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REVITALIZING U.S.-ASEAN RELATIONS

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA AND THE PACIFIC

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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REVITALIZING U.S.-ASEAN RELATIONS

WEDNESDAY, MAY 17, 2017

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

The subcommittee met, pursuant to notice, at 2:35 p.m., in room 2172, Rayburn House Office Building, Hon. Ted Yoho (chairman of the subcommittee) presiding.

Mr. YOHO. The subcommittee will come to order.

Members present will be permitted to submit written statements to be included in the official hearing record. Without objection, the hearing record will remain open for 5 calendar days to allow statements, questions, and extraneous material for the record, subject to length limitations and the rules.

Good afternoon, everybody. As we wait for other members to come in, I look forward to hearing from you.

Still in the early days of a new administration, at a tumultuous time in the international affairs and especially in Asia, we find ourselves at a point of international uncertainty about U.S. policies for engaging with the 10 nations of the Association of the Southeast Asian Nations, better known as ASEAN. With that in mind, we have convened this hearing to evaluate U.S.-ASEAN policies and form a set of recommendations that we can deliver to the administration for U.S. relations with this important partner.

As 2017 is ASEAN's 50th anniversary and the 40th anniversary of U.S.-ASEAN relations, this is a particularly important year to review our engagement with ASEAN and continue improving the relationship. ASEAN is Southeast Asia's premier multilateral grouping made up of Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Collectively, the group makes up the world's third largest population and the fifth largest economy. ASEAN is a critical diplomatic, economic, and security partner for the United States.

U.S.-ASEAN engagement has trended upwards for years, and it remains strong and has a bright outlook. In 2015, the U.S.-ASEAN relationship was elevated to a strategic partnership. And 2016 marked two important firsts: The first U.S.-ASEAN summit at Sunnylands and the first ever visiting of a sitting U.S. President to Laos.

Our economic connection is also significant, as ASEAN is the fourth largest good export market for the United States, and we are ASEAN's fourth largest trading partner. As the second fastest

growing economy in Asia and with a combined economy of $2½ billion,[1] the importance of ASEAN as a market for the U.S. is considerable.

As a security partner, ASEAN is also invaluable. The grouping is strategically located astride some of the world's most critical sea lanes, and shares the U.S. pursuit of regional stability through rules, order, and peaceful dispute settlement.

ASEAN includes two U.S. treaty allies: Thailand and the Philippines. Despite the hugely important interest we share, we have come to a period of uncertainty in U.S. relationships. Part of this is the natural period of recalculation that comes with any new administration, but has been exasperated because the rebalance to Asia was, in some respects, a one-legged stool.

Our strategy for engaging Asia, particularly Southeast Asia, relied so heavily on the TPP that when the United States withdrew, there was not much of a policy left. Uncertainties have been heightened further by instability in the region, lack of clarity about the administration's America First rhetoric, and the increasing competition from China and initiatives like its One Belt, One Road policy which challenges U.S. influence in the Asia-Pacific region.

The administration has done fairly extensive early outreach to many Asian partners, which should be commended on, but most of these conversations have revolved around the nuclear menace from North Korea. But our partnership with ASEAN is broader than that, a fact that some promising recent statements have recognized.

Vice President Pence spoke extensively about U.S.-ASEAN security and economic cooperation during a recent visit to the ASEAN secretariat in late April. The Vice President should be applauded for this visit and the announcement he made that President Trump will attend East Asia Summit, the U.S.-ASEAN Summit, and the APEC economic leaders meeting. As we all hear from one witness, on the diplomatic front in Southeast Asia, 80 percent of success is showing up.

Secretary of State Tillerson also addressed U.S.-ASEAN relations in a recent speech declaring the intent to resolidify our relationships with ASEAN on a number of security and trade issues and clarifying that America First does not mean that our national security and economic prosperity comes at the expense of others.

This leadership has been helpful, but we have yet to hear a complete policy that will give our ASEAN partners a better sense of how the United States will gauge going forward. Our influence and interests in Asia are at stake. The nations of ASEAN are walking a tightrope between the power centers of the United States and China. If the United States withdraws from Asia, ASEAN won't be able to stay standing. A monopolar Asia would mean less opportunity for the United States to undertake valuable economic and security cooperation with ASEAN. In short, we need a plan.

With that, to help us toward this goal, we are privileged to be joined by the expert panel this afternoon. I thank the witnesses for joining us and members of the subcommittee for their participation.

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[1] This number is actually $2½ *trillion* and is corrected by the chairman later in the hearing.

Without objection, the witnesses' written statements will be entered into the hearing.

I now turn to our ranking member for any remarks.

[The prepared statement of Mr. Yoho follows:]

Revitalizing U.S.-ASEAN Relations
Subcommittee on Asia and the Pacific
House Committee on Foreign Affairs
Wednesday, May 17, 2017, 2:30 p.m.
Opening Statement of Chairman Ted Yoho

Good afternoon everyone. Still in the early days of a new administration, at a tumultuous time in international affairs and especially in Asia, we find ourselves at a point of international uncertainty about U.S. policy for engaging with the ten nations of the Association of Southeast Asian Nations (ASEAN).

With that in mind, we've convened this hearing to evaluate U.S.-ASEAN policy and form a set of recommendations that we can deliver to the administration for U.S. relations with this important partner.

As 2017 is ASEAN's 50th anniversary and the 40th anniversary of U.S.-ASEAN relations, this is a particularly important year to review our engagement with ASEAN and continue improving the relationship.

ASEAN is Southeast Asia's premier multilateral grouping, made up of Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Collectively, the group makes up the world's 3rd largest population and 5th largest economy. ASEAN is a critical diplomatic, economic, and security partner for the United States.

U.S.-ASEAN engagement has trended upwards for years, remains strong, and has a bright outlook. In 2015, the U.S.-ASEAN relationship was elevated to a strategic partnership, and 2016 marked two important firsts: the first U.S.-ASEAN summit at Sunnylands, and the first ever visit of a sitting U.S. President to Laos.

Our economic connection is also significant, as ASEAN is the 4th largest goods export market for the United States, and we are ASEAN's fourth-largest trading partner. As the second fastest growing economy in Asia, and with a combined economy of $2.5 trillion, the importance of ASEAN as a market for the U.S. is considerable.

As a security partner, ASEAN is also invaluable. The grouping is strategically located astride some of the world's most critical sea lanes, and shares the U.S. pursuit of regional stability through rules, order, and peaceful dispute settlement. ASEAN includes two U.S. treaty allies, Thailand and the Philippines.

Despite the hugely important interests we share, we have come to a period of uncertainty in U.S. relations. Part of this is the natural period of recalculation that comes with any new administration, but has been exacerbated because the Rebalance to Asia was in some respects a one-legged stool.

Our strategy for engaging Asia, particularly Southeast Asia, relied so heavily on the TPP that when the United States withdrew, there was not much of a policy left. Uncertainties have been heightened further by instability in the region, lack of clarity about the administration's "America First" rhetoric, and increasing competition from China and initiatives like its "One Belt, One Road," which challenge U.S. influence in the Asia Pacific.

The administration has done fairly extensive early outreach to many Asian partners, which should be commended, but most of these conversations have revolved around the nuclear menace from North Korea. But our partnership with ASEAN is broader than that, a fact that some promising recent statements have recognized.

Vice President Pence spoke extensively about U.S.-ASEAN security and economic cooperation during a recent visit to the ASEAN secretariat in late April. The Vice President should be applauded for his visit, and the announcement he made that President Trump will attend the East Asia Summit, the U.S.-ASEAN Summit, and the APEC Economic Leaders Meeting. As we'll hear from one witness, "on the diplomatic front in Southeast Asia, 80 percent of success is showing up."

Secretary of State Tillerson also addressed U.S.-ASEAN relations in a recent speech, declaring the intent to "re-solidify" our leadership with ASEAN on a number of security and trade issues and clarifying that "America First" does not mean that our national security and economic prosperity comes at the expense of others.

This leadership has been helpful, but we have yet to hear a complete policy that will give our ASEAN partners a better sense of how the United States will engage going forward. Our influence and interests in Asia are at stake. The nations of ASEAN are walking a tightrope between the power centers of the United States and China. If the United States withdraws from Asia, ASEAN won't be able to stay standing. A monopolar Asia would mean less opportunity for the United States to undertake valuable economic and security cooperation with ASEAN. In short, we need a plan.

To help us work towards this goal, we are privileged to be joined by an expert panel this afternoon. I thank the witnesses for joining us and the members of the Subcommittee for their participation.

Mr. SHERMAN. Thank you, Mr. Chairman.

I welcome this hearing on ASEAN. ASEAN is a very diverse area geopolitically. Indonesia and the Philippines have practiced democracy for many years; Vietnam and Laos never have. I am concerned with ASEAN issues in general, but particularly trade, terrorism, and the negative effects of the President's proposed 2018 budget cuts to State Department and USAID.

Mr. Chairman, as you point out, this is a very important market. Our trade relationship is big. It is important, and I might add, extremely unfair. We have seen an increase in our trade deficit with ASEAN every year since 2006. It now stands at well over $83 billion. That means that if we had balanced trade with ASEAN, we would have well more than 1 million American jobs.

Now, given our somewhat tight job and labor market, that would mean a rapid increase in wages in this country. But we don't have fair or balance trade with ASEAN, most notably with Vietnam, where not only do we have to compete against 40-cent-an-hour labor, but we are told that if we open up, we will get free access to Vietnam's markets. Well, Vietnam doesn't have freedom, Vietnam doesn't have markets. We have almost a $32 billion trade deficit with Vietnam, which is not the result of free economics. It is not the result of free trade.

Wall Street can repeat that over and over again, because they can make a lot of money jacking up the trade deficit and minimizing their demand for American labor. But the fact is the decisions on whether to make major purchases of American goods or instead those from Europe are political decisions made in Hanoi by the Vietnamese Communist Party. To say that we can't sell in Vietnam because our goods aren't good, because our workers aren't good is an attack against America completely unjustified by the facts.

These are political decisions made in Hanoi which understands that the American foreign policy establishment will look the other way as they run a huge trade deficit with us. They know Europe will not look the other way, so they buy from Europe and, I might add, Asia.

The combatting terrorism. ASEAN countries face local and international terrorism. There are over a dozen armed radical Islamic groups in the region. We have seen al-Qaeda's influence through JI and its affiliates, which are responsible for the 2002 Bali attacks. While JI's influence has waned, other groups, including ISIS, are growing. Malaysia is seeing a significant increase in cyber recruitment for jihadist organizations. Southern Philippines have six small groups who have pledged their loyalty to ISIS. We have the Mujahedeen, Indonesia, Timor, MIT group who has pledged its support for ISIS. I look forward to hearing from our witnesses what we can do to help our ASEAN allies deal with this threat, both to themselves and to the world.

Finally, we deal with trying to maintain America's global leadership with the 2018 budget proposal. The State Department USAID maintains programs in ASEAN countries which are critical, and provide clean water, combat climate change, fight proliferation of AIDS, fight counter-violent extremism and terrorism. For example, in Malaysia, we have planned counterterrorism transnational crime

initiatives countering weapons of mass destruction proliferation programs; similar efforts in Thailand and other ASEAN countries.

We are working against climate change to which ASEAN countries are uniquely vulnerable. Without U.S. development, health, climate, and security assistance, the ASEAN region will be a less stable area. But it will certainly be a less pro-American area if we cut back our diplomatic efforts. That is why 120 three- and four-star generals and admirals have written to House leadership in February urging the U.S. to maintain a robust foreign affairs budget.

We have challenges in ASEAN around the world, and I look forward to learning from our panelists how we can best deal with those challenges. I thank you.

Mr. YOHO. Thank you, Ranking Member, and I look forward to having that. And I remember the remarks of General Mattis. He said: If you cut that foreign aid, we are going to have to spend that in ammunition, and I know we don't want that.

And so with us today, we are thankful to be joined today by Dr. Amy Searight, senior adviser and director of the Center for Strategic and International Studies, Southeast Asia Program. We look forward to hearing from you.

Mr. Walter Lohman, director of the Asia Study Center at the Heritage Foundation. And Dr. Zachary Abuza, professor at the National War College.

We thank the panel for joining us today to share their experience and expertise. Our goal is it to take the information that you give us, and as we have in the past, we have directed foreign policy that we can pass on to the State Department or the President to direct our pivot to Asia, and we look forward to hearing from you on that. And we have had that in the past and have done that with Chairman Royce in the full committee. It is so important with your input here, because that hopefully will lead to some policies that will make us all stronger and more secure.

Being the chairman of this committee, one of my goals and my ultimate goal is it to reach out to that whole Asia-Pacific region and strengthen our relationships with all those countries, focus on economic and trade and national security so that we can keep doing what we do.

So, Dr. Searight, if you would, press the red button to talk and make sure your microphone is there. And we will try to hold you to 5 minutes, thank you.

STATEMENT OF AMY SEARIGHT, PH.D., SENIOR ADVISER AND DIRECTOR, SOUTHEAST ASIA PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Ms. SEARIGHT. Thank you.

Chairman Yoho, Ranking Member Sherman, and distinguished members of the committee, it is an honor to be before you here today to discuss the future of U.S. security relations with Southeast Asia.

This year marks the 50th anniversary of the founding of ASEAN and the 40th anniversary of U.S.-ASEAN relations, making it a natural time to take stock of U.S. ties with Southeast Asia and con-

sider ways to improve relations with this increasingly important region.

Southeast Asia is an integral part of the larger Asia Pacific that will play a key role in propelling the U.S. economy in the decades ahead. ASEAN is at the heart of Asian economic integration efforts, and also brings together Asia-Pacific leaders every year to discuss strategic issues at its diplomatic meetings and summits.

Located at the crossroads between east and south Asia and the Pacific and Indian Oceans, Southeast Asia is also increasingly a region—an arena in which geopolitical rivalries between the United States, China, Japan, and India play out.

ASEAN centrality in the regional architecture also gives it an important normative role to play, and its promotion of norms and rules, including the peaceful resolution of disputes and respect for international law, in turn help to uphold the rules-based order in the Indo-Pacific.

