

Keynote Address at the Asia Society Policy Institute Launch

Remarks

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Introduction

Thank you, Dick, for that kind introduction, and good afternoon everyone. It's an honor to be at the Asia Society, an institution for which I have enormous respect. It's an honor to be among so many friends and former colleagues, like Dick Solomon, Henrietta Fore, and your superb President, Josette Sheeran. And I just want to add a special word about one of my most distinguished predecessors, former Deputy Secretary of State John Whitehead. In my own checkered 33-year career in the Foreign Service, I've never worked for a finer public servant or a more decent human being. So it's wonderful to see you again. It's also an honor to help launch an exciting new initiative, the Asia Society's Policy Institute.

I know that Henry Kissinger, for whom I have great admiration, opened your program this morning. I must admit that leaves me feeling a little like Fred Kaps. For those of you who weren't watching a lot of American television a half-century ago, Fred Kaps was the Dutch magician who had the epic misfortune of appearing on stage just after the Beatles made their inaugural appearance on the Ed Sullivan Show. To add to my misfortune, I don't even have Fred's magic tricks to offer.

What I can promise is that I will try to be relatively brief.

Shaping the Pacific Century

My starting point is straightforward, and nowhere is it better understood than here at the Asia Society. As far out as I can see into the 21st century, no region will be more consequential for American interests and for the shape of the global system than the Asia-Pacific.

Stretching from Southwest Asia to the western coast of the Americas, the Asia-Pacific region holds more than half the world's population and a growing middle class. In recent decades, it has produced advances in economic growth and poverty reduction unprecedented in human history. It is a region which generates half of global economic output and half of all global trade. It is a region which matters enormously to the rest of the world – from our partners in the Gulf, whose oil exports move increasingly toward rising demand in the east; to our allies in Europe, whose economic revival hinges increasingly on Asian growth.

Alongside all that economic dynamism there remain huge challenges – military buildups, maritime disputes, nuclear proliferation, massive environmental problems, festering inequality, corruption, and rising nationalist currents. None of those challenges is unique to the Asia-Pacific. All of them reflect the wider complexity of navigating an international landscape shaped by both the transformational forces of globalization and more familiar national and geopolitical impulses.

Over the past few months, we've seen those impulses at work in Europe. Russia's aggression in Ukraine has violated basic international norms and posed a direct challenge to the rules of the road which have shaped the global order in which the Asia-Pacific has grown and prospered. It has, as President Obama warned last month, put us all at a "moment of testing." Many Asian nations are watching events in Europe and wondering what they mean for their security and for the region's future.

It seems to me that out of that crisis, out of that moment of testing, comes an important opportunity, a powerful reminder of the enduring value of commonly-accepted rules of the road and a regional architecture of cooperation that will benefit the entire Asia-Pacific. Never has there been a moment when it has been more important for the United States to underscore our commitment to the long-term “rebalancing” of our foreign policy toward Asia, to the relationships and alliances and architecture and rules of the road which have animated this Administration’s efforts over more than five years.

As a Pacific nation in the midst of a Pacific century, we are fully committed to this historic undertaking. That is exactly why the President is taking a unique trip to four countries in the region later this month: Japan, South Korea, Malaysia, and the Philippines. Two in Northeast Asia and two in Southeast Asia; three are treaty allies; two are in the current round of the Trans-Pacific Partnership negotiations and two have expressed an interest to join; and all are democracies who work with us on regional and global challenges.

In the fall, the President will return to Asia – to Burma, China, and Australia, for the East Asia, APEC, and G-20 Summits. Taken together, both trips highlight our enduring commitment to enhancing security, prosperity, human dignity, and effective regional architecture across the Asia-Pacific. Let me touch briefly on each of these four dimensions of our strategy.

Security

Across the Asia-Pacific region, there is no shortage of regional security threats. But two stand out as particularly dangerous – North Korea’s provocations and the maritime disputes in the East and South China Seas.

The North Korea challenge has vexed every Administration since Truman – but it has become even more acute under the erratic leadership of Kim Jong Un. Over the past few weeks and months, North Korea has launched multiple short and medium-range ballistic missiles. It has attempted to ship arms and related material from Cuba, and appears to have restarted its reactor at Yongbyon. It has amended its constitution to declare itself a nuclear state and elevated the pursuit of nuclear weapons as a top strategic priority. And of course, it continues to hold U.S. citizen Kenneth Bae and to commit outrageous violations of human rights.

