AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

THE U.S. REBALANCE IN EAST ASIA: BUDGET PRIORITIES FOR FY 2016

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA AND THE PACIFIC

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

APRIL 23, 2015

Serial No. 114–35

Printed for the use of the Committee on Foreign Affairs

Available via the World Wide Web: http://www.foreignaffairs.house.gov/ or http://www.gpo.gov/fdsys/

U.S. GOVERNMENT PUBLISHING OFFICE

94–310PDF WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey
ILEANA ROS-LEHTINEN, Florida
DANA ROHRABACHER, California
STEVE CHABOT, Ohio
JOE WILSON, South Carolina
MICHAEL T. McCAUL, Texas
TED POE, Texas
MATT SALMON, Arizona
DARRELL E. ISSA, California
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
MO BROOKS, Alabama
PAUL COOK, California
RANDY K. WEBER SR., Texas
SCOTT PERRY, Pennsylvania
RON DeSANTIS, Florida
MARK MEADOWS, North Carolina
TED S. YOHO, Florida
CURT CLAWSON, Florida
SCOTT DesJARLAIS, Tennessee
REID J. RIBBLE, Wisconsin
DAVID A. TROTT, Michigan
LEE M. ZELDIN, New York
TOM EMMER, Minnesota

ELIOT L. ENGEL, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
ALBIO SIRES, New Jersey
GERALD E. CONNOLLY, Virginia
THEODORE E. DEUTCH, Florida
BRIAN HIGGINS, New York
KAREN BASS, California
WILLIAM KEATING, Massachusetts
DAVID CICILLINE, Rhode Island
ALAN GRAYSON, Florida
AMI BERA, California
ALAN S. LOWENTHAL, California
GRACE MENG, New York
LOIS FRANKEL, Florida
TULSI GABBARD, Hawaii
JOAQUIN CASTRO, Texas
ROBIN L. KELLY, Illinois
BRENDAN F. BOYLE, Pennsylvania

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

SUBCOMMITTEE ON ASIA AND THE PACIFIC

MATT SALMON, Arizona *Chairman*

DANA ROHRABACHER, California
STEVE CHABOT, Ohio
TOM MARINO, Pennsylvania
JEFF DUNCAN, South Carolina
MO BROOKS, Alabama
SCOTT PERRY, Pennsylvania
SCOTT DesJARLAIS, Tennessee

BRAD SHERMAN, California
AMI BERA, California
TULSI GABBARD, Hawaii
ALAN S. LOWENTHAL, California
GERALD E. CONNOLLY, Virginia
GRACE MENG, New York

CONTENTS

Page

WITNESSES

The Honorable Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State 5
The Honorable Jonathan Stivers, Assistant Administrator, Bureau for Asia, U.S. Agency for International Development 17

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable Daniel R. Russel: Prepared statement 7
The Honorable Jonathan Stivers: Prepared statement 19

APPENDIX

Hearing notice 38
Hearing minutes 39
The Honorable Alan S. Lowenthal, a Representative in Congress from the State of California: Material submitted for the record 40

THE U.S. REBALANCE IN EAST ASIA: BUDGET PRIORITIES FOR FY 2016

THURSDAY, APRIL 23, 2015

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

The subcommittee met, pursuant to notice, at 1:08 p.m., in room 2172, Rayburn House Office Building, Hon. Matt Salmon (chairman of the subcommittee) presiding.

Mr. SALMON. Good afternoon. The subcommittee will come to order.

I would like to thank our distinguished witnesses, Assistant Secretary of State Daniel Russel and Assistant Administrator for USAID Jonathan Stivers, for being here this afternoon.

We called this hearing to assess U.S. foreign assistance to East Asia and the Pacific for Fiscal Year 2016. This is a critical topic because it is clear that the future of the United States is inextricably linked with East Asia.

The region encompasses many of the greatest opportunities for our country. What remains to be seen is what shape its future will take because some of our greatest strategic challenges also come from East Asia. For example, the United States should assist in the peaceful resolution of maritime disputes and military buildup in the South China Sea or we risk tensions erupting into kinetic conflict.

The United States must engage in new trading relationship with burgeoning regional powers in Asia through the Trans-Pacific Partnership or we risk markets could remain restricted to our businesses. The United States must retain its leading role in ensuring the peaceful sharing of land, sea, air, and cyberspace or we risk paving the way for less savory alternatives, such as the dominance of authoritarian Chinese rules and norms.

As a Pacific power, the United States must seek positive outcomes for these challenges and others. We also need to balance these challenges abroad with our financial constraints at home, which will require allocating U.S. funds efficiently and effectively.

The administration initially proposed a rebalanced Asia as a centerpiece of its foreign policy. However, the follow-through we have seen on the rebalance or the pivot has not reached its full potential. Last week I spoke at an event with Senator McCain, and he observed that we had not yet truly pivoted. I agree.

The attention given to East Asia and the Pacific by the administration does not seem to be indicative of a concerted effort. In Fiscal Year 2015, the East Asia Bureau's budget is the second smallest of any of the State's regional bureaus.

If we are ever to truly rebalance, the effective allocation of foreign aid for the region, rather than the sheer amount we spend, must be the critical factor for our foreign aid spending in the Asia Pacific. I am eager to hear from our distinguished witnesses today about their respective efforts on this issue.

In China, we are supporting sustainable development, environmental conservation, and cultural preservation initiatives in Tibetan areas as well as HIV/AIDS programs, international narcotics control and law enforcement, and democracy programs. Over the last few years, we have seen reduced funding for democracy, human rights, and rule of law programs, which I am concerned about because of increased levels of repression from the Xi administration, which puts at risk our efforts in these areas. The controls and limits on the freedom of expression have indicated that the Chinese Government intends to rule by law rather than uphold the rule of law.

Moving to Southeast Asia, I have concerns about countries in the Lower Mekong region, which includes Burma. Cambodia, Laos, Thailand, and Vietnam. I see that this year's budget request for the Lower Mekong Initiative is nearly 20 percent lower than last year's. This broad initiative supports aid programs and education, the environment, health, food security, and infrastructure.

And I would be very interested to hear the reasoning behind its deemphasis in this year's budget. I am particularly interested to hear the witnesses' views on whether this reduction will constrain the U.S. presence in the Lower Mekong, especially now, in light of China's aggressive infrastructure investments in the region and the U.S.'s exploration of closer relations with nations such as Vietnam.

This year's budget requests reflect an increase and involvement with Vietnam, which is a forward-looking decision. Though our current efforts for Vietnam are still focused on disease control and development, we are also working toward the U.S.-Vietnam relationship of the future by helping to improve governance, strengthen civil society, improve human rights conditions, and to promote Vietnam's involvement in the TPP. Our aim should be continuing to support Vietnam's transformation to become a more responsible and inclusive partner. I look forward to discussing these priorities with Vietnam when I travel to the region in just a couple of weeks.

I am pleased to see that this year's budget request places significant emphasis on enhancing the defense capabilities of Indonesia, Vietnam, and the Philippines through foreign military financing as well as training in anti-terror programs. We have had longstanding and productive counterterror cooperation with Indonesia, and helping the world's largest Muslim-majority nation to deal with radicalism should continue to be a top priority. Vietnam and the Philippines, as claimants in the South China Sea, face heightened risk of state-to-state conflict due to China's aggressive island-building in disputed waters. So the security emphasis we see for these two nations in this year's request is welcome, also.

President Reagan once said, "We can't help everyone, but we can help someone." Our mission here today is to hold a dialogue about which "someones" to help. And it is a truly exciting and daunting time to have these kinds of conversations because the East Asia Pacific presents colossal opportunities and vexing challenges. I give my sincere thanks to my colleagues today and our witnesses for joining me in this conversation today.

And I turn the time over to Mr. Lowenthal for any opening statements he might have.

Mr. LOWENTHAL. Thank you, Mr. Chairman.

And thank you, witnesses, for joining us today.

As you have just heard, we are at a critical junction for U.S. foreign policy in Asia. And I look forward to hearing how the United States can advance our security interests, our quality of life and our human rights, and promote human rights and democracy in the region.

With the ongoing negotiations on the Trans-Pacific Partnership, there is no better time to have an open and frank discussion about U.S. priorities in Asia. I believe that the United States can play a key positive role in Asia by promoting universal ideals of human rights.

Cambodia, a country with a long and bumpy and often winding road to democracy, can benefit greatly from the United States' assistance in building democratic institutions. In Vietnam, an autocratic, authoritarian regime must be made to improve its human rights record.

I would also like to highlight the challenges posed to the United States' security interest by the "threat multiplier of climate change and rising sea levels, which will disproportionately affect over 1 billion people who live along the coast in this region, many of whom depend upon the rivers, the estuaries, and the oceans for their livelihood."

As the United States seeks to build international consensus to limit carbon emissions, we must also work with countries in the region to prepare for an already changing climate.

Thank you, Mr. Chair. And I yield back.

Mr. SALMON. Thank you, Mr. Lowenthal. The Chair yields to Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I have been around here for about 28 years now, and I have always understood, being a Californian, that Asia plays a significant role in the well-being of the people of the United States of America. If we don't have good policy toward Japan and China and the Philippines, Vietnam, Korea, that region of the world, we will not prosper, nor will we be secure.

Those of us, as I say, in California know more about that. And I served with Ronald Reagan in the White House, and he certainly understood that. Today, however, there are serious challenges, but they are over the horizon. They have yet to come into view.

And I would suggest that the emergence of China as such a powerful entity and a China that has had absolutely no political reform—they have had lots of economic reform and they have—people say, "Oh, no. They are having all this reform."

No. They are not having any reform as long as they maintain that the government has total control over the political process. There are no opposition political parties there. People are not permitted to have private newspapers that criticize the government. They have hundreds of thousands of people—or 100,000 people tracking down anyone on the Internet that criticizes the basic nature of their system. And this is a monstrous threat that is just over the horizon.

Let me note for my friends who are so aggressively attacking Mr. Putin in Russia and their shortcomings in Russia, which there are many, there have been numerous reforms in Russia compared to China. Yet, we continue with a hostile attitude toward Russia and more of an open attitude toward China. So I am looking at that very closely.

And one thing that gives me heart that we will be able to confront any emerging threat in the Pacific is that Japan now is moving forward to basically step into its rightful role as a major power in the Pacific and Asia. We have had for far too long the stigma of World War II in which the Japanese were totally wrong and committed some monstrous acts, just like the Germans were totally wrong and committed monstrous acts.

But we forgave the Germans a long time ago. And we now have the Germans actually involved with peace efforts in Ukraine. They are sort of in charge of that. Well, Japan is ready to step up into that role in Asia and the Pacific. And the United States needs to have a strong partnership.

Next week we have President Abe coming to visit, to do a joint session of Congress. I think this is a good way to inaugurate a new era of relations between Japan and the United States and, hopefully, a new era of security and a new era of peace and prosperity in the Asia-Pacific region.

Thank you, Mr. Chairman, for holding this hearing today.

