8 of which will be in Washington. Then I think in your testimony, rather than 21, it is up to 24 new positions, and 10 of those will be here in Washington. Would you explain this discrepancy? Also, why are nearly half of the new positions located in Washington? In this time of fiscal constraints and budget austerity, shouldn't these roles be handled by staff currently in Washington rather than putting new folks here? It seems, based on your testimony and the documents reviewed before this hearing, that the demand for sustaining a U.S. presence in Asia is actually having a U.S. presence in Asia, not here in Washington. Could you talk about the additional people and why so many of them are here rather than overseas?

Mr. YUN. Yes. I think, number one, I would like to clarify, of course, $10.3 million is increasing in our operations budget. That is not all going to go to new positions. Some will go to improving facilities and overall costs.

The reason why we believe we need to split between Washington and our field offices, our Embassies, shall we say, is because our bureau has been so understaffed for a long time. And it is probably, of the regional bureaus, the smallest bureau in the State Department. And we have undertaken a lot of initiatives from Washington, you know, for example, on multilateral affairs as well as in a lot of trade affairs and economic affairs that Mr. Sherman alluded to. So there is a lot of work to be done in Washington, where we do instructions, where we issue assessments. And so that is why we feel that there is a need.

I do take your point that, on balance, we ought to prefer having positions overseas. And that is reflected in our overall numbers. And we feel that in Washington we have been understaffed.

Mr. CHABOT. All right. Thank you.

My time has expired. I will recognize the gentlelady from Hawaii.

Ms. GABBARD. Thank you, Mr. Chairman.

Just also to follow up on some of the staffing, additional staffing positions that you have, the one in particular that you have assigned in South Korea to assist with defense policy coordination and the planning of transferring wartime operational control of forces to Korea, if you could expand specifically on what this individual's role is, as well as if there is a greater section to address both of those areas.

Mr. YUN. As you know, the current plan is to transfer wartime operation control to South Korea by the end of 2015. There is a lot of work that needs to be done. I would say among the most important work is the South Korean capability for intelligence, as well as having interoperable equipment.

So, in fact, a lot of it will be related to exporting defense equipment and getting together with the South Korean side and the USFK side to make sure that once the opcon is transferred there is a safe environment for that.

Ms. GABBARD. And do you feel that that timeline is on track?

Mr. YUN. Again, the timeline is, of course, we expect it to be on track, but, at the end of the day, we have to be sure it is safe and it is secure to transfer that. It is going to be based on facts on the ground.

Ms. GABBARD. Thank you.

I have a question for Ms. Biswal with regards to transforming the traditional donor-recipient model of development with India.

As we collectively in a partnership look to tackle those development challenges, can you expand on how USAID is doing this and if you foresee a point in time when India will become a donor rather than a recipient of aid, and at what point?

Ms. BISWAL. Sure. Thank you, Congresswoman.

First of all, I would note that India has long been a donor country. For example, I believe their commitment to Afghanistan is in the $2 billion annual range. So that is certainly not a new undertaking for that country.

What we talk about when we say transforming the partnership, the relationship from donor/recipient to one of true partnership, is we recognize that India is a country that has represented both tremendous progress and faces continuing challenges. Those challenges are going to be met, by and large, through the resources that are galvanized from within India. And yet the technical collaboration between American institutions, American private sector, American academic and research institutions, and Indian institutions to co-create solutions, innovations, frugal innovations that are emerging in India, has tremendous promise to bring more cost-effective and relevant and impactful solutions that can be scaled with Indian resources within India but also can inform and transform the way that we are addressing development challenges globally.

And if I could just give you a couple of cases in point. India has pioneered agricultural extensions for small-holder farmers in a way that is unseen in other parts of the world. Because it has very small-holder and disaggregated farming systems, it uses mobile systems, mobile phones, to provide extension services to these farmers at very, very low cost. And they are connected to their agricultural institutions, such as IIIT in Hyderabad, and so farmers are able to take pictures of their crops that have diseases and beam them directly into these research institutions and get realtime data on what could be done to advance or address these challenges. Now, we are working with Indian institutions to see how we can apply those kinds of techniques in African systems.

And so there is tremendous opportunity for partnership, where we are not doing service-delivery-type interventions in India because that is really not where we bring value, but we focus on the kind of partnerships that allow us to take it to the next level and have global impact.

Ms. GABBARD. Great. Thank you.

Thank you, Mr. Chairman.

Mr. CHABOT. The gentlewoman yields back.

The gentleman from California is recognized for 5 minutes.

Mr. SHERMAN. Thank you.

