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**Before the**

**Senate Committee on Foreign Relations  
Subcommittee on Asia and the Pacific**

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**Opportunities and Challenges in the U.S.-Japan and  
U.S.-Republic of Korea Alliances**

Chairman Cardin and Members of the Subcommittee, I am pleased to appear before you today to discuss this important topic.

Early in his first term, President Obama began implementing his vision for the Asia-Pacific rebalance, based on America's enduring stake in a prosperous and stable region. The United States has been, we are, and we will remain a Pacific power. In the second term, the Administration is building out this strategy. The Department of State is focused on dedicating diplomatic, public diplomacy, and assistance resources to the region in a way that is commensurate with the truly comprehensive nature of our engagement. And under Secretary Kerry we are intensifying our support for U.S. companies, climate and energy cooperation, people-to-people exchanges, youth and exchange programs, education, women's empowerment, and other initiatives.

The members of this Subcommittee know well the importance of the Asia-Pacific region to American interests. The broader region boasts over half the world's population, half of the world's GDP, and nearly half of the world's trade, and is home to some of the world's fastest growing economies. More and more American citizens are now living, working, and studying in the Asia-Pacific region; people-to-people and family ties have witnessed tremendous growth. Growing numbers of American companies are investing in and exporting products and services to rapidly expanding East Asian markets. And, as the region's economies continue to grow and their interests expand, it becomes increasingly important that the governments and institutions there contribute to upholding and strengthening international law and standards – ranging from human rights to

environmental protection to responsible policies on climate change, maritime security, and trade and investment. Simply put, the effects of what happens in the Asia-Pacific region will be felt across the globe and have direct implications for America's interests.

For all of the changes in Asia, this much is constant: our alliances in the region have been and will remain the foundation of our strategy towards the Asia-Pacific. I want to thank you, Mr. Chairman, as well as Ranking Member Rubio and the other members of the Subcommittee for your leadership, travel, and public statements which have all underscored the importance of our alliances to our vision of a secure, stable, and prosperous Asia-Pacific region. As you have noted, shared values and a shared history of successful partnership with the United States place Japan and the Republic of Korea (ROK) at the center of this administration's rebalance strategy. The success stories of the ROK and Japan are powerful reminders of the broad range of benefits that accrue from a sustained commitment to free markets, democracy, and close cooperation with the United States. Our alliances with the ROK and Japan contribute significantly to expanded security, stability, and prosperity across the region.

I am pleased to report today that our ties with both countries have never been stronger. Polling shows that the U.S.-ROK relationship enjoys record levels of favorability in South Korea – and the United States has enjoyed this high level of support for the last two years. Polling also shows that 84 percent of Japanese citizens support our bilateral alliance. But we do not take our allies for granted. We are working hard with our Japanese and South Korean partners to adjust our presence and to modernize our alliances to help maintain peace and security and address broader shared interests across the Asia-Pacific and around the globe. The upcoming visit by President Obama to Japan and the ROK will propel our efforts.

### **U.S.-Japan Alliance**

Let me begin with Japan. The U.S.-Japan alliance is the cornerstone of peace and prosperity in the Asia-Pacific region; we cannot achieve the President's goals without strong and growing ties between the United States and Japan. Our two countries are coordinating closely on a wide range of issues, including regional security and global hot-spots. As Secretary Kerry and Foreign Minister Kishida emphasized during their meeting in Washington last month, we are working diplomatically and militarily to strengthen and modernize the U.S.-Japan alliance.

I cannot overstate the importance of our alliance with Japan to continued U.S. leadership in the Asia-Pacific. Over 50,000 U.S. military and civilian personnel are stationed in Japan under the U.S.-Japan security treaty and the U.S.-Japan Status of Forces Agreement, under which Japan provides facilities and areas for U.S. forces for the security of Japan and the maintenance of international peace and security. The Japanese government provides over \$2 billion annually to off-set the cost of stationing U.S. forces in Japan: including the *USS George Washington*, which is the only U.S. aircraft carrier in the world that is forward-deployed. This strategic posture means that U.S. forces in Japan are capable of carrying out missions throughout the region and beyond.