Mr. SALMON. Thank you.

Would you care to make some comments, Mr. Sherman? Any opening comments?

Mr. SHERMAN. Just a few.

First, there is some confusion on the floor of the House as to when I will be recognized to do a special order, this being the 100th anniversary of the Armenian genocide. And so I will need to balance my responsibilities here with that special order.

With regard to these hearings, I will try to be brief, showing up late.

And I do want to point out, Mr. Russel, that I hope that you would be with others at State and the intel community, giving our subcommittee and, perhaps, the Terrorism, Nonproliferation, and Trade Subcommittee a classified briefing on the China 123 Agreement that the administration has set forth before us.

I would urge members and those staff members that have classified clearances to go see the reports and classified information on this and particularly focus on two things, first, whether China is doing a robust or even adequate job on making sure that its private and quasi-private entities are adhering to nonproliferation standards.

And, second, I urge members and those staffers with security clearance to focus on whether China is using nuclear technology which they promised would be used only for civilian purposes for military purposes. So I look forward to looking at that issue.

As to the panoply of issues that we will deal with at this hearing, I think other opening statements have covered that. There is no more important region in the world for the United States than Asia, which is why we have all chosen to serve under the leadership of our chairman on this subcommittee.

I yield back.

Mr. SALMON. Thank you.

We thank the State Department and USAID for our knowledgeable witnesses this afternoon.

Assistant Secretary Russel joins us from the State Department's Bureau of East Asian and Pacific Affairs, and we are grateful to Assistant Administrator Stivers of USAID's Bureau for Asia for returning as this his second time testifying before the subcommittee.

And, without objection, the witnesses' full prepared statement will be part of the record. And members will have 5 calendar days to submit statements, questions, and extraneous materials for the record.

And, with that, Mr. Russel, I will turn to you first.

STATEMENT OF THE HONORABLE DANIEL R. RUSSEL, ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. RUSSEL. Thank you very much, Mr. Chairman, and Ranking Member Sherman, members of the subcommittee. And thank you in particular for the committee's support of our work with the East Asia-Pacific region and for the opportunity also to testify today about President Obama's Fiscal Year 2016 budget request. And I am pleased, of course, to be here with my colleague from USAID, John Stivers.

As you pointed out, Mr. Chairman, in your opening remarks, our strategy toward the region reflects the fact that the U.S., as a Pacific power and as a trading Nation, finds the Asia-Pacific region hugely consequential to our interest. It is consequential for our security, for our economy, and its importance will only grow.

Over the last 6 years, the administration's rebalance policy has established what I would call a new normal. It is a pattern of relations that is marked, first, by sustained engagement with the region by the President, by the Secretary of State, other Cabinet members in the Government and, second, marked by an unprecedented and extensive collaboration with our Asian allies, with our partners, on a full range of regional and global issues that face us.

And the results of this policy and the benefits to the people of the United States are very clear. One, we are safer. We are safer because our alliances in the region, especially with Japan and South Korea, the Philippines, and Australia, have never been stronger. And that is shown by updated defense guidelines, by increased host nation support, by rotational force agreements. And we have also built closer security relationships with other new partners and longstanding partners, like Singapore or New Zealand.

Second, our economy benefits. Since 2009, U.S. exports to East Asia are up about 23 percent and we are nearing conclusion of the Trans-Pacific Partnership, TPP, agreement. This is a trade agreement that also has unprecedented protections for workers, for the environment, and the digital economy. We welcome warmly the introduction of bipartisan, bicameral legislation for trade promotion authority, which will help us complete this agreement.

Third, Mr. Chairman, we are promoting stability in the region. Our deeper engagement with China has helped our two Governments to make progress on areas of common interest, like climate and bilateral investment, helped us to calm tensions with the military-to-military dialogue that we have established. It facilitates the exchange of ideas and of commerce by extending student visas and business visas while always standing up for human rights, standing up for international law, standing up for American workers and businesses. And throughout the region, our commitment to universal values is key to the strength of the American brand.

Fourth, I mention our work to strengthen regional institutions and organizations, like APEC, like ASEAN, like the East Asia Summit. This supports economic growth and also helps us manage complex disputes like those in the South China Sea, and our engagement with nations like Indonesia, Malaysia, Vietnam, and Burma position us to participate in the dynamic Southeast Asia area, a youthful area with a fast-growing middle class that already numbers in the hundreds of millions.

The $1.4 billion budget for East Asia and the Pacific in 2016 helps us build on these accomplishments. Our requested increase of $75.4 million, which is 6 percent over 2014, will allow us to maintain a robust presence as a preeminent trade and investment partner, a security guarantor, a champion of democracy, development in good governance.

And the $845 million for foreign assistance sustains and expands our funding for the region in areas such as regional security cooperation, inclusive economic growth and trade, democracy, regional institutions, and war legacies in Southeast Asia and the Pacific.

I would add, Mr. Chairman, that 2015 is a very big year for the U.S. in the region. We have got anniversaries, the 70th anniversary of World War II, 50th anniversary of Singapore's independence, 50th anniversary of normalization between Japan and Korea, 20 years since normalization with Vietnam. The ASEAN economic community will be launched this year, a step forward in regional integration. And four Asian leaders will visit the White House, beginning, as you mentioned, with Japanese Prime Minister Abe next week.

We have a lot to discuss. And I am happy to take your questions once my colleague has made his statement. Thank you.

[The prepared statement of Mr. Russel follows:]

Statement of Daniel R. Russel
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

April 23, 2015

The FY 2016 Budget Request for the Bureau of East Asian and Pacific Affairs

Chairman Salmon, Ranking Member Sherman, and Members of the Subcommittee: Thank you for the opportunity to appear before you today to testify with Jonathan Stivers, USAID Assistant Administrator for Asia, on the President's FY 2016 budget request for East Asia and the Pacific. 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.

Over the last six years, our rebalance to the Asia-Pacific has established a "new normal" of intensified engagement in the region. We are committed to extensive collaboration with Asian allies and partners on important global issues and a high tempo of sustained engagement by the President, Secretary Kerry, and other Cabinet and senior officials. Over the next year, we are planning 41 bilateral, 5 trilateral, and 54 multilateral dialogues and high level meetings with our partners in the Asia-Pacific on a range of policy issues.

The President's $1.4 billion FY 2016 budget request for East Asia and the Pacific is also a reflection of this new normal. The overall request includes $845.6 million for foreign assistance and $584.1 million for diplomatic engagement, which reflects a $75.4 million or 6 percent increase over FY 2014. This funding allows us to maintain a robust presence as a preeminent trade and investment partner, security guarantor, and supporter of democracy and good governance throughout the region.

This funding will also help support the multi-dimensional nature of the rebalance to advance mutual understanding, support regional public diplomacy priorities, and foster deeper people-to-people ties. Through programs such as the Young South

East Asian Leadership Initiative we will strengthen partnerships by building the leadership capabilities of youth in the region.

Recent Progress on the Asia-Pacific Rebalance

Mr. Chairman, before I get into specifics on the budget request, let me back up and highlight some of our significant accomplishments in the region, including expanding trade and investment, modernizing our alliances, deepening our engagement with emerging powers such as China, strengthening regional institutions, and promoting democracy and human rights.

Trade and Investment

Tapping into the economic dynamism of the East Asia-Pacific region is vitally important for U.S. interests. The most important thing we can do for our economic relationship with East Asia is to complete the Trans-Pacific Partnership (TPP) agreement – which also is critical to the future of our economy as it becomes increasingly linked to the region. A respected American think tank, the Peterson Institute, estimates that real income benefits of TPP for the United States will be close to $77 billion per year. By 2025, a concluded deal will generate an additional $123.5 billion in U.S. exports.

Through TPP, we can operate based on a shared vision of a range of important issues, including critical questions such as protecting intellectual property, setting the role of state-owned enterprises in our economies, and promoting digital trade.

The TPP is the economic centerpiece of our rebalance, but by no means the only part – we're expanding economic ties with non-TPP members as well. The Asia-Pacific Economic Cooperation (APEC) forum has been critical as an incubator for new ideas that are now being incorporated into the TPP. We continue to bolster its role as the premier economic forum in the region for advancing free and open trade and investment and for fostering sustainable and equitable growth. We're also helping Association of Southeast Asian Nations (ASEAN) improve its trade and investment environment as it prepares to launch the ASEAN Economic Community (AEC) later this year. We have supported the AEC, for instance by providing technical assistance to help develop the ASEAN Single Window customs project, which expedites the customs process and reduces costs for all businesses. We are also continuing negotiations on a U.S.-China Bilateral Investment Treaty and await China's submission of what we hope will be a high quality negative list – narrowly tailored and widely open to foreign investment.

Modernizing Alliances

Over the past year, we have continued to make significant progress strengthening security ties with our Asia-Pacific allies and partners. Our alliances with Japan, the Republic of Korea (ROK), Australia, the Philippines, and Thailand underpin our strategic position in the Asia-Pacific region. They work alongside the United States on key regional issues such as curbing the Democratic People's Republic of Korea's (DPRK) nuclear and ballistic missile programs; promoting freedom of navigation and peaceful resolution of disputes in the South China Sea; and addressing international crises, including threats posed by the Islamic State of Iraq and the Levant (ISIL) and Ebola.

Last year, we completed a trilateral U.S.-ROK-Japan defense information sharing arrangement, allowing our governments to deal more effectively with DPRK nuclear and missile threats. Our alliances with the ROK and Japan also form the bedrock of the Six-Party Talks process, and thanks to our continued robust engagement with China and Russia on the issue, five-party unity has never been stronger. Our partners, along with the wider international community, have consistently made clear to the DPRK that it will not be accepted as a nuclear power.

Through the U.S.-Australia-Japan Trilateral Strategic Dialogue, we have been coordinating on nonproliferation, counterterrorism, regional stability, and sustained economic prosperity. Both the Japanese and Australian governments actively support Coalition efforts to combat ISIL and contributed to the fight against Ebola. By signing the Enhanced Defense Cooperation Agreement with the Philippines, we have strengthened the U.S. rebalance to Asia, boosted cooperation between our militaries, and ramped up our ability to provide rapid assistance following natural disasters in the region.

Strengthening Partnerships

Our engagement with key emerging partners is also yielding tangible benefits and advancing wide-ranging U.S. interests in the region. Twenty years after the normalization of U.S.-Vietnam relations, our Comprehensive Partnership is moving forward. Last year, for example, a bilateral civil nuclear agreement between the United States and Vietnam was entered into force. We have also improved coordination on key security issues, including through consultations on the South China Sea and by modifying our policy to allow transfers of defense

articles for maritime security purposes. Vietnam has made some progress on human rights, including jailed dissident releases. Administration officials at all levels regularly raise human rights concerns, and make the point that if we are to sustain and grow our partnership, Vietnam must do more to respect and protect universally-recognized human rights.