The strategic rebalance to Asia built on an already strong base to further strengthen key relationships and build new partnerships. Enhanced defense cooperation agreements with both the Philippines and Singapore allow for greater rotational access for U.S. Forces to facilities in those two countries. The defense relationships with Malaysia and Indonesia are as strong as they have ever been. The rebalance expanded U.S. strategic options in mainland Southeast Asia, with Vietnam emerging as an important partner and Burma being incorporated back into the international community.

Concerns about Chinese actions in the South China Sea have created a growing demand signal from many Southeast Asian countries for an expanded U.S. security presence in the region. U.S. freedom of navigation operations, or FONOPs, in the South China Sea are quietly welcomed by most Southeast Asian countries, even those whose excessive maritime claims are challenged along with those of China.

There is an increasing demand in Southeast Asia for assistance with maritime security capacity building, which has led to the refocusing of existing U.S. security assistance programs, such as the Foreign Military Financing and Excess Defense Articles programs toward maritime security. New programs, such as the Southeast Asia maritime security initiative, have been created to augment existing programs and fill gaps to improve the effectiveness of U.S. maritime capacity building efforts with allies and partners in Southeast Asia.

The case for continued high-level and intensive engagement with Southeast Asia is compelling, and members of both the executive and legislative branches should not hesitate to make that case to the American people. Our allies and partners watch our strategic messages and policy pronouncements very closely, and often shape their policies with an eye on those of the United States.

Given this dynamic, it is important that the U.S. Government issue clear and consistent strategic messages, particularly on issues like disputes in the South China Sea, and avoid inconsistent execution of policies, which can lead to confusion and undercut the perception of our resolve.

Moving forward, FONOPs and routine presence operations should be executed on a regular basis in the South China Sea to demonstrate our resolve to fly, sail, and operate wherever international law allows.

U.S. defense relationships in Southeast Asia are strong, and it is all too easy to fall into the trap of focusing on military solutions to security challenges to the exclusion of economic and diplomatic approaches. This is a mistake, as Southeast Asian countries view security through the lens of economic growth and integration, and they place a high priority on both their economic and political relationship with the United States.

The U.S. withdrawal from the Trans-Pacific Partnership is a step in the wrong direction on this front, and Washington will need to devise and promote other ideas and vehicles for economic engagement with Southeast Asia in order for U.S leadership in the region to remain credible in the long run.

Things are easier on the diplomatic front in Southeast Asia where, in the words of Woody Allen, 80 percent of success is showing up. There is no substitute for high-level participation and ASEAN-centered regional meetings, which is why the President's announcement that he will attend the East Asia Summit in the Philippines, the U.S.-ASEAN Summit, and the APEC forum in Vietnam this November is so important.

Reinvigorating restrained alliances with the Philippines and Thailand will be job number one for the administration. With the Philippines, the United States should strive to preserve the alliance to the greatest extent possible, while taking a firm position on human rights excesses of the Duterte administration.

In Thailand, the United States should explore whether the new Constitution and the tentative preparation for elections in the wake of the royal transition provide an opportunity to begin resetting ties without rewarding the military government. The Departments of State and Defense should immediately resume dialogues with Thailand on issues of mutual strategic interest.

The United States has several enduring advantages that lead Southeast Asia to continue to turn to it as a security partner of choice, including the world's best military, high favorability ratings among most local populations, and a less threatening foreign policy than that of China. Given these advantages, Washington can continue to play the long game in Asia, confident that chinese adventurism is likely to push many states to turn to the United States for support.

Thank you very much.

[The prepared statement of Ms. Searight follows:]

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Statement before the

House Foreign Affairs Committee

Subcommittee on Asia and the Pacific

"Revitalizing U.S.-ASEAN Relations"

A Testimony by:

Amy Searight, Ph.D.

Senior Adviser and Director, Southeast Asia Program,

Center for Strategic and International Studies (CSIS)

May 17, 2017

2172 Rayburn House Office Building

Chairman Yoho, Ranking Member Sherman, and distinguished Members of the subcommittee, it is an honor to appear before you today to discuss the future of U.S. security relations with the Southeast Asia.

Opportunities and Challenges

This year marks the 50th anniversary of the founding of the Association of Southeast Asian Nations (ASEAN) and the 40th anniversary of U.S.-ASEAN relations, making it a natural time to take stock of U.S. ties with Southeast Asia and consider ways to improve relations with this increasingly important region.

This is also the first year of a new administration, and this hearing comes at an opportune time to inform the still-developing Asia policy of the Trump White House. The administration recently began its outreach to Southeast Asia in earnest with phone calls from the President to three key allies and partners in the region, a visit by the Vice President to Indonesia, Southeast Asia's largest country, and the Secretary of State's meeting earlier this month with the foreign ministers from the 10 ASEAN countries. With the White House looking to Southeast Asia, now is the time to reiterate the importance of this vital region and make recommendations to strengthen U.S. influence there.

Southeast Asia is an integral part of the larger Asia Pacific that will play a key role in propelling the U.S. economy in the decades ahead. ASEAN is at the heart of Asian economic integration efforts, and brings together Asia-Pacific leaders every year to discuss strategic issues at its diplomatic meetings and summits. Southeast Asia—located at the crossroads between East and South Asia, and the Pacific and Indian Oceans—is also increasingly the arena in which geopolitical rivalries between the United States, China, Japan, and India play out. ASEAN centrality in the regional architecture also gives it an important normative role to play, and its promotion of norms and rules, including the peaceful resolution of disputes and respect for international law, in turn help to uphold the rules-based order in the Indo-Pacific.

The rise of China is rapidly changing the strategic picture in the region, and Beijing's actions in disputed areas like the South China Sea are being watched warily by Southeast Asian nations as an indication of China's broader plans and intentions for the region. The waterways of Southeast Asia—the Strait of Malacca and South China Sea in particular—are key conduits for maritime navigation and trade, and potential threats to commercial shipping in these areas have led regional states to devote increasing attention to police their maritime domains.

This growing focus on maritime security is about more than just concern over China's efforts to exert control over the South China Sea. Piracy has long been a threat in Southeast Asia, one which remains a recurrent problem despite successful cooperation between Southeast Asian states to manage it. Combating illegal, unreported, and unregulated fishing is also a key concern of many Southeast Asian nations, as is preventing the trafficking of people, goods, and illicit substances across porous maritime borders.

Maritime security challenges in the region intersect with counterterrorism efforts particularly in the southern Philippines and neighboring areas, where armed groups like Abu Sayyaf blur the line between terrorism and organized crime. Kidnap-for-ransom operations in the Sulu Sea are both a maritime security and counterterrorism issue, one that countries like Malaysia, Indonesia, and the Philippines are working together to address along with key outside partners like the United States.

Terrorism remains a persistent concern in Southeast Asia, as it has since the first Bali bombing in 2002. The current counterterrorism focus in the region is on outreach by ISIS to extremist groups in Southeast Asia—particularly those in the southern Philippines who have sworn allegiance to ISIS—and the threat posed by Southeast Asian fighters returning to the region after having fought with ISIS and other groups in Syria and other parts of the Middle East.

The Current State of Play

The strategic importance of Southeast Asia, while growing, is not new and the United States has longstanding security ties with several countries in the region. The Philippines and Thailand are formal U.S. treaty allies, and countries like Singapore, Malaysia, and Indonesia have robust defense relationships with the United States encompassing military exchanges, joint training and exercises, and defense trade. The past two administrations made real progress in strengthening ties with Southeast Asia, and maintaining focus on this vital region is key to broader U.S. strategy in Asia.

The strategic rebalance to the Asia-Pacific built upon a strong base to strengthen key relationships and build new partnerships. Enhanced Defense Cooperation Agreements signed with both the Philippines and Singapore allow for greater rotational access for U.S. forces to facilities in those two countries. The defense relationships with Malaysia and Indonesia are as strong as they have ever been. And the rebalance expanded U.S. strategic options in mainland Southeast Asia, with Vietnam emerging as an important partner and Burma being incorporated back into the international community.

Concerns about Chinese actions in the South China Sea have created an increased demand signal from many Southeast Asian countries for an expanded U.S. security presence in the region. U.S. freedom of navigation operations (FONOPs) in the South China Sea are quietly welcomed by most Southeast Asian countries, even those whose excessive maritime claims are challenged along with those of China. Routine presence operations, such as U.S. Navy patrols in the South China Sea, and rotational deployments of U.S. forces to the region are also viewed as a positive contribution to regional stability.

There is also an increasing demand in Southeast Asia for assistance with maritime security capacity building, which has led to the refocusing of existing U.S. security assistance programs—such as the Foreign Military Financing and Excess Defense Articles programs—towards maritime security. New programs—such as the Southeast Asia Maritime Security

Initiative—have also been created to augment existing programs and fill gaps to improve the effectiveness of U.S. maritime capacity building efforts with allies and partners in Southeast Asia.

The United States also continues to support counterterrorism efforts in Southeast Asia, and continuing cooperation between U.S. defense and intelligence agencies and their Southeast Asian counterparts will be key to successfully combatting the influence of ISIS and other Middle Eastern terrorist groups on radical groups in Southeast Asia. Existing engagement on CT issues is strong, but the shifting nature of the extremist threat in Southeast Asia provides an impetus to refine existing cooperation and refocus efforts toward problem areas like deradicalization and the tracking of fighters returning from conflicts in the Middle East.

Recommendations to Build on Success

Southeast Asia is important to U.S. interests, and not only because of the strong and longstanding security relationship between the United States and many countries in the region. The ASEAN countries are in a prime geostrategic location, are home to a young and growing population of 630 million, and make up the third-largest economy in Asia after China and Japan. ASEAN is the United States' fourth-largest global trading partner and supports about half a million jobs in the United States. The stock of U.S. direct investment in ASEAN totaled $250 billion at the end of 2015, more than all U.S. investment in China, India, South Korea, Hong Kong, Taiwan, and New Zealand combined.

The case for continued high-level and intensive engagement with Southeast Asia is compelling, and members of both the executive and legislative branches should not hesitate to make that case to the American people. U.S.-ASEAN relations are a success story, but one that is all too often overlooked due to crises in the Middle East and Northeast Asia. It is important to U.S. interests to remain engaged and active in Southeast Asia, and making that case publicly is noticed by our allies and partners in Southeast Asia.

Our allies and partners also watch our strategic messages and policy pronouncements very closely, and often shape their policies with an eye on those of the United States. Given this dynamic, it is important that the U.S. government issue clear and consistent strategic messages, particularly on hot button issues like the South China Sea, to avoid confusing our allies and partners with inconsistent articulation of our objectives and strategy. Inconsistent execution of policies—with on-again, off-again FONOPs being the best example—also lead to confusion and undercut the perception of our resolve.

Moving forward, FONOPs and routine presence operations should be executed on a regular basis in the South China Sea to demonstrate our resolve to fly, sail, and operate wherever international law allows. The U.S. government should also avoid providing shifting explanations for how the United States plans to manage China's rising power and influence, which is of the utmost

importance to Southeast Asian countries and has a great impact on how they devise their own approaches to the geopolitical environment in the Asia-Pacific.

U.S. defense relationships in Southeast Asia are strong and it is all too easy to fall into the trap of defaulting to military solutions to security challenges rather than economic or diplomatic solutions that may also be effective. This is a mistake, as Southeast Asian countries view security through the lens of economic growth and integration, and they place a high priority on both their economic and political relationship with the United States. The often-voiced criticism of the rebalance as being too focused on security stems in part from this imbalance between actual and desired engagement.

Diplomatic and economic efforts are currently underrepresented in U.S. policy outreach to Southeast Asia, and their greater incorporation into the policy toolkit will be important for successfully sustaining strong relationships in the region over the long-term. The U.S. withdrawal from the Trans-Pacific Partnership is a step in the wrong direction on this front, and Washington will need to devise and promote other ideas and vehicles for economic engagement with Southeast Asia in order for U.S. leadership in the region to remain credible in the long run.

Things are easier on the diplomatic front in Southeast Asia, where 80 percent of success is showing up. There is no substitute for high-level participation at ASEAN-centered regional meetings, which is why the President's announcement that he will attend both the East Asia Summit in the Philippines and the APEC forum in Vietnam in November is so important.

The groundwork for a successful EAS and APEC is laid at other meetings earlier in the year, however, so it will be very important that the Departments of State and Defense formulate a Southeast Asia strategy before Secretary Tillerson attends the ASEAN Regional Forum in August and Secretary Mattis attends the ASEAN Defense Ministers Meeting-Plus in October. Secretary Mattis has a valuable opportunity to preview the administration's approach to Southeast Asia at the Shangri-La Dialogue in Singapore next month, a venue past U.S. defense secretaries have used to great effect to lay out the U.S. security vision for Southeast Asia.

That security vision need not be dramatically different from the status quo given the successes previous administrations have had in Southeast Asia. The political situation in several Southeast Asian states, most notably U.S. allies the Philippines and Thailand, have created a more complicated operating environment in Southeast Asia, however, which the new administration will have to address.

Reinvigorating the strained alliances with the Philippines and Thailand will be job number one for the administration. In the Philippines, the United States should strive to preserve the alliance to the greatest extent possible while taking a firm position on the human rights excesses of the Duterte administration. Given the difficulties in working with Duterte, there should also be consideration of shifting the spotlight in the bilateral relationship from hard security issues to

build on the already strong institutional, economic, and people-to-people ties between the United States and the Philippines.

In Thailand, the United States should explore whether the new constitution and the tentative preparation for elections in the wake of the royal transition provide an opportunity to begin resetting ties without rewarding the military government. The Department of State and Defense should also immediately resume dialogues with Thailand on issues of mutual strategic interest. Following the Thai elections, the United States should move quickly to restore fuller relations assuming that acceptable standards of democratic governance and human rights have been met.

While the formal treaty alliances in Southeast Asia are strained and in need of repair, some of the best opportunities for positive U.S. engagement in the region lie with other partners. Singapore is arguably the United States' most important partner in the region, providing consistent cooperation on a wide variety of economic, diplomatic, and security issues. Engagement with Jakarta remains key because of Indonesia's size, strategic location, and ability to play a leadership role within ASEAN. Malaysia and Vietnam are important emerging partners with shared interests in cooperating with the United States on economic issues and security challenges in the South China Sea.