U.S. support for the Japan Self-Defense Forces' humanitarian assistance operations in the wake of the 2011 earthquake and tsunami were demonstrations of the Alliance's strength and capability and set the stage for U.S.-Japan coordination on Typhoon Haiyan relief in the Philippines in 2013. The unprecedented landing of a U.S. Marine Corps MV-22 Osprey on a Japanese ship during the Haiyan response demonstrated our joint capabilities, and highlighted the interoperability of the U.S. and Japanese militaries.

Our security relationship with Japan made remarkable progress in 2013. Two important successes that my colleague from the Department of Defense can discuss in further detail were the October 2013 "2+2" meeting between Secretaries Kerry and Hagel and their Japanese counterparts, which launched the review of our two countries' Bilateral Defense Guidelines, and Okinawa Governor Nakaima's signing of the landfill permit for the Futenma Relocation Facility. We hope to use the Defense Guidelines review process to modernize our respective roles, missions, and capabilities for an alliance truly capable of meeting the challenges of the 21st century.

Another key development is the Japanese government's review of what the UN Charter describes as, "the right of collective self-defense." Collective self-defense is simply defined as one nation taking action to help defend another nation from attack by a third party.

Japan's constitution is the only one in the world that explicitly renounces war as an instrument of foreign policy. In the past, Japanese governments have chosen to interpret their constitution as not permitting the exercise of this right to collective self-defense. It is my understanding that the Japanese government is studying this interpretation.

The practical effect of a decision by Japan that it would be permissible to conduct collective self-defense could include enabling its UN peacekeeping troops to defend other UN peacekeepers under attack. Under the current policy, if North Korea were to launch a ballistic missile toward the United States, Japan could not use its ballistic missile defense interceptors to destroy that missile in flight. We recognize this is a decision for the Japanese government and people, and we welcome Japan's openness and its steps to consult with countries in the region about these deliberations.

### **U.S.-Republic of Korea Alliance**

The U.S.-Republic of Korea alliance is the linchpin of stability and security in Northeast Asia. 2013 marked the 60th anniversary of the U.S.-ROK Mutual Defense Treaty, which serves as the foundation of our alliance and a force for peace and stability on the Korean Peninsula and in Northeast Asia. Our alliance with the ROK was forged in shared sacrifice in the Korean War, and it continues to anchor security in the region today.

As Secretary Kerry reaffirmed during his meetings with ROK leaders in Seoul last month, the U.S.-ROK alliance is a critical component of Washington's strategic engagement with the Asia-Pacific. Our open societies, our shared commitment to democracy and a market economy, and our sustained partnership provide a foundation for the enduring friendship that tightly binds the American and Korean peoples. Over the past six decades, our close cooperation has evolved into an increasingly global partnership, encompassing political, economic, social, and cultural cooperation and providing prosperity for both our peoples.

The United States remains dedicated to the defense of the Republic of Korea, including through extended deterrence and the full range of U.S. military capabilities, both conventional and nuclear, as emphasized in the Joint Declaration issued by President Obama and President Park in May 2013.

The United States and the ROK recently concluded negotiations on a Special Measures Agreement (SMA), by which South Korea will increase its contributions to help off-set the cost of stationing of U.S. troops on the Korean Peninsula to \$867 million in this year alone, demonstrating that both nations are politically and economically committed to making our alliance more sustainable and adaptable.

We are constantly working to improve readiness and interoperability in order to meet existing and emerging security threats. As my colleague Deputy Assistant

Secretary Helvey can describe in detail, last week the United States and the ROK began two of our largest annual joint military exercises, KEY RESOLVE and FOAL EAGLE. Another major annual military exercise, ULCHI FREEDOM GUARDIAN, is scheduled for August. And even as our alliance continues to counter the threat from North Korea, we are expanding our cooperation to meet 21st-century challenges beyond the Korean Peninsula.

### **DPRK-related Tensions**

Our alliances with the ROK and Japan provide deterrence and defense against the threat posed by the Democratic People's Republic of Korea's (DPRK) continued pursuit of nuclear weapons and ballistic missile technology. We will continue to stand shoulder-to-shoulder with our allies in the face of this growing North Korean threat.