The United States and Malaysia recently launched a Comprehensive Partnership in April 2014. Over the past months, we concluded a Customs Mutual Assistance Agreement and are working on agreements for counter-terrorism information sharing (Homeland Security Presidential Directive-6) and Preventing and Combating Serious Crime. We cooperate on counterterrorism and counter proliferation issues in order to deny support for Iran's and the DPRK's nuclear programs.

The elections last summer in Indonesia were an example of really good news: about 140 million people turning out to vote in one of the largest – if not largest – single-day democratic elections in the world. The peaceful, active, and tremendously transparent process marked a continuation in a pretty remarkable transformation of Indonesia's dictatorship through major crisis to a vibrant democracy since 1998.

We've also made significant progress in enhancing cooperation with China as we influence its behavior to become a responsible actor on the world stage. In Beijing last November, President Obama and President Xi took a historic step forward by jointly announcing our respective climate change targets, where China announced a cap on greenhouse emissions over the next two decades. In addition, our militaries made an important stride toward building strategic trust by signing two Memorandums of Understanding (MOU): a Notification of Major Military Activities Confidence-Building Measures Mechanism, and another, for Rules of Behavior for Safety of Air and Maritime Encounters. These non-binding MOUs reinforce existing international law and practice, while managing risk with the objective of reducing the possibility of misunderstanding and misperception.

In recognition of the important role to be played by people-to-people ties in the U.S.-China relationship, our two governments also agreed to a reciprocal extension of visa validity of five years for students and ten years for tourists and business people.

Regional Institutions

The United States is also supporting the emergence of a strong and integrated ASEAN that can reinforce the international system of rules and responsibilities. To that end, we continue to invest in ASEAN, the East Asia Summit, and other regional institutions to strengthen their capacity to enforce regional norms and facilitate cooperation. We are working with ASEAN on regional security issues like the South China Sea, and we are now seeing ASEAN take a stand on issues of global importance such as ISIL and Ebola. We also have launched a large scale, people-to-people initiative that encourages Southeast Asian emerging leaders to work with ASEAN peers and the United States in ameliorating regional problems.

Democracy and Human Rights

Democratic practices and respect for human rights have gradually but steadily increased in East Asia and the Pacific over the past five decades, despite some setbacks, bolstered in part by the emergence of stronger civil society. Japan, the ROK, Taiwan, and the Philippines have maintained robust democracies within the region, while Indonesia, Mongolia, and others have more recently transformed into democratic partners. Democracy and human rights are part of the authentic 21st century Asian landscape, not impositions from the West.

With our assistance, the government in Burma has released more than 1,300 political prisoners, loosened restrictions on press freedoms, and opened space for civil society and the political opposition over the last three years. We continue to urge the interim Thai government to remove undue restrictions on civil liberties, such as limits on fundamental freedoms of expression and peaceful assembly, end the practices of trying civilians in military courts and detention without charge, institute a genuinely inclusive reform process that reflects the broad diversity of views within the country; and return the country to democracy.

Resourcing the Rebalance

As the region is building a more mature security and economic architecture, sustained U.S. commitment is essential to promote stability and prosperity. We have strategically planned our budget with fiscal constraints and competing interests in mind, while prioritizing programs that support American jobs and exports, protect the security of the United States and our allies, and promote democratic values. The FY 2016 request will provide additional diplomatic, public diplomacy, consular, development, and security assistance resources needed to

unlock significant strategic and economic opportunities for the United States in this dynamic region.

The $845.6 million request in foreign assistance sustains and expands funding for the region in five areas aligned with our broader rebalance policy: (1) strengthening regional security cooperation, with a strategic focus on maritime security; (2) advancing inclusive economic growth and trade; (3) promoting democratic development; (4) strengthening regional institutions and fora; and (5) addressing war legacies in Southeast Asia and the Pacific.

In addition to foreign assistance, the FY 2016 request provides essential increased funding for personnel, operations, and public diplomacy to meet growing demands driven by our intensified focus on the Asia-Pacific region. The FY 2016 request will provide crucial personnel support, including the addition of 49 Locally Employed Staff positions and three U.S. direct hires in China, Burma, and Cambodia. This request enables us to advance U.S. values, including support for democracy and human rights, across the Asia-Pacific region.

Let me now share with you how the FY 2016 budget request will allow us to accomplish some of our top priorities in the region.

Improving Maritime Security

The Department of State leads the U.S. interagency effort to deliver targeted foreign assistance to Southeast Asian military and maritime agencies. Both Congress and the Administration have articulated an urgent need to improve maritime security capacity in Southeast Asia. Lack of maritime awareness encourages smuggling, crime, piracy, illegal fishing, and forcible assertions of contested territorial claims. The FY 2016 request therefore includes over $64 million to build maritime domain awareness and law enforcement capacity in Southeast Asia. The Philippines, Vietnam, and Indonesia are the primary recipients of this assistance which addresses significant gaps in training capacity, information sharing, training curriculum, and surveillance capabilities.

Advancing Economic Growth and Trade

In order for the U.S. economy to continue to grow and create new jobs, U.S. trade and investment must keep pace with the exponential economic growth in the EAP region. U.S. businesses are continually seeking a level and predictable playing field in emerging markets in the Asia-Pacific region. Economic growth programs

in EAP will therefore continue to address weaknesses in legal and regulatory frameworks, limited trade capacity, uneven governance, and corruption. The FY 2016 request provides $72.1 million, representing a $20.8 million increase over FY 2014 levels, to expand U.S. engagement with key bilateral and multilateral partners through an ambitious economic integration and trade agenda aimed at tapping the efficiencies of a larger market and unlocking new sources of shared prosperity for the United States and the region.

In the Philippines, for example, FY 2016 resources will continue to support the Partnership for Growth (PFG) and help the Philippines broaden the inclusiveness of its economic growth. U.S. assistance will continue to complement the government's efforts to implement the U.S.-Philippines PFG Joint Country Action Plan. These interventions are accelerating the Philippines' growth trajectory by improving tax collection needed to support infrastructure and social investments, reducing court delay and docket congestion, improving the country's corruption perception score and competitiveness rankings, and increasing export growth and FDI. U.S. assistance will also strengthen the human and natural resource base of the country by upgrading the performance of institutions related to education, health, and environment in order to foster innovative and sustained economic growth.

The FY 2016 request will also support Vietnam's governance reforms that broaden economic participation and make growth more sustainable, facilitate engagement by the private sector and civil society, promote respect for human rights, and expand accountability and transparency. U.S.-supported governance reforms will broaden economic participation and make growth more sustainable, including through opportunities presented by TPP, facilitate engagement by the private sector and civil society, promote respect for human rights, and expand accountability and transparency.

In addition, U.S. assistance will consolidate economic reforms and competitiveness in countries that are emerging in the lower-middle income bracket and help the poorest nations in the region to reduce poverty. In Indonesia, funding will support policies that increase competitiveness across a number of sectors. In Cambodia and Timor-Leste, programs will promote agricultural production and enterprise development. By harnessing Asia's economic growth and dynamism, U.S. assistance will promote U.S. economic and strategic interests.

Promoting Democratic Development

U.S. assistance strengthens regional commitment to democratic development and human rights. The FY 2016 request includes $133.8 million, an increase of $68.5 million over FY 2014 levels, in funding for democracy programs throughout the region, with significant increases in Burma, Vietnam, Cambodia, Indonesia, and the Philippines. This U.S. commitment to the expansion of democratic development and human rights, including those of women and children, helps create responsible partners who share the United States' most fundamental values.

In Burma, while the government has undertaken a number of noteworthy reforms since 2011, significant challenges remain. Burma's parliamentary elections in 2015 will be an important milestone in the country's democratic transition and an opportunity to reaffirm for the world its commitment to further reform. The success of these elections will fundamentally shape our engagement with the Burmese government in 2016 and beyond. With the government and major ethnic armed groups taking very positive steps this year toward finalizing a ceasefire agreement (ending the world's longest—over a half century—civil war), U.S. assistance will support Burma's transition by promoting democratic values, stability, and national reconciliation, while supporting the country's future as a responsible member of the international community after decades of isolation. U.S. assistance will also continue coordinating efforts to build democratic institutions and civil society, strengthen rule of law, and reduce conflict in ethnic regions. Such interventions reinforce other investments that reduce poverty and improve the welfare and well-being of the people of Burma.

In Vietnam, the request will support programs that help the government implement new policies to strengthen the rule of law and respect for human rights. U.S. assistance will strengthen the capacity of Vietnam's National Assembly, key governmental and judicial institutions, and other actors to improve policy-making ability and accountability, oversight, performance management, and access to justice through civil society consultations with the Ministry of Justice on draft legislation, particularly revisions to the Criminal Code and Criminal Procedure Code, to implement the new constitution, annual policy forum on priority laws with National Assembly Deputies, and an annual young policy analyst seminar to increase the skills of mid-level officials from across the government.

While Indonesia has made significant progress since its transition to democracy in 1998, it still faces major governance and development challenges. The FY 2016 request continues to support Indonesia's commitment to public accountability and

rule of law, broad and robust civic participation on the part of Indonesian civil society, and the protection of the rights of all its citizens. Together this work deepens democratic consolidation and widens good governance achievements to all parts of the nation. As we continue our rebalance toward the Asia-Pacific region, such support is key to achieving our strategic objectives in the world's third-largest democracy, its largest Muslim-majority nation, and the largest economy in Southeast Asia.

Strengthening Regional Institutions

The United States seeks to shape the evolving regional architecture and deepen our engagement with various multilateral institutions and fora. Fostering the growth of a rules-based system in the region is a key national interest. The FY 2016 request provides $30.5 million to continue capacity-building activities for key multilateral institutions and fora such as the ASEAN and fora including APEC, the ASEAN Regional Forum, and the Lower Mekong Initiative (LMI). The requested funds will support these multilateral institutions and provide platforms for dialogue that advance regional economic and political integration, security cooperation, and humanitarian relief.

For example, through the (LMI), the funding will provide assistance to the Lower Mekong Delta, which supports education, environment, health, food security, energy security, and connectivity in the Lower Mekong sub-region. LMI complements bilateral programs in Burma, Cambodia, Laos, Thailand, and Vietnam and elevates the profile of the United States in the region. Most importantly, LMI builds cooperation and trust between neighbors in the region, which is essential when addressing trans-boundary development and policy challenges. LMI programs are also helping to close the development gap within ASEAN and improving ASEAN economic integration by building the institutional capacity of the poorest ASEAN countries.

U.S. assistance will support sustainable development of the Mekong River and other transnational issues facing this dynamic sub-region – a waterway on which 60 million people depend for their livelihood. The request will fund projects that support the sustainable development of the Mekong River and assist the region to work towards a future in which economic growth does not come at the expense of clean air, clean water, and healthy ecosystems.

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 $23 million for UXO clearance in EAP region, which includes $21 million for Southeast Asia and $2 million for the Pacific Islands. Our FY 2016 request also maintains our firm commitment to remediate dioxin contamination at the former U.S. airbase in Danang, Vietnam. We have requested a total of $15 million to support remediation efforts in Vietnam.

