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U.S. PACIFIC COMMAND AND U.S. FORCES KOREA

SENATE COMMITTEE ON ARMED SERVICES

ONE HUNDRED FOURTEENTH CONGRESS, FIRST SESSION

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Senate Committee on Armed Services

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Senate Committee on Armed Services

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**Opening Statement of U.S. Senator John McCain
Chairman, Senate Armed Services Committee**

**Room SD-G50
Dirksen Senate Office Building
Thursday, April 16, 2015**

**To receive testimony on U.S. Pacific Command and U.S. Forces Korea in review of the
Defense Authorization Request for Fiscal Year 2016 and the Future Years Defense
Program.**

(As prepared for delivery)

The Committee meets today to receive testimony on U.S. Pacific Command and U.S. Forces Korea. I would like to thank both of our witnesses, Admiral Locklear and General Scaparotti, for appearing before us today and for their many years of distinguished service.

In the past three months, this Committee has received testimony from many of America's most respected statesmen, thinkers, and former military commanders. These leaders have all told us that we are experiencing a more diverse and complex array of crises than at any time since the end of World War II.

As we confront immediate challenges in Europe and the Middle East, the United States cannot afford to neglect the Asia-Pacific region, which Secretary Carter has called "the defining region for our nation's future." Put simply, if the 21st century is to be another "American Century," the United States must remain an Asia-Pacific power.

Our national interests in the Asia-Pacific are deep and enduring. We seek to extend free trade, free markets, free navigation, and free commons – air, sea, space, and now cyber. We seek to maintain a balance of power that fosters the peaceful expansion of human rights, democracy, rule of law, and the many other values that we share with increasing numbers of Asian citizens. And we seek to defend ourselves and our allies by maintaining the capability to prevent, deter, and if necessary, prevail in a conflict.

Achieving these objectives will require sustained American leadership. We must use all elements of our national power. In particular, I am hopeful that Congress will pass trade promotion authority for the Trans-Pacific Partnership. This vital trade agreement will open new opportunities for trade and level the playing field for American businesses and workers while sending a powerful strategic signal about America's commitment to the Asia-Pacific.

Yet we must remember that our soft power is the shadow cast by our hard power. That is why the United States must continue to sustain a favorable military balance in the region.

The Department of Defense will need to update concepts of operations with emerging military technology to enable our military to operate in contested environments. From projecting power over long distances and exploiting the undersea domain, to developing new precision guided-

munitions and to investing in innovative ways to build the resiliency of our forward-deployed forces, we have a great deal of work to do if we aim to sustain our traditional military advantages in the Asia-Pacific region. None of this will be possible if we continue to live with mindless sequestration and a broken acquisition system.

As we build and posture forces to secure America's interests in the Asia-Pacific, we must remain clear-eyed about the implications of China's rise and its evolving foreign and defense policy. As Director of National Intelligence James Clapper told this Committee back in February, China is engaged in a rapid military modernization deliberately designed to counteract or thwart American military strengths.

I believe China can and should play a constructive role in the Asia-Pacific region. Unfortunately, in recent years, China has behaved less like a "responsible stakeholder," and more like a bully. In the South China Sea, we have seen the latest example of a trend toward more assertive behavior. China's land-reclamation and construction activities on multiple islands across the Spratly chain, and the potential command and control, surveillance, and military capabilities it could bring to bear from these new land features, are a challenge to the interests of the United States and the nations of the Asia-Pacific region. Such unilateral efforts to change the status quo through force, intimidation, or coercion threaten the peace and stability that have extended prosperity across the Asia-Pacific for seven decades.

As I wrote in a letter together with my colleagues Senators Reed, Corker, and Menendez, the United States must work together with like-minded partners and allies to develop and employ a comprehensive strategy that aims to shape China's coercive peacetime behavior. This will not be easy, and will likely have impacts on other areas of our bilateral relationship. But if China continues to pursue a coercive and escalatory approach to the resolution of maritime disputes, the cost to regional security and prosperity, as well as to American interests, will only grow.

I am also concerned by the recent assessment from Admiral Bill Gortney, the head of NORAD and Northern Command, that North Korea has an operational, road-mobile missile that could carry nuclear weapons to the United States. General Scaparrotti, I look forward to hearing your assessment of this potential breakthrough, and the implications of our national security if the erratic and unpredictable regime of Kim Jong-Un achieves the ability to carry out a nuclear strike against our homeland.

I thank the witnesses and look forward to their testimony.

**Opening Statement of U.S. Senator Jack Reed
Ranking Member, Senate Armed Services Committee**

**Room SDG-50
Dirksen Senate Office Building
Thursday, April 16, 2015**

**To receive testimony on U.S. Pacific Command and U.S. Forces Korea in review
of the Defense Authorization Request for Fiscal Year 2016 and the Future Years
Defense Program.**

Good Morning. Let me join Senator McCain in welcoming our witnesses.

Gentlemen, we appreciate your long years of faithful service and the sacrifices you and your families have made for our Nation.

On Tuesday, we had an interesting hearing on some of the challenges we face in the Asia Pacific region. The consensus from that hearing was that we face some serious challenges in the region, especially in light of China's increasing military budget and destabilizing activities in the region. One of the biggest challenges will be to continue to provide stability and security in the region, as the United States has for the last 70 years, given our own shrinking defense budget.

Admiral Locklear, I would like to hear from you about some of the disturbing reports of land reclamation activity by China in the South China Sea, and what our strategy is to ensure freedom of navigation and the free flow of commerce through important sea lanes. What more should we be doing to build the capacity of our partners and allies coast guards and navies to help them with their maritime domain

awareness and to encourage all of the regional actors to seek legal instead of lethal solutions to their sovereignty claims?

North Korea has been and remains one of our most difficult national security challenges. Last week, NORTHCOM Commander Admiral Gortney stated that North Korea “has the ability to put a nuclear weapon on a KN-08 and shoot it at the homeland.” North Korea’s possession of nuclear weapons and pursuit of intercontinental delivery capabilities pose serious and growing security challenges. General Scapparotti, I would like to have a frank discussion about the threat posed by the North Korean regime, what influence China might have on that regime, and what North Korea’s intentions are with regard to its nuclear weapons program. Additionally, I would like to know how the possible deployment of a THAAD ballistic missile defense system will contribute to the defense of the Republic of Korea.

Of course, we must consider all of these challenges and initiatives in the Asia-Pacific against the backdrop of our current budget constraints. Admiral Locklear and General Scaparotti, we’ll be interested in your assessments of the budget reductions on your ability to meet your mission requirements. Again, we appreciate you joining us this morning and look forward to your testimony on these and other topics.

STATEMENT OF
ADMIRAL SAMUEL J. LOCKLEAR, U.S. NAVY
COMMANDER, U.S. PACIFIC COMMAND
BEFORE THE SENATE ARMED SERVICES COMMITTEE
ON U.S. PACIFIC COMMAND POSTURE
16 APRIL 2015

Chairman McCain, Senator Reed, and distinguished members, thank you for the opportunity to address the committee. This will be my fourth and final opportunity to provide an Indo-Asia-Pacific assessment since taking command of United States Pacific Command (USPACOM) in March 2012. For over three years, I have had the extraordinary privilege to lead Soldiers, Sailors, Airmen, Marines, Coast Guardsmen, and civilians selflessly serving our nation. These dedicated men and women and their families are doing an amazing job and I am proud to serve alongside them.

In concert with allies and partners, USPACOM balances historical and cultural factors against modern day political and economic events in an ever-evolving effort to manage friction and conflict in the most militarized region in the world. These actions are designed to defend the homeland, strengthen and modernize our alliances and partnerships, maintain access to areas of common interest, counter aggression, prevent the proliferation of weapons of mass destruction, and defeat violent extremism.

What follows is my assessment of the region's security environment, including the current and future challenges and opportunities for USPACOM forces. My testimony includes an update on major areas of concern in the security environment, allies and partners in the region, building and strengthening relationships, and maintaining an effective and assured presence.