The United States should seek to deepen these key partnerships and encourage greater cooperation between these countries and U.S. allies in Southeast Asia. The United States should also continue to support Myanmar in its ongoing bumpy transition toward democracy, including by encouraging the peace process with the armed ethnic groups in the north, addressing the plight of the Rohingya Muslim population in the west, and making military-to-military engagement contingent on the transition to civilian control of the military. In the meantime, U.S. officials should be given more leeway to discuss these key issues with the military.

Finally, the United States should continue to deepen cooperation on core challenges like maritime security and counterterrorism that appeal to many Southeast Asian countries, and to key U.S. partners in particular. Maritime security engagement is welcomed not only by South China Sea claimants, but also by ASEAN states concerned with piracy, illegal fishing, and energy security in their waters. U.S. security cooperation programs should continue to respond to this demand signal from the region. The administration should consider expanding these maritime security capacity-building initiatives and coordinating these efforts more closely with key allies like Japan and Australia.

The United States should also intensify capacity building efforts with allies and partners to improve their ability to resist Chinese coercion. Successful capacity building efforts will allow Southeast Asian states to better help themselves, bolstering deterrence against low-level Chinese coercion and allowing the U.S. military to focus more on deterring high-level contingencies.

The United States has several enduring advantages that lead Southeast Asia to continue to turn to it as the security partner of choice, including the world's best military, high favorability ratings

in most local populations, and a less threatening foreign policy than that of China. Given these advantages, Washington can continue to play the long game in Asia, confident that Chinese adventurism is likely to push many states to turn to the United States for support. The United States has successfully built a strong security relationship with Southeast Asia over the past 40 years on the basis of these strengths, and the opportunity is there for the new administration to take this relationship to even greater heights.

Mr. YOHO. Thank you, Dr. Searight.
Mr. Lohman.

STATEMENT OF MR. WALTER LOHMAN, DIRECTOR, ASIAN STUDIES CENTER, THE HERITAGE FOUNDATION

Mr. LOHMAN. Thank you, Mr. Chairman, Mr. Sherman, Ms. Gabbard. Thank you for having me to testify here today. I appreciate the time that all of you put into the work of this subcommittee. I know especially Southeast Asia is not the easiest thing to get attention to, and the work that you have put into it is very admirable and very important.

I am particularly glad that you're taking a closer look at the economic component of our policy in Southeast Asia. It is every bit as important as the other elements. In fact, it may be more important than the other elements.

I want to make five points here in my summary.

First, if the strategic goal of the United States in the Asia Pacific is to prevent a single power, today China, from gaining dominance, it cannot accomplish this on its own, and it cannot do it with only a negative agenda. Our efforts to push back on objectionable Chinese behavior in the South China Sea, for instance, must have a positive context, and economic engagement is perfect for that. In fact, ASEAN is best equipped to deal with economic issues.

Number two, whatever you may read in the headlines, the states of Southeast Asia are most interested in economics, not in conflict. The region is very economically diverse: High-income countries and developed economies and low to high middle-income countries. Some of these countries have severe development problems, some are stuck in the middle-income trap, others are headed in that direction. Most are in serious need of infrastructure investment. But they are all more than interested in making money than settling political scores with their neighbors.

Number three, foreign economic involvement in ASEAN is also very diverse. The U.S. does not have a dominant share of the market, but neither does China or any other single country. This is often overlooked when we hear about China being the region's leading trading partner. It is the region's largest trading partner, but the statement oversimplifies things. And we can talk about that a little bit in Q&A if you would like.

Number four, China is leveraging its economic engagement in the region far more effectively than the U.S. is. They are making it attractive for countries in the region to set aside concerns about China's creeping political dominance in exchange for the promise of economic benefits, perhaps to the region and individual countries' detriment in the long-term.

Number five, security guarantees, military presence, and diplomacy are not enough. The U.S. must be much more visibly and formally involved in the economic life of the region. And you are looking for ideas, I just have a few ideas to offer you in this regard.

Number one, we should develop new high standard FTAs. There are several countries in the region that would be good candidates for this. We have tried with Malaysia and Thailand several years ago to no avail. Those are things that we can pursue again.

The second thing is we need to develop options for less developed countries in the region, things that are less than full-blown FTAs. Everything we do doesn't have to be a complete gold standard FTA. Something that Congress can do, actually, without necessarily the aid of the administration, at least not as a recommendation for the administration, but something you can do is look at models like the SAVE Act. There was a bill introduced in both houses several years ago called the SAVE Act, which would allow Filipino apparel made with American fabric to enter the United States duty free. It is a win-win for both sides.

We need to coordinate better with global partners; Japan in particular, because Japan actually is very big on infrastructure and they are good at it. We don't do infrastructure abroad so well. We can work with the Europeans much more. They are natural partners. They are people that agree with us on values. We have a lot of synergy economically with them.

We need to make a better show of what American companies are already doing in the region, and help give them entre to foreign leaders that they need to see in order to make investments in the region.

The U.S. should be involved with as many ASEAN meetings as possible, especially those involving trade, like the Economic Ministers Meeting which happens every year. It will happen this year in September, in the fall anyway. Bob Lighthizer should be at that meeting.

Then finally, we should prioritize the U.S.-ASEAN Trade and Investment Framework Agreement and ASEAN assistance programs. And we can talk about that more too, if you would like. But there were several options that both the Bush administration and Obama put on the table during their times in office, and this administration needs to develop their own suite of assistance programs for ASEAN.

The way the U.S. prevents China from advancing toward a dominant position in the region is not just by pushing back on bad behavior, but by staying energetically engaged across the whole range of interests and keeping the region open to all comers. Thank you.

[The prepared statement of Mr. Lohman follows:]

CONGRESSIONAL TESTIMONY

Southeast Asia: The Need for Economic Statecraft

Testimony before

Subcommittee on Asia and the Pacific

Committee on Foreign Affairs

United States House of Representatives

May 17, 2017

Walter Lohman
Director, Asian Studies Center
The Heritage Foundation

My name is Walter Lohman. I am the Director of the Asian Studies Center at the Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Thank you, Mr. Chairman, for requesting my testimony before the subcommittee. It is an honor for me to be a part of its proceedings.

What I wanted to do today was put America's economic engagement with Southeast Asia in strategic context. So let me start by stating what I think should be the strategic goal of U.S. foreign policy in East Asia and the Pacific broadly. It is, as it has been for more than 100 years, to deny any single state dominance over East Asia and its littoral seas. This is because from a geographical position so ensured, such a power would have a free hand to dictate order at sea and establish a basis from which to threaten the American homeland.

This is a grand vision. Even if we narrow its execution to Southeast Asia there are quite a few variables involved. Not least of these is the energy of U.S. policy engagement. America has not always been up to the task. There are Southeast Asian states' own objectives—securing their borders, disputed territory and resources, and economic development. They also have domestic politics to contend with. The Association of Southeast Asian Nations' (ASEAN's) long-held strategic rationale to maximize autonomy for its members has the potential to complicate any effort to subjugate the region. There is the engagement of other outside powers to consider and the suite of international and domestic interests they bring to the table. For these reasons, the challenges to preventing hegemony in Asia must be considered on a sliding scale. The closer a state approaches the dominance end of the

spectrum, the greater its capacity to dictate terms of peace to its neighbors and values in contradiction to those that have traditionally driven America's engagement with the world: Rule of law, free trade, and liberal governance. And even if distant, the greater threat it poses to the United States at home.

Currently, it is China that is the embodiment of this challenge. The answer, however, is not as simple as some geopoliticians would have it. This is not nineteenth-century Europe. Economic globalization has changed the way sovereign nations interact. Nor is it the Cold War. China cannot be "contained." Unlike the Soviet Union, it is too integrated into the global economy and far from isolated from the free world. Indeed, it is a net contributor to global prosperity and a potential positive force in solutions to collective problems. Domestically, of course, China is much different than the Soviet Union. Its people suffer from political and religious oppression, but the state has largely given up on controlling the economic lives of its citizens. It is not a "market economy," per se, but it has freed its market to an extent that would have been unimaginable in the Soviet Union—to the good of hundreds of millions of people.

To be sure, there are many areas where the U.S. must push back on China's efforts to coerce its neighbors and change international rules and norms to its advantage. So much of the day-to-day policy discussion focuses on these areas. China's permissive approach toward North Korea, its aggressive activity in the East and South China Seas, its designs on Taiwan, and other behaviors are matters the U.S. must confront directly. This requires a robust and ready forward-deployed military. It requires very active diplomacy. But in an environment characterized by economic interconnectivity, the U.S. response to the "China challenge" must also have a positive context. Without it, the U.S. will come to be seen as an interloper unconcerned with the general well-being of the region. It will essentially marginalize itself. So the way the U.S. prevents China from advancing toward a dominant position in the region is not just reacting and pushing back, but by staying energetically engaged across the range of interests—including on the economic side of things.

Whatever you may read in the headlines, the states of Southeast Asia are most interested in economics, not conflict. Singapore is the region's only significant high-income economy. And it is deeply dependent for its continued prosperity on the free flow of trade and investment. For this reason, it is consistently one of the two freest economies in the world. It is why it is constantly encouraging its ASEAN neighbors and others, including the U.S., toward openness. On the other side of the spectrum—Cambodia and Laos have severe development issues. While offering many promising economic opportunities, Malaysia, Thailand, and the Philippines are stuck in the middle-income trap. Others—Indonesia and Vietnam—may be headed in that direction.

Most of these countries are badly in need of infrastructure investment. The Asian Development Bank (ADB) recently calculated that Southeast Asia needs to invest roughly $2.8 trillion in infrastructure over the next 14 years.[1] The deficiencies are many, including in electricity generation, where at least five, including Indonesia, Vietnam and the Philippines

[1]Asian Development Bank, "Meeting Asia's Infrastructure Needs," 2017, https://www.adb.org/sites/default/files/publication/227496/special-report-infrastructure.pdf (accessed May 15, 2017).

lag the developing country average. Production capacity is growing fast in some countries, especially Vietnam, but at least in one major case, the Philippines, it is not keeping up with growth in population. Transportation infrastructure is another major need,

On the face of it, the U.S. is in a strong position to help Southeast Asia develop. It is the third-largest investor in the region—behind the EU, which is first, and Japan. It invests almost twice as much in ASEAN as China does. However, a few things must be kept in mind about these rankings. First, more than half of American investment in the region goes to Singapore. Second, American investments are, on the whole, not going into the sort of infrastructure investments that the region needs the most. For a variety of reasons, this is not the American private sector's strong suit. And three, very unlike China, the U.S. government has little control over private-sector investments, and so it must be creative in efforts to leverage them into strategic goals.

When it comes to trade, the U.S. is the region's fourth-largest trading partner. China is the first, followed by Japan and the EU. For the U.S., China, and the EU, more than a quarter of trade in the region is also with Singapore. Japan has a similar concentration, but its leading trading partner in the region is Thailand—and vice versa.[2] Thailand's leading foreign investor is also Japan.

China does not dominate the Southeast Asian regional economy. There are several very significant players and shares of investment and trade vary from country to country. What the Chinese seemingly understand better than the United States, however, is the connection between their economic and strategic goals. This is what some of its most eye-catching development initiatives, like the trillion dollar one-belt-one-road (OBOR) and the Asian Infrastructure Development Bank (AIIB) are all about. It is largely what their trade initiatives like the ASEAN-China Free Trade Area (ACFTA) and involvement in ASEAN's Regional Comprehensive Economic Partnership (RCEP) are about. China's all-encompassing 2+7 Cooperation Framework for its approach to Southeast Asia announced in 2013 to little attention in the U.S. is a veritable blueprint for "binding Southwest China and Southeast Asia into one economic space."[3] It explicitly links political security cooperation and economic cooperation—as these are the overarching "2" principles governing the "7" initiatives which include the AIIB, upgrading the ACFTA, and reaching $1 trillion in two-way trade by 2020.[4]

What the Chinese are effectively doing is broadening the value proposition for Southeast Asian neighbors who otherwise might be inclined to challenge China's creeping hegemony. They are making it attractive for countries to get along—perhaps to their long-term detriment—in exchange for the promise of a productive economic relationship.

[2]Association of Southeast Asian Nations, "ASEAN Community in Figures: ACIF 2016," The ASEAN Secretariat Jakarta, 2016, http://asean.org/?static_post=asean-community-figures-acif-2016 (accessed May 15, 2017).
[3]Bilahari Kausikan, "Dealing with an Ambiguous World Lecture III: ASEAN & US-China Competition in Southeast Asia," March 30, 2016, https://lkyspp.nus.edu.sg/ips/wp-content/uploads/sites/2/2016/02/IPS-Nathan-Lectures_Lecture-III_ASEAN-US-China-Competition-in-Southeast-Asia_300316.pdf (accessed May 15, 2017).
[4]David Arase, "Explaining China's 2+7 Initiative Towards ASEAN," *Trends in Southeast Asia* No. 4, ISEAS Publishing, 2015.

This explains why, for instance, the Philippines would throw away the extraordinary success it enjoyed last year before the Permanent Court of Arbitration (PCA) concerning its dispute with Chinese activity in the South China Sea. Instead of doubling down on this success and rallying international support, Philippines President Rodrigo Duterte has decided to set aside the dispute to forge better relations with China. There are serious limitations to how far he can go with this impulse. There are other centers of power in the Philippines that will constrain him. There is Filipino public opinion, which although it currently supports him, remains very pro-American. There are very strong people-to people ties with the U.S. And there are strong bureaucratic ties, particularly between our two militaries. It is also important to note that this is not the first time in recent years that the Philippines has reached out to China for a more constructive relationship. But aside from personal motivations which may be involved, this new direction is the result of a simple and reasonable calculation.

First, there is very little that the Philippines can do to enforce the verdict of the court. All it can do is to maintain its claims, sustain and fortify the land features that it actually possesses, and develop resources residing in the maritime entitlements, like energy-rich Reed Bank, that were affirmed by the court. Beyond this, it is up to the U.S. and other concerned parties to demonstrate the rights to fly, sail, and operate as assured by customary international law. The Filipinos do not have the wherewithal to do that. The Chinese have also been accommodating at what has been the hottest area of contention between the two in recent years—Scarborough Shoal. They have allowed access to the area by Filipino fishermen, in keeping with the PCA ruling.