Conclusion

Mr. Chairman and Members of the Subcommittee, the Department of State is fully committed to the Asia-Pacific rebalance and is dedicated to ensuring that our engagement with the region continues to be robust. A peaceful and prosperous Asia-Pacific region results in many benefits for the peoples of United States and of the region. We look forward to working with you and other Members of Congress to continue to build on our accomplishments in the region.

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

Mr. SALMON. Thank you.
Mr. Stivers.

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

Mr. STIVERS. Chairman Salmon, Ranking Member Sherman, distinguished members of the subcommittee, thank you for the invitation to testify on the role of USAID in advancing our foreign policy goals in the East Asia and Pacific region.

It is an honor to appear here before the committee again. Having worked in the House of Representatives for almost two decades, this side of the Capitol always feels like home to me. And it is also a pleasure to be here alongside my colleague, Assistant Secretary Daniel Russel.

The President's budget request of $845.6 million for the East Asia-Pacific region represents an 8-percent increase over Fiscal Year 2014, laying the foundation for strengthening our relationships in Asia.

It is an exciting and pivotal time for U.S. policy in Asia. Hundreds of millions have been lifted out of poverty, and economic growth is strong. Yet, the region still has the bulk of the world's poor; 70 percent of the world's malnourished children; a majority of all natural disasters occur in this region; and a host of other development challenges related to governance, human rights, trafficking, and gender empowerment.

President Obama's Asia-Pacific Rebalance policy recognizes that our future is inextricably tied to this region. In Asia, we are working through three primary approaches to implement USAID's mission to end extreme poverty and promote resilient democratic societies, while also advancing our own security and prosperity.

First, we are institutionalizing USAID's new model of development, which leverages the private sector, innovation, and regional approaches to do more with less. In the last 5 years, USAID has moved from just 8 percent of its resources programmed for this model, which leverages the private sector, to 40 percent.

Second, through the Presidential initiatives on Global Health, Feed the Future, and Climate Change, USAID is helping to achieve historic results that improve health, fight disease, increase food security, and help communities manage a changing environment.

Third, USAID is promoting democratic governance and empowering reformers. Solutions to challenges will ultimately come from the people of the region, and our best chance of promoting democratic change and human rights is to empower the reformers. For this reason, this budget request includes increases in funding for democratic governance and human rights for almost every country in the region, representing the administration's desire to robustly fund such programs.

Next, I will delve deeper into select countries. In Burma, this is a pivotal year with national elections scheduled for November. At the core of our efforts is our support for civil society organizations that are working to hold the government accountable and to help those resisting discrimination and violence.

USAID is helping prepare for the elections by building the capacity of the election commission, training domestic election observers, supporting voter registration and education, and strengthening the capacity of political parties. In Rakhine State, USAID continues to support humanitarian assistance to the Rohingya population. This is a dynamic period in Burma and, as it progresses, we will be reassessing the nature of Burma's needs in close consultation with Congress.

In Cambodia, promoting democratic governance and human rights continues to be our highest priority. Civil society, while not fully respected by the government, has grown in vibrancy and strength in recent years, thanks in part to USAID assistance. In health, USAID has helped Cambodia meet its Millennium Development Goals on child and maternal mortality ahead of schedule. The country has set an ambitious goal of a zero incidence rate for HIV/AIDS by 2020. To combat human trafficking in Cambodia, technology developed by USAID partners is raising awareness of safe migration to reduce the number of victims and prevent trafficking.

Indonesia is a democratic success story, but there are major governance challenges. USAID is partnering to support the Anti-Corruption Commission, strengthen the judicial system, and promote Indonesian civil society. USAID also partners with Indonesia to protect and manage ocean and coastal resources. USAID has helped secure a commitment by the world's leading palm oil producers to transition to sustainable production that breaks the link with deforestation.

In the Philippines, our Partnership for Growth initiative promotes economic growth and good governance. It has contributed to the Philippines becoming one of the fastest growing markets for U.S. food and farm products. Since Typhoon Haiyan struck, we have strengthened our partnership to mitigate the risk and impacts of natural disasters and rebuild typhoon-affected communities. Lack of formal access to land ownership is a key cause of poverty and a driver of conflict. Land reform is a USAID priority and we continue to work to improve the regulatory environment and streamline the land registration process.

In Vietnam, USAID's Governance for Inclusive Growth program provides technical assistance to improve compliance with trade agreements, rule of law, and improve our access to Vietnam's growing market for U.S. exports. In addition, USAID is focused on addressing war legacies, health and disabilities, and has reduced susceptibility to climate change and natural disasters.

Mr. Chairman and members of the committee, the future development and growth of the East Asia and Pacific region is ever more important to our own future. I appreciate the opportunity to testify today, and I look forward to hearing your thoughts and any questions.

[The prepared statement of Mr. Stivers follows:]

Statement of Jonathan Stivers
Assistant Administrator, Bureau for Asia
United States Agency for International Development
Before the House Foreign Affairs Subcommittee on Asia and the Pacific
The U.S. Rebalance in East Asia: Budget Priorities for FY 2016
Thursday, April 23, 2015

Chairman Salmon, Ranking Member Sherman and Distinguished Members of the Subcommittee:

Thank you for the invitation to testify on the role of the U.S. Agency for International Development (USAID) in advancing U.S. foreign policy goals in the East Asia-Pacific region. It is an honor to appear before the committee again. Having worked in the U.S. House of Representatives for nearly two decades, this side of the Capitol always feels like home to me. It is also a pleasure to be here alongside my colleague, U.S. Department of State Assistant Secretary Daniel Russel.

President Barack Obama's fiscal year (FY) 2016 budget request of $845.6 million in foreign assistance for the East Asia-Pacific represents an 8 percent increase over FY 2014, laying a foundation for long-term strengthening of our relationships with the people of the region.

It is an exciting and pivotal time for U.S. policy in the region. More people live in Asia than anywhere else on the planet. Hundreds of millions have been lifted out of extreme poverty over the past few decades, contributing to economic growth, regional stability and a growing middle class. In the next decade, trade volume in Asia is expected to double, and by 2050, Asia's gross domestic product (GDP) is projected to account for more than half of the world's GDP.

Yet with rapid economic growth come complex development challenges. The Asia region still has the bulk of the world's poor, 70 percent of the world's malnourished children, and the majority of all natural disasters. A host of other development challenges hold the region back, including weak systems of governance, human rights abuses, gender violence, human trafficking, environmental degradation, food scarcity, poor sanitation and severe economic disparities.

President Obama's Asia-Pacific Rebalance policy recognizes that our future prosperity and security are inextricably tied to this region. At its core, the rebalance is about strengthening our relationships with countries — but more specifically people — of the region. USAID focuses on building the foundations for lasting economic prosperity, fostering democratic values that deliver on the needs and aspirations of the people, and combatting the causes of instability that pose threats not only in far-off places but here on our own shores. At the same time, we create markets and foster goodwill abroad.

In the East Asia-Pacific, we are working through three primary approaches to implement USAID's mission of ending extreme poverty and promoting resilient, democratic societies, while also advancing our own security and prosperity:

First, USAID's new model of development leverages the private sector, innovation, technology and regional approaches to further development goals and sustain progress. Rather than delivering results with our dollars alone, we are creating partnerships at every opportunity to deliver focused and measurable results. USAID has truly transformed the way it does business: Five years ago, just 8 percent of USAID's resources were programmed through

this new model which leverages the private sector and game-changing innovation. Today, it's about 40 percent — and with USAID's growing emphasis on building local capacity, it will only increase over time.

Throughout Asia, we are seizing the unprecedented opportunity to leverage new talent and resources wherever possible. One such example is our work through USAID's Development Credit Authority, which uses partial credit guarantees to encourage private lenders to extend financing to underserved borrowers. In the past five years alone, we have helped to leverage $258 million in private financing for small and growing businesses in the agriculture, environment, tourism and education sectors across Asia. That figure represents USAID's ability to leverage $26 more in private capital for every $1 invested.

The new model of development helps build regional solutions. For example, USAID is providing support for the building of the Association of Southeast Asian Nations (ASEAN) Single Window, a hallmark of ASEAN's progress in economic integration. USAID also supports technical capacity building efforts, closely linked to the World Trade Organization's Trade Facilitation Agreement precepts, through the Asia-Pacific Economic Cooperation (APEC) forum to improve supply chain connectivity. Our efforts in both ASEAN and APEC will help streamline customs clearance procedures, increase transparency and lower costs for businesses, allowing increased trade that supports jobs and business opportunities in the United States and ASEAN — our fourth largest export market.

Through the Lower Mekong Initiative (LMI), a multinational partnership initiated by the United States, we are facilitating greater cooperation between Burma, Cambodia, Laos, Thailand and Vietnam on transnational development challenges. LMI focuses on six pillars: agriculture and food security, connectivity, education, energy security, health, and environment and water, with a special focus on mitigating the impacts of large-scale hydropower dams that can severely disrupt the river's major fisheries and degrade food security, livelihoods and water availability.

Second, the Presidential Initiatives on Global Health, Feed the Future, and Global Climate Change are building pathways out of poverty for the world's most vulnerable people.

On global health, there has been tremendous progress in countries such as Cambodia, Vietnam and Indonesia. In large part due to USAID, Cambodia has met its Millennium Development Goals on maternal and child mortality way ahead of schedule and reduced HIV prevalence by more than 50 percent, paving the way for setting the ambitious goal of a zero incidence rate country for HIV/AIDS by 2020. Similarly, the rate of new HIV infections has fallen by nearly 50 percent over the past 10 years in Vietnam with support from USAID and other U.S. President's Emergency Plan for AIDS Relief (PEPFAR) partners.

In Indonesia, one of ten countries globally with the highest multidrug-resistant tuberculosis (MDR-TB) burden, USAID has helped reduce MDR-TB mortality by 82 percent over the past five years with the introduction of cutting-edge technology from California — Cepheid's GeneXpert system, which diagnoses the airborne disease within hours instead of weeks. Now the technology is available in every USAID-assisted country in the region with a high TB burden.

On Feed the Future, our investments have created the beginnings of a viable and sustainable commercial agriculture sector in Cambodia that has helped poor farmers more than triple their incomes through the introduction of horticulture crops and establishing links to buyers. In

Burma, with 70 percent of the population economically dependent on agriculture, USAID is creating opportunities for smallholder farmers that increase incomes and land security and reach 350,000 farm households with new technologies. And, in partnership with my alma mater, Michigan State University, USAID is supporting the formulation of agricultural development policies that promote inclusive economic growth and can help reduce poverty and hunger.

In this year's State of the Union address, President Obama called global climate change "the greatest threat to future generations." In the East Asia-Pacific region, millions of extremely vulnerable people struggle to survive on the front lines of climate change in the face of more frequent and intense storms. In the Philippines one year ago, President Obama made clear that the United States is committed to partnering to address the devastating effects of climate change, and to make the Philippines less vulnerable to extreme storms like Typhoon Haiyan.