Security Environment

The Indo-Asia-Pacific remains one of the most dynamic regions on earth. It is vital to U.S. economic and security interests, and activities in the region will shape much of our nation's future. The region encompasses 52% of the earth's surface and is composed of 83% water and 17% land. Over half of the people on the planet reside on that 17% of land, and by the middle of the century, the Indo-Asia-Pacific will potentially contain 70% of the world's population. This high population density coupled with destabilizing factors such as natural disasters, climate change, ideological radicalism, and population migration will continue to put immense pressure on regional governments. Contained in the thirty-six nations in USPACOM's area of

responsibility are the world's two largest economies after the U.S. (China and Japan), and five smallest economies. The region also contains the world's most populous nation (China), the largest democracy (India), the largest Muslim-majority (Indonesia), and the smallest republic (Nauru). It contains seven of the ten largest standing militaries, five nuclear nations, and five of the U.S.'s seven mutual defense treaty alliances. The socioeconomic diversity and population density throughout the USPACOM area of responsibility (AOR) create strategic long-term challenges. These challenges include: political instability, social inequality, poverty, increased sensitivity to climate change and natural disasters, risk of pandemic disease, and epidemic drug use and distribution.

In addition to these challenges, the U.S. must continue to deter North Korean provocation, ensure access to air and sea lanes, encourage peaceful resolution of territorial and maritime disputes in the East and South China Seas, respond to natural disasters and theater health issues, check the flow of violent extremists from the Middle East to violent extremist organizations (VEOs) in the Indo-Asia-Pacific, address transnational crimes, monitor an increasingly active Russia, and constructively engage a rising China. Despite all of the challenges, the theater possesses opportunities for the U.S., its allies, and its partners. In order to capitalize on these opportunities, foster the region's economic potential, and provide the security and stability necessary to protect areas of common interest, USPACOM remains engaged.

The Indo-Asia-Pacific requires stable political institutions to effectively govern and prosper. Overall, but with notable exceptions, the countries of the Indo-Asia-Pacific region are more politically stable than in previous years. The general health of democratic institutions across the region is evidenced by several critical leadership transitions which occurred last year. Successful, peaceful participatory elections occurred in India and Indonesia. Sri Lanka achieved a peaceful transition of power following its January election. Fiji took a major step toward moving past its 2006 military coup by holding elections last September. Citizens in many countries were able to peacefully protest without fear of oppressive action. While these activities are reassuring, challenges remain. For example, Thailand's military coup removed a democratically elected administration, and interim leaders have yet to restore a democratic government.

North Korea: North Korea remains the most dangerous and unpredictable security challenge. The regime continues its aggressive attitude while advancing its nuclear capability and ballistic missile programs. While the international community continues to urge North Korea to live up to its international obligations and return to authentic credible negotiations under the Six-Party Talks framework, North Korea has unfortunately shown no willingness to seriously discuss its denuclearization commitments and obligations, and additional nuclear tests remain possible. It is expected that North Korea will continue to showcase ballistic missile development (to include mobile intercontinental ballistic missiles and intermediate range Musudan missiles) and conduct launches in direct violation of several United Nations Security Council Resolutions (such as the short-range ballistic missile launches in March 2015). North Korea already announced its intent to conduct “annual and regular” drills to advance this prohibited capability.

Additionally, North Korea demonstrated the will to employ cyber techniques to impose costly damage to civilian companies, as was demonstrated in the high-profile attack on Sony Pictures Entertainment. North Korean cyber actors continue to conduct cyber actions against South Korean military and civilian networks. USPACOM remains concerned about the destructive nature of this state sponsored cyber-attack targeting a commercial entity and its employees in the United States. These actions demonstrate North Korea’s disregard for international norms. North Korea’s actions are beyond the bounds of acceptable state behavior in cyberspace.

Territorial and Maritime Issues: Territorial and maritime issues in the East and South China Seas, if not handled properly, may negatively impact stability in the regional and the security environment. The claimants' use of maritime law enforcement vessels to enforce their claims has largely kept these issues out of the military sphere, despite a steady increase in military air and sea patrols. While no country appears to desire military conflict, an escalation due to a tactical miscalculation cannot be ruled out.

In the East China Sea, Japan and China both claim sovereignty over the Senkaku Islands. While the United States does not take a position on ultimate sovereignty over the islands, it has long recognized Japanese administration of them. China’s behavior in the area has resulted in close

encounters at sea, aggressive Chinese air intercepts of Japanese reconnaissance flights, inflammatory strategic messaging, and the no-notice declaration of a Chinese Air Defense Identification Zone in the East China Sea.

The South China Sea issues are complex. Six claimants (China, Vietnam, Malaysia, Brunei, Taiwan, and the Philippines) have overlapping claims in the South China Sea. As the South China Sea claimants' populations and economies continue to grow, access to the oil, gas, minerals, and fisheries within the South China Sea becomes more important. Claimants appear to be asserting their claims through increased maritime patrols, outpost and facility construction, and land reclamation.

China has the broadest claim with its self-proclaimed "Nine-Dash line" that covers almost the entire South China Sea. China's lack of clarity with regard to its South China Sea claims, and China's attempts to unilaterally enforce its ambiguous claims, has created uncertainty in the region. Any use of the nine-dash line by China to claim maritime rights not based on claimed land features would not align with international law. The international community would welcome China to clarify or adjust its nine-dash line claim and bring it into accordance with the international law of the sea, as reflected in the Law of the Sea Convention.

To achieve its long-term goals in the region, China is executing a strategy that includes expanding outposts in contested areas through land reclamation on South China Sea features, taking actions to prevent other nations from establishing / maintaining outposts, exploring for natural resources in disputed waters, and increasing its naval and air forces' presence through exercises and patrols. China's aggressive land reclamation and construction projects at eight South China Sea military outposts include new buildings, more capable berthing space for ships, and presumably an airfield on the Fiery Cross Reef (China's largest reclamation project). Although land reclamation cannot, for example, change a submerged feature into a natural island that generates any legal entitlements to maritime zones, the completion of these projects will give China the ability for greater presence, increase dwell time for military and coast guard assets, and expand the areas covered by surveillance and area-denial systems. Examples of activities supporting China's long-term strategy include attempts to block resupply missions to

the small Philippine garrison at Second Thomas Shoal and exclude Philippine and other fishermen from the disputed Scarborough Reef. Last year, China also moved a China National Offshore Oil Corporation drilling platform into Vietnam's claimed Exclusive Economic Zone resulting in a tense standoff between Vietnamese and Chinese maritime assets substantially increasing the possibility of miscalculation between the two countries.

The U.S. does not take a position on issues of sovereignty with respect to territorial claims in the East and South China Sea, but we do insist that all maritime claims must be derived from land features in accordance with international law as reflected in the Law of the Sea Convention. The U.S. also continues to emphasize the importance that maritime and territorial disagreements be resolved peacefully in accordance with international law and opposes the use of intimidation, coercion, or force to assert claims. An example of such an attempt at peaceful resolution is the Philippines' arbitration against China under the Law of the Sea Convention that is being heard by a tribunal in The Hague. Of note, China has refused to participate in this arbitration to date.

Natural Disasters: The Indo-Asia-Pacific accounted for over 40% (1,690 incidences) of the world's reported natural disasters during the period between 2004 and 2013, and, because of the region's coastal population density, these disasters were particularly deadly, claiming more than 700,000 lives. The Pacific Rim's tectonic plate structure produces its well-known Ring of Fire, which regularly triggers earthquakes, volcanoes, and tsunamis. Weather extremes and anomalies continue to plague the region. Understanding the scope and severity of long-term climate change, unexpected climate shocks, and climate variability events such as El Nino are shared global challenges.

In addition to seismic and climate challenges, areas of large populations, dense living conditions, and poor sanitary conditions in the region create optimal conditions for the rapid spread of human- or animal-borne diseases. To address these challenges, USPACOM focuses on pre-crisis preparedness with training and exercises. For example, many of the lessons learned and preparedness measures implemented after Typhoon Haiyan (Operation Damayan, November 2013) resulted in less damage and loss of life when Typhoon Hagupit passed over the Philippines last December. U.S. forces regularly train with allies and partners on humanitarian assistance

and disaster relief operations and stand ready to respond in support of interagency partners to a natural disaster or the frequent vectors of disease that plague the region. Regional information sharing and rapid response to health crises are improving, but the danger remains high.

USPACOM will continue to focus on improving pre-crisis preparedness and working with allies and partners in the region to ensure an effective response when an event occurs.