We appreciate India's role as a donor country, but its aid to Afghanistan is not an unmitigated benefit. It has scared the hell out

of the Pakistanis. Rationally or irrationally, they feel themselves caught between two potentially hostile territories, and the Pakistani reaction has certainly cost us far more than $2 billion.

Mr. Chairman, it is in my nature to ask tough questions, as you have seen over the decades of administrations of any political party and of a foreign policy establishment that I do not think has well-served American working families.

But I will defend the State Department on one thing, and that was your concern as to whether we base people here or overseas.

With security costs, with housing allowances, with dependants allowances, the cost of a Foreign Service officer is at least double or triple the cost of having somebody in the civil service here in Washington. And then, of course, when Foreign Service officers return, they feel that they should be rewarded for their foreign service. They get a particularly good desk for a while before they go overseas again.

As to Japan's peace constitution, Mr. Yun, I assume there is nothing in that constitution that prohibits Japan from defending its own territory, which it claims these disputed islands to be, and there is nothing in the Japanese constitution that prohibits them from writing us a check for the costs of our deployments in support of their national security.

Am I right on those two items of the Japanese constitution?

Mr. YUN. I am not an expert on the Japanese constitution, sir, but I would imagine there is no precedent for a country paying for service outside their immediate defense, in terms of, number one, how would you cost out that service? And then——

Mr. SHERMAN. I am not saying they would pay the full cost. There is much international precedent for a country helping an ally with its defense costs. We help many of our allies with their defense costs. And there is nothing in the Japanese constitution or a lack of international precedent that would prevent them from helping us. They just don't want to.

Mr. YUN. They do provide host-nation support, as I——

Mr. SHERMAN. Do they provide that for free, or do we pay anything for our bases in Japan?

Mr. YUN. They provide utilities. They also provide for our——

Mr. SHERMAN. Do we have to pay any rent?

Mr. YUN. Do we have to pay anything to Japan? No, we don't pay anything.

Mr. SHERMAN. Okay. So, unlike bases in other countries, at least the use of the land it is for free. The costs of defending Japan are in the hundreds of billions, and I doubt their free utilities for us approach that.

You have mentioned that you have focused with China on intellectual property. Have you given them any reason to believe that they would lose any access to the U.S. market if they just smile and nod and keep having discussions with you about intellectual property but simply don't do anything?

What is the penalty to China for not dealing with intellectual property, other than they will have another meeting with you and those who report to you?

Mr. YUN. Congressman Sherman, we have had, as I have described, lengthy meetings with them. And we do have tools—I real-

ly don't want to go into it at this place—including CFIUS, our restrictions on exports of technology. So to characterize it as one way——

Mr. SHERMAN. What penalty has been imposed on China for its disregard of our intellectual property?

Mr. YUN. I don't think we do business in terms of quid pro quo. We treat our trade and investment and we have discussions with them. Among them, we have discussions on investment issues——

Mr. SHERMAN. Okay. So we have discussions. And, as far as they know, they have not lost a dollar due to their mistreatment of intellectual property rights.

Why has the administration not designated China as a currency manipulator?

Mr. YUN. I think if you were to ask any Chinese whether there have been consequences as a result of trade friction, I doubt any one of them would say they have not lost a dollar in investment or trade, sir.

Mr. SHERMAN. Well, with regard to intellectual property, I don't think they have lost. But why have we not declared China to be a currency manipulator?

Mr. YUN. I would like to ask my Treasury colleagues to get back to you on that question.

Mr. SHERMAN. They won't answer the question either, but thank you very much.

Mr. CHABOT. The gentleman's time has expired.

The gentleman from California, Mr. Bera, is recognized for 5 minutes.

Mr. BERA. Thank you, Mr. Chairman.

Mr. Yun, obviously, safety is a paramount issue, particularly in the aftermath of violent and often deadly attacks on our U.S. Facilities and personnel around the world. So, you know, this committee and this body continue to be very worried about the safety of our personnel. This is especially true in East Asia, which, you know, we have uncovered several plots against U.S. installations and have fortunately been able to foil them in recent years.

Can you explain what steps the State Department and USAID, also, are taking to secure our facilities and protect our citizens?

Mr. YUN. In terms of facilities, we have expended a considerable amount of money and efforts, of course, in building new facilities that will be safe. And I would say they have had a very good effect.

And a number of facilities, including those in Indonesia, Malaysia, and elsewhere, we will be rebuilding into a new compound.

And we have done a lot of work on this issue for over the past 10 years or more. And among them, for American citizens, to have the quality of information that we have, so when we give warning to—when we have information, we share them widely and broadly. So in our area and throughout the world, information is rapidly disseminated.