Third, USAID is promoting democratic governance and empowering reformers. We know that government by the people offers the best chance for freedom and prosperity. Fighting poverty is often less a question of funding but of effectively addressing the underlying structural problems with governance that hold back many developing countries from realizing their potential. Solutions to challenges will ultimately come from the people of the region and our best chance in promoting democratic change is to empower the reformers by helping them build resilient institutions that are transparent and accountable to the people.

The President's FY 2016 budget request includes significant increases in funding for democratic governance for almost every country in the region — representing a desire to robustly fund such programs. Central to these initiatives is the recognition that civil society is a key pillar in any healthy democracy — vital to strengthening good governance that responds to the needs of the people and shapes a prosperous and secure future. In established democracies such as Indonesia, the Philippines and Timor-Leste, civil society is tackling the challenges of accountability, transparency and building stronger government institutions that can make democracy deliver better results to improve the lives of their people. In countries such as Burma and Cambodia, civil society has gained strength in recent years and is leading the way as critical governing decisions are being made that will determine the course of events for years to come.

Next, I will delve a bit deeper into selected country contexts:

Burma

This is a pivotal year in Burma with national elections scheduled for November, peace negotiations ongoing between the government and ethnic armed groups, and the humanitarian and human rights crisis in ethnic minority areas including Rakhine State and along the border with Thailand. Closely calibrated with diplomatic efforts, our assistance promotes reform by providing support for civil society, the upcoming election, national reconciliation efforts and humanitarian assistance for the most vulnerable in the country.

At the core of our efforts is our support for civil society — which is critical to the durability of Burma's reforms. An emphasis on civil society is prevalent throughout our work in humanitarian assistance, elections, media freedoms, access to justice, land policy, health and agriculture. We are supporting organizations that are advocating for and holding the government accountable to continued reform, for local needs and political imperatives, and those resisting discrimination and violence. To date, USAID has supported over 300 civil society organizations, empowering ordinary citizens to bring change to their country.

National elections are scheduled for November and the formation of a new government should occur in 2016. USAID is helping the people of Burma prepare by building the capacity of the election commission, training domestic election observers, supporting voter registration and education, and strengthening the capacity of political parties. This is a dynamic period and as it progresses we will be reassessing the context and nature of Burma's needs in close consultation with Congress. Whatever the election outcome, the critical work of national reconciliation, democracy-building, economic development, social cohesion, and regional integration will continue, and may take on more urgency amid rising expectations among the people.

We are also supporting national reconciliation in regards to the world's longest-running civil war. Last month, the Government of Burma and 16 armed ethnic groups signed a joint declaration stating that they have finalized a draft nationwide ceasefire agreement. This is encouraging news, but there is still a long road ahead. U.S. foreign assistance plays a vital role in building the capacity of civil society and government to effectively engage in the peace process.

In Rakhine State, humanitarian access is challenging but USAID continues to support sustainable access to drinking water, hygiene promotion, and the distribution of food to internally displaced persons. Elsewhere, USAID assistance improves livelihoods, health and economic growth in thousands of poor, rural communities. On the border with Thailand, U.S. assistance will continue to help over one million displaced people and refugees meet their basic needs by training and empowering the local groups that serve them.

Cambodia

Promoting democratic governance and human rights continues to be the U.S. Government's highest priority in Cambodia. Civil society, while still not fully respected by the Cambodian government, has grown in strength and inclusiveness thanks in large part to USAID assistance. USAID-supported civil society organizations are providing legal assistance to citizens imprisoned for political or labor demonstrations and helping return land to those who had it unlawfully taken from them.

USAID works with Cambodia's government and civil society to strengthen key political and civil liberties, increase citizens' participation in the political process, and combat human trafficking. Mobile technology developed by USAID partners is raising awareness of safe migration to reduce the number of trafficking victims as well as enhance engagement between political parties and their constituents. USAID also supports union leaders, activists and workers to improve working conditions and protect freedom of association for vulnerable Cambodian workers. In part due to USAID facilitation, garment worker unions negotiated a 28 percent increase in the minimum wage that was approved in November 2014.

Cambodia is the only country in the East Asia-Pacific region where all three Presidential Initiatives operate. As mentioned earlier, USAID has helped Cambodia make impressive gains on key health goals through the Global Health Initiative. However, major challenges remain, including increasing cases of drug-resistant TB and malaria and high levels of malnutrition. We are partnering to strengthen health systems and increase access to high quality health care. Through Feed the Future and the Global Climate Change Initiative, USAID is helping subsistence farm households overcome the challenges of low productivity and climate change and ensure sustainable access to a diversified diet and income, while also tackling rapid deforestation. In FY 2014, the United States helped nearly 32,000 farmers use technologies to mitigate the effects of climate change while increasing production and reducing costs.

Indonesia
Indonesia is a democratic success story and a model for other emerging democracies. But despite impressive progress, Indonesia continues to have major governance challenges that could undermine public confidence and significant health problems that pose global threats, in addition to natural resource exploitation and low-quality education and workforce development systems. More than one hundred million Indonesians are living on less than two dollars a day.

In line with the U.S.-Indonesia Comprehensive Partnership signed in 2010, USAID partners with the government and people of Indonesia to strengthen democratic governance and help Indonesia meet the basic needs of its most marginalized citizens through the expansion of education, health, water and sanitation services.

USAID investments in democracy and good governance support Indonesia's commitment to public accountability and rule of law, broad and robust civic participation on the part of Indonesian civil society, and the protection of the rights of all its citizens. After a successful USAID pilot involving four district courts, the Government of Indonesia adopted case tracking technology in all 350 district courts. The new system improves the independence, transparency, accountability and efficiency of court records management and is accessible to the public. In addition, USAID works with the national Anti-Corruption Commission and assists human rights institutions and civil society organizations in improving legal access for vulnerable groups.

USAID partners with Indonesia to help conserve its rich marine and terrestrial biodiversity — among the greatest in the world. Our projects are also conserving large swathes of lowland and peat forest, home to endangered species including orangutans, tigers and rhinos. In addition, USAID supports clean energy development and is supporting the Indonesia Palm Oil Pledge, a commitment by the world's leading palm oil producers to transition to sustainable production that breaks the link with deforestation.

Philippines
In recent years, the Philippines has made substantial economic progress, although one-fifth of the population still lives in extreme poverty. Since 2012, the U.S.-Philippines Partnership for Growth initiative has helped fight corruption as a means of alleviating extreme poverty, including supporting the Philippine government's good governance campaign, which has contributed to the country's robust economic growth. In 2014, foreign direct investment in the Philippines increased by an unprecedented 66 percent over 2013, with the United States being the largest source of investment. At the same time, the Philippines has become one of the fastest growing markets for U.S. food and farm products. To help disperse economic opportunities outside the national capital region, USAID has launched the Cities Development Initiative which aims to develop growth hubs in a select number of second-tier cities.

In health, our assistance in fighting TB — the fourth leading cause of mortality in the country — contributed to the Philippines meeting its Millennium Development Goal of halving TB prevalence rates and improving treatment success rates three years ahead of schedule. In education, our assistance is improving the reading skills of one million children in the early grades, and on the southern island of Mindanao, we are engaging close to 20,000 out-of-school youth, many of whom are vulnerable to recruitment by extremist groups. In addition, USAID's support is leveraging $40 million a year of Philippine government funds for collaborative research and scholarships with American universities, at a ratio of 20:1 for the first year alone.

The United States provides a significant amount of disaster relief and recovery support while working closely with the Philippines to increase the country's environmental resilience and mitigate the risk and impacts of natural disasters. Since Typhoon Haiyan struck, we've strengthened our partnership with the government, the private sector, diaspora communities and civil society to rebuild typhoon-affected communities, with a focus on increasing the climate resilience of schools, health centers, water sources and livelihoods.

Addressing land tenure issues remains a key priority for USAID, and we continue to work with national and local government to restore land ownership records destroyed by Typhoon Haiyan. Since 2008, USAID has worked to improve the regulatory environment and streamline the land registration process in the Philippines. Just under half of all land in the Philippines is titled, of which 70 percent is residential land in urban areas. Lack of formal access to land and natural resources by a large proportion of the population is a key cause of poverty, a driver of conflict and an obstacle to national development in the Philippines. USAID is committed to addressing land tenure-related challenges in the Philippines through existing programs that focus on judicial strengthening to address land disputes and developing the capacity of national and local government to enhance land tenure and access rights.

Timor-Leste

Timor-Leste is one of the world's poorest countries, with roughly half of its people living in extreme poverty, Southeast Asia's highest maternal and under-5 child mortality rates, and one of Asia's highest illiteracy rates. Since independence in 2002, Timor-Leste has faced daunting challenges as a post-conflict country, but the people have kept their commitment to democracy conducting multiple elections. USAID will continue to help Timor-Leste diversify its oil-dependent economy through programs that foster inclusive and sustainable economic growth to support a rapidly growing population, especially in the agriculture sector. USAID will also continue to improve basic health, particularly for women and children, and to strengthen the foundations of good governance. In addition, USAID will begin to assist Timor-Leste in achieving its foreign policy priority of joining ASEAN.

Vietnam

This year the United States and Vietnam are celebrating the 20th anniversary of normalized relations, an event that marks progress on many shared goals: the expansion of our economic and trade relationship, addressing war legacies such as the remediation of dioxin, progress on disabilities and health, and our work together to reduce Vietnam's susceptibility to climate change and natural disasters.

USAID works in close coordination with other U.S. Government agencies to facilitate activities that are critical to Trans-Pacific Partnership-related reforms. USAID's economic growth and governance programs target rule of law, promote good governance, enhance government accountability, and promote public-private partnerships to help the country achieve better conditions for trade and investment. Through our Governance for Inclusive Growth program, USAID is providing technical assistance to improve compliance with trade agreements, the rule of law and improve our access to Vietnam's growing market for U.S. exports.

Our governments' successful collaboration on dioxin remediation remains an important bilateral priority to address war legacy issues. Remediation of dioxin-contaminated soil at Danang Airport is moving forward and the first phase of thermal treatment of approximately 45,000 cubic meters of contaminated soil and sediment is on target for completion in 2015. Confirmation sampling is

presently underway to determine the results. An additional 50,000 cubic meters is being prepared for the next phase of treatment, and the environmental assessment for dioxin contamination at Bien Hoa Air Base is being conducted.

The PEPFAR initiative is investing in civil society and governance to ensure sustainability of the HIV/AIDS response as we transition ownership to an increasingly capable Vietnam. USAID also supports persons with disabilities by fostering disabilities rights policies; providing physical, occupational and speech therapy services and improving local capacity to provide such services; and strengthening local organizations' advocacy and services for persons with disabilities.

Vietnam is one of the most vulnerable countries in the world to climate change. Just a one meter rise of the Mekong River would inundate 40 percent of the land in the Mekong River Delta where 18 million people live. USAID supports the development and implementation of strategies in low emission development, climate change mitigation and adaptation, and biodiversity conservation. For example, USAID has helped develop a new urban planning tool that is helping Vietnam grow sustainably in the face of escalating climate change impacts. The tool enables city planners to avoid infrastructure development in the most at-risk areas and to easily access mitigation measures recommended by local officials during the siting and design stages.