Violent Extremism: The ongoing conflict in Syria and Iraq attracts foreign fighters from countries throughout the Indo-Asia-Pacific. Current assessments indicate approximately 1,300 foreign personnel fighting alongside the self-proclaimed Islamic State of Iraq and the Levant are from the Indo-Asia-Pacific. A small number of these combat-experienced fighters who return home could enhance the capability of regional extremist networks within the most densely populated areas of the world. In South Asia, partner nations maintain pressure on extremist networks but face a persistent threat from transnational groups that continue adapting to shifting geopolitical factors, competition among global extremist groups, and counterterrorism actions by the U.S. and its regional allies. Al-Qa'ida's increased rhetoric focused on South Asia and the announcement of a new affiliate, "Al-Qa'ida in the Indian Subcontinent," suggest Al-Qai'da will focus resources on uniting established terrorist groups to engage in jihad in South Asia. Lashkar-e Tayyiba and other Pakistan-based groups continue fighting in Afghanistan, but they will likely shift some of their operational focus to the Indian Subcontinent in the next one to three years as Coalition forces drawdown. In Southeast Asia, regional partners maintain persistent pressure on extremist networks; however, competing security priorities in the region, coupled with the sensationalism of developments in the Middle East, have pressurized counter-terrorism attention. Extremist groups are increasingly interconnected and the region remains a potential safe haven, facilitation hub, and area of operations for extremists.

Proliferation Issues: Rapidly developing technology manufacturing sectors in the Indo-Asia-Pacific region have in many states outpaced the concurrent development of those states' effective export controls. The region includes some of the busiest maritime and air ports in the world with shipments of proliferation concern likely passing through these ports almost daily. These shipments include dual-use items—commercial items controlled by the nuclear, ballistic missile, and chemical/biological weapons control regimes, others covered by associated catch all

controls—manufactured in or re-exported from states with spotty export control enforcement. Iran built its robust nuclear infrastructure and advanced its ballistic missile systems with materials that passed through the USPACOM AOR; North Korea continues to procure for its nuclear and ballistic missile programs—and proliferate conventional arms for revenue generation—using a network of individuals and entities throughout the region. PACOM engages regional partners in capacity-building activities designed to improve export controls and interdiction capabilities in the region. In August 2014 PACOM hosted personnel from 31 nations as part of the Proliferation Security Initiative (PSI) Exercise Fortune Guard, which marked the beginning of a six-year series of exercises that various “expert” nations in the region will host. (New Zealand, Australia, Singapore, Japan, South Korea and the United States) Exercises such as Fortune Guard provide nations a forum to demonstrate the intention to act and share the best tactics against proliferators, emphasizing a whole-of-government approach to confront this complex challenge.

Transnational Crime: There is a growing trend for regional human and drug trafficking organizations to operate as global enterprises. In addition to the devastating impact widespread drug use has on a society, the revenue generated from these illicit activities fund terrorists and Violent Extremist Organizations. Methamphetamine and amphetamine-type stimulants continue to be the primary drug threat in the USPACOM AOR. The majority of Methamphetamine available in the United States comes from Mexico, primarily across the South West Border Region, and an estimated 90% of the precursor chemicals used to produce Mexican Methamphetamine comes from China. Further, the annual volume of Methamphetamine seizures made along the United States South West Border Region has exceeded Cocaine seizures in the past three years.

Nearly 21 million victims of human trafficking are estimated worldwide and nearly two-thirds are from Asia, with India, China, Indonesia, Bangladesh, and Thailand among the countries with the highest number of victims. Women and children – especially those from the lowest socioeconomic sectors – are the most vulnerable demographics. Roughly a quarter end up in the commercial sex trade, while others are forced into difficult and dangerous positions in factories, farms, or as child soldiers. Still others are bound to families as domestic servants. Human

trafficking victims often suffer physical and emotional abuse and social stigmatization while being denied their basic human rights and fundamental freedoms. While awareness is rising, much remains to be done to combat this particularly heinous crime. USPACOM forces build partnership capacity and share intelligence in order to combat these transnational threats.

Russian Intent: Russia is reasserting itself politically and militarily in the Pacific. In the USPACOM AOR, Russian Navy and Long Range Aviation operational tempo have recently increased significantly, but not above Cold War levels. Though challenged by maintenance and logistical issues, Russian Navy cruisers, destroyers and frigates have increased their operations and reach. The Russian Pacific Fleet sent ships to support operations in the Middle East and Europe, while Russian ships from the Baltic and Black Sea Fleets deployed into the Asia-Pacific. Russian BEAR bombers and reconnaissance aircraft regularly fly missions in the Sea of Japan and continue operations as far east as Alaska and the west coast of the continental U.S. The anticipated fielding later this year of Russia's newest class of nuclear ballistic missile submarine (Borei-class SSBN) and upgrades to Russia's land-based ballistic missiles will modernize Moscow's nuclear capability in the Asia-Pacific. Russian ballistic missile and attack submarines remain active in our region. Russia aims to demonstrate military capabilities commensurate with its Pacific interests: ensuring Russian sovereignty, sovereign rights, and jurisdiction in the Asia-Pacific, strengthening its sphere of influence, and projecting a credible deterrent force.

Chinese Military Modernization and Strategic Intent: Recent statements by senior PRC leaders, such as PRC President Xi Jinping, suggest that the PRC may be attempting to advance a vision for an alternative security architecture in Asia that affords Beijing increased influence in the region and diminishes the role of the United States. This Chinese view was highlighted in Shanghai last summer at the Conference on Interaction and Confidence Building Measures in Asia. At the conference, President Xi Jinping called on all of Asia to support the development of a new security order centered on China. The proposed new order also requires a curtailment of alliance-strengthening diplomacy, of which the "U.S. Rebalance to Asia" is noted as the greatest offender. China is proposing an alternative strategy to regional security issues where the U.S. plays, at best, a deferential role.

China is engaged in a comprehensive military modernization program to transform its forces into a high-tech military capable of conducting complex operations. Many of China's initiatives are intended to develop capabilities to deter or counter third-party intervention in regional contingencies. These anti-access/area denial (A2AD) capabilities are focused on controlling access and freedom of operations in vast portions of the air and maritime domains, as well as space and cyberspace. These include a series of sophisticated and increasingly long-range anti-ship cruise missiles, ballistic missiles, air-to-air and air-to-ground missiles, and kinetic and non-kinetic counter-space systems. China is also making significant advances in electronic warfare capabilities, which are contributing to the A2AD challenge.

China continues an aggressive ship building program to produce and field advanced frigates, destroyers, and the first in-class cruiser-sized warship. Chinese shipyards are also producing newer, more capable submarines as they inactivate older submarines, resulting in a fleet that is not growing substantially in number but is significantly more capable. Advances in China's strategic capabilities remain significant. China now has three operational JIN-class ballistic missile submarines (Type 094), and up to five more may enter service by the end of the decade. The JIN-class submarine carries the JL-2 submarine launched ballistic missile with a range capable of reaching the U.S. and will give China its first credible sea-based nuclear deterrent. Nuclear deterrence patrols will likely commence this year. Lastly, we expect China to soon begin constructing an indigenous aircraft carrier.

China is using computer network exploitation capabilities to support intelligence collection to advance its defense and high-tech industries. Through a sophisticated cyber program, China is generating insights on U.S. security policies, defense networks, logistics, and military capabilities.

As the Chinese military modernizes its capabilities and expands its presence in Asia, U.S. forces are drawn into closer and more frequent contact and the risk of an accident or miscalculation increases. This places a premium on efforts to increase mutual understanding and trust in order to reduce risk. The Chinese Navy is more frequently operating in the Indian Ocean, expanding the area and duration of operations and exercises in the Western and Central Pacific Ocean, and

periodically venturing into other non-traditional areas, as exemplified by recent port visits to Europe. The complexity of the regional and global security environment, as well as China's military advancements, necessitates a continuous dialogue between the U.S. and Chinese militaries to expand practical cooperation where national interests converge and discuss areas where goals diverge, especially during periods of friction.

Allies and Partners

The U.S.' five treaty allies in the Indo-Asia-Pacific are: Australia, Japan, Republic of Korea, Philippines, and Thailand. In addition to U.S. treaty alliances, the U.S. continues to strengthen existing partnerships and build new relationships to advance common interests and address shared concerns. U.S. allies and key partners in the theater play a fundamental role in addressing the security challenges. Strengthening and modernizing alliances and partnerships is a top USPACOM priority.