Mr. Chairman, over the years we have seen a pattern of North Korean provocations followed by "charm offensives" aimed at extracting payoffs and concessions from the West. Despite the DPRK's recent overtures at engagement, we have yet to see credible indications that North Korea is prepared to come into compliance with the relevant UN Security Council resolutions, or even negotiate on the key issue: denuclearization. The United States remains committed to authentic and credible negotiations to implement the September 2005 Joint Statement of the Six-Party Talks and to bring North Korea into compliance with its international obligations through irreversible steps leading to denuclearization. We will not accept North Korea as a nuclear-armed state. We will not reward the DPRK merely for returning to dialogue. As the President has said, the DPRK can achieve the security, respect, and prosperity it claims to seek by choosing the path of denuclearization. For our part, the United States pledges to continue working toward a world in which the people of North and South Korea are peacefully reunited, and the Korean Peninsula is democratic, prosperous, and free of nuclear weapons.

In addition to our concern about the security situation on the Korean Peninsula, the United States remains gravely concerned about the human rights situation in the DPRK. The UN Human Rights Council's Commission of Inquiry released its report last month, documenting the deplorable human rights situation in the DPRK. We are working tirelessly to persuade the DPRK government to release Kenneth Bae, the U.S. citizen who has been held in North Korea for more than a year. We welcome the recent release of an Australian citizen, but continue to urge the DPRK government to release the ROK citizen still under detention, just as we seek

resolution of the cases of the many ROK, Japanese, and other citizens abducted and held by North Korea over the decades.

### **Challenges: Regional Tensions**

Mr. Chairman, the United States takes a clear position with regard to behavior of states in connection with their territorial or maritime disputes: we firmly oppose intimidation, coercion and the use of force. In the East China Sea, we are concerned by an unprecedented increase in risky activity by China's maritime agencies near the Senkaku Islands. The United States returned administration of the Senkakus to Japan in 1972, and they fall within the scope of the U.S.-Japan mutual defense treaty, in particular its Article V. Tensions over the Senkakus have led to a sharp downturn in Sino-Japanese relations. China and Japan are the world's second- and third-largest economies and have a shared interest in a stable environment to facilitate economic prosperity. Neither of these two important countries, nor the global economy, can afford confrontation and crisis.

We object to unilateral actions that seek to change the status quo or advance a territorial claim through extra-legal or non-diplomatic means. Unilateral attempts to change the status quo raise tensions and do nothing under international law to strengthen claims. Therefore we were also concerned by China's sudden and uncoordinated announcement of the Air Defense Identification Zone (ADIZ) over the East China Sea last November. One of the problems with the Chinese ADIZ announcement is that it purports to cover areas administered or claimed by Japan and the ROK. We have been clear that China should not attempt to implement or enforce the ADIZ and it should refrain from taking similar actions in other sensitive or disputed areas.

I do not believe that any party seeks armed conflict in the East China Sea, but unintended incidents or accidents may lead to an escalation of tensions or a tit-for-tat exchange that could escalate. As such, we wholeheartedly endorse calls for crisis-prevention mechanisms, including senior-level communications to defuse situations before they become full-blown crises.

Our concerns are amplified by the situation in the South China Sea, where we are seeing a similar pattern of coercive behavior, strident rhetoric, and ambiguous claims. This is an issue that senior Administration officials have raised directly and candidly with Chinese leaders.

I would like to underscore for the committee that the Obama Administration has consistently made best efforts to build a strong and cooperative relationship with China. Tangible, practical and visible cooperation between the United States and China is critical to addressing regional and global challenges, from North Korea to climate change. Similarly, the United States seeks good relations between China and its neighbors; we encourage all our allies to pursue positive and constructive relations with China. I want to make very clear that our alliances, in Northeast Asia and around the region, are not aimed at China.

The United States welcomes the rise of a stable and prosperous China which plays a greater role in strengthening regional stability, prosperity, and international rules and norms. A strong diplomatic, economic, and military presence by the United States has helped create the conditions that made China's extraordinary growth possible and that presence remains essential to regional stability. No country should doubt the resolve of the United States in meeting our security commitments or our determination to uphold the principle of freedom of navigation and overflight. But neither should there be any doubt about the Administration's desire for constructive relationship with China based on solving regional and global problems as well as managing disagreement and areas of competition.