Regional Development Mission for Asia (RDMA)
As the main hub for regional programming, USAID's Regional Development Mission for Asia (RDMA) partners across 24 Asian nations to address critical development challenges related to environment and global climate change, cross-border health threats, agriculture, democracy and governance, and economic growth and trade — with a primary focus on the Lower Mekong region. Additionally, RDMA is implementing a new nutrition program in Laos that will reduce malnutrition in vulnerable communities, and assisting Tibetan communities in meeting their livelihood needs while preserving their cultural and environmental heritage. RDMA also works with donor partners, including Thailand and Malaysia, and regional organizations like ASEAN to improve development results by pooling expertise and resources.

Conclusion
Mr. Chairman, to echo President Obama's words: "In an interconnected world, we all rise and fall together." No longer do we live in the days where instability does not traverse oceans — whether it's a conflict, famine or disaster sending refugees across borders, financial crisis sending shockwaves across the global economy, or a pandemic quickly spread by international travelers. This dynamic presents unprecedented challenges for development, but also new opportunities to partner to achieve unprecedented gains — and USAID is at the forefront.

I appreciate the opportunity to share with you what USAID is doing in the East Asia-Pacific and look forward to hearing your advice and counsel. I welcome any questions you may have.

###

Mr. SALMON. Thank you.

Now time for member questions. I will start it off.

I am extremely worried that the existing model of U.S. funding for programs in China is going to be impossible to sustain because the recipients of the funds for China predominately have been U.S.-based NGOs and universities.

However, China's National People's Congress is moving ahead with legislation right now called the Overseas NGO Administration Law. Though subject to typically opaque procedures, it seems that this law will block virtually all foreign funding in Chinese civil society and hamstring NGOs operating on the Chinese mainland.

How could this law affect State's activities in greater China, including democracy, human rights, rule of law? And how will State approach China about current deliberation on this legislation?

Mr. Russel.

Mr. RUSSEL. Thank you, Mr. Chairman.

Human rights and universal rights—not American values, but universal rights—is a major element of our ongoing dialog with China. In that connection, we miss no opportunity to underscore the importance that we place not only as Americans, but in our partnership and our bilateral relationship with China, on the vitality and the ability of civil society to operate freely and to act.

We have, from President Obama and Vice President Biden on down, repeatedly made the point directly to China's leadership that NGOs, that civil society, that the free exchange of ideas, and the ability of citizens to engage and participate in political life of the nation is a critical element to sustainable economic growth.

We have made the point that, for China to avoid the middle income trap and to move from a manufacturing economy to an information economy, which is what the 21st century requires, it is essential that they allow groups to operate, including and especially NGOs, both foreign and domestic. This is an important part of our dialogue.

In terms of funding——

Mr. SALMON. Are we communicating that pretty robustly with our counterparts in China?

Mr. RUSSEL. Yes. I have been in meeting after meeting, as I mentioned, with the President, the Vice President, and the Secretary of State, in which we have emphasized that point. I myself have met with Chinese NGOs during my visits to China.

There are areas where the Chinese authorities allow them to operate, but there are constraints. And we believe strongly that the direction that China would be well advised to move in is in loosening, not tightening, those constraints.

In terms of funding, I will defer to my colleague, Mr. Stivers. The bulk, though, of the programs that we support are aimed specifically at the communities in Tibet as part of our effort to sustain the linguistic, religious, and cultural traditions there.

Mr. SALMON. If they do pass this law and it becomes imminently more difficult to go through NGOs and universities, do we have a Plan B?

Mr. RUSSEL. Well, we are in discussion. We looked seriously at that set of issues. We want to ensure that Chinese university students and groups, including NGOs, continue to have the oppor-

tunity to visit the United States, to study in the United States, and that we, as well as international NGOs, can operate to the benefit of the Chinese people as well as the international community.

Mr. STIVERS. Thank you. Thank you, Assistant Secretary.

I just want to clear up, in terms of USAID's perspective, there is no funding in this budget request for the Chinese Government or that would benefit the Chinese Government. Certainly they can fund their own development programs.

The funding in this request focuses on Tibetan communities, one of the most vulnerable and repressed populations in the world. And this committee and you, Mr. Chairman, and Mr. Sherman and Mr. Rohrabacher have really been leaders on that over the years. And I worked a bit on that when I was a staffer in Congress, in terms of that assistance.

There is a small amount of health funding that is part of our regional funding, which does affect southern China. But the funding in this request is for the Tibetan community in the Tibetan Plateau.

Mr. SALMON. Thank you.

I am going to run out of time. But I do have one other question, and it relates to the situation in Hong Kong.

The situation in Hong Kong's Umbrella Movement in the pro-democracy protests of 2014 have evoked worldwide sympathy, but failed to gain true universal suffrage for the Chief Executive elections.

I was there for the hand-over ceremony. I remember all the promises that were made about one country, two systems, and it is not materializing as it was promised it would.

What are we doing with the administration?With State? What are we doing to try to make some headway on that issue? I am very, very fearful that it is going to get more dicey before it gets better.

Mr. RUSSEL. Mr. Chairman, I have visited Hong Kong. I have met with senior officials there. We have a very active consul general, and we engage both in the mainland and Beijing and directly in Hong Kong with the authorities in all of the political parties and protagonists as well as the business community.

We have made it clear to the Chinese authorities that the international community and the United States expect them to honor their commitments under the basic agreement. We have made clear that the introduction of universal suffrage is a key element to living up to the promise of one country, two systems.

And we have also underscored that the role that Hong Kong plays in the Chinese as well as the international economic community is a function of its tradition of openness and respect for the rule of law. That is a central tenet of Hong Kong's success and, therefore, of China's success.

We believe that a society with the greatest degree of autonomy that listens to the voices of its citizens is going to thrive, and we have made that very clear.

Now, it is for the Hong Kong Government and the legislative council, LegCo, and the people of Hong Kong to decide specifically about the pending proposal from the government with regard to universal suffrage. And so, on that score, we will defer to them.

But we have made clear the importance that we place on allowing Hong Kong's residents to have a meaningful choice in the selection of their own Chief Executive.

Mr. SALMON. Not to have to pick from some list that Beijing has given them, a list of three people that they have determined that they can choose from.

We are going on a codel in 2 weeks to Hong Kong. Eliot Engel, the ranking member of the full committee, is accompanying me. Mr. Lowenthal, I believe, is as well.

And we intend to meet with some of the student protestors and some of the folks that are very, very concerned about the eroding of democracy in Hong Kong, and we intend to make a big issue of it.

And we hope that we can work very closely together with State throughout the next weeks and months and years to make sure that we get accomplished what the Hong Kong people deserve and the world deserves. Thank you.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. And thanks for an order of questioning that will allow both myself and Mr. Lowenthal to complete our responsibilities here.

There is talk about whether our aid programs would benefit China. Over in the Ways and Means Committee, they are looking at an agreement that will be of tremendous benefit to China, namely, the TPP and the TAA and the fast-track bill that goes with it in two ways.

First, it enshrines the idea that you can do a free-trade agreement and have absolutely no title about currency manipulation. Second, it will contain the rules of origin so that goods that are 60, 70, even 80, percent made in China can then go to Vietnam for a little additional work, slap a "Made in Vietnam" sticker on it, and duty-free entry into the United States while we get no access to the Chinese market.

So I know the chairman wouldn't want to see our aid money go to China, but I think that many, many of our jobs will be going.

I want to thank the chairman for working with me—or I am working with him—on the bill to help Taiwan enter INTERPOL. Who could be against international crime fighting? And I hope very much that the administration—I should actually ask the administration.

Mr. Russel, will you be working in every way for Taiwan to able to be part of INTERPOL?

Mr. RUSSEL. Thank you very much, Congressman Sherman.

Let me begin with TPP. And perhaps I will not surprise you by saying——

Mr. SHERMAN. I have got very limited time. I will ask you to focus on INTERPOL.

Mr. RUSSEL. Okay.

Mr. SHERMAN. That was kind of my opening statement.

Mr. RUSSEL. Well, without a doubt, though, with all due respect, TPP benefits the United States and our partners immensely. And we hope that it will——

Mr. SHERMAN. Mr. Russel, I will interrupt you. I have asked you to focus on INTERPOL, but I will respond.

These deals are part and parcel of an effort that has destroyed the American middle class over the last 30 years. And to say it is going to benefit the United States when there isn't a single economic study of any merit that says that it will raise wages in the United States and a program that tells us that we count all the jobs that we get from exports without subtracting the jobs we lose from imports, an economic analysis that leaves out the rules of origin that I focused on—I will use my time to make those points and ask you to answer the question about INTERPOL.

Mr. RUSSEL. We strongly support and have been active in helping to promote Taiwan's international space and its active participation in appropriate organizations, including INTERPOL.

We want Taiwan to be a member of organizations for which statehood is not a prerequisite, and we want Taiwan appropriately to interact, whether as an observer or as the beneficiary of technical programs and other kinds of institutions.

We very much agree that Taiwan is a net contributor to international law enforcement, and we are looking for ways to build on that.

Mr. SHERMAN. Good.

The focus of our hearing is on rebalance and budget, but we are leaving out at this hearing the big rebalance budget effect. And that is what is happening over in the Pentagon, where they are engaged in a reconfiguration of our military, starting with research and then procurement, that will end up costing this country literally trillions of dollars as we over the next decade or two devote a very expensive military not to defending the United States from those who have killed Americans, but, rather, to help fight over a few islets that are of so little economic value that they are completely uninhabited.

And we will be told, "Oh, but there is oil there." There isn't. But if there is, it is not our oil. And we will be spending far more on this than the countries who claim these islets where there isn't any oil that might belong to them. So this is the real budgetary rebalance.

Mr. Russel, I hope you would provide for the record a comparison of Japan's military budget to whatever share your study would indicate is the share of our military budget devoted to the Asia-Pacific region.

Because every time I talk to the Pentagon about training, about procurement, about research that will help us in the war on terrorism, their response is, "We have limited money and we are gearing up to fight China." And it is a very bad idea. Oh. And, by the way, there is no oil. And it is not our oil.

I yield back.

Mr. RUSSEL. Thank you very much, Congressman Sherman.

There are two indispensable ingredients to America's future prosperity. Number one is security in the Asia-Pacific region. Number two is free trade and open markets. And our rebalance strategy, including TPP, secure those interests for us. We are——

Mr. SHERMAN. Mr. Russel, I thought my time had expired. Because I usually do get to control the time.

And I will simply say MFN for China devastated the American middle class. And now we are going to squeeze what is left of them

to be able to finance efforts to confront China militarily while we then figure out ways, without an agreement where China is a signatory, to shift our jobs to China just in case there are pockets of middle class prosperity somewhere in America that haven't yet been devastated by this policy.

So I yield back.