Australia: Australia continues to be a close, steadfast, and effective ally in the Indo-Asia-Pacific. The alliance anchors peace and stability in the region, and Australia has taken a leading role in addressing regional security and capacity-building issues, including lead roles in Humanitarian Assistance and Disaster Relief events. Australia is also a key contributor to global security, including counter-ISIL efforts in Iraq and the Resolute Support mission in Afghanistan. With the ongoing implementation of the Force Posture Initiatives, which provide expanded opportunities for bilateral and multilateral engagement, the Marine Rotational Force-Darwin successfully completed its third rotation while increasing its presence from 250 to 1,177 U.S. Marines. The U.S. Air Force is increasing its rotation of aircraft to Australia. In addition to the Force Posture Initiatives, the U.S. and Australia are identifying additional opportunities to increase collaboration in counter-terrorism, space, cyber, and integrated air missile defense and regional capacity building. Australia is procuring a number of high-tech platforms that will increase interoperability such as the F-35 Lightning II, P-8 Poseidon, C-17 Globemaster III, and EA-18G Growler aircraft as well as Global Hawk UAVs and MH-60R helicopters. To ensure greater synchronization and integration, the Australian Government provides a General Officer and a Senior Executive to USPACOM, as well as another General Officer to U.S. Army Pacific, as tangible examples of a mutual commitment to the alliance.

Japan: The U.S.-Japan alliance remains strong and productive through both countries' shared commitment to a full range of military capabilities with expanding responsibility for training, exercises, interoperability, and bilateral planning. Japan's 2013 National Security Strategy and the 1 July 2014 cabinet decision on collective self-defense are positive developments and indicators of Japan's ability and willingness to assume a greater role in the regional security architecture. The Abe administration will submit implementing legislation to the National Diet during its spring session, and debate is expected to conclude in summer 2015. The US-Japan Guidelines for Defense Cooperation are being revised, and that process will conclude with public presentation of the Guidelines in the near future. We are hopeful that Japan's upcoming legislative changes support new and expanded forms of cooperation.

U.S. Forces Japan continues to build its close relationship with the Japanese Joint Staff to enhance interoperability and information sharing through realistic training, exercises, and bilateral planning. USPACOM will continue to maintain a robust military presence in Japan to meet future security challenges and encourage greater trilateral military engagements with the Republic of Korea (ROK) and Australia.

Efforts continue toward improving US-Japan-ROK trilateral coordination in response to North Korean provocative behavior. The December 2014 signature of the US-Japan-ROK Trilateral Information Sharing Arrangement is a positive first step toward greater information sharing on North Korean missile and nuclear threats.

As Japan increases its defense spending, it is procuring a number of high-tech platforms that will increase interoperability such as the F-35 Lightning II aircraft, MV-22 Ospreys, and the Global Hawk UAV, as well as upgrading existing AEGIS destroyers with the latest BMD capability and constructing two additional AEGIS destroyers (for a total of eight BMD capable platforms). Each North Korean ballistic missile provocation validates the investment of the AN/TPY-2 radars in Japan to provide ISR against missile threats. Last year's addition of the second radar in Japan and forward deploying two additional BMD capable ships will enhance our ability to defend our ally and the region, as well as provide early warning of missile threats to the U.S.

homeland. Lastly, Japan continues to make significant infrastructure investments in country that complement the realignment of U.S. Marines from Okinawa to Guam including expanding the airfield and associated facilities at Marine Corps Air Station Iwakuni and construction of the Futenma Replacement Facility. It is important that these initiatives remain on track.

Philippines: The U.S.-Philippine alliance remains a positive source of strength and regional stability. Building upon the 1951 Mutual Defense Treaty, the Enhanced Defense Cooperation Agreement (EDCA) between the U.S. and the Government of the Philippines was signed last April. Through enhanced U.S. rotational presence, the EDCA provides expanded opportunities to conduct theater security cooperation activities and supports the Armed Forces of the Philippines (AFP) as it shifts focus from internal security to external defense. Full EDCA implementation awaits the outcome of a case before the Philippine Supreme Court, where deliberations could last into this summer.

After more than a decade, the Joint Special Operations Task Force created to counter Violent Extremist Organizations in the Philippines will stand down and the AFP will sustain that mission. Training and advising objectives that were set to address organizations such as the Abu Sayyaf Group and Jemaah Islamiyah have been met. Although the Task Force is standing down, a small USPACOM footprint will remain embedded in the Philippines to continue working with the AFP leadership and planning staffs. The AFP has demonstrated an increased capacity and capability to handle domestic threats inside their country, but USPACOM will remain committed to supporting and advising the AFP at the operational level.

Competing claims in the South China Sea continue to be a source of friction and instability. China continues large-scale land reclamation around disputed features. Furthermore, periodic resupply and troop rotations to the small Philippine outpost at Second Thomas Shoal (also known as Ayungin Shoal) are well-known points of contention with the Chinese government.

Republic of Korea: The U.S.-Republic of Korea (ROK) alliance remains strong and vital, and enduring for over six decades. Our militaries integrate complementary capabilities and enhance the relationship with honest and frank dialogue. During the most recent annual discussions, the

U.S. and ROK made arrangements to delay wartime operational control transfer and adopt a conditions-based approach, rather than a calendar-based deadline. The U.S. and ROK intend to modernize the alliance to better inform the development or acquisition of Alliance capabilities required to address future threats from North Korea.

USPACOM will continue to work with the ROK to address the North Korean threat. North Korea continues to be a challenge due to provocations and uncertainty, which are viewed as a threat to peace and stability in the region. The ability to rapidly respond to aggression with combined U.S.-ROK-Japan capabilities is the best way to ensure deterrence and maintain regional stability. Trilateral cooperation will improve each participant's understanding of the mutual challenges and shared opportunities that exist in and around the Korean Peninsula.

Thailand: As Thailand is the oldest U.S. treaty partner (182 years), the U.S. values its friendship with the people of Thailand. The Thai military's decision to suspend its constitution and assume control of the civilian government has impacted that relationship. Military engagements and exercises have been appropriately adjusted in a whole of government response to the coup, pending a return to a democratically-elected government. USPACOM will continue to demonstrate commitment to the U.S.' ally while reinforcing democratic values and ideals. The annual COBRA GOLD exercise co-sponsored with the Royal Thai Armed Forces is an important multi-lateral warfighting training event. This year's exercise was significantly limited in scope and scale in response to the Thai coup, and heavily focused on humanitarian assistance activities.

India: Last year, India held the largest election in its history. With new leadership in place, India is energizing the U.S.-India strategic partnership. Prime Minister Modi has focused India's foreign policy on building strong regional cohesion in South Asia. India's two decade-long "Look East Policy" has resulted in growing partnerships with Southeast Asian countries.

The U.S. military remains heavily engaged with New Delhi's military, having conducted 69 major exercises in the past five years. The Indian Navy continues its strong participation in multilateral exercises including INDRA with Russia, MALABAR with the U.S. and Japan, and

RIMPAC with 23 navies from across the Indo-Asia-Pacific. India's participation in these exercises signals their commitment as a regional security provider. Additionally, over the past three years the U.S. has been India's largest defense trading partner. Through military modernization, robust defense trade (C-17s, C-130Js, and P-8Is, among other items), and a growing network of defense partnerships, India is asserting its role as an important regional actor determined to protect common interests and ensure free access to economically vital sea lanes, although with respect to military activities, India still asserts a security interest in its EEZ that does not conform to the law of the sea.

Indonesia: Indonesia is a capable security partner in Southeast Asia, and is increasingly focused on its role as a regional power, which USPACOM continues to support as a main pillar of mil-mil engagement. Presidential elections last July demonstrated a commitment to democratic principles, and the August opening of Indonesia's new Peace and Security Center to train regional partners on peacekeeping operations reinforces its position as a leader in security assistance. A growing area of cooperation with Indonesia is defense trade, which includes the sale of AH-64E Apache helicopters and initial delivery of F-16 Fighting Falcon aircraft. Indonesia remains concerned about maintaining security and stability in the South China Sea. While their Chief of Defense has articulated a zero-war policy in the South China Sea, there are signs they are increasingly concerned over China's so-called nine dash line overlapping with part of their claimed EEZ. While Indonesia continues a foreign policy rooted in the Non Aligned Movement, USPACOM has seen significant gains in security cooperation activities. Indonesia will continue to balance its partnership with the U.S. with other nations such as Russia and China, but security cooperation with the U.S. remains a top priority.