Through a combination of pressure, dialogue, and diplomacy, we are working actively – in close coordination with our allies – to sharpen the choice facing North Korea: to continue to defy its international obligations and deepen its isolation, or to honor its commitments and rejoin the international community as a responsible member.

We’ve consistently said we are willing to engage when countries show a credible and serious interest in abiding by their obligations. This was true in Burma. It’s the case with Iran. And it can be the case with North Korea as well.

But we are not willing – to borrow a phrase from former Secretary of Defense Bob Gates – to “buy the same horse twice.” We are not going to talk for the sake of talks or respond to North Korean provocations with inducements and concessions.

While we will maintain our pressure on North Korea, we also continue testing the potential for diplomacy. Coordination with our allies, who share our deep concern about the growing North Korean threat, is a top priority. This is why the trilateral summit in The Hague with President Obama, President Park, and Prime Minister Abe was so important. It sent a clear message that we have a united approach toward North Korea, and that North Korea will not succeed in driving a wedge between us and our allies.

Also central to our approach is active coordination with China – a country with significant political and economic influence over North Korea. Despite its concerns about Kim Jong Un, China remains reluctant to push North Korea too hard due to longstanding fears of possible instability. At the Nuclear Security Summit, Presidents Xi and Obama exchanged views on credible terms for resuming serious negotiations on denuclearization.

We have no illusions about the Kim Jong Un regime or the obstacles to progress. But our interests and the future of the

regional security order of the Asia-Pacific demand that we make every effort we can to make progress.

The tensions arising from territorial and maritime disputes in the Asia-Pacific are also of deep concern to us and to our allies and partners in the region. Both the South China and East China Seas are vital thoroughfares for global commerce and energy. Well over half of the world's merchant tonnage flows through the South China Sea, and over 15 million barrels of oil per day transited the Strait of Malacca last year. A simple miscalculation could set off an unintended clash that no side seeks, that no side wants, and that no side can fully control.

We have a deep stake, therefore, in ensuring that these disputes are dealt with peacefully, diplomatically, and in accordance with international law.

As we've made clear on numerous occasions, we take no position on questions of sovereignty over disputed land features in the South China Sea, but we do care about how those questions are resolved. We firmly oppose the use of intimidation, coercion, or force to assert a territorial claim. We firmly oppose any claims in the South China Sea that are not derived from land features or otherwise comport with the international law of the sea. And we firmly oppose any suggestion that freedom of navigation is a privilege granted by big states to small ones as opposed to a right protected by international law.

In my January visit to Beijing, I had the opportunity to discuss a number of our concerns about China's recent behavior, including its restrictions on access to Scarborough Reef; pressure on the long-standing Philippine presence at the Second Thomas Shoal; the risky activity by China's maritime agencies near the Senkaku Islands; and the sudden, uncoordinated, and unilateral imposition of the East China Sea Air Defense Identification Zone. And I raised our growing concern about a pattern of behavior in the South China Sea that reflects an incremental effort by China to assert control over the area contained in the so-called "nine-dash line" -- despite the objections of its neighbors, and despite the lack of an explanation or apparent basis under international law regarding the scope of the claim itself.

Actions like these are leading to heightened tensions across the region and threatening diplomatic progress. It's vitally important that all parties exercise restraint, lower rhetoric, and maintain open channels of dialogue. And it's vitally important that regional institutions take the lead in reinforcing international law and facilitate practical cooperation among claimants to resolve disputes.

China and ASEAN have been talking for many years about a Code of Conduct that would regulate behavior and put in place mechanisms -- such as hotlines -- to prevent disputes and dangerous escalation. We support the rapid negotiation of a meaningful Code of Conduct. And we support the exercise of peaceful means to resolve maritime disputes without fear of any form of retaliation. Those peaceful means include arbitration. All countries should respect the right of any State Party, including the Republic of the Philippines, to avail itself of the dispute resolution mechanisms provided for under the Law of the Sea Convention.

Now some may ask why, given the many areas of tension across this part of the world, small rocks and islands in the middle of the sea are generating so much concern and so much attention. It's not because the future of these islands will permanently shift the regional balance of power. It's because the way in which countries pursue their claims reveals whether the threat of force or the rule of law will govern disputes and whether the same rules will apply to big and small countries alike. And it's because all countries, big and small, stand to lose if rules are devalued, dialogue breaks down, misreadings and misinterpretations multiply, and fears and tensions spiral.