### **Strategic Cooperation in the Region and Beyond**

One of the strongest signs of the maturity of our partnerships with the ROK and Japan is our cooperation on global issues beyond our respective borders, from humanitarian assistance to climate change. The benefits of our cooperation with Japan and South Korea are not limited to the people of our three countries, but increasingly accrue to citizens around the world.

Yet at this moment, and despite our many areas of cooperation and common interest, relations between Japan and the Republic of Korea are strained. The current tension between our two allies is a cause for concern, and a problem that requires sincere efforts by both parties to address. There is an urgent need to show prudence and restraint in dealing with difficult historical issues. It is important to handle them in a way that promotes healing. We are working closely with our Japanese and ROK partners to encourage them to take the steps needed to resolve tensions caused by the legacy of the last century through patient and persistent diplomacy. The simple fact, Mr. Chairman, is that strategic cooperation among the United States, Japan, and the ROK is essential to developing the security order in Northeast Asia, especially given the threats facing us and our allies from North

Korea and other regional uncertainties. No one can afford to allow the burdens of history to prevent us from building a secure future.

That is why it is so important that we have been able to cooperate with Japan and the ROK on relief efforts, development, and other important projects throughout Southeast Asia. For example, we saw the benefits of increased trilateral disaster response capacity just last fall when the United States, Japan, and South Korea were leading contributors of humanitarian and recovery assistance to the Philippines following the devastation left by Typhoon Haiyan. We are working trilaterally with the ROK and Japan to further improve our interoperability and information sharing during a disaster.

Japan and South Korea are models for other nations in the region and around the world. Both the ROK and Japan have transitioned from one-time recipients of foreign aid to important donors. Whereas once Peace Corps volunteers were seen throughout the ROK, the Peace Corps and its counterpart recently signed a memorandum of understanding that will enable both parties to cooperate in third countries around the world – in fact, the ROK’s Peace Corps counterpart is now the world’s second-largest after our own Peace Corps. Last December, during Vice President Biden’s visit, the United States and Japan announced the initiation of a U.S.-Japan Development Dialogue between our respective foreign assistance and foreign affairs agencies. The first formal meeting of that dialogue took place last month in Washington.

The Republic of Korea and Japan have been active supporters of international efforts to resolve the Iranian nuclear issue. We are working together on Syria, where Japan and the ROK are providing assistance to address the humanitarian needs of the Syrian people and where both have strongly supported international efforts to find a political solution. U.S. and ROK soldiers have served side by side in Afghanistan, where the Republic of Korea and Japan are major donors to reconstruction and stabilization efforts. Japan has provided over \$1.35 billion in assistance to the Palestinians since the mid-1990s, making Japan one of the major donors to the Palestinians after the United States. Our cooperative partnerships with Japan and the Republic of Korea enable increased engagement and impact on a global scale. Both Japan and the ROK are invaluable partners on the international stage, as well; both currently promote our shared values while serving on the UN Human Rights Council, and this year the ROK will complete a successful term on the UN Security Council.

### **Alliance Ties**



Our deep economic and trade ties with Japan and the ROK provide practical benefits, jobs, and lower consumer prices to Americans. To reap the full reward of our alliance partnerships, we are working to further strengthen our economic relationships and harness the dynamism of growth in the Asia-Pacific region for the benefit of the American people.

The revitalization of Japan's huge economy is of direct interest to the United States. An economically vibrant Japan will attract more U.S. exports, help stimulate even greater Japanese investment in the United States, and serve as a model and source of growth across the Asia-Pacific region. Economic growth will also strengthen Japan as an important partner. We support Japan's goal of unlocking greater growth through structural and regulatory reforms and are working with the private sector as well as Japanese counterparts to bring out the best ideas and solutions to this end. We are also working with Japan to increase economic opportunities for women, both in our own economies and globally. Japanese companies account for approximately 650,000 jobs in the United States, and the United States is one of the largest sources of foreign investment in Japan. Our relationship will continue to grow closer in response to changes such as the availability of U.S. oil and gas to the international market, further integration in high-tech manufacturing, and mutual support for innovative enterprise.