New Zealand: New Zealand is a respected voice in international politics and a recognized leader in Oceania that shares common security concerns with the U.S., such as terrorism, transnational crime, and maritime security. Military-to-military relations and defense engagements with New Zealand continue to improve, and the U.S. and New Zealand executed the second series of annual bilateral defense dialogues last year. New Zealand's establishment of a Consulate General in Honolulu has also provided additional opportunities for USPACOM and New Zealand to engage on issues of mutual interest. This new Consulate General addition to

Hawaii is timely as the U.S. celebrates the 100th Anniversary of ANZAC with New Zealand and the Australians this year.

Oceania: Maintaining our close partnerships in Oceania is important to national security. The Compacts of Free Association with the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau are important agreements that guide the relationships. The U.S. defense obligations to these nations are reflected in our defense planning and preparation. In return, these compact agreements provide assured access to the three Compact Nations and their associated 5.5 million square kilometers of Pacific in a contingency situation. They also give the U.S. authority to grant or deny access to another nation's military forces, which allows the maintenance of a clear strategic line of communication across the Pacific. The U.S.'s continued commitment to defend the Compact Nations and to partner with other Pacific island countries sends a strong message throughout the region and reinforces its commitment to the Pacific Rebalance.

Fiji currently has its first democratically elected government since its military coup in 2006. In 2015, Fiji will re-enter into regional forums (e.g., Pacific Island Forum) and have new opportunities for engagement with the U.S. Several other countries (Papua New Guinea, the Solomon Islands, and Vanuatu) may face government reorganizations over the next year. These events may set back specific projects but will not likely impact stability or affect overall U.S. engagement.

Climate change will continue to be an important issue across the Oceania region. This year's forecasted El Nino event will likely result in drought and increased tropical cyclone activity. The Republic of Marshall Islands will almost certainly face water shortage resulting in requests for aid or disaster declarations under a subsidiary agreement to the Amended Compact of Free Association. Fiji, Kiribati, the Federated States of Micronesia, Papua New Guinea, Samoa, and Tonga will likely face similar situations. The December 2014 United Nations Climate Change Conference addressed the impact of rising sea levels - a keen interest to Pacific Island Nations.

Singapore: Singapore continues its important role in regional security initiatives. Singapore's role as a 'Major Security Cooperation Partner' is underscored by longstanding support of U.S. naval forces. For example, USS Freedom completed a ten month deployment in 2013, and USS Fort Worth is currently on a 16 month deployment. These forward forces contribute to naval readiness and partner capacity building and enable rapid response to many crises, including Operation Damayan in the Philippines and Air Asia recovery efforts. Additionally, Singapore's Changi Naval Base remains a key enabler to providing critical support to the USS Fort Worth and other forward operating forces.

U.S. – China: In light of an increasingly complex regional and global security environment, including advances in China's military capabilities and its expanding military operations and missions, the overall U.S. approach to China calls for a continuous dialogue between the armed forces of both countries to expand practical cooperation where national interests converge and to constructively manage differences through sustained and substantive dialogue. As a key element, the U.S.'s military engagement with China, within the guidelines of the 2000 NDAA, benefits the region, improves transparency, and reduces risk of unintended incidents, contributing to overall regional stability. The U.S. military has increased the depth of engagement with China in recent years and executed over 50 bilateral and numerous multilateral engagements last year. While these engagements are critical to improving transparency and reducing risk, the U.S. military must continue to take a pragmatic approach as the U.S. attempts to help integrate China into the existing security architecture. China's military investments, including A2AD capabilities, focused on the ability to control access and deny freedom of operations in vast portions of the air, maritime, space, and cyberspace domains raise concerns. The U.S. will need more transparency and understanding of Chinese intentions in order to minimize friction and avoid miscalculation or conflict in the future. Absent greater transparency from China, its ambiguous dashed-line claim, military modernization efforts and aggressive land reclamation in the South China Sea have significant implications for regional stability and the current security architecture.

Over the past year, the U.S. and China have agreed to mechanisms such as the Confidence Building Measures (CBMs) on Notification of Major Military Activities and Rules of Behavior

(RoB) for Safety of Air and Maritime Encounters, designed to underscore and reinforce existing international law and standards while improving transparency, building trust, and reducing risk of unintended incidents. The surface-to-surface encounters annex of the RoB CBM was signed last year and the air-to-air annex is scheduled to be completed by the end of this year. These new Rules of Behavior are non-binding and capture existing legal rules and standards. Additionally, the U.S. and China continue to use the Military Maritime Consultative Agreement meetings to discuss safety in the maritime domain and avoid crises. As China continues to grow its military capacity and capability and operate further from its territory, these mechanisms become more important.

Both militaries have had success addressing areas of common interest, such as counter piracy, military medicine, and HA/DR. Some of the most successful engagements were focused on military medical cooperation and shared health concerns. For example, the USPACOM surgeon hosted Chinese counterparts in Hawaii and Washington, DC, which resulted in concrete opportunities for continued military medical cooperation focused on Disaster Response, Pandemic and Emerging Infectious Diseases, and Soldier Care. In January 2015, the PLA hosted the USPACOM Surgeon and component surgeons for a highly successful reciprocal visit. Demonstrating China's increasing ability to operate beyond the Western Pacific and a successful engagement on an area of common concern, last December, U.S. and Chinese ships conducted counter piracy exercises in the Gulf of Aden and off the Horn of Africa. China's participation in international efforts to address these problems and to operate and exercise with the U.S. and its allies and partners in a manner consistent with international law and standards is welcomed.

Building and Strengthening Relationships

The future security and prosperity of the Indo-Asia-Pacific depends upon building bilateral and multilateral relationships. Strong relationships, facilitated by a U.S. forward presence, advance common interests and address shared threats. USPACOM strengthens relationships with U.S. allies and partners through security cooperation and capacity building, bilateral and multilateral approaches, and senior leader engagement.

Security Cooperation and Capacity Building: USPACOM enhances interoperability and information sharing with allies and partners in order to cooperatively address regional challenges. USPACOM's Security Cooperation approach is focused on building partner readiness, assisting with partner capability gaps, identifying partner shortfalls, and addressing the most critical capacity shortfalls. Last year, USPACOM identified C4ISR as a top priority for Security Cooperation with the Republic of Korea (ROK) and contributed to the U.S. supporting the ROK purchase of Global Hawk – a High Altitude UAV platform that will help close the gap in some of the security challenges on the Korean Peninsula. Supporting USPACOM's approach to addressing partner capability and capacity shortfalls will reduce risk, effectively use Security Cooperation and Assistance resources, and maintain the momentum to bring the right capabilities into the AOR.

As mentioned earlier, the progress the Republic of the Philippines continues to make in addressing violent extremists groups inside their country is a testament to building capacity in USPACOM's foreign internal defense efforts. USPACOM is also building capacity to counter drug trafficking in the AOR through Joint Interagency Task Force – West (JIATF-W) engagements with China. Through a partnership with the Internal Revenue Service, JIATF-W has leveraged Department of Defense counternarcotic authorities to open up an additional avenue of cooperation with Chinese officials by providing anti-money laundering training linked to counterdrug efforts. These efforts are only just beginning, but show promise in improving communication, cooperation, and information sharing on significant criminal enterprises operating in both the U.S. and China.

Lastly, increasing international representation at the USPACOM headquarters has improved collaboration with allies and partners and created a more agile and effective command and control architecture. The new USPACOM model integrates sixteen foreign exchange officers and liaison officers from six countries and facilitates a seamless transition from routine business to crisis. Included in these numbers are three foreign exchange Flag Officers and Senior Executives in key billets on the USPACOM staff.