Economic

Security and stability in the region are essential for continued economic growth. But for that growth to be sustainable and equitable, we will need to work together to strengthen the foundations of a rules-based, free, transparent, and market-oriented economic order in the Asia-Pacific.

That is precisely the vision behind the Trans-Pacific Partnership – an ambitious, comprehensive, and high-standard trade and investment agreement among twelve countries that together make up 40% of the global economy. If we get this right, our economies stand to gain millions of new and better jobs, billions of dollars of new investment, and processes that will lower barriers to trade while strengthening intellectual property and protecting the environment and the health and safety of our citizens. Together with its European counterpart – the Transatlantic Trade and Investment Partnership – these two agreements will unite two-thirds of the world economy in support of open and fair economic competition and ensure that the high-standard rules of free market economies will become the standard for global trade and investment.

As we work to complete negotiations on the TPP, we are not losing sight of the enormous energy and environmental challenges associated with economic growth and development.

With our government's commitment to reducing harmful emissions, our decreasing dependence on foreign oil, and our development and promotion of technologies that generate clean, efficient, and renewable energy, we have a good story to tell – and a lot to share with the region.

The damage that irresponsible economic growth is doing to our lands, seas, and air is a challenge without parallel in the coming years. That's why Secretary Kerry has made partnerships on energy, oceans, and climate change a core element of our relationships with key players in the region, including two of the region's biggest emitters of greenhouse gases, China and India. It's why he has made addressing environmental threats to sustainable development a priority, including along the Mekong River – a powerful economic engine that underpins much of the economic growth and vitality of Southeast Asia. And it's why he has made improving energy efficiency and promoting the use of renewable and other clean sources of energy – including through the U.S.-India Partnership to Advance Clean Energy and our U.S.-Asia Pacific Comprehensive Energy Partnership – a core part of our diplomacy. The logic for enhanced cooperation on energy and climate is as compelling as it is clear. We can't afford to let this opportunity pass.

Governance and Human Dignity

Nor can we afford to take our eyes off the enormous opportunity to advance human dignity and good governance across the Asia-Pacific.

We have no interest in imposing models or dictating to societies how they should organize or govern themselves. But the lessons learned from Warsaw to Ulaanbaatar more than two decades ago and from Tunis to Sana'a earlier this decade underscore the central truth that no regions, and no regimes, are exempted from the obligation to be accountable to their citizens and respect their rights. The promise of stability, when based on the denial of human dignity, economic opportunity, and universal rights, is a false promise.

A region long claimed by some to be ill suited for democracy, Asia today is home to India and Indonesia, the first and third-largest democracies in the world, and to democratic success stories stretching from Timor Leste to the Republic of Korea. Across the region, we've seen how freedom of expression, assembly, and association has only strengthened societies – not weakened them. It allows citizens to mobilize and work with their governments to improve public health, reduce corruption, address social tensions, and deal effectively with environmental challenges.

The wave of democracy that has swept across the region in recent decades continues, but challenges remain, from Thailand to Cambodia and Fiji to Hong Kong to Burma. In Hong Kong, we continue to hope that the promise of universal suffrage will be fulfilled. In Burma, we are encouraged by the determination with which the government is working with the country's major ethnic groups to end decades of civil conflict. But we remain deeply worried about the violence in Rakhine State and the government's decision to curtail the activities of humanitarian organizations. As a partner invested in Burma's long-term success we will continue to work alongside the region's many vibrant democracies to encourage nonviolence, facilitate dialogue, support reform, and harness Burma's potential to play a positive role in the region.

Architecture

The security, economic, and governance principles at the heart of our efforts in the Asia-Pacific will not uphold themselves. They require a strong architecture of cooperation – an overlapping and mutually reinforcing set of alliances, partnerships, and multilateral institutions.

Our five treaty allies in the Asia-Pacific – Japan, Republic of Korea, Australia, the Philippines, and Thailand – are the strongest partners we have in promoting the rules and norms we all share. And they are the fulcrum of our strategic turn to the region. These alliances are built on the strong foundation of shared interests and values, democratic ideals, respect for human rights, and the rule of law. And they are built on the friendship and people-to-people ties that enrich our respective cultures and bind us together ever closer. From our revision of our Defense Guidelines with Japan to our work with South Korea on countering the threat from North Korea, and from the rotations of Marines in Darwin to the Enhanced Defense Cooperation Agreement we are discussing with the Philippines to the 2012 U.S.-Thailand Joint Vision Statement, we are transforming each of these alliances to ensure they are prepared for the 21st century.