Mr. SALMON. The gentlemen's time has expired.

Mr. Lowenthal.

Mr. LOWENTHAL. Thank you, Mr. Chair.

And thank you, Mr. Rohrabacher, for allowing me to jump forward. I really appreciate that.

I, along with Chris Van Hollen, Congressman Van Hollen, Congressman Peters, and more than 50 of our House colleagues sent a letter supporting the President's Green Climate Fund request of $500 million. This fund would be used to invest in resilient and low-emission development in East Asia and around the world, Mr. Chairman. I would like to, Mr. Chairman, enter that letter into the record, if I may.

Mr. SALMON. Without objection.

Mr. LOWENTHAL. What I would like to ask Mr. Russel and, also, Mr. Stivers, if he wants to, is: How do you see the international Green Climate Fund helping to invest in sustainable development in East Asia that will result in what the Department of Defense calls reducing the threat multiplier of climate change? How do you see this helping? And how else is U.S. foreign assistance supporting Asian and Pacific nations' efforts to deal with climate change?

Mr. RUSSEL. Well, thank you very much, Congressman Lowenthal. I will speak to the first part of your question and then defer to Mr. Stivers.

First of all, thank you. Thank you and your colleagues for the support that you have extended to the President's Green Climate Fund initiative. We think that it addresses directly one of the world's greatest challenges and the East Asia and Pacific region in particular.

Given the vulnerability—the huge vulnerability of the region to the effects of climate change, global warming, and rising sea levels, as well as the impact on fish stocks and sustainable food security, we are determined and committed to get at this problem.

No one has been more active and vigorous than Secretary Kerry. And advancing the efforts to deal with and mitigate the effects of climate change are major parts of our Asia-Pacific strategy.

Last November President Obama announced a $3 billion pledge for the Green Climate Fund and the U.S. commitment to reduce carbon pollution. He has worked, as you know, last year to also induce the Chinese to follow suit with strong commitments for carbon emission reduction.

And he has also elicited tremendous support from partner countries, most notably from Japan, whose prime minister will be here this weekend and has pledged $1½ billion to the Green Climate Fund. Our work with Asian countries on climate is an example of what I would call the rebalance going global.

But for the specifics—Jon.

Mr. STIVERS. Thank you, Mr. Lowenthal, for that question and for your leadership on climate change issues.

Climate change is affecting the people of the East Asia-Pacific region. In support of the President's Global Climate Change Initiative, we are helping with cleaner energy sources, adaptation and sustainable land practices, and disaster resilience.

In the Mekong Delta, 1 meter of sea level rise will inundate 40 percent of the land where 18 million people live. I was just there a few weeks ago to see what USAID is doing. And we are helping farmers adapt to increased salinization of the rivers, droughts, and with new farming techniques for salt-resistant crops for local communities, and to raise their awareness for best practice as they deal with these issues.

And so USAID has a number of initiatives in many countries in East Asia-Pacific, which is extremely vulnerable to climate change.

Mr. LOWENTHAL. Thank you.

I don't know if I am going to get a chance to have you answer this, but I just want to put it out on the record.

This year marks 20 years since the United States normalized relations with Vietnam. We have increased in recent years our engagement with Vietnam on trade and the TPP negotiations, as well as shared security interests.

My question is: Has the United States' engagement and assistance to Vietnam further respect—has it furthered respect for human rights and dignity?

I personally believe Vietnam has done little to improve its human rights record in recent years and continues to jail those who have spoken out. Bloggers, labor activists, religious leaders, all have been imprisoned.

And talking about labor, you mentioned, Mr. Russel, about improvement in labor relations. Well, Vietnam has one union, the Communist Party, and denies all other unions the ability to exist. It still does.

How is the TPP going to help that?

Mr. RUSSEL. Thank you very much, Congressman.

Briefly, the answer to your question is yes. Our comprehensive partnership and our engagement with the Vietnamese, in the first instance, has led to some milestones on what will still be a long road toward legal reform.

Vietnam ratified the U.N. Convention Against Torture, the U.N. Convention on the Rights of Persons with Disabilities. They have committed to and we are keeping score on their progress on institutional reforms, including revision of the Criminal Code, and that is something that we are supporting.

With respect to the TPP, I am convinced that we would not be seeing nearly the progress that we do see, including on labor, were it not for the promise of the economic benefits that come from free trade with the United States and the other members.

What we are seeing are commitments that are enforceable, with sanction provisions, as in any trade agreement, for noncompliance on labor. We are seeing significant changes in the climate, including bringing steps to bring Vietnam up to International Labor Organization standards, which is a prerequisite for membership in TPP. We are working and will work to develop the capacity, and

we will work to ensure that there are proper enforcement mechanisms in place. That is for labor.

I think it is also important, even though Congressman Sherman has left, to say that, on environment, the TPP Agreement, even if it didn't have a single trade provision, would be the best and strongest environmental agreement that the U.S. has ever entered into. And for a country like Vietnam, with problems of wildlife trafficking and overfishing, illegal logging, that is hugely important.

Mr. SALMON. Mr. Russel, I am going to give you another chance. His time has expired, but I am going to give you another chance on the TPP when it gets to a second round of questions because I know you have got a lot of burning things inside you want to get out of there. So we will give you another chance.

I will turn the time over to Mr. Rohrabacher.

Mr. ROHRABACHER. Okay. Thank you very much.

And let me just note that, when you base decisions on nonsense, it shouldn't be surprising to anybody that we come up with bizarre policy advocacy.

It is bizarre for me to sit here and listen to people talk about financing in the millions of dollars—American tax dollars an environmental program on the mainland of China, which, of course, is the world's worst human rights abuser and a country that is right now taking ever more aggressive stands, for example, the declarations of—territorial declarations, alone—what China has been saying in the South China Sea and in the shipping lanes that would strangle Korea and strangle Japan.

For us to be talking, "Oh, well, the environment is going to let us work together with these guys," that is such utter nonsense, especially giving American dollars to their project in China. We'll let the American people decide what is absurd and what isn't.

Let me note, when the Chinese started building these islands out of rock piles in the ocean and then start making them—claiming that they are territory and, thus, gives them the right to control huge, vast areas of the Pacific Ocean, maybe somebody will see that that is an aggressive act and deserves so much outrage on our part that we wouldn't be even considering providing China with millions of dollars for their global warming program.

China is at this time, for example, behind Hun Sen in Cambodia. I mention Hun Sen. Who is Hun Sen's greatest friend? It is Beijing. Who is North Korea's best friend? Beijing. And China has a horrible relationship with gangster regimes throughout the world. They are robbing the people of their resources in any country that they are engaged in by making deals with gangster regimes that have no rightful role in terms of what we believe in, democracy.

So one thing that I mentioned earlier on, the one thing to give us hope is that we have a new rising power in a democratic Japan reasserting itself as an influence in that region of the world. Japan can counterbalance what has been, basically, China run amuck with the acquiescence of America's business community and America's, it seems, environmentalists.

We were told a long time ago, if we build up China's economy, there would be political reform. Well, there has been no political reform. They haven't become more modernistic in terms of the way

they deal with other people's rights. In fact, this theory that I always called the "Hug a Nazi. Make a liberal theory" didn't work.

And it is not working in Vietnam as well. In Vietnam, they do not have—everything you cited was fine about how they are making their economy more efficient. Well, making the economy more efficient for a Nazi-like regime is not something that we should be bragging about. We should be supporting the people of Vietnam against their oppressor.

And we certainly support the people in Cambodia and elsewhere that are suffering under—and even as we talk we have China reaching an agreement with Pakistan in order to take over a port in the Balochistan region of Pakistan. And one wonders who is being bribed there. Who is being bribed to give away an important maritime asset in that country of Pakistan?

So I would like to just suggest that we need to look at these matters in a much more serious tone. I'm sorry that I just can't believe that, after 18 years of steady weather and steady climate and no big jump in the temperature, which we were promised by those people who believe that CO2 emissions cause increases in the temperature—I don't buy it anymore, and most Americans don't, especially if it is going to mean that we have to go along with giving money to Chinese programs.

Thank you very much. I have got to go. Please feel free to say everything bad about what I just said. I have got to be on the floor.

Mr. STIVERS. Just real quick, Mr. Rohrabacher, I just want to assure you that we provide no assistance to China on the environment. The example I was using was in Vietnam.

I have shared many of your concerns about China from my time working almost 18 years for Ms. Pelosi. And so I have been fortunate to work alongside you and your staff on a lot of these issues.

But I can assure you there is no environmental assistance we provide in China except for a little bit on the Tibetan Plateau that helps the Tibetans, but none that benefits China.

Mr. ROHRABACHER. Thank you very much.

Mr. SALMON. Mr. Russel, did you want to make a comment?

Mr. RUSSEL. Yes. Very briefly, if I may, Mr. Chairman, in response——

Mr. ROHRABACHER. I've got to run off. I have a speech on the floor.

Mr. SALMON. I will pass it on to him.

Mr. RUSSEL. Japan is indeed our great ally and great friend. We are honored to welcome a visit of the Japanese Prime Minister to Washington and thankful and grateful that the Congress will host him for a speech.

Our partnership and our security alliance with Japan is a major element, in fact, the cornerstone of our regional security policy and, indeed, our rebalance. And Secretary Kerry, along with Secretary Carter, will be announcing the details of our revised defense guidelines on Monday in New York, and this will represent a very major milestone in increased Japanese contributions to the South China Sea and China. I would be prepared to address that, if you wish.

Mr. SALMON. That would be great.

I do have a couple of other questions I would like to—and maybe you can weave it in. But I just wanted to—Mr. Sherman asked you

about the involvement of Taiwan in INTERPOL and asked you if you were supportive, and you did say that you are supportive of Taiwan doing that.

Could we get a commitment of support from State for—for the legislation that would do that?

Mr. RUSSEL. Mr. Chairman, I won't speak to the legislation itself. Please allow me to consult with my colleagues and review——

Mr. SALMON. That will be fine. In fact, I don't expect you to have read it by now.

But barring the fact that it does what it says we are doing and it is in concert with what you said your position is as far as Taiwan participating, we are hoping that you will support it and hoping that you will get back to us because we are hoping that we can get it marked up and passed through this Congress and on the President's desk and get it signed and start moving.

The second thing I wanted to ask—and then at the very—my last question is going to be to just give you an opportunity to expound a little bit more on TPP. Mr. Sherman raised a lot of concerns about TPP and its economic benefit to the United States, to individuals, jobs here in the United States.

And he also mentioned that his fear was that, in Vietnam, they could actually make the product in China, send it to Vietnam, slap a Vietnamese label on, so the country of origin doesn't really matter. I would love you to address that, too, if you can.

But before that—and I am just going to give you the microphone and let you say whatever you want about TPP. You do your best.

But my other question is about the Asian Infrastructure Investment Bank. And many of our allies have joined that. Australia just recently said that they are going to join. In fact, really, the only significant holdout is Japan, who is, I think, trying to be a good friend and partner of the United States.