Bilateral and Multilateral Approaches: With the exception of North Korea, USPACOM continues to build and strengthen bilateral relationships with all of the nations in the Indo-Asia-Pacific. USPACOM maintains a close link with the five U.S. treaty allies and other partners in the region through a series of formal bilateral mechanisms. In Australia, key engagements stem from the ANZUS treaty obligations, guided by USPACOM's premier bilateral event with Australia, the Military Representatives Meeting. Similarly, USPACOM's military to military relationship with Japan is guided annually by the Japan Senior Leader Seminar, which USPACOM utilizes to ensure the bond with Japan remains strong. USPACOM continues to rely on the alliance with the Republic of Korea to maintain peace and stability in Northeast Asia, and the annual Military Committee and Security Consultative Meetings are the preeminent bilateral mechanism to guide this alliance forward. Each year, USPACOM co-hosts the Mutual Defense Board and Security Engagement Board with the Armed Forces of the Philippines to discuss ways this critical alliance can modernize to meet 21st-century challenges. Lastly, USPACOM depends on annual Senior Staff Talks with Thailand to address shared regional security concerns while reinforcing U.S. commitment to democratic principles.

Similar bilateral mechanisms exist with partners throughout the USPACOM AOR, including Bilateral Defense Discussions with Indonesia, Vietnam, and others, as USPACOM continues to foster bilateral ties to enhance regional stability. Bilateral mechanisms with allies and partners form the strategic foundation of the security architecture that ensures peace and stability while defending U.S. interests in the Indo-Asia-Pacific.

While bilateral mechanisms remain important, USPACOM continues to emphasize multilateral approaches. USPACOM works with regional forums such as the Association of Southeast Asian Nations (ASEAN) to encourage multilateral relationships that build trust, prevent misperceptions that can lead to conflict, and reinforce international standards of conduct. For example, USPACOM arranges an annual Chiefs of Defense (CHOD) Conference as its premier multilateral engagement tool for candid discussions with 20-plus Chiefs of Defense in the region. Each year the CHOD Conference alternates between USPACOM and a co-host country; Brunei hosted last year's successful conference. The 2015 CHOD Conference will be held in Hawaii and is designed to promote multilateral cooperation and provide a forum for the theater's military

leaders to share regional and global perspectives on common challenges. USPACOM also participated in other multilateral events in the region, such as the Fullerton Forum and Shangri-La Dialogue, to encourage multilateral solutions to shared challenges, as well as provide a venue for continued dialogue and strengthening security partnerships in the region.

One of the most important multilateral forums in the theater is ASEAN. The ten member states in ASEAN, under the chairmanship of Burma last year and Malaysia this year, seek to improve multilateral security activities and advance stability in the Indo-Asia-Pacific. Approximately \$5.3 trillion of global trade (\$1.2 trillion is U.S.) passes through ASEAN waterways each year. The ten member states of ASEAN form the fourth largest U.S. export market and fifth major trade partner. ASEAN continues to address common threats in the region including Maritime Security, Terrorism, Transnational Crimes, Cyber Security, and Humanitarian Assistance and Disaster Response. ASEAN demonstrated during past disasters, such as Typhoon Haiyan and the Malaysian Flight 370 search operations, that practical cooperation among member states can enable civilian and military agencies to be more effective and efficient.

Last April, Defense Secretary Hagel hosted the ten ASEAN Defense Ministers, the United Nations Office for the Coordination of Humanitarian Assistance (UNOCHA), and other non-government organizations in Hawaii to discuss disaster response and maritime security. UNOCHA hosted an Integrated Civil-Military Regional Response Planning Workshop for Large-Scale International Disaster Relief last October and the USPACOM staff will continue the maritime security dialogue by hosting a Maritime Domain Awareness discussion this May. USPACOM will continue supporting ASEAN as it builds regional tools and forums such as the ASEAN Economic Community by the end of 2015. Additionally, there is hope that the ASEAN members and China can conclude a binding and enforceable Code of Conduct mechanism for the South China Sea.

The Daniel K. Inouye Asia-Pacific Center for Security Studies (APCSS) also contributes to multilateral engagements and rules-based security governance. Through its executive education courses, workshops, and sustained alumni engagement activities, the Center contributes to the USPACOM Theater Campaign Plan by building U.S. and partner nation capacities. Success

stories include the APCSS-facilitated development of Papua New Guinea's first-ever national security policy, a framework for an Indonesian defense white paper, and Bangladesh's first comprehensive maritime security strategy proposal. Additionally, APCSS helped with the successful completion of Nepal's disarmament, demobilization, and reintegration program for dealing with Maoist ex-combatants, and the signing of an inter-party agreement to overcome political crisis—both led by a core group of APCSS alumni.

Senior Leader Engagement: USPACOM and its components leverage senior leader visits to increase dialogue on issues of shared concern, build and strengthen relationships, and convey U.S. commitment to the region. Each year, hundreds of senior military and government leaders address security challenges through counterpart visits which greatly enhance understanding, interoperability, and trust. Examples of senior leadership engagements in the Indo-Asia-Pacific over the past year include:

- The President attended the G-20 Summit in Australia, the Republic Day ceremony in India, the Asia Pacific Economic Cooperation Forum in China, and the East Asia Summit in Burma.
- The President also increased engagements in the theater to strengthen alliances in the Republic of Korea, Japan, and the Philippines, and to deepen ties with Malaysia.
- The Secretary of State visited the Republic of Korea; China; and Indonesia. He also traveled to India for the 5th Strategic Dialogue Conference; to Burma for a series of ASEAN discussions; Australia for annual Ministerial Consultations; and the Solomon Islands.
- The Secretary of State and Secretary of Defense held a 2+2 meeting with their ROK counterparts in Washington.
- The Secretary of Defense traveled to Japan for bilateral security discussions; Mongolia and Singapore for key leadership meetings; India for defense consultations; Australia for AUSMINs and to sign the Force Posture Agreement; and China for Confidence Building Measure discussions.
- The Chairman of the Joint Chiefs toured the Changi facilities in Singapore; participated in security and military discussions in Vietnam (first CJCS to visit since 1971); Australia for the Defense Chiefs Strategic Dialogue conference and bilateral events; and both Japan and the Republic of Korea for key counterpart visits.

These senior leader engagements are critical to identifying opportunities and addressing security challenges in the region. Additionally, Congressional delegations to the theater are of significant benefit.

Effective and Assured Presence

Effective and assured presence of USPACOM forces is required to meet the challenges and opportunities within USPACOM's AOR. As strategic warning timelines decrease, early identification of potential crises is key to rapidly assessing and shaping events. It also places a premium on robust, modern, agile, forward-deployed forces, maintained at high levels of readiness. Assured presence is supported by posturing forward-deployed forces, fielding new capabilities and concepts, addressing critical gaps, and maintaining readiness in order to defend the homeland, strengthen and modernize our alliances and partnerships, maintain access in the air and maritime domains, counter aggression, and prevent the proliferation of weapons of mass destruction and violent extremism.

Posture: Sustaining effective and forward presence begins with having the necessary military infrastructure and access to support forward-stationed and rotational forces. USPACOM's posture effectively communicates U.S. intent and resolve to safeguard U.S. national interests, strengthen alliances and partnerships, maintain an assured presence in the region, prevent conflict, and if necessary, respond rapidly and effectively across the full range of military operations.

USPACOM faces three key challenges related to force posture. The first is operating in an AOR that covers 52% of the earth's surface. The vast distances complicate ISR, movement/maneuver, and sustainment, and require a geographically distributed force laydown to rapidly respond to crisis. The second challenge is the growth of military capabilities in the region. The Indo-Asia-Pacific is the most militarized region in the world. Maintaining the ability to defend strategic national security interests in an increasingly complex and lethal environment requires a force posture that is operationally resilient. Finally, expanding access to regions in South and Southeast Asia requires access and forward staging arrangements that are politically sustainable.

In support of USPACOM's objectives, the military services and our allies and partners are making investments to improve U.S. force posture. Examples of these investments are:

- Construction in Iwakuni, Japan to allow a carrier air wing to relocate from Atsugi
- Expanding base facilities and capabilities in Okinawa for Futenma replacement
- Operationalizing Enhanced Defense Cooperation Agreement with the Philippines
- Expanding future capabilities through construction at Camp Humphreys, ROK
- Reinforcing Guam's munitions and fuels piers at Apra Harbor
- Implementing Force Posture Initiatives through troop rotations and, ultimately, facility upgrades and construction in Darwin, Australia
- Building hardened C2 and aircraft shelters at Andersen AFB, Guam
- Installing and fortifying fuel nodes, manifolds, and lines in Guam and Japan
- Implementing rotational forces through USFK
- Developing divert options and training ranges in the Northern Marianas Islands
- Dredging port facilities to requisite depths to allow pier operations in Naha, Japan

These posture investments are part of USPACOM's holistic infrastructure investment strategy and are key to continued mission success.