Second, the Chinese have demonstrated a willingness to help the Philippines develop. On Duterte's visit to Beijing in October of last year, he was offered $24 billion in loans and investments, including major infrastructure projects. To call China the Philippine economy's "only hope," as Duterte has, is political showmanship. International involvement in the Philippines economy is reflective of the region's diversity. Japan, the EU, the U.S. are much bigger investors in the Philippines than China. Japan is a larger trading partner than China, and by far the Philippines' largest export market. Several countries, including Japan, the U.S., Australia, and Korea and the EU are bigger contributors of development assistance to the Philippines. But in the influence game, perceptions are critical. And despite the numbers, Chinese initiatives capture the headlines and create the narrative. There are similar dynamics at play in China's relationships with other claimants in the South China Sea and with Indonesia.

There is an analogous situation in mainland Southeast Asia revolving around the development of the Mekong River. The Mekong is the longest river in Southeast Asia. It flows from Tibet through Burma, Laos, Thailand, Cambodia, and Vietnam and sustains the lives of sixty million people along the way. Chinese state-owned companies have financed and built 6 dams on its upper half of the river, with as many as 14 more planned. By gaining control of the river's flow and its life-giving sediment, fish, and energy, China is imposing costs on downstream countries. Yet, the development continues both in China and downstream because there are more than just costs; there are benefits, too.

Take Laos, for example. Laos is small, poor, rural, and landlocked, with a corrupt, unimaginative leadership that sees few politically secure options for development. It has seized on its geographical position as the Southeast Asian country farthest upstream to aspire to become, in the words of Laotian officials, the "battery of Southeast Asia." It plans a total of nine its own dams on the Mekong and many more on its tributaries. The first, the Xayaburi Dam being built by the Thais, is more than halfway finished and will come on line in just over 10 years. The Don Sahong Dam is being built by Chinese subcontractor Sinohydro. Construction on it started last year. Another state-owned Chinese company is due to begin building the third in the series.

China's involvement in constructing the Laotian dams gives it significant sway with Vientiane, thereby muting its objections to China's own dam building. But China is indirectly exercising its influence in the region in another way. It has established an alternative to the Mekong River Commission (MRC), the regional body meant to mitigate downstream costs. China's new Lancang-Mekong Cooperation (LMC) mechanism allows it to finesse regional concerns over the downstream impact of its dams. Moreover, unlike the MRC—which is basically a regional regulatory body – the LMC has a development function that is very enticing to the other Mekong countries. In this way, it competes with another long-standing initiative called the Greater Mekong Subregion (GMS), a heavily Japanese-influenced initiative that channels substantial support across a range of development projects.

In another Mekong country, Cambodia, Beijing has found its most pliable Southeast Asian ally. This has been visible in discussions within ASEAN about the South China Sea, where Phnom Penh has clearly represented Chinese interests. It has taken Beijing's side on other issues as well, deporting Uighur minority asylum seekers back to China and maintaining a hard line on ties with Taiwan. On one hand, Cambodia has joined Vietnam in complaining about Laotian dams, but on the other, it makes a show of thanking China when it releases water from its dams to deal with downstream drought. It is not a coincidence that since 2005, the Chinese have invested more than $8 billion in Cambodia,[5] some of which is going into building dams on tributaries of the Mekong.

So, what should the U.S. do about all this? The answer is obvious. Update its own value proposition. Security guarantees, military prowess, and diplomatic presence are not enough. The U.S. must be much more visibly involved in the economic life of the region. The Trans-Pacific Partnership (TPP) would have served this purpose, but U.S. participation in the TPP is now a dead letter. The Administration needs a plan B, and Congress, given its power over trade and budgets, needs to be a full partner in developing it. They should consider the following:

- **Develop new, high-standard bilateral free trade agreements (FTAs) in Southeast Asia.** The U.S. already has an agreement with Singapore. It needs to negotiate others and network them in ways that will maintain as free and open an economic environment as possible. FTAs can also help countries in or approaching the middle-income trap make the reforms they need to ultimately transition to high-income economies.

[5] Derek Scissors, "China Global Investment Tracker," American Enterprise Institute, 2016, https://www.aei.org/china-global-investment-tracker/ (accessed May 15, 2017).

- **Look for opportunities to do things that are less than full-blown trade agreements.** Not every country in Southeast Asia is in a position to sign an FTA with the U.S. In such cases, the U.S. should be flexible. Several years ago, legislation was introduced in both houses to grant duty-free status to apparel made in the Philippines with American-supplied fabric. It was called the Save Our Industries (SAVE) Act.[6] Congress should take another look at this model and its application to other countries in the region.
- **Coordinate approaches with global partners.** The Japanese are a major long-welcomed presence in Southeast Asia. They are investing heavily, and their investments are complementary to America's own. The Japanese do build infrastructure, and they have ambitious plans for Southeast Asia. The U.S. and Japan should coordinate on deployment of resources and seek to match them to shared strategic objectives. The U.S. should also look toward leveraging its relationships, economic synergies and common values with European partners.
- **Continue Southeast Asia–specific ASEAN programming.** Previous Administrations have initiated a long list of programs to engage Southeast Asia where they live. The Bush Administration had the Enterprise for ASEAN Initiative; the ASEAN Cooperation Plan; the ASEAN–U.S. Enhanced Partnership; and ADVANCE (ASEAN Development Vision to Advance National Cooperation and Economic Integration). Obama had the E-3 initiative (U.S.–ASEAN Expanded Economic Engagement), ACTI (ASEAN Connectivity through Trade and Investment), and the Lower Mekong Initiative. These programs demonstrated a substantive interest in the economic concerns of the region. The Administration should evaluate this history of this engagement with an eye to creating its own mix of mechanisms.
- **Continue the U.S.–ASEAN Trade and Investment Framework Arrangement.** It is a way for officials from the U.S. and ASEAN to coordinate on the nuts and bolts of trade, customs facilitation, and the like, but also address standards and market access important to both sides.
- **Better leverage the private sector.** The U.S. cannot, and should not, direct U.S. investment toward Southeast Asia. It can, however, make a better show of what American companies are already doing, and offer them the entree with governments required to do more. It can do this by working through American trade associations in the region and by including company delegations in official travel by cabinet officials.
- **Get involved in the ASEAN process.** ASEAN has meetings at multiple levels throughout the year. President Trump has already agreed to attend the fall meeting of ASEAN leaders in the Philippines. But the ministers of trade, finance, agriculture, energy, and others also meet, as do their senior officials. The U.S. should be involved with as many of these as possible, especially those involving trade.

  Southeast Asia occupies a central stage in America's effort to service its traditional strategic goal of preventing hegemony in East Asia. To do this, it must have an active economic agenda that can frame its interests in a positive, constructive light.

[6] Walter Lohman, "How the U.S. Can Support Free Trade in the Philippines," Heritage Foundation *Issue Brief* No. 3566, April 12, 2012, http://www.heritage.org/asia/report/how-the-us-can-support-free-trade-the-philippines.

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Mr. YOHO. Thank you for that. I want to—I really want to go back to that when we get to the questioning part because, I mean, you both are hitting on something very, very strategic.

Dr. Abuza, I look forward to hearing from you.

STATEMENT OF ZACHARY M. ABUZA, PH.D., PROFESSOR, NATIONAL WAR COLLEGE

Mr. ABUZA. Mr. Chairman, thank you very much for having me, and also Mr. Sherman, Representative Gabbard, thank you very much for your——

Mr. YOHO. Can I get you to bring your microphone a little closer maybe? Thank you.

Mr. ABUZA. I have to begin with the disclaimer that I am here in my own capacity. I do not represent the views of the Department of Defense or the National War College.

Here, in Southeast Asia, when we are talking about peace and prosperity, there is so much that we need to talk about in terms of counterinsurgency and counterterrorism. Southeast Asia and the United States plays a very important role in dealing with all of these. And that is a role that China can never or will never play in the region. So this is an important counter comparative advantage that we have.

The news in Southeast Asia is actually quite good. I cannot think of a region that has had such successful counterterrorism operations. You can look to a country like Indonesia. They have had some of the most successful counterterrorism in the world at the same time that they have helped to consolidate their democracy and rule of law. That is something that we really need to take into consideration.

I won't go into all the details of the successes that we have seen. I am going to focus on a couple concerns that I have down the pike, and you can read more into my written statements.

The first is there are a lot of Southeast Asians who would like to get to Iraq and Syria. There is no shortage there, but it is a logistical issue. There are backlogs. The good news is that we are getting a lot of cooperation within the region amongst the security services.

The second thing that really concerns me is that compared to Jemaah Islamiyah, the al-Qaeda-based group, the pathways to recruitment into IS in Southeast Asia are much more diverse. In Indonesia, they follow traditional networks that JI relied on, but in Malaysia, you will see that they—also much more online recruitment. IS is able to recruit across the socioeconomic spectrum.

Another thing that is very different is their use of women. JI never used women in this role or in any role in terrorism. IS has employed women as key recruiters, indoctrinators, and more recently, attempted suicide bombers.

Third, although there have only been a few, three or four, Indonesian suicide bombers in Iraq and Syria, there have been seven or eight Malaysians. The genie is out of the bottle, and this does play into the hagiography that trickles back into Southeast Asia.

Speaking about trickle backs, Southeast Asians are starting to trickle back. There were an estimated 1,000, 1,200 Southeast Asians who went to Iraq and Syria. That is down dramatically.

They weren't all combatants. They brought a lot of their family members, wives and children, enough that they opened up their own school, Bahasa language school. But they are starting to trickle back.

Malaysia has tools at its disposal to deal with this. They can arrest people, detain them without trial, which is problematic in other ways. Indonesia does not. And that is something they are debating now. It is something that we need to be concerned about in terms of their own consolidation of democracy.

Let me move on, though, to what I consider the biggest concerns, and that is the security situation in the southern Philippines. Since the collapse of the peace process with the Moro Islamic Liberation Front, the southern Philippines has once again become kind of a black hole for Southeast Asia, not just a domestic security concern, but one that impacts the entire region. There a number of different groups, small cells that have pledged allegiance to IS. Most of this has been for marketing tools or I would say rather than a pure affiliation and command and control. But it is important to note that the southern Philippines once again is attracting militants from around the region to train and regroup, including Bangladesh.

The last thing that I would focus on is the rise of the Abu Sayyaf once again, and not just the kidnappings that we have seen and the gruesome beheadings of Westerners. What is really impacting this is the maritime kidnappings. Since March of last year, there have been 19 separate maritime operations going after fishing boats, barges, tramp steamers in the region. This has really impacted regional trade, and it is showing no signs of ending.

The last point that I would be concerned about and what we need to work with our ASEAN partners on is the desperate situation of the Rohingya in Bangladesh. This is a situation that is ripe for exploitation. Thank you.

[The prepared statement of Mr. Abuza follows:]

Trends in Terrorism in Southeast Asia

Testimony to the House Foreign Affairs Committee
Sub-Committee on the Asia-Pacific

Dr. Zachary Abuza
National War College
17 May 2017

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1. Trends in Terrorism

Southeast Asia is home to over a dozen armed Islamist groups that seek to overthrow their governments or secede. Most are small and very localized. At times they have tried to link up to transnational organizations. But most Southeast Asian groups tend to be very localized and with limited resources. They also tend to be highly fractious and fluid, with allegiances within groups and between them changing frequently. That said, they remain consistently lethal, despite concerted government efforts to disrupt them.

In the mid-1990s, a network of radical Salafists, known as Jemaah Islamiyah (JI) pledged *bai'at* to Al Qaeda. But they did not engage in attacks against Western targets until 2002. Previously, they served as a back office for Al Qaeda and were largely engaged in sectarian conflicts in Indonesia, in which some 6,000 people were killed. After the October 2002 attack in Bali, JI was able to perpetrate one major attack a year, more or less through 2009. But that point the group was weakened by arrests and hobbled by factionalism, between those who wanted to double down on the Al Qaeda line, and those who saw it as counterproductive and espoused a return to sectarian bloodletting. There was an attempt to bridge that gap and mimic the Lashkar e-Taiba-style attacks in Mumbai in 2009. Indonesian counter-terrorism efforts nullified those efforts, and by 2010, JI was largely defunct as a terrorist organization.

The emergence of the Islamic State (ISIS) in Southeast Asia has important strategic and tactical implications. Most importantly, it has revitalized terrorist networks that had largely been defeated or had gone dormant by 2010. ISIS does pose a threat to regional security, but it is a manageable threat.[1]

There are some positive trends. First, the the numbers are not that large; roughly several thousand core members in a region of over 600 million. And they are divided amongst disparate groups and cells. More importantly, they are confronting states - especially Malaysian and Indonesia - with very competent security forces that are no longer in denial about the problem. Unlike in the 2000s, Malaysian and Indonesian counter-terrorism officials have been very proactive. Malaysian and Indonesian authorities have arrested roughly 400 people since 2014 for ISIS-related activities.[2]

There are an estimated 1,000 Southeast Asians who have traveled to Iraq and Syria. Not all are combatants; the figure includes women, children, and dozens who have been turned back and

sent home by Turkish authorities. Indonesian officials estimated that about 500 Indonesian radicals were fighting in Syria or Iraq, and have positively identified 284 citizens actively involved in fighting; and are investigating another 516. US estimates are over 800.[3] There were enough Southeast Asians in Iraq and Syria for them to organize into their own company of Bahasa speakers, Katibah Nusantara, as well as set up a school for their children. But nearly 100 Southeast Asians militants are known to have been killed in Iraq and Syria to date.

Second, recent attacks attributed to ISIS to date have been small and amateurish, though there are worrying signs that they are becoming more technically proficient.

Third, it has long been feared that ISIS would declare a *Wakilya* - a province - in Southeast Asia. To date that has not happened, and is unlikely to happen, especially with ISIS's recent battlefield losses.

Fourth, Malaysia and Indonesia have recently stood up counter messaging centers.[4]

Fifth, the defeat of Mujihideen Indonesia Timur (MIT), one of the most lethal former JI splinters, and the first large group in Indonesia to declare loyalty to ISIS, and the only one to physically control territory.