Mr. BERA. Great.

Is there anything that you would like to add, Ms. Biswal?

Ms. BISWAL. Only that USAID staff fall under chief-of-mission authority. Our security offices coordinate very closely with the State Department Diplomatic Security, and our facilities' resources are very closely coordinated with OBO to look at those needs.

We are right now going through a process of examining any facilities where we are not co-located with our Embassies to ensure that, in the short term, that the security needs are being adequately addressed and, in the long term, looking at and exploring ways to make sure that we can be co-located where it is warranted.

Mr. BERA. Great. Thank you.

And then in my remaining time, obviously, there has been a rapid transformation of the Burmese leadership and so forth and their thought process. Could either one of you offer any insight into what is happening with the Burmese leadership, what their motivations are, and where they are right now?

Mr. YUN. My own belief is that the Burmese have changed. They have changed and they have opened up for, really, two fundamental reasons.

One of them is the economic backwardness of Burma. And they have realized that they have completely missed the boat on economic prosperity that has taken place around them.

The second reason is really decades of isolation, political isolation. And with a change in leadership, they, too, have again decided that they no longer want to be isolated.

So, in the end, I think it is these two factors that have led to change in decisions.

Ms. BISWAL. One of the remaining challenges, though, is that while there is tremendous political will at the top, political capacity for change and political will at lower levels is still very much something that we need to aggressively monitor and capacitate where we can capacitate it. So it is going to be an ongoing process; it is not a done deal.

Mr. BERA. Do we have specific programs, to either one of you, that help build that capacity at the lower levels? And can you highlight some of those programs?

Ms. BISWAL. When the President went to Burma in November, he announced a partnership for democracy, peace, and prosperity between the United States and Burma. And we framed it as a partnership because it is going to require the political will and the reform process from Burma and the provision of technical support from the United States to help build the capacity.

And so, right now, we are in the process of, essentially, designing and developing programs that will address not only capacity at the government level, which is important, but also the capacity in civil society and institutions, nongovernmental institutions, because it has to be both demand and supply.

We are looking at more comprehensively how we can support reform and how we can build that capacity in that country, whether it is through the provision of technical assistance, whether it is through political party strengthening, judicial reform, rule of law, et cetera.

Mr. BERA. Great. Thank you.

I yield back.

Mr. CHABOT. The gentleman's time has expired.

The final questioner this afternoon will be the gentleman from Georgia, Mr. Collins.

Mr. COLLINS. Thank you, Mr. Chairman. I just have a few, and as we go along—thank you for being here.

And I can sympathize with my friends from across the aisle that I have trouble getting answers a lot of times from different organizations since the short time I have been here. So I can sympathize there.

We have heard from civil society groups inside Burma, whose work is critical, you know, the government, that they are having difficulty assessing U.S. assistance, while they see substantial resources and attention being focused on groups that are closer to the government and whose work reflects the government's priorities as well as the usual suspects, in terms of USAID contractors.

Ms. Biswal, what is the USAID strategy for integrating its long-term cross-border partners into its programmatic approach in Burma?

Ms. BISWAL. Thank you very much for that question.

We have maintained and will continue to maintain support to those cross-border organizations. Our assistance on the Thai-Burma border for organizations that are working on either side of that border has continued unabated and will be there as long as it is necessary.

And, at the same time, what we are trying to do is also support Burmese civil society within Burma. We have some challenges, because direct support to these organizations is going to be difficult in the short term, while their own systems and capacities to absorb direct assistance are addressed. Because many of the civil society groups in Burma, while they have technical capacity and resilience, don't have the kind of management systems that our assistance requires in terms of accountability requirements.

Nonetheless, what we are doing is trying to work through partner organizations that can then both sub-grant to Burmese civil society but also then build their capacity.

Mr. COLLINS. So, basically, your mechanism for helping them would be using other organizations, is that what you are saying? That they are technically able, but they have issues in management. Is that what you are saying?

Ms. BISWAL. Yes, in the short term, with the hope that we can move toward direct support of those organizations in the long term. And we will also test it out with doing some very small grants to Burmese civil society organizations that allow them to build up those systems.

Mr. COLLINS. Okay.

Let me ask a question for either one of you who want to answer. There is a report stating that there is no evidence that military-to-military relations will strengthen America's engagement with Burma. The State Department and USAID both emphasize that no assistance is being given to the Burmese Government because of mistrust. And I think that is the issue.

If that is true, why are we incrementally increasing the aid, especially as we are doing this through the government programs that we just spoke of? Or why is that increasing there?

Ms. BISWAL. I will let my colleague talk about the military side of it.