Much of the supporting infrastructure in the Pacific and on the West Coast of the U.S. mainland was established during World War II and during the early years of the Cold War. The infrastructure now requires investment to extend its service life. The military services continue to invest in sustainment, restoration, and modernization (SRM) to provide quality facilities to support service members and their families; however, during times of austere budgets, the military services struggle to maintain infrastructure SRM funding levels. These forced decisions undermine the significant investment in facilities made by DoD and Host Nation Funded Construction programs over past decades.

Reduced SRM funding will negatively impact the ability to bring new forces and capabilities into the theater and maintain critical infrastructure. The U.S. and the theater benefit from the significant levels of investment made by allies and partners. For example, the Republic of Korea is significantly contributing to the cost of keeping U.S. Forces on the Korean Peninsula. The

Government of Japan has committed up to \$3.1 billion to help realign U.S. Marines from Okinawa to Guam and other locations and \$4.5 billion to expand the airfield and associated facilities at Marine Corps Air Station Iwakuni.

The Commonwealth of the Northern Mariana Islands (CNMI) Joint Military Training initiative (CJMT) is an important posture undertaking. CNMI remains strategically important as a forward and sovereign U.S. location with lease rights until 2033 and extendable to 2083. When the U.S.-Japan Defense Policy Review Initiative moves approximately 4,700 U.S. Marines from Japan to Guam, the CJMT will enable this U.S. Marine force to train and maintain operational readiness. Specifically on the island of Tinian, the CJMT initiative will provide live-fire ranges and training areas. The CJMT will optimize future training ranges for joint and combined exercises with allies and foreign forces. As a part of aviation resiliency initiatives, divert and alternate air fields are also being explored on the islands of Saipan and Tinian along with other locations in the broader Western Pacific.

Forward Deployed Forces: The tyranny of distance, which defines the USPACOM AOR, requires forward deployed forces to engage with allies and partners, respond rapidly to crisis or contingencies, defend the homeland, and reinforce U.S. commitment to the region. To increase USPACOM's forward deployed forces and capabilities, the military services are:

- Rotationally deploying Navy Littoral Combat Ships into Singapore
- Forward deploying two additional ballistic missile defense-capable surface ships to Japan
- Increased deployments and rotations of E-8 JSTARS, E-3 AWACS, and E-2D Advanced Hawkeye in theater
- Replacing the USS George Washington with the more capable USS Ronald Reagan aircraft carrier in Japan
- Installing an advanced radar in Australia
- Continuing to deploy and operate F-22s in theater
- Completing a second ballistic missile defense radar in Japan
- Stationing additional submarines in Guam
- Improving rotational force presence in the Philippines, Singapore, and Australia

New Systems and Operating Concepts: Crafting new concepts and fielding new systems is fundamental to employing a credible force. For example, the military services are:

- Replacing P-3 maritime patrol aircraft with newer and more capable P-8s
- Deploying tilt rotor aircraft for Marines and Special Forces and new unmanned capabilities throughout the AOR
- Forward stationing High Speed Vessels and Mobile Landing Platforms in the USPACOM AOR
- Introducing Naval Integrated Fire Control – Counter Air Aegis Destroyers
- Expanding the U.S. Army Pacific Pathways deployment concept
- Preparing for F-35 Joint Strike Fighters deployment with maintenance hubs in Japan and Australia

Addressing Critical Capability Gaps: The most technical, high-end military challenges are in the USPACOM AOR, and are growing. While many improvements to posture, forward deployed forces, capabilities, and concepts have been made to address these challenges, there are a number of mission sets and enablers that require continuous focus and attention. These include areas such as Undersea Warfare, Intelligence/Surveillance/Reconnaissance, space, battle management, command and control, cyber, munitions, Ballistic Missile Defense and Integrated Air and Missile Defense systems, and capacity shortfalls in theater enablers such as petroleum redistribution and lift.

Undersea Warfare is a mission set that requires constant attention to maintain a decisive advantage. Of the world's 300 foreign submarines, roughly 200 are in the Indo-Asia-Pacific region; of which, 150 belong to China, North Korea, and Russia. Countries operating these systems view the platforms as a mechanism to affect the balance of power in their favor. Even small navies that possess submarines hold a distinct advantage over a navy without the capability.

There is a significant leap underway in the Indo-Asia-Pacific in undersea capability as newer submarines replace older variants. In the past few years, Singapore, India, Vietnam and Malaysia have all received modern diesel submarines and China is on a modernization path to

improve the lethality and survivability of its attack submarines with the introduction of quiet, high-end, diesel-powered and nuclear-powered submarines. Russia is also modernizing its existing fleet of Oscar-class multi-purpose attack nuclear submarines (SSGNs) and producing their next generation Yasen-class SSGNs.

In addition to attack submarines, there are important developments underway that will increase Chinese and Russian strategic deterrent patrol capability and capacity. China has three operational JIN-class ballistic missile submarines and up to five more may enter service by the end of the decade. Additionally, Russia is planning to field its newest Borei-class nuclear ballistic missile submarines in the Pacific later this year. Submarine detection and tracking is a complex problem set and will continue to be one of the most important functions of naval forces. A continued and sustained investment in the U.S. nuclear submarine force, advanced Undersea Warfare technologies, capabilities and capacity, and readiness is necessary to outpace the growing challenges.

Persistent and deep-look ISR capabilities and supporting architecture are required to prevent strategic surprise, assess the security environment, and support actions that impose cost or defeat potential adversaries. Although ISR capacity and capabilities have increased, significant capacity issues remain. Efforts to mitigate ISR capacity issues, as well as develop new capabilities, are ongoing. Additionally, an ISR processing, exploitation, and dissemination enterprise that is interoperable and shared with Allies and Partners is important. Without a concerted effort to continue advancing U.S. capabilities, the U.S. risks missing key indications and warnings in an environment where situational awareness affects decision space.

Satellite communications (SATCOM) is an essential enabler to exercise Command & Control (C2) and enabling ISR. Satellite space continues to grow increasingly congested and contested, and adversaries continue developing means to curtail access to space-enabled capabilities. A resilient space-based command, control, and ISR architecture remains a USPACOM priority.

There is a growing need to sustain and modernize airborne early warning systems to execute multi-mission, multi-domain integrated command and control. The cruise missile, air, and UAV

threats in the USPACOM AOR require robust, long range Battle Management, Command and Control (BMC2) and Wide-Area Surveillance (WAS) platforms capable of operating in a contested environment. Developing and modernizing the capabilities within the BMC2 and WAS platforms to track and operate in a communications contested or degraded environment is necessary to meet the challenges of future operational environments in the Pacific; these platforms must be interoperable with military services, partners, and allies.

Related, the Joint Information Environment (JIE) increments I and II have the potential for consolidation of each military services' command, control, communication, and computers programs. JIE II will further strengthen collective cyber security and defense posture in the region, improve staff efficiency and support, and strengthen interagency and international relationships. JIE II will require an information infrastructure adaptable enough to accommodate multiple security classification levels with the interoperability and sharing capability to maximize mission effectiveness. JIE II is a necessary next step to mitigate the risk posed by persistent cyber threats. These threats continue to grow.

Increased cyber capacity and use, especially by China, North Korea, and Russia, underscore the growing requirement to evolve our command, control, and operational structure authorities. In order to fully leverage the Cyber domain, Combatant Commanders require an enduring theater cyber operational command resourced to provide regional cyber planning, integration, synchronization, and direction of cyberspace forces. The theater cyber operational command will provide direction of operations against increasingly capable threats in coordination with USCYBERCOM, the interagency, and allies and partners. USPACOM sees a future where Joint Force Cyber Component Command (JFCCC) are aligned regionally under Combatant Commands. JFCCCs will provide staffing and expertise required to oversee persistent operations and defense of theater information networks, synchronization of cyber risk assessments and intelligence, and development of flexible cyber effects.