Sixth, there were four prominent Southeast Asians in Syria, Malaysian Ustadz Lofti and Mohammed Wanndy, Indonesians Bahrumsyah (also known as Abu Muhammad al-Indonesi) and Abu Jandal, who were able to recruit, fundraise, and organize terrorist attacks back at home. All four have reportedly been killed. Almost every attack to date - either executed or thwarted - can be tied back to these four men in Syria, who have vast social media fanbases.[5] But there are others waiting in the wings.[6]

But let me lay out ten concerns about specific groups and trends:

First, the reason that so few Southeast Asians have traveled to Iraq and Syria is not a lack of interest, but the logistical backlog. Indonesia arrested the two key financiers who had funded much of the travel, including Chep Hernawan.[7] The governments in the region are sharing flight manifests and intelligence making it much harder to travel without arriving suspicion. And governments are preemptively arresting suspects.

Second, the pathways to recruitment are diverse, and very much geared for the domestic context. In Indonesia the key pathway to recruitment to ISIS cells are through JI's traditional social and kinship networks, as well as what are referred to as "anti-vice" organizations or Islamist vigilante groups.

A 2016 survey by the Wahid Center and Indonesia Survey Institute (LSI) found that 7.7 percent of Muslims in Indonesia were susceptible to radicalization, a not insignificant number.[8] 28 percent of the respondents admitted to tolerating radical acts, such as attacking houses of worship belonging to other religions, protests or conducting "unauthorized sweeping" on venues not complying with Shariah law. While 7.7 percent of respondents said they are willing to perform radical acts, 0.4 percent said they had participated in acts already.[9]

The Indonesian government refuses to crackdown on these "anti-vice" organizations. Indeed, when there were massive demonstrations agains the Chinese Christian governor of Jakarta, led

by these organizations, the president actually went out and prayed with them at Friday prayers on 2 December 2016.[10] Such "anti-vice"organizations played a key role in the defeat of the governor and his appalling May 2017 conviction for blasphemy.[11] Although the Islamic Defenders Front (FPI) gets most of the attention, there are many of these "anti-vice" organizations that are key recruiters and conveyors for terrorist organizations.

Although both countries have active CVE/disengagement programs, I am concerned about both, though for separate reasons. In Malaysia, where suspects can be detained indefinitely without trial, disengagement programs are the only way for them to leave prison. On the plus side, Malaysia is small and wealthy enough to closely monitor people after release. Indonesia is altogether different, with every suspect tried in a court of law, and with unfortunately lenient sentences. No one has to go through a disengagement program as a condition for release. Some 700 Indonesian terrorism suspects or 80 percent have gone through disengagement programs.[12] And yet recidivism rates are nearing 20 percent. There are over 200 terrorist convicts currently sitting in Indonesian prisons. About 68 of them refuse to accept de-radicalization teachings.[13] Of the more than 500 terrorism suspects recently released from prison, Indonesian security forces are unable to locate some 200;[14] and some 300 convicts to be released in the next year or so.[15] Indonesian prisons are overcrowded and serve as key nodes for terrorist recruitment.[16] But in Indonesia, civil society organizations have augmented the poorly funded government programs. For example, one organization, Forum Komunikasi Alumni Afghanistan Indonesia, founded in 2011, is working to stem the radicalization of younger Indonesians.[17] Women's groups and the Nadhalatul Ulama have played key roles in countering ISIS messaging.[18] But prisons remain key recruitment grounds.

In Malaysia, a highly wired society, recruitment is primarily online. Why this matters is, that unlike Indonesia where recruitment is a very slow and gradual process, based on kinship or personal relationships nurtured over time, recruitment in Malaysia happens anonymously and quickly through ubiquitous social media. From initial contact to getting someone willing to perpetrate an act of violence has gone from years to days. More importantly, in Malaysia, recruitment has taken place across the socio-economic spectrum, including professionals, technocrats, workers, youth, and importantly security forces. Indeed, there have been 18 members of security forces in Malaysia alone, who have been arrested for supporting ISIS activities or engaging in militancy.[19] On top of that is relatively high levels of support for ISIS in Malaysia. A recent Pew survey found that while only 4% of Indonesians view ISIS as legitimate, this figure grows to 11% in Malaysia.[20]

In contrast to JI, ISIS, has focused on women,[21] not just as recruiters and indoctrinators, but as suicide bombers in their own right.[22] In JI, women played key roles in socialization and education; and more importantly in solidifying jihadist networks through intermarriage. But ISIS' online strategy of indoctrination and recruitment has given women a very proactive role.

Third, though there have only been 3 to 4 Indonesian suicide bombers in Iraq and Syria, there have been at least 8 Malaysians.[23] The genie is out of the bottle. During JI's reign of terror in the 2000s there was not a single Malaysian suicide bombers, all were Indonesians. In 2016, Malaysian police arrested a suicide bomber just before an attack and claim that a group of 8 returnees from Syria, whom they arrested, had recruited other suicide bombers[24]. In a two-week period, from December 2015 to January 2016, 2 Malaysian suicide bombers killed more than 32 people, including 12 Iraqi policemen.[25] Indonesia recently arrested a female suicide bomber.

Fourth, returnees from Syria are trickling back. This matters, because these individuals will have combat and technical experience. Indonesian CT officials believe there are roughly 40 returnees from Syria, and despite efforts, many have eluded government surveillance. Nearly 20 are currently in custody being questioned.[26] In January 2016 an ISIS-linked cell perpetrated an attack in Jakarta. The majority of those killed, however were militants themselves. Now there are many reasons for this - including the rapid response of Indonesian police, but only 2 of the 8 militants had any form of small arms training, and they had it back in 2009-10, before being arrested. Returnees change that. In November 2016, Indonesian police arrested a man with building a bomb three times the size of that used in the 2002 Bali bombings.[27] Other militants have been experimenting with a range of other explosives, demonstrating a greater technical mastery. One recent suspect arrested in Indonesia had traces of TATP, an explosive rarely used in the region.[28]

Though Malaysia has the legal tools at its disposal to detain those who have fought overseas, Indonesia currently does not. That may change soon with the passage of a new Counter-Terrorism law, but that law is problematic in many ways and represents a setback to Indonesian democratization by giving the army a greater role in internal security.[29]

Fifth, unlike JI's wave of terror between 1998-2010, which was centered in Indonesia, ISIS also has their sights set on Malaysia. In May 2016, they launched their first successful, albeit amateurish, attack in Malaysia. There are four other publicly identified bomb plots, including one suicide bomber who was arrested, that were in advanced planning stages and acquisition of explosives. Recently the head of counter-terrorism in Malaysia revealed that some 14 separate plots had been thwarted.[30] An attack in Malaysia would have far greater consequences than one in Indonesia, simply because it lacks Indonesia's social resiliency,[31] especially as the government of Najib Razak has delegitimized itself through endemic corruption.

Sixth, ISIS has inspired an unprecedented number of lone wolf attacks. This was not JI's *modus operendi*. Like everywhere else in the world, it is a challenge to clearly differentiate what is an ISIS attack, an ISIS-organized attack or simply an ISIS-inspired attack. To date, Southeast Asian members of ISIS have used social media (such as FaceBook) and communications platforms (in particular Telegram, WhatsApp, and Signal), to recruit locals who are unable to travel to Iraq and Syria, to perpetrate attacks. This was the case in the Jakarta Starbucks attack in January 2016, the Puchong nightclub grenade attack in Kuala Lumpur in May 2016, the Batam cell that tried to hit Singaporean targets,[32] or the suicide bomber who targeted the Semarang police station.[33] But there have also been a number of ISIS-inspired attacks.[34]

While these lone wolf attacks tend to be smaller, less professional and lethal, perhaps we've just gotten lucky. In mid-2016 an Indonesian man detonated himself at the guard post of a police station, killing only one policeman.[35] Had he managed to get inside, it would have been a bloodbath. Another man attacked a church in Samarinda, killing 2 children. All in all, Indonesian police say there have been 10 lone wolf attacks tied to ISIS.[36] The problem with the lone wolf attacks is that they are usually perpetrated by individuals, off the radar screens of security forces; they are harder to thwart.

Seventh, while ISIS has received the attention of security forces across Southeast Asia in the past three years, JI has quietly rebuilt its networks.[37] Not only that, but Indonesian authorities have actually given JI communities significant space to operate, proselytize, and indoctrinate as long as they are not involved in militant activities. Indeed, there are some in Indonesian CT

circles who see JI as an ideological antidote to the nihilistic violence of ISIS. And while ISIS communities may well endure as militants begin to trickle back, terrorist cells in Southeast Asia have a long history of fluidity. With well over 1,000 member, recruitment strong, and ISIS members potentially defecting, JI could pose a sizable threat to Indonesia should it resume violence.

Eighth, Southeast Asia remains important to ISIS, or at least in its propaganda. ISIS media arms have produced bahasa language videos, and other forms of propaganda. They have featured Southeast Asians in *Dabiq* magazine, and created a slew of online content for them in the region. Recently ISIS published a Bahasa language magazine *al-Fatihin* for Southeast Asia.[38] Indonesian CT officials estimate there are roughly 15,000 different websites sharing ISIS propaganda.[39] Southeast Asians have increasingly been featured in ISIS's grotesque beheading videos and other propaganda that glorify wagon violence.[40] While ISIS's propaganda and media arms have sharply dished their content and other social media output in the recent offensive against them, we might need to ask whether Southeast Asia will become an important *loci* of their media efforts. The technical command is there.

Ninth, after many years of steady improvement, the southern Philippines has experienced a rapidly devolving security situation, that once again threatens not just Philippine security, but regional security.[41] There are some six separate "black flag" groups that have pledged their loyalty to ISIS. Most are small and individually none really gives me cause for concern. But the Ansuar al-Khalifa Philippines (AKP, but often referred to as the "Maute Group"), which pledged allegiance to ISIS and made an ISIS-style beheading video in mid-2016, temporarily seized a town in Mindanao in December 2016.[42] More ominously, they have the tacit support of hardline members of the Moro Islamic Liberation Front,[43] who have seen their own peace process with the government stalled since January 2015. Hardline MILF members are getting very restless. The AKP is thought to be behind a bomb that was placed in front of the US embassy in Manila in November 2016, as well as a bombing in Davao in mid-2016.[44]

ISIS has sought to get these different groups under a single banner and command structure. There were attempts to do this in early 2016, but my sense is that has been more for propaganda purposes.[45] AKP has worked to reach out to ISIS cells in Malaysia and Indonesia, where militants control no territory, and the bodies of foreign fighters have been recovered after recent fighting.[46] Abu Sayyaf Group leader Isnilon Hapilon was recognized by ISIS as the leader in the region. Moreover, a Moroccan and Malaysian have been killed fighting alongside his men; so he's clearly working to rebuild international networks. Another Malaysian based cell, Darul Islam Sabah, has become a key conduit for moving people in and out of the southern Philippines, and recent arrests have included a number of foreigners.

But the real problem is the resurgence of the Abu Sayyaf since 2014. Despite the fact that it is geographically contained, offers no social service, or has no meaningful ideology, the Philippine Armed Forces have been unable to defeat the group. This is despite ample US support, intelligence sharing and straining since 2001. That Philippine president Duterte wants the final US Special Forces to leave, will only make matters worse.[47] The ASG have been involved in a renewed spate of kidnappings.

While the media is fixated on their high profile kidnappings of westerners, including the beheading of two Canadians in 2016 after sufficient ransoms were not paid,[48] the real threat posed by the ASG today, is the one to regional trade and commerce. Between March 2016 and

April 2017, there have been 19 separate maritime incidents and hostage takings, including one attempted attack. This has resulted in the capture of 70 sailors and fishermen from 6 countries, and the death of 5 more. As of the end of April, 36 have been released; 34 remain captive.[49] In addition over 40 sailors and seamen escaped capture or were not taken. This has jeopardized international trade and commerce,[50] and led to sustained diplomatic pressure on the Philippines from Malaysia and Indonesia.[51]

This tactic has been very lucrative. It is estimated that the ASG has received over $7 million in ransoms in 2016,[52] allowing them to rearm and recruit.[53] Of course the proceeds are shared wildly in the community, including with the Philippine security forces that are riddled with corruption. Receiving roughly $50 million a year in counter-terrorism assistance from the US, and their cut of ransom money, there is no incentive for the Philippines to defeat the Abu Sayyaf.

Tenth, I cannot emphasize how much the ongoing ethnic cleansing against Myanmar's persecuted Rohingya community in Rakhine State resonates across Southeast Asia. The plight of the 1.1 million Rohingya, who are denied basic legal protections including citizenship, has been seized upon by Islamist media in general, and ISIS-linked media, in particular.[54] Indonesian authorities have now broken up two terrorist plots to blow up the Burmese embassy in Jakarta.[55] There will be similar attempts in the future. But the pogroms provide a new pool of talent to recruit from and networks to penetrate.[56] The situation is growing more dire by the day with some 140,000 living in squalid IDP camps, and some 40,000 others currently displaced by pogroms, much of which are perpetrated by Myanmar's security forces.[57] The rise of of an armed movement Harakat al-Islamiyah (HAY) is troubling, but not at all surprising. As attention on the "far enemy" wanes with ISIS's loss of territory and authority in Syria, there will be a renewed attention on local grievances. The Rohingya will be near the top of that list. In December 2016, Malaysian authorities arrested an Indonesian, en route to Myanmar to join the Rohingya,[58] and there has been a surge in arrests of Bangladeshi nationals across the region.[59]

2. Opportunities for Bilateral and Multilateral Cooperation

One of the reasons why there has been so little terrorism in Southeast Asia in the past few years despite rapid recruitment into ISIS, has been effective cooperation both amongst ASEAN states and with other partners including Australia, the United States, and in particular Turkey, which has returned roughly 100 Southeast Asians. There clearly needs to be more cooperation between Southeast Asian and Bangladeshi security services. But the important thing to note is that cooperation between security services in the region no longer requires the highest levels of political cover; such intelligent sharing has become more routinized, through ASEAN channels.