We are not providing any funds through the Government of Burma, because we don't believe they have the systems right now to provide the kind of assurances and accountability and trans-

parency that we would require, nor have we seen sufficient progress at this point for us to put resources directly into that.

But we are providing technical assistance to reform-minded ministries in Burma to help build those transparent systems that will enable down the road, if the situation warrants, for us to be able to support directly.

Mr. COLLINS. Before you answer on the military, I want to add something to the question. Because there has been some release of issues of prisoners, but there is also—Burma still maintains a relationship with North Korea. It still has aims in its own program. Violence continues in ethnic areas; 1,300 individuals have been taken into unlawful detention; and lack of transparency.

While some officials—you know, and there is a thought that you use a philosophy of foreign assistance should be given in order to stimulate social change. I don't see foreign assistance as an entitlement. And I am concerned here about what I am seeing. The government's attitudes to be toward noticeable conversion and that to use incremental foreign assistance.

If a government's allegiance to transparency and civil order is questioned, then, again, why is there such a huge increase here? I am trying to get the reasoning why we are doing this, especially when we have an issue where there is so much mistrust.

Ms. BISWAL. First of all, our interest here is in supporting the people of Burma and in addressing the very critical development challenges within that country. The extent to which we find reform-minded partners, we want to build the capacity of those reformers to drive change.

Mr. COLLINS. Okay.

Ms. BISWAL. But we are not putting money into Burma because we are trying to reward a government. We are trying to build a relationship with a people that we think have, you know, important needs that we can address.

Mr. COLLINS. And I understand that.

And very quickly here, the concern that I have here is, the increase that has been asked for is substantial. It is from $28.8 million to $75.4 million. Is there enough of those agencies that you can work with to handle that much of an increase? Or is this, we are going to find people and give money? Maybe that is the question.

Ms. BISWAL. Yeah. So let me explain how that increase is justified.

First of all, our prior-year funding levels in Burma were about $35 million a year. Roughly half of that was on support to the Thai-Burma border, and roughly half of that was on programs inside Burma that were funding nongovernmental organizations addressing humanitarian needs and supporting democracy, free media, et cetera. We have continued our support for those programs.

The additionality that comes into play with the 2014 request is to allow us to expand into areas that we previously did not work on, expand on political reforms, including supporting political parties, election reforms, parliamentary strengthening, rule of law, and ethnic reconciliation.

So our programs, because of the increased request in 2014, will enable us to be much more comprehensive. And, yes, I do believe that there is the ability to absorb those resources in that country.

Mr. COLLINS. Okay.

Mr. Chairman, I know my time is over. I do have more questions. I will submit those for the record and get answers, because there is a lot more I want to delve into there.

Mr. CHABOT. Very good. Thank you very much.

As the gentleman indicated, his time has expired.

I want to thank the panel for their testimony here this afternoon.

Without objection, members will have 5 days to submit questions and revise and extend their remarks.

If there is no further business to come before the committee, we are adjourned. Thank you.

[Whereupon, at 4 o'clock p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Asia and the Pacific
Steve Chabot (R-OH), Chairman

May 15, 2013

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Subcommittee on Asia and the Pacific, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at www.ForeignAffairs.house.gov):

DATE: Thursday, May 16, 2013

TIME: 2:00 p.m.

SUBJECT: Assessing U.S. Foreign Assistance Priorities in East Asia and the Pacific

WITNESSES: Mr. Joseph Y. Yun
Acting Assistant Secretary
Bureau of East Asian and Pacific Affairs
U.S. Department of State

The Honorable Nisha Biswal
Assistant Administrator
Bureau for Asia
U.S. Agency for International Development

By Direction of the Chairman

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COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Asia & the Pacific HEARING

Day Thursday Date 5/16/13 Room 2172

Starting Time 2:01 pm Ending Time 3:57

Recesses [1] (2:19 to 2:33) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Rep. Chabot (R-OH), Ami Bera (CA-D)

Check all of the following that apply:

Open Session [X]
Executive (closed) Session [ ]
Televised [X]

Electronically Recorded (taped) [X]
Stenographic Record [X]

TITLE OF HEARING:

Brad Sherman, Mr. Books, Tulsi Gabbard, Rep. Connolly, Rep. Collins

SUBCOMMITTEE MEMBERS PRESENT:

NON-SUBCOMMITTEE MEMBERS PRESENT: *(Mark with an * if they are not members of full committee.)*

HEARING WITNESSES: Same as meeting notice attached? Yes [X] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Collins's Questions for follow up

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED 3:57

Subcommittee Staff Director