What is our strategy on that going forward? It doesn't seem like continuing to oppose that is going to be of much value.

Do we have a Plan B as far as how to work with them and make sure that the World Bank and the IMF work in concert with what they are trying to do for the region, that we are looking out for the United States' interests? So that is my question. And then you have at it with TPP.

Mr. RUSSEL. Thank you very much, Mr. Chairman.

My brief comment on South China Sea in response, first, to Congressman Rohrabacher's point is simply this: He mentioned rocks. He mentioned sand. The issue isn't about rocks. It is about rules. The issue isn't about sand. It is behavior.

And the United States has for going on seven decades been the guarantor of the security in the Asia-Pacific region that has enabled not only our economic growth, but the growth of the countries in the region, including China.

And that is the responsibility that we will not abrogate. We will take the measures necessary to preserve that and freedom of navigation and mitigate the risk of coercion against our treaty allies.

Mr. SALMON. I am so glad you brought that. I support that 100 percent.

Mr. RUSSEL. Mr. Chairman, our strategy vis-à-vis AIIB is to use direct persuasion with the Chinese, consultations with friends and

partners, and the elements of the multilateral development and other banking systems to try to ensure that the AIIB evolves into a high-quality, transparent, responsible actor that functions in tandem with multilateral development banks and by the same standards that have been developed for multilateral development banks.

It is, I believe, telling that so many major economies held back on a decision to join the AIIB as a founding member until they were satisfied that, number one, the elements in the articles of agreement would be, from their point of view, minimally sufficient to warrant joining, and, second, until they became convinced that, by joining, they would be able to exert influence from within that would help bring the AIIB to a level of governance, of transparency, of standards, of oversight that they consider to be on par with other multilateral development banks.

Our strategy, Mr. Chairman, is to use those other banks like the Asian Development Bank, like the World Bank, in which we have a tremendous leadership role and a long history and a lot of money invested to partner with the AIIB in an effort to address what is, in fact, a genuine need, a need for infrastructure investment in the Asia-Pacific region. We are insistent, however, that that investment should be responsible. It should have appropriate safeguards in terms of debt sustainability and environment and so on.

So the canard that we somehow sought to block the development of a new bank is misguided, but the fact that we are determined and committed to help ensure that China and the other founding members caused that bank to operate at international standards is absolutely right. And Japan is an important partner with us in that effort.

With regard to TPP, first and foremost, although I am not a trade expert, I know that the safeguards to prevent back-door entry to products from non-TPP countries is a central element of the design of the rules pertaining to rules of origin, and that is—that is a principle that has suffused the design and the negotiations of TPP.

More broadly—and it is perhaps precisely because I don't come from the trade world—what is so striking and so valuable about TPP is, number one, the strategic value. This agreement is seen in the region, if not the world, as an example of the United States exercising leadership to establish high standards, inclusivity, and free markets.

We must succeed. Our credibility, as well as our economic interests, are deeply interlinked. We are the preeminent rule-setter, and to set rules that will benefit both the countries of TPP and around the Pacific Rim growing economies and the United States, including and especially of the U.S. middle class, is our responsibility as well as our interest.

But I mentioned other non-trade elements, including environment. But there are more. There are very fundamental good governance provisions in the TPP agreement that go to the heart of our collective concerns about the Vietnamese Government, for example, and about the kind of rules-based system that we want to see prevail in the Asia-Pacific region.

The agreement has anticorruption provisions and dispute settlement mechanisms that are entirely consistent with American val-

ues and American procedures. I mentioned labor standards with built-in enforcement mechanisms.

And the digital economy, which is the new frontier, is another area in which TPP contains meaningful protections to intellectual property at the same time that it promotes freedom of information and cross-border migration of data and electronic information.

It also has a chapter on development, which I know Mr. Stivers can speak to. This is a first-ever development chapter in a trade agreement, and it will help promote broad-based economic growth.

The last thing I would mention—I'm sorry to go on long—is that the agreement also focuses very heavily on small- and medium-sized enterprises. That is part and parcel of the advantages that it offers to the United States and to working men and women here. It is also of tremendous advantage in the region in terms of promoting microenterprise, worker participation, access to the global economy, and the flourishing of nongovernmental organizations.

Mr. SALMON. I am going to ask one last question and then let you guys wrap up. And I really appreciate you taking the time today. But I spoke last night before a group of stakeholders in the region, and these are the questions I was asked. And so I want to throw them out to you, too, and they are along the lines of TPP.

Do we expect or anticipate a second round of TPP? And along with that, do we expect that China will later want to participate with TPP? And what is the likelihood that Taiwan would be included in a second round of TPP?

Mr. RUSSEL. I don't want to walk too far out onto the thin ice of speculating on policy and trade matters, Mr. Chairman, particularly at a moment when the TPP negotiations are going on hot and heavy.

However, I will take a few tentative steps in saying first that the line of important economies and countries, a line that includes countries like the Republic of Korea and a line that very clearly includes Taiwan, is starting to snake around the corner, so to speak.

There is a tremendous interest in joining TPP. I think that is a healthy sign. And I at the same time will accept the caution by my friend and colleague and master, Mike Froman, that he needs to concentrate on first things first. Job number one is to close the agreement.

The question of China is something that is widely discussed. I think that the way to look at it is this: The world would be a better place if China were in a position to meet the requirements on trade, on openness, on protection of intellectual property, on environment, on labor standards, that are requirements for membership in TPP. So the short answer is we should be so lucky.

Mr. SALMON. I am going to get the transcripts of what you just said and carry that in my pocket with me because I think that was a really great answer. I really appreciate you taking the time.

Mr. Stivers, did you have any final comments that you wanted to make?

I really appreciate you both taking the time to come and testify before us today.

And, without objection, this hearing is now adjourned.

[Whereupon, at 2:15 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Record

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Subcommittee on Asia and the Pacific
Matt Salmon (R-AZ), Chairman

April 16, 2015

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

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

DATE: Thursday, April 23, 2015

TIME: 1:00 p.m.

SUBJECT: The U.S. Rebalance in East Asia: Budget Priorities for FY 2016

WITNESSES: The Honorable Daniel R. Russel
Assistant Secretary
Bureau of East Asian and Pacific Affairs
U.S. Department of State

The Honorable Jonathan Stivers
Assistant Administrator
Bureau for Asia
U.S. Agency for International Development

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON *Asia and the Pacific* HEARING

Day *Thursday* **Date** *04/23/2015* **Room** *2172*

Starting Time *1:08pm* **Ending Time** *2:15pm*

Recesses [ ] (to) (to) (to) (to) (to) (to)

Presiding Member(s)

Matt Salmon

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [ ]
Electronically Recorded (taped) [ ]
Stenographic Record [ ]

TITLE OF HEARING:

The U.S. Rebalance in East Asia: Budget Priorities for FY 2016

SUBCOMMITTEE MEMBERS PRESENT:

Dana Rohrabacher, Brad Sherman, Alan Lowenthal

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

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

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

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *2:15pm*

Subcommittee Staff Director

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE ALAN S. LOWENTHAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Congress of the United States
Washington, DC 20515

Chairwoman Kay Granger
Subcommittee on State, Foreign Operations,
and Related Programs
Room HT 2, The Capitol
Washington, DC 20515

Ranking Member Nita Lowey
Subcommittee on State, Foreign Operations,
and Related Programs
1016 Longworth House Office Buildin
Washington, DC 20515

March 25, 2015

Dear Chairwoman Granger and Ranking Member Lowey:

We are writing to express our strong support for the Green Climate Fund (GCF). As you develop the Fiscal Year 2016 (FY16) appropriations bill, we respectfully request your support for the President's budget request of $500 million for the GCF.

To date, the GCF has received more than $10 billion in international pledges. This funding will be used to invest in resilient and low-emission development around the world. The U.S. pledge to the GCF is absolutely critical to the fund's success. Encouraged in part by our leadership, global partners such as Japan, the United Kingdom, Germany, Panama, Korea, Indonesia and others have already pledged more than $7 billion to the fund. Additionally, a recent announcement between the U.S and China–currently the world's top carbon polluter–has established ambitious carbon pollution reduction targets that reinforce domestic efforts to reduce carbon emissions, improve efficiency, and plan for a changing climate.

The GCF is not a "UN slush-fund" as some critics have claimed. Although established under auspices of the United Nations (UN), the GCF is an independent institution, governed by an independent Board, and through an independent Secretariat. It is not part of the United Nations system, is not staffed by the UN, and does not receive money from the UN.

The GCF is also not a "slush fund." The threats of climate change to the world's least developed countries are grounded in sound, peer-reviewed science by the world's top experts, and therefore need to be taken seriously. The GCF will invest in sustainable development in some of the most vulnerable countries, complementing existing efforts to alleviate poverty and promote global health, stability and democracy. After all, the Department of Defense, along with various members of the security community, has called climate change a "threat multiplier". The recent National Security strategy elaborated, explaining that climate change is "an urgent and growing threat to our national security, contributing to increased natural disasters, refugee flows, and conflicts over basic resources like food and water." Through the GCF we have the potential to minimize future national security threats that will be exacerbated by climate change.

We agree that climate change is not a problem that the U.S. can tackle alone. Demonstrating strong support for the GCF will help protect our nation's interests and ensure every country does its fair share.

Thank you for your consideration of this request.

Sincerely,

ALAN LOWENTHAL SCOTT PETERS CHRIS VAN HOLLEN

PRINTED ON RECYCLED PAPER

DONNA F. EDWARDS

KEITH ELLISON

ANNA G. ESHOO

ELIZABETH H. ESTY

SAM FARR

ALAN GRAYSON

RAUL GRIJALVA

MICHAEL M. HONDA

JARED HUFFMAN

SHEILA JACKSON LEE

HENRY C. "HANK" JOHNSON, JR.

WILLIAM KEATING

ANN McLANE KUSTER

JIM LANGEVIN

BARBARA LEE

TED W. LIEU

ZOE LOFGREN

DORIS O. MATSUI

BOBBY L. RUSH

EARL BLUMENAUER

JOYCE BEATTY

DONALD S. BEYER, JR.

BRENDAN F. BOYLE

LOIS CAPPS

MATT CARTWRIGHT

JUDY CHU

KATHERINE CLARK

EMANUEL CLEAVER

STEVE COHEN

GERALD E. CONNOLLY

JOHN CONYERS

PETER DEFAZIO

DIANA DEGETTE

MARK DESAULNIER

TED DEUTCH

LLOYD DOGGETT

JIM MCDERMOTT

JERRY MCNERNEY

PATRICK E. MURPHY

JERROLD NADLER

ELEANOR HOLMES NORTON

DONALD M. PAYNE, JR.

CHARLES B. RANGEL

LUCILLE ROYBAL-ALLARD

JOHN P. SARBANES

JAN SCHAKOWSKY

ADAM SCHIFF

ADAM SMITH

JACKIE SPEIER

PAUL TONKO

TIM WALZ

MAXINE WATERS

PETER WELCH

CHELLIE PINGREE

○