The one area where this is still lacking and requires far greater political and diplomatic support, is in maritime policing in the waters between the southern Philippines, Malaysia and Indonesia, which share the island of Borneo. The ability of the Abu Sayyaf to both pray on slow-moving tugs, merchant vessels, and fishing boats, as well as launch kidnapping rates into the Malaysian state of Sabah, has become one of the most pressing regional security threats. On three occasions the ASG have or attempted to board ocean going cargo vessels, most recently killing a Vietnamese crewman in November 2016.[60] ASEAN could play a lead here.

In mid-2016, Indonesia and Malaysia put considerable pressure on the Philippines to begin trilateral maritime patrols. Although in agreement was reached in principle in August 2016, it still has not been fully implemented. A large reason for this is that the naval, maritime policing, and

Coast Guard capabilities of all three countries remains relatively weak. While Malaysia has allocated more resources towards defending Sabah, there remain real limits to the resources that Indonesia in the Philippines can or are willing and able to deploy. Second, unlike the Regional Maritime Security Initiative in the Straight of Malacca, a very successful multilateral intelligence fusion center that is well staffed and resourced, there is no similar mechanism in the Sulu Sea, nor are there talks to establish one that I am aware of. The trilateral policing pact is really an *ad hoc* agreement that will take place on the water between three countries using different communication systems, with a history of miss trust towards one another, and relatively weak capabilities. Another problem is that their remain territorial disputes amongst the three. There is a maritime border dispute between Malaysia and Indonesia, while the Philippines still does not legally recognize Sabah as Malaysian territory; as such there is no demarcated maritime border between them.

3. Recommendations for US Policy-Makers

First, continue intelligence sharing and law enforcement cooperation, and whenever possible try to work in a multilateral fashion with our Southeast Asia partners.

Second, the United States should encourage trilateral maritime policing in the Sulu Sea, as well as the establishment of a fusion center between the Philippines, Indonesia, and Malaysia. The United States can offer technical assistance and a limited amount of funding, trilaterally or through ASEAN.

Third, the United States should continue to support Malaysia's and Indonesia's counter-messaging centers. More importantly, it should work to ensure greater cooperation and information sharing between the two.

Fourth, the United States must continue to push Indonesia to enact meaningful prison reform; as the existing prison system is both a prime recruiting ground, and a permissive environment for leading figures to organize terror attacks from.

Fifth, the United States must take a hard look at their counterterrorism assistance to the Philippines. We have created moral hazard. We have incentivized the Philippine security forces to never finish off the Abu Sayyaf. Moreover, with the egregious human rights violations committed under the administration of President Rodrigo Duterte, including over 7,000 extrajudicial killings many of which were committed by the Philippine National Police, we may have to limit the security assistance that we provide to them and two other elements of security forces that have been tasked with the war on drugs. This war on drugs has been an all out assault on the rule of law and due process, while weakening the country's already weak political institutions. We should concentrate our assistance where the Philippines needs it the most and where it will not be used to further gut the rule of law. We should support maritime policing and work to build up the capabilities of the Philippines' nascent Coast Guard. And here I am not talking about the transfer of large decommissioned Coast Guard cutters which are too costly for the Philippines to repair and operate. They need small fast-moving craft that are cheap to run, service, and which would be most effective against the ASG. Most importantly, we and ASEAN together must prod the Philippine government to recommit itself to the peace process with the Moro Islamic Liberation Front.

Sixth, while I remain strongly in favor of continued freedom of navigation operations by the U.S. Navy in the South China Sea,only if we do them repeatedly and without fanfare. Anything less

undermines our objectives. But there are many other ways that the United States can demonstrate our commitment to regional peace and security. The United States could do more training and maritime exercises with partners in the Sulu Sea; it could conclude ship rider agreements, and support regional security operations by providing real time ISR and other intelligence. While so much media attention is spent on the South China Sea, the Lombok Straight, up through the Celebes Sea to Sulu Sea are likewise strategic sea lanes of communication that must be patrolled. This is critical for the security and economic prosperity of all ASEAN states.

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[54] In a speech on 1 July 2014, in which he declared the establishment of a caliphate, ISIS leader Abu Bakr al-Baghdadi alluded to the Rohingya as among "oppressed" Muslim populations worldwide that IISS was looking to lift up. "So raise your ambitions, O soldiers of the Islamic State! For your brothers all over the world are waiting for your rescue, and are anticipating your brigades. It is enough for you to just look at the scenes that have reached you from Central Africa, and from Burma before that. What is hidden from us is far worse. So by Allah, we will take revenge! By Allah, we will take revenge! Even if it takes a while, we will take revenge, and every amount of harm against the ummah will be responded to with multitudes more against the perpetrator." http://www.freemalaysiatoday.com/category/nation/2016/12/08/is-could-exploit-rohingya-issue-says-armed-forces-chief/; http://indianexpress.com/article/explained/in-fact-to-indias-east-an-emerging-sanctuary-for-al-qaeda-ahmad-farooq-india-pakistan-afghanistan-4460962/.

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Mr. YOHO. Thank you all for the great testimony. It such an important area, and as we have seen, we know that whole theater—there is 85 percent of the world trade goes through the South China Sea. With the pivot that we supposedly had to the Asia-Pacific area, it didn't happen the way it should have. We look forward to this administration clarifying its America First policy. I think what we see with that, we can't be first if we don't help our neighbors and our partners. And I think that is what you will see coming out here.

I misspoke when I did my opening testimony. When we were talking about the size of that region being the third most populous with, I think it is 600 and some—630 million people, it is the fifth largest economy, and I said it was $2½ billion; it is $2½ trillion. Just a mistake of a few zeros. But it is such a large area.

Then I guess some of my questions are, the first one, in your experience, what would be a way to rein in the trade and the trust or to get that trade back that we lost with the anticipated TPP, which wasn't going to pass the House? Everybody wants to blame this administration, but it wasn't going to pass the House and the Senate the way it was prior to that.

I am glad, Mr. Lohman, you brought up strong free trade agreements. I am happy to say we have done letters of strong free trade agreements already with Taiwan, Japan, and Vietnam out of this committee. One of them came out of another committee we did jointly, because we see that as a way of making that relationship stronger. I think the bilateral or even multiple bilaterals or trilaterals. What are your thoughts on that and how would you expound on that? And what countries would you pick?

Because if you look at like South Korea, South Korea is one of our largest trading partners. And then we have other trading partners. When I look at that and I try to figure out why does South Korea become so successful at trading, and then you see like Vietnam and some of the other countries becoming stronger in trade with us, what is it about their government, about their rule of law, about their society that allows one country to become successful and large trading partners where the others don't? Who would you target initially?

Mr. LOHMAN. Well, we have already targeted the freest economy in the region, which is Singapore. And I will point out that Singapore is the only country in the region that the United States runs a trade surplus with.

Mr. YOHO. Right.

Mr. LOHMAN. It is the only country that we also have a free trade agreement with. So I do think free trade agreements are a vehicle to sit down and work through these issues with the countries in question. If you are not sitting with them and talking about these problems, you are not going to address them.

Now, you could argue about the substance of those agreements and how tough our negotiators are, but if you don't sit down and talk with them, you are not going to fix anything.

I do think Vietnam is a good candidate. Vietnam signed on to the TPP, and by all accounts they are going ahead and making the reforms that were required by TPP anyway. So they certainly see a

connection between economic freedom and prosperity and becoming a free trade partner.

Malaysia is a good candidate. Like I said, we got maybe 90 percent of the way there or 85 percent of the way there during the Bush administration. We couldn't close the deal.

Thailand, you know, there are some political things we want to think about with regard to Thailand, but still Thailand would be a good example.

But as I pointed out in my testimony, I think there are things that we could do that are not full-blown trade agreements. FTAs take years to accomplish, very complicated, they are very costly in domestic political terms for some of these countries. We could do much smaller things that would benefit our profile in the region and economically would benefit both of us. That is why I point to the SAVE Act, not necessarily for the Philippines, though it could be for the Philippines; not necessarily for textiles, although it could be textiles. But that idea of a limited agreement on certain sectors that would benefit both sides.

Mr. YOHO. Dr. Abuza, do you want to weigh in on that?

Mr. ABUZA. I am no expert in trade. But let me make one point about the TPP: I am agnostic on that as a trade agreement. I can't even pretend to understand the complexity of it. But countries like Vietnam really viewed the TPP, or Singapore viewed the TPP, in many ways as the Obama administration did, much more than a trade deal; that it was a strategic anchor, something that committed the United States to the region.

And now that the Trump administration has taken that off the table, it really did lasting damage to the perception of United States reliability in the region.

I just got back from Vietnam and had very high-level meetings across the government, the Communist Party, the military. They are just agog because they really wonder what that says about how long our commitment to the peace and stability in the region over the long term.

Mr. YOHO. Point made. And that is why it is so important to have this meeting, so we can figure out what is the best way to go. I think the free trade agreement—because we want them to know that we are back, that we are here, that we are going to be strong allies. I think we are going to have time, if you guys have time, to do two rounds of questioning. I want to come back to you Dr. Searight.

But at this time, I am going to turn it over to my ranking member, Mr. Sherman.

Mr. SHERMAN. Dr. Abuza, countries that want to run up huge trade surpluses with us, in effect, take our jobs, will always tell us that, boy, if you give us all the jobs, or better yet, tell people not to notice that we are taking all the jobs, we will be great military strategic partners. We really need you involved.

So you tell us Vietnam really wants us involved and they are disappointed with TPP. Are they willing to enter into an agreement with us that mandates balanced trade flows as an essential element of such trade agreement or are they only in favor of a strategic military alliance, as long as they get to take more of our jobs?

And am I—you know, it is possible you have had no discussion on this, but is there any evidence that they are willing to have balanced trade because they want us so involved in their region?

Mr. ABUZA. Again, I——

Mr. SHERMAN. If you don't know, you don't know. I will regard that as a rhetorical question, and I will move on to Mr. Lohman, unless—you are for the SAVE Act. Obviously, that would help to some degree those who make fabric in the United States. It would cost us jobs among those who make garments here in the United States. Every analysis I saw, and there weren't many, said it would cost us jobs and increase our trade deficit.

Are you aware of any study that says that that Act would increase jobs in America or reduce our trade deficit, or are you just philosophically in favor of such a bill?

Mr. LOHMAN. No. But I do recall studies by retailers of the United States.

Mr. SHERMAN. Oh, yes, retailers are in favor of cheap imports, yes.

Mr. LOHMAN. But retailers also provide jobs. Working at Walmart is not——

Mr. SHERMAN. If you believe that the way we can increase jobs in America is to reduce our manufacturing and make it up by having more malls——

Mr. LOHMAN. We were just talking about a tiny bit of——

Mr. SHERMAN. Well, obviously, the SAVE Act is not the most important piece of legislation ever submitted to Congress. It will have a slight effect one way or the other. And that effect will be negative on jobs in the manufacturing sectors of the United States.

But I want to move on to an area where Dr. Abuza has more background, and that is the Christian Governor of Jakarta, who was found guilty on charges of blasphemy. It is one thing to have terrorists to cooperate with the Government in Jakarta to deal with terrorist groups that they are dedicated to opposing. It is another thing when the government engages in what can only be called an act of terrorism against one of the leaders of its own government.

What can be done to deal with this outrageous 2-year sentence and to be done with the idea of if not the level of freedom of religion that we have here in the United States, at least not the—this level of oppression?

Mr. ABUZA. The blasphemy laws actually have been on the books for a number of decades. It actually was enacted under Suharto.

Mr. SHERMAN. Uh-huh.

Mr. ABUZA. It has been increasingly abused. It was there for many years. But certainly, since you have had the rise of democracy since 1998, you have also had the rise of Islamist politics in Indonesia. I just hate to say it, but there is good politics in this, and no one seems to be willing to stand up and defend religious minorities right now. There are just not votes in it.

I am very concerned right now——

Mr. SHERMAN. Is the average Indonesian citizen aware of the adverse effect that can have on Indonesia's relationship with the rest of the world?

Mr. ABUZA. Indonesia has this wonderful tradition of pluralism, syncretic Islam, but that is changing. It is a less tolerant place.

There is more fundamental Islam Wahhabism or Salafism is growing in the country.

Mr. SHERMAN. If I could interrupt, is one of the reasons for that funding of extremist ideological—not terrorism but ideological Islam out of Saudi Arabia and the Wahhabi movement?

Mr. ABUZA. That has been a very important part of this. The Saudis have a foundation in a university, known as LIPIA, that continues to fund scholarships and madrasas. Yes, this is happening all the time. And it is not just them, it is from other Gulf States.

But one point, American—you know, after Suharto fell and you had free speech and democracy restored, in many ways the pendulum swung too far, and you had the rise of what are often referred to as anti-vice organizations. They are basically Islamist vigilante groups. The most prominent one is the FPI right now that led these mass demonstrations starting in December against the Christian Governor of Jakarta, Ahok.

I think the Indonesians, their democracy is fairly well consolidated now. I think it is time that we start to put a little more pressure on them to say, listen, every country that has free speech also has some limits on free speech, and incitements of violence is not protected free speech. They have got to start to address this or this is going to be part and parcel of the 2019 Presidential election.

Mr. SHERMAN. I yield back.

Mr. YOHO. Thank you.

Ms. Gabbard from Hawaii.

Ms. GABBARD. Thank you, Mr. Chairman.

Dr. Abuza, I want to follow up on Congressman Sherman's questioning and some of your statements about how ISIS is recruiting across the socioeconomic spectrum, in particular focusing on women where that hasn't occurred before. What are their tools for recruitment? Because this evidence of recruiting across the socioeconomic spectrum is something that is, unfortunately, kind of dismissed often when people talk about who are ISIS' recruits most likely to be. So if you can expand on that a little bit.

Mr. ABUZA. So during the period of Jemaah Islamiyah in the 2000s, the best determinant of who became a member were who your father was, who your brother was, what madrasa you studied at, and what mosque you attended. You were tied to the community, and it was a very slow and gradual process.

What they found—the security forces in Malaysia and Tunisia found is that because IS does so much of their recruitment online, it is given a special role for women to play as recruiters, as indoctrinators, people actually goading people to go and travel. Southeast Asian women who have traveled to Iraq and Syria to serve as nurses, who are to marry jihadists over there have played really important roles on social media in leading this charge.