As we strengthen our alliances, we are also transforming our partnerships with emerging powers from Indonesia to India. No partnership has undergone a greater transformation over the past couple decades than our relationship with India. And I remain convinced that as we look at the next two decades and beyond, our strategic interests will remain far more aligned than not.

This is especially true in the Asia-Pacific, where our joint-efforts to promote regional security and political and economic openness are gradually becoming a defining dimension of our partnership. In addition to our annual Strategic Dialogue, we've also embarked on a series of efforts to identify practical areas of cooperation across East Asia, including through our trilateral with Japan and our East Asia consultations, the latest round of which concluded at the end of March in Washington.

No bilateral relationship in the 21st century is likely to matter more than the ties between China and the United States. History is full of examples of collisions between rising and established powers. But there is nothing preordained about this. Our economies are inescapably intertwined. And neither of us can solve the great challenges of our time – from climate change to proliferation – unless we work together. Building a cooperative partnership with China is therefore a hugely important goal for the United States.

This is why we have established mechanisms like the Strategic and Economic Dialogue and the Strategic Security Dialogue, which I lead for the U.S. side. The SSD brings together our civilian and military leaders to discuss ways to build mutual trust, expand cooperation, and manage our differences on some of the most sensitive issues in the bilateral relationship – from nuclear weapons to cyberspace. When we agree to work together on these kinds of issues – the very issues that threaten to undermine regional and global security – we will also be working to develop a long-term, constructive U.S.-China relationship.

But a true partnership is one in which we can discuss our differences openly, not sweep them under the rug. And whether it's on human rights, maritime disputes, or government-sponsored cyber-enabled economic theft, we raise issues of concern candidly and consistently with the Chinese. We do this not because we seek to contain China but because we want to work with China to help ensure that all Pacific nations find a way to rise together in a prosperous, peaceful, and stable Asia-Pacific.

Finally, our alliances and partnerships must support the construction of effective regional institutions, which lower the barriers to collective action on shared challenges no state can tackle on its own. They facilitate constructive dialogue and practical cooperation and information sharing. And they serve as key platforms for conflict resolution. From APEC to ASEAN to the Pacific Islands Forum, we are investing resources and diplomatic capital in these key forums.

At the center of the region's institutions is ASEAN – an organization of 10 states with a combined population of 600 million people. In the last 5 years, we've taken historic steps to deepen the U.S.-ASEAN partnership, from signing the Treaty of Amity and Cooperation, to naming our first-ever resident U.S. Ambassador to ASEAN, to participating at the head of state level in the annual East Asia and U.S.-ASEAN Summits. Just last week, Secretary Hagel convened the first ever meeting of ASEAN defense ministers in Honolulu, an unprecedented gathering that deepened our military partnerships and defined collaborative approaches on key issues such as humanitarian assistance and disaster relief.

And we want to do even more. The hard truth is that few of the challenges I've spoken about here today – whether it's maritime disputes in the South China Sea or the dangers of climate change – will be possible to solve without strong regional institutions to bring states together around common goals. And few of these challenges can be solved without sustained American leadership.

Conclusion

Let me conclude with a quick final thought.

I know many people voice concerns about whether – given political pressures at home and competing demands abroad – we will be able to maintain our commitment to the Asia-Pacific. It reminds me of a question Orville Schell posed to Dr. Kissinger at the Asia Society a few years ago. When asked whether he was optimistic about the future of Sino-American relations, Dr. Kissinger answered: "I'm determined."

We're determined too. We're determined not only to build a cooperative relationship with China that delivers results, but also to strengthen our alliances, deepen our partnerships, open markets, and reinforce regional institutions. And we are determined to steadily widen the arc of nations working in common cause to promote security, economic growth, and human dignity across the Asia-Pacific.

Future generations will look back at this moment of testing and judge us by whether we had the foresight and courage to make the most of our interdependence, or whether we succumbed to the familiar traps of mistrust, zero-sum politics, and conflict.

That is the great challenge of our time. And that is the great test for American diplomacy in the Asia-Pacific across the rest of the Obama Administration, and for many Administrations to come. No challenge, and no test, will matter more to the United States in the new century unfolding before us.

Thank you.