The Republic of Korea is Asia's fourth-largest economy, our sixth-largest goods trading partner, and our fifth-largest export market for agricultural goods. Our two countries have one of the most vibrant trading relationships in the world. Two years since the U.S.-Korea Free Trade Agreement (KORUS FTA) entered into force, our bilateral trade in goods now tops \$100 billion annually. During 2012 and 2013, the U.S. enjoyed a \$4.4 billion foreign direct investment surplus with Korea. That positive trend looks likely to continue, with recent developments including Hankook Tire's announcement that it plans to invest \$800 million to build its first U.S. production plant in Clarksville, Tennessee. The United States is the top destination for ROK foreign direct investment, and Hyundai, Kia, and Samsung now employ thousands of U.S. workers. We are working closely with the Republic of Korea to ensure it fully implements both the letter and spirit of its KORUS commitments, in order to be able to realize the full strategic and economic benefits of the FTA.

As Secretary Kerry noted recently, "A shared commitment to economic growth and innovation is part of why the Trans-Pacific Partnership (TPP) agreement is a cornerstone of the President's economic policy in Asia." That's why one of our

highest economic priorities in the region is the successful completion of the TPP negotiations. In the United States, Japan, and other member nations, the TPP will support jobs, foster new business opportunities, and promote economic growth. The TPP will serve as a platform for building a high-standard trade and investment framework for the Asia-Pacific region – promoting transparency, openness, and innovation. Given close trade ties and the strategic importance of closer economic cooperation with our allies, we naturally welcome the ROK’s expression of interest in joining the TPP.

Underpinning the historic success of our alliances and our hopes for the future are the robust people-to-people ties between citizens of the United States and citizens of Japan and South Korea. They form the foundation of our partnerships with both countries, helping us to understand and appreciate each other.

Our people-to-people ties with the ROK are dynamic and strong. The ROK sent over 70,000 young people to study in the United States last year – more per capita than any other major sending country – and the number of U.S. students going to the ROK continues to rise. Continuing the trend of U.S.-ROK innovation and investment in educational exchange, last October our countries renewed the Work, English, Study, and Travel (WEST) program, which provides opportunities for qualified university students and recent graduates from the ROK to study English, participate in internships, and travel independently in the United States. ROK students contribute over \$2 billion to the U.S. economy; even more important than the immediate economic boost these students bring is the intangible long-term investment in our alliance – a shared experience that underscores to younger generations the enduring value of our partnership.

The Japanese government has made educational internationalization a component of its growth strategy, and both our governments are working with the private sector, academia, and NGOs to expand mutual understanding and friendship between our young people. While the number of Japanese students earning credit at higher education institutions in the United States has dropped sharply over the last decade, the United States and Japan are committed to increasing two-way student exchange, and both countries have already taken steps – such as increasing grants for study abroad and demystifying the U.S. visa process – that we hope will reverse this trend. We remain dedicated to working with Japan to double student and youth exchanges by 2020 to ensure that our partnership remains strong for decades to come.

I want to make a special note, Mr. Chairman, of acknowledging the Americans in uniform who are currently serving, or have served, in Korea and Japan. Our strong relations with Japan and the ROK would not be possible without the hundreds of thousands of men and women in uniform who have dedicated themselves in the service of our strategic alliances. These servicemen and women represent the best of the United States in Japan, the ROK, and around the Asia-Pacific region, and upon their return to the United States, they continue to serve as grassroots ambassadors for the great friendship between the United States and our allies.

### **Conclusion**

Our alliances with Japan and the ROK are rooted in shared strategic interests in the Asia-Pacific region and around the world, our deep economic ties, and, most importantly, our shared values and the strong personal relationships that have developed through extensive people-to-people ties. Our alliances have never been stronger, and the United States is actively working to deepen our engagement with both countries.

In closing, let me make one final point. Strong, enduring, bipartisan Congressional support for our alliances and the close cooperation between the legislative branches of our three countries have been critical to the success we have achieved over the last six decades, and will be even more important in the future.

Thank you for inviting me to testify on this important topic. I am happy to answer any questions you might have.