The Malaysian police have really found that almost every major cell that they have disrupted had a woman as one of the key recruiters, indoctrinators, or money people. So they are just being empowered in different ways.

Recently, in Indonesia, the authorities arrested a woman who had already been recruited to be a suicide bomber. That would have been a first in Southeast Asia. So the precedent is there.

Ms. GABBARD. If the promise is not money, it is not security, it is not stability, what is the promise? What is the message they are using for recruiting?

Mr. ABUZA. It is commitment to the cause. It is a pure ideologically driven commitment to forward the glory of Islam.

Ms. GABBARD. So how is it that I think you mentioned in Indonesia, you mentioned great progress or gains in counterterrorism. How do you match that with your other statement about the rise of Wahhabism and extremism within Indonesia that is having these other impacts, of course, politically as was mentioned, but also with the increasing numbers of people who would be receptive to ISIS recruitment?

Mr. ABUZA. The numbers of Wahhabis in Southeast Asia is probably about 10 percent, but it is growing. There is a debate within the counterterrorism field that people in the Salafi community might be the best antidote as long as they are quietest and they are not espousing violence. They simply have their social agenda. I personally am not so convinced of that, but it is one that you do hear a lot, that these are the people best able to challenge the ideology of ISIS.

Ms. GABBARD. Are you aware of any examples of that in the world?

Mr. ABUZA. Well, let me give you a different example. So since 2010, JI as a militant terrorist organization has really been defunct, and the Indonesian Government has given members of JI inordinate amount of space to go out, proselytize, run their mosques, run their madrasas, engage, as long as they are not targeting civilians or engaging in violence.

You know, it makes me think, is this just a tactical good time to lie low as they watch their strategic rival IS take the abuse, take the punishment, get the arrests, and they are waiting in the wings to pick up the pieces in another few years? So I am not sure this is the best thing to do. Our best hope is that Indonesia's very rich civil society in moderate Muslims are able to withstand this cultural invasion of Wahhabism.

Indonesian Islam really is syncretic. It has been on the back foot in the past few years just because some of it is anger toward the United States. For example, the war in Iraq in 2003 was wildly unpopular in Indonesia. That certainly did not help moderates in the country. But I really—I do believe that there is a rich cultural resilience in Indonesia.

Ms. GABBARD. Thank you.

Thank you, Mr. Chairman.

Mr. YOHO. If we do have the time, we can go around a second round.

I just want to go back to the U.S. trade. I think Singapore is a good example. If you look at how we started—and my goal is to have this with other countries in there as you talked about. The U.S.-Singapore trade of FTA goes into effect in 2004. Trade surplus in 2003 was $1.4 billion. Today it is $9.1 billion. Our goal is to have balanced trade as important as it is free trade agreements. If we can repeat that model over and over again, I feel us building stronger, a stronger alliance and unity in that area to stave off

China, because we see what China is doing in the South China Sea.

The reports, and we already have known this, that they are weaponizing those islands. And of course, there is a cause and effect. They are doing that, now Vietnam wants to do it. If Vietnam does it, the next country is going to want to do it, and it builds, it creates an instability in that area where we really should be focusing on the economic trades.

Dr. Searight, you were talking about—you testified about the inconsistent execution of policies with an on again, off again FONOPs being the best example. How do we best solve this? What specifically should the administration do differently?

I commend them for going down there and putting an emphasis, Mike Pence and President Trump going down there. So I would like to hear what your thoughts are on that.

Ms. SEARIGHT. Well, I do think engagement as we saw with the Vice President's trip is very important. But I would say that when it comes to being clear and consistent on key issues, like the South China Sea, I think it is very important for this administration to devise a strategy to really put some thought and effort into thinking through what our core interests are and what options we have and how to weave that together into a real strategy, and then go out with allies and partners, ideally, and articulate our interests and our approach and have—and then as I said in my testimony, things like freedom of navigation operations and routine presence operations. I think it is very important to be consistent in executing them and to be very clear about the reason why we do things like freedom of navigation operations. It is because we have a core interest in freedom of navigation. We should do it consistently, regularly wherever international law allows and not buy into the Chinese narrative that conducting freedom of navigation operations is provocative by having a consistent baseline of regularly executing them like clockwork and not pulling them down and ratcheting them back up or thumping our chests before or after we do them, but just be very low key and consistent. I think that would go a long way in demonstrating our resolve and upholding a core principle to the United States.

Mr. YOHO. Let me ask you this, because what we see is an aggressive China. Mr. Lohman, you were talking about the U.S. can't accomplish this on its own; we need multiple nations and the cooperation of them. China is doing what they can and they are leveraging their economic clout, and they are doing that because they can, they are cash rich. We are distracted, our foreign policy—I have been a critic of it for the last 20, 30 years. I think we are way off course, and we really need to focus.

But when we see an aggressive China claiming areas that historically have been kind of sovereign areas or open areas, and then you have the arbitration court ruling against them on their claim to the South China Sea. Yet the world stood by while they built island after island, over 4,000 acres, building military complexes and runways. We know what they are doing and we know what the intent is, but yet the world stood by, we stood by.

How do you stop that at this point and what effect will that have on the ASEAN countries? Because we know China is trying to part-

ner up with them too. We saw what the Philippines did, and they don't like what China is doing, but they are like, well, we are going turn a blind eye to it. If we all turn a blind eye to it, they are going to rule that area. What are your thoughts on that?

Ms. SEARIGHT. Well, I do think it is very difficult to roll back the things that China has done, and it is also going to be very difficult to stop them from further developing these outposts and militarizing them. I think it is important for the United States to demonstrate commitment to staying engaged. Again, as is often said the United States does not take a side in a particular dispute, but it does take a very strong position on how the dispute should be resolved. They should be resolved according to noncoercion and respect for the rule of law, which is why the arbital tribunal ruling is so important.

We basically—the United States stands for a rules-based order that allows countries to make choices freely and not be bullied by other countries. I think just continuing to express those principles and backing them up by high-level, consistent, strategic engagement across the range of government tools is really important.

Mr. YOHO. Thank you. I want to question, and whoever feels best to answer this, we are talking about the specific areas and specific sectors, whether it be infrastructure, telecoms, energy, et cetera, that you believe could serve as an opportunity for greater economic cooperation between the U.S. and the ASEAN countries. If you could pick a sector, would it be energy, telecoms, semiconductors? What would it be, just real briefly, if you can answer that?

Mr. LOHMAN. Well, I think the most crying need in ASEAN is infrastructure, transportation and the like. Energy is a big issue for them. The United States companies aren't that big on doing infrastructure abroad, but we do have partners that do it. The Japanese, for instance, they have very serious plans for infrastructure investments in Southeast Asia, and they are making those investments, so we can coordinate with them more on that. Energy, we have a little bit better position to do energy investments, but those are also things we could partner on in the region.

Mr. YOHO. Okay. We will go back to Mr. Sherman. Second round.

Mr. SHERMAN. Yes. To listen to the United States on these little islets in the South China Sea, you would think that this was the only maritime dispute in the world. There is no oil on these islets. They are just an excuse for two nationalistic governments, the U.S. and Beijing, and perhaps some others, to beat their chests and find something to fight about.

But there is a maritime dispute that actually is a maritime dispute for practical reasons, and that is the one between East Timor and Australia. Should we—and are any of our witnesses familiar with that dispute?

Okay. I will just make the point that it illustrates the fact that the U.S. has chosen and our foreign policy establishment has chosen to ignore dozens of important maritime disputes, but it meets the needs of both the U.S. and Chinese military establishments to wildly exaggerate the importance of the little islets in the South China Sea. I don't know if Mr. Lohman has a background on that.

Mr. LOHMAN. I could just comment on the comparison. I mean, the South China Sea, so much attention is focused on it because it is so important strategically.

Mr. SHERMAN. I will back off that. The exaggeration, you perhaps are unfamiliar with my comments in this room, so I will bore my colleagues.

Yes, trillions of dollars of trade goes through the South China Sea, almost all of it in and out of Chinese ports, and if China had the strategic power that they are alleged to be seeking, they could blockade their own ports. In addition, there is some oil from the Middle East that goes through some of the disputed areas, which could at a cost of less than 1 cent a gallon to Japanese consumers be routed far away from that. So it does meet the needs of those that want to see an expansion of military tension or at least military expenditures to say that we are protecting trillions of dollars of free trade. That is all—you know, as I say, it is in and out of Chinese ports.

So whereas there really is oil in the disputed territory, and natural gas too, between the Timor and Australia, but since no one can use that dispute to justify an increase in nationalistic passions or Pentagon expenditures, no one in this room has looked at it, except I looked at it just a little bit.

Dr. Abuza, which countries in the ASEAN region are most likely to have this influx of ISIS fighters as they trickle back? And a related question is, should we be doing more in the area of broadcasting to reach out to the populations, particularly Islamic populations, in Southeast Asia?

Mr. ABUZA. In sheer numbers, Indonesia has the largest numbers of Southeast Asians.

Mr. SHERMAN. Are they from any particular part of Indonesia, Aceh, or anywhere else?

Mr. ABUZA. It is concentrated in three different islands: Central Sulawesi, Java, and parts of Sumatra. On a per capita basis, Malaysia has far more members who have gone there. It tends to concern me because I don't think that Malaysia has the social resilience to deal with an attack the way Indonesia does. You know, you think about the January 2016 IS attack in Jakarta. That was up and running—the shop was up and running the next day. The Indonesians moved on. I think any attack in Malaysia would just be—I think the government would overreact. I think it would just cause a lot more problems there.

In terms of people coming back, we have to think about, because the countries have gotten very good about sharing flight manifests, Malaysians traveling through Indonesia to go to Turkey and vice versa, we have got to work closely with Thailand and other countries that these people would be transiting through.

Mr. SHERMAN. What about our broadcasting efforts? Any comment on that?

Mr. ABUZA. We should support this, but this is stuff that should be done by the Malaysian and Indonesian Governments. They have both set up countermessaging centers with the United States' assistance. In some ways I am angry and disappointed that we allowed it to be two different bilateral centers rather than kind of

forging more regional cooperation in this. And I hope that the United States——

Mr. SHERMAN. But it shouldn't be a voice of America. It should be the voice of Indonesia or a voice of Malaysia?

Mr. ABUZA. There are things that we do. I am a huge fan of something that Radio Free Asia does called BenarNews. One of the things that they are focusing on is saying a lot of this militancy just doesn't get good coverage in their countries, and so they engage in fairly long-form journalism to go into a little more detail about these operations. I think that is wonderful bang for the U.S. taxpayer buck.

Mr. SHERMAN. Thank you. I yield back.

Mr. YOHO. I will next got to Mr. Scott Perry from Pennsylvania.

Mr. PERRY. Thank you, Mr. Chairman.

Keeping with the line of questioning Mr. Sherman was just going through, how do you characterize the risk of ISIS or just the radical Islamist terrorism, if you will, those organizations in Southeast Asia? Like, how do you characterize the risk, if you could?

Mr. ABUZA. Manageable.

Mr. PERRY. Manageable?

Mr. ABUZA. Yes. The threat is there. I don't want to overstate it. I think we will see political violence as a fact of life in Southeast Asia for some time to come. I don't see that going away. But I have a lot of confidence in the security services in the region. They have done a very good job.

Compared to where they were in 2001, 2002, they have been very proactive and involved. They have not overreacted. I think they have very good intelligence on the ground. More and more, there is better cooperation between the governments that no longer—you know, 2002, 2003, any intelligence sharing really required the intervention of senior political leaders to make it happen just because the security services tended to be very mistrustful of one another. That is not the case now. There is just a lot of routine sharing of information cooperation between them, so it is a manageable threat.

Mr. PERRY. So while they are individually and maybe collaboratively managing the threat, is there anything that organizations such as ASEAN is doing or should be doing? I just want to get a little more granularity to what Mr. Sherman—and is there a different cultural awareness or viewpoint toward the radicalism or fundamentalism, I mean, especially in places like Malaysia, as you noted, the largest Muslim country in the area? I mean, is there a different cultural viewpoint regarding security than, say, what we have or Europe has in this regard?

Mr. ABUZA. They take security very seriously because they are concerned about economic growth and prosperity, and it is very hard to attract foreign investment when the bombs are going off. So your first question was about the——

Mr. PERRY. About other organizations, what they are doing, what they should be doing. Is there a collaborative effort or is it essentially individual nation efforts in collaboration?

Mr. ABUZA. ASEAN as an umbrella organization holds annual chief of police and chief of intelligence and chief of defense meetings, so there is that level of coordination that ASEAN can do. It

breeds familiarity, working relationships. But ASEAN itself does not get involved in actual security operations.

Mr. PERRY. Okay. Let me shift gears here a little bit. I don't know if I have enough time to talk about China. Just in referring to the good gentleman from California's assertions, maybe I will put it that way—I happen to believe that the Chinese construction of the islands and militarization and provocative actions are problematic, not from the standpoint of two nationalistic governments, but I don't think the United States wants to do any more than it has to or should to maintain sea lanes and keep everything open in that regard and safe. But I think China is doing what they are doing, and we are going to be forced to react, not that we want to. We don't want to send the military. We don't want to do any of this stuff, but I don't think we can let them just continue to be engaged in that activity, because I think it will beget more and more difficult activity to deal with. So let me just make that statement.

Now recently, the President invited the Thai Prime Minister and the President of the Philippines to the White House to discuss cooperation regarding North Korea. I am just wondering, you know, as China is, I think, an 80 percent trading partner with North Korea, somebody has got to do the other 20 percent I suppose. But what role can you see these countries playing in addition to maybe other ASEAN members to counter North Korea? Do they have a functional role, the Philippines, Thailand? Do they have a functional role in North Korea in this regard? Anybody.

Ms. SEARIGHT. You know, it is interesting that Thailand and the Philippines do trade with North Korea. They are ranked fourth and fifth respectively in terms of imports from North Korea, and many countries in the region have diplomatic relations with North Korea. So there certainly is more that many of these countries can do to really enforce sanctions and perhaps curtail diplomatic efforts. Also, ASEAN as a group, as a grouping, having ASEAN support for putting out strong statements criticizing North Korean provocations I think is very important, and I think we have seen even more backbone recently among ASEAN countries to really put out tough statements because of the poisoning of Kim Jong-un's brother in Malaysia. And so Malaysia, Vietnam, you know, many of these countries are quite upset to get pulled into this——

Mr. PERRY. With the chairman's indulgence just for a final followup here, the harsh rhetoric, so to speak, I guess it is nice, so to speak, from our standpoint. We like to see that isolationism but do you think it affects the leader of North Korea tangibly? He doesn't seem to be affected by any of that. In my opinion, it looks like only tangible things. He almost revels in being a pariah and being downcast by his neighbors or anybody else.

Ms. SEARIGHT. Well, I think the regime does depend to some extent on having access to a number of countries and being able to——

Mr. PERRY. Yeah, but the harsh statements alone——

Ms. SEARIGHT. Right. That is not going to be sufficient. It is not a sufficient condition. But can I make one other point, which is, I think it is a little bit unfortunate that the framing of the President's phone calls and invitations to these leaders to come to Washington, the narrative that emerged with this was all about building

a coalition against North Korea. I don't think that was the primary motivation. North Korea is an important issue that the President should talk to these countries about, but it is one of many, many of the other issues that we have been talking about today. Economics, security relationships, counterterrorism, are more important to these countries and their interests and to the dynamics in the region than focusing on North Korea.

So North Korea is an important issue. It should be discussed. ASEAN plays an important role in, again, kind of pointing out normative statements against North Korea and convening other powers to build a coalition, but it is not the main issue between these countries.

Mr. YOHO. All right. Thank you.

I am going to give the ranking member a few seconds here to clarify a statement, then we will go to Ms. Gabbard.

Mr. SHERMAN. I want to make it clear, China's actions in the South China Sea are wrongful. They are important. They are just not quite as important as everybody else thinks they are.

I yield back.

Mr. YOHO. Thank you.

Ms. Gabbard.

Ms. GABBARD. Thank you.

I would like to follow up on the topic of North Korea. Dr. Searight, I represent Hawaii, and every time North Korea conducts another missile launch, another missile test, and every time my constituents see and hear about their continuing increased capabilities, we become more and more concerned about the threat that is posed. So even as some of the ASEAN countries may not think that North Korea is a very important issue, it is to our country.

Beyond sanctions, beyond the ASEAN countries enforcing sanctions and beyond making statements, do you and to others on the panel, how do you feel ASEAN as a whole can be most effective in moving North Korea toward the ultimate objective of denuclearization?

Ms. SEARIGHT. Well, again, I think ASEAN does have a role to play. It is a convener of leaders in the region. It plays a very important coordinating role and a normative role in really articulating the expected rules and norms of behavior. There is work that individual countries can do to toughen some sanctions, I think, but I don't think ASEAN is the key to dealing with the North Korea situation. I mean, I think other countries in Northeast Asia, starting with China, but working with Japan and South Korea, our allies, and Europe, is ultimately going to be more important, and Russia as well.

Mr. ABUZA. I do think Southeast Asian countries do play a role in this. If you think about what keeps this regime alive, the funding they rely on, this often comes through Southeast Asia, through unregulated banking across the region. We certainly could put more pressure on them and more cooperation with their financial intelligence units to go after North Korean money laundering. A lot of precursors for the drugs, methamphetamines that are produced by the North Korean regime, are made in Southeast Asia or India and transit through Southeast Asia. I can think of several cases in

which these were seized in Southeast Asian ports in the past, so we could get more cooperation in port security there.

The Proliferation Security Initiative, the interdiction of North Korean vessels at sea, we can get more support from Southeast Asian nations to help with this in terms of the types of training we do with their navies. These could be scenarios that we could do. I will leave it at that.

Ms. GABBARD. You know, for a long time now, everyone has talked about China kind of being the strongest leverage point in getting North Korea to change their behavior, come to the table, or whatever the case may be, but even with China's kind of heightened criticism of North Korea's antics and North Korea appearing to thumb their nose at China, what impact do you think that has on the current path forward that our State Department is taking? And, secondly, given the heightened U.S.-Russia tensions, what is Russia's role likely to be here? Is it to share the objective that we have in denuclearization or to perhaps work more with North Korea?

Mr. LOHMAN. Well, I think when the administration was considering this policy of really pressing the Chinese—actually, not so much pressing them, but relying on them to take a lead on this North Korea issue, had they called in almost any expert in town and asked them whether this would work, they would have been told, no, it won't work. The Chinese won't do this of their own volition, and they won't do it for you.

The only way the Chinese are going to do anything on this, and their cooperation is absolutely essential, the only way they are going to do anything is through a great deal of pressure: Third-party sanctions on their companies, calling on them to crack down on the interaction that they do have with North Korea that is already prohibited by the U.N. Security Council. That is the only way to get cooperation from the Chinese.

Ms. GABBARD. Nothing else. Thank you.

Mr. PERRY [presiding]. Well, the ranking member is done. Maybe I do have a final question here since I am here in the chair.

So the implications of Chinese economic activities in the area, including the Belt and Road Initiative, the Asian Infrastructure Investment Bank, and other Chinese efforts to promote infrastructure development within ASEAN, as these expand, these initiatives, what are the implications to American foreign policy in the region with those, if you have any thoughts?

Mr. LOHMAN. Well, first of all, I think that we underestimate our own resources. We have more resources than the Chinese do to invest in the region, trade with the region. It is just that the decisions are made in boardrooms in the United States. They are not centralized like they are in Beijing. We are a much bigger investor in Southeast Asia than the Chinese are. The EU is bigger than all of us. Japan is bigger than China. So I think we underestimate how much we do have there.

That said, I think the OBOR project is real. Some of the coverage of it, some of the commentary that it is going to go away, that it is really not all it is cracked up to be, I think is misguided. It may not spend $1 trillion in total, but if it spends $½ trillion, that is still a lot, right? I think ultimately the challenge it presents the

United States is that it causes other countries in the region to soft pedal their political concerns because they have an opportunity to bring in this investment.

The Chinese play it up so much. They bring Duterte to Beijing. They give him $24 billion in investment. It doesn't matter that they are a relatively small investor in the Philippines in the overall scheme of things. They are grabbing the headlines. They are creating the narrative, and I think that will cause the countries in the region to back off on the things that are most important or that are important, like South China Sea. That is why Philippines backed up, because they are interested in that investment, and it is not really worth the trouble to press the Chinese so hard if they can also get benefits by staying quiet about it. I think it is similar to what has happened in Malaysia. Throughout the region there is that dynamic.

Mr. YOHO. I wanted to come back to the South China Sea and what China is doing, because we see that threat. We see them pushing there, and we did back out of the TPP, however it was done. I think the biggest difference and, yes, there are some other disputes there. If you look at East Timor and Australia, that is a combined population of about 24-, 25 million people. I don't think a large part of the trade for the world goes through there. With China claiming the nine-dash lines as their area, I think this is a concern for all of us.

I think they are playing it smart. They are not engaged all over the world in conflicts as we are and as we have been. We are distracted. We have got the Middle East. We have got what is going on in North Korea. As you brought up, China has the biggest influence that could help resolve this problem. This is a problem that is not just our problem. This is not the Korean Peninsula problem or the Asia Pacific theater. This is a world problem. I agree with the Brigadier General that we don't want to go to war. We don't want to fight anybody. We just want to have, like I said in the beginning of this, develop economic and trade, and we all have a hand in national security with the way the world is today. That is something we all benefit from, and we all should work to strive to get that.

So with that, does anybody else have any comments, questions, closing?

Well, with that, I just want to tell you how much I appreciate you being here. I look forward to talking to you down the road and getting input from you. And if it is okay, we will reach out to you periodically.

And with that, this meeting is going to adjourn. Thank you.

[Whereupon, at 3:51 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
Ted Yoho (R-FL), Chairman

May 17, 2017

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: Wednesday, May 17, 2017

TIME: 2:30 p.m.

SUBJECT: Revitalizing U.S.-ASEAN Relations

WITNESSES: Amy Searight, Ph.D.
Senior Adviser and Director
Southeast Asia Program
Center for Strategic and International Studies

Mr. Walter Lohman
Director
Asian Studies Center
The Heritage Foundation

Zachary M. Abuza, Ph.D.
Professor
National War College

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 *Wednesday* **Date** *05/17/2017* **Room** *2172 RHOB*

Starting Time *2:34 p.m.* **Ending Time** *3:51 p.m.*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ted Yoho
Rep. Scott Perry

Check all of the following that apply:

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

TITLE OF HEARING:

"Revitalizing U.S.-ASEAN Relations"

SUBCOMMITTEE MEMBERS PRESENT:

Rep. Ted Yoho, Rep. Scott Perry
Rep. Brad Sherman, Rep. Tulsi Gabbard

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

N/A

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.)*

Rep. Gerald Connolly - Statement for the Record

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED _____

John J. Young
Subcommittee Staff Associate

Statement for the Record
Congressman Gerald Connolly
AP Subcommittee Hearing: "Revitalizing U.S.-ASEAN Relations"
May 17, 2017

This year marks the 50th anniversary of the Association of Southeast Asian Nations (ASEAN) and the 40th anniversary of U.S.-ASEAN relations. ASEAN is Southeast Asia's primary multilateral organization, and its ten member states include Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar, and Vietnam. The United States has long valued its relationship with ASEAN, as evidenced by the fact that we were the first non-ASEAN country to name an Ambassador to ASEAN and to establish a dedicated mission to ASEAN in Jakarta. Strong U.S.-ASEAN cooperation is necessary to protect American economic and security interests in Southeast Asia.

The United States had an opportunity to fortify its economic engagement in Southeast Asia with the Trans-Pacific Partnership (TPP), which included four of ten ASEAN members: Brunei, Singapore, Vietnam, and Malaysia. TPP accounted for 40 percent of global GDP and 20 percent of global trade. A high-quality TPP deal would have deepened U.S. alliances, strengthened ties to emerging partners, and established labor, environmental, human rights, and intellectual property standards aligned with U.S. practices. Conversely, the U.S. withdrawal from TPP has created a vacuum, and given an unbelievable gift to the Chinese. They are still drinking champagne in Beijing.

Abandoning TPP is one of the most profound retreats since the U.S. Senate's failure to ratify the Treaty of Versailles after World War I. It is no coincidence that right after we walked away from TPP, the Chinese have moved into the driver's seat with their own alternative free trade agreement, the Regional Comprehensive Economic Partnership (RCEP), which meets none of the standards that the U.S. fought so hard to include in TPP.

At the end of 2012, ASEAN leaders launched the RCEP negotiations with the association's six free trade agreement partners: China, Japan, South Korea, Australia, New Zealand, and India. The 16 RCEP countries account for nearly half of the world's population, 30 percent of global GDP, and more than a quarter of the world's exports. China has urged RCEP negotiators to focus mainly on lowering tariffs and to conclude negotiations by the end of 2017. Beijing has also undertaken the "One Belt, One Road" (OBOR) initiative, a massive infrastructure project that China promises will attract more than $1 trillion of investment over the long-term. Regardless of the contours of the final RCEP deal and OBOR, the heavy-handed influence of China on such expansive initiatives will undeniably have significant ramifications for U.S. strategy and companies.

The United States also shares strong security interests with ASEAN countries, especially in the realm of counterterrorism. The threat of terrorism is not new to Southeast Asia. For decades, several local separatist movements and extremist groups have perpetrated violence throughout the region. However, growing currents of conservatism in traditionally moderate Muslim-majority states, including Indonesia and Malaysia, and the growing influence of the Islamic State have compounded these risks. More than 1,000 Southeast Asians have traveled to the Middle East to fight in Iraq and Syria. Regional leaders have expressed concern that battle-trained

fighters may return to Southeast Asia to conduct attacks and that ISIS may declare an Islamic caliphate in the southern Philippines, citing strong links between local rebels and ISIS. The Islamic State carried out its first successful attack on Malaysian soil on July 4, 2016. Relatively porous borders and large swaths of loosely policed territory heighten vulnerability to these transnational threats in ASEAN countries.

The United States has a long record of collaborating with governments in Southeast Asia to combat terrorist organizations such as Jemaah Islamiyah in Indonesia and Abu Sayyaf in the Philippines. Given the growing threat of ISIS in Southeast Asia, U.S. Countering Violent Extremism (CVE) programs are bolstering the capacity of civil society and governments to promote community engagement and the rule of law, enhance border controls, and train law enforcement to combat radicalism before it takes root. The United States helped Indonesia create a centralized antiterrorism unit and provided U.S. troops to help combat violent groups in the southern Philippine island of Basilan. Encouraging structural changes in at-risk Southeast Asian communities leverages U.S. development and governance expertise into an asset working on behalf of the security interests of the United States and our regional partners.

President Trump's engagement with ASEAN thus far has been limited to a handful of phone calls that discussed the North Korean nuclear threat. Secretary of State Rex Tillerson and Vice President Mike Pence have both signaled a desire to revitalize U.S.-ASEAN relations in economic and security matters, but the Trump Administration has failed to articulate a broader strategic goal or a plan for achieving it. While President Trump has been outspoken on his commitment to defeat ISIS, his strategy remains opaque and the extent to which such a policy covers Southeast Asia is unclear.

Trump recently invited Filipino President Rodrigo Duterte to the White House, an authoritarian leader who has been accused of ordering extrajudicial killings in the Philippines' war on drugs. As President, Trump's demonstrable affinity for authoritarian leaders undermines U.S. efforts to promote human rights and democratic values. Secretary Tillerson's assertion that U.S. foreign policy should sometimes be separate from American values would make our nation's founding fathers roll over in their graves. Our policies must flow from our values.

The hard truth is that when the United States does not act as a forceful advocate for our values and our interests abroad, we leave a vacuum. Unfortunately, the Trump Administration has committed to such a withdrawal by sending Congress a FY 2018 budget request that cuts U.S. development and diplomacy programs by 31 percent. You don't make America great again by withdrawing from the world. When U.S. leadership retreats, adversaries who do not share our interests and values fill the vacuum and instability rises.

I look forward to hearing from our witnesses on how the United States can continue to advance our interests and strengthen our relationships in Southeast Asia.

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