Munitions are a critical component of combat effectiveness and readiness. A number of munitions improvements in lethality, production, and precision are required. There is a growing need for ship-to-ship and air-to-ship munitions to allow U.S. forces to defeat an aggressor from

greater range. Specifically, there are troubling gaps in Anti-Surface Warfare capability and readiness that compel the accelerated fielding of a long range anti-ship missile. A long-range stand-off weapon, such as the Defense Advanced Research Programs Agency / Office of Naval Research developed Long Range Anti-Ship Missile, will meet the urgent need for an offensive anti-surface warfare capability against combatants in a contested environment. There is also a need for advancements in the air-to-air realm and for Hard Target Munitions capabilities to engage hardened targets that are growing in numbers and complexity. Area Effects Munitions are required to prevent open space aggression. Lastly, along with lethal munitions, non-lethal capabilities can prove equally valuable in supporting USPACOM's strategy and deterrence.

With North Korea continuing to advance its ballistic missile capabilities, USPACOM will continue its efforts in maintaining a credible, sustainable ballistic missile defense. The recent deployment of long range second TPY-2 radar to Japan (December 2014) along with THAAD on Guam achieving full Fully Operational Capability further enhanced U.S. homeland defense capabilities which are required to protect key regional nodes from aggressive action. In addition, over the last year the U.S., Japan, the Republic of Korea, and Australia have had better coordination and information sharing. USPACOM looks forward to continuing our work with our regional IAMD partners and expanding our ballistic missile defense cooperation and information sharing.

Equally important to having the right equipment and capabilities is the capacity of critical logistics. The time and distance required to move assets across the Pacific make it an imperative to preposition and secure munitions. Dedicated sealift must be adequately funded to posture munitions, fuel, and other supplies within theater. Agile, responsive, and sustained operations demand a resilient network of capabilities to deploy and sustain USPACOM forces.

USTRANSCOM's prepositioning strategy has emphasized positioning equipment and materiel afloat to optimize flexibility, ensure rapid responses to crises, and provide force presence; however, USPACOM still does not have enough lift to satisfy all operational requirements.

Readiness: Fundamental to USPACOM's mission is the ability to deter aggression and prevail in crisis. USPACOM's readiness is evaluated against its ability to execute operational and

contingency plans, which places a premium on forward-deployed, ready forces that can exercise, train, and operate with our partner nations' militaries and follow-on forces able to respond to operational contingencies.

USPACOM maintains forward-deployed ready forces as credible deterrents, to support and defend national security interests, and to provide assurance and protection to allies and partners. Forward deployed forces, west of the International Date Line, remain responsive and relevant to mitigating risk in the event of escalating regional security events and greatly benefit from training with allies and partners in a complex environment. Ready, forward-deployed forces increase decision space and decrease response time, bolster allies' and partners' confidence, and reduce the chance of miscalculation by potential adversaries. However, redistribution of global forces that lead to moving forces out of the Indo-Asia-Pacific diminishes USPACOM's impact and effectiveness. Additionally, short-notice redeployment of USPACOM's ready, forward deployed forces to fill emergent requirements to other areas of operation increases risk to our nation's Indo-Asia-Pacific interests and objectives.

In addition to concerns with the forward deployed forces, there are troubling readiness trends associated with follow-on forces. The ability of the U.S. to surge and globally maneuver ready forces has historically been an asymmetric advantage that is now diminishing. Over the past year, the U.S. has been forced to prioritize the readiness of forward-deployed forces, at the expense of the readiness of follow-on-forces and critical investments needed to outpace emerging threats. A lack of ready surge forces resulting from high operational demands, delayed maintenance periods, and training limitations will limit responsiveness to emergent contingencies and greatly increases risk.

Budget reductions and uncertainty directly impact operations and combat readiness. Fiscal constraints disrupt the predictable, persistent funding needed to organize, train, and equip a ready force. Fiscal uncertainty degrades and disrupts long-term engagement opportunities with strategic consequences to U.S. relationships and prestige. Resource pressures have triggered deferrals in exercises, operations, and senior leader engagement opportunities; have introduced regional doubt; and compound the risk to U.S. interests in the region. As the Service Chiefs

recently testified, continuation of sequestration will further delay critical warfighting capabilities, reduce readiness of forces needed for contingency response, forego procurement of new platforms and weapon systems and further downsize weapons capacity...all of which are required for success in the USPACOM AOR. I am in full agreement with their assessments and remain deeply concerned about the growing risk to U.S. interests in the Indo-Asia-Pacific.

Conclusion

It has been over three years since the President announced the U.S. Rebalance to the Asia-Pacific. The Rebalance is focused on modernizing and strengthening treaty alliances and partnerships through cooperative agreements, building partner capacity, and increasing regional cooperation, interoperability, and security capabilities. From the military perspective, the U.S. is accomplishing what it set out to do and the Rebalance is working. However, fiscal uncertainty resulting from the Budget Control Act could arrest progress and place some initiatives at risk. Building on the positive momentum of the Rebalance to the Pacific is critical to protecting U.S. interests in the region. Thank you for your continued support to USPACOM and our men and women, and their families, who live and work in the Indo-Asia-Pacific.

**STATEMENT OF
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1. INTRODUCTION

Mr. Chairman and distinguished members of the Committee, I am honored to testify as the Commander of the multinational United Nations Command (UNC), the combined United States– Republic of Korea (ROK) Combined Forces Command (CFC), and the joint United States Forces Korea (USFK). Thank you for your support of our Service Members, Civilians, Contractors, and their Families who serve our great nation and the U.S.-ROK Alliance. The Asia-Pacific region is critical to our nation’s security and prosperity, and the U.S.-ROK Alliance is indispensable to the stability that enables the region to thrive despite serious threats and challenges. The men and women of this Command are committed every day to each other, our mission, and our nation’s calling. We are very proud of our partnership with the Republic of Korea and of our contributions to stability and prosperity in Korea and the region. The U.S.-ROK Alliance is one of history’s most successful alliances, and we are confident that we can further enhance it to serve both of our nations.

Last year, I testified that the Alliance is strong, but that we would not become complacent in our daily mission to deter and defend against the North Korean threat. I also stated that we would face challenges and opportunities in adapting the Alliance to that threat. Mr. Chairman and distinguished members, I report to you that the Alliance is even stronger today due to our accomplishments in 2014. In 2015, we will build on that momentum based on four guiding Command priorities.

- Sustain and Strengthen the Alliance.
- Maintain the Armistice. Be Ready to “Fight Tonight” to Deter and Defeat Aggression.
- Transform the Alliance.
- Sustain the Force and Enhance the UNC/CFC/USFK Team.

2. ALLIANCE ACCOMPLISHMENTS IN 2014

In 2014, the United States and the Republic of Korea took significant steps to improve our overall

readiness and the strength of the Alliance. We started the year with the annual KEY RESOLVE exercise in February-March, followed by the ULCHI FREEDOM GUARDIAN exercise in August. These annual exercises, along with my personal visits to ROK and U.S. units throughout South Korea, helped me confirm our strengths and note some areas we must improve. The Command's greatest strength rests in the close, collaborative, and cooperative working relationship with not only our ROK ally, but with the larger United Nations Command team.

The strength and importance of the Alliance were highlighted last April by our two Presidents' first visit to CFC. President Park praised the close relationship of the Alliance in the steadfast defense of the Republic of Korea. President Obama called the Alliance "special, forged on the battlefield" and commented that we are "more than allies – we are friends." He also noted that it is "this foundation of trust ... that allows both our nations to thrive economically and socially."

In 2014, we made progress on two initiatives against the growing North Korean missile threat. We further developed our comprehensive Tailored Deterrence Strategy (TDS) to counter the North Korean missile and WMD threats. We also concluded the "Concepts and Principles for Comprehensive Alliance Counter-Missile Operations," with a "4D Strategy" to detect, defend, disrupt, and destroy North Korean missiles. This important step will help us gain important synergies and efficiencies, not only in terms of the capabilities each nation develops, but how we use these capabilities operationally.

Over the past year, our drive to strengthen the Alliance has improved our combined readiness. For example, the U.S. Army began and the U.S. Air Force continued to deploy forces to Korea on a rotational basis. This added commitment complemented units based in Korea, improving overall readiness. Additionally, the ROK Army and Air Force participated in National Training Center and Red Flag exercises in the United States. These challenging exercises improved the Alliance's interoperability and transformed air crews into seasoned veterans.

South Korea made progress in enhancing future warfighting and interoperability capabilities by taking steps toward procuring Patriot Advanced Capability missiles, F35 Joint Strike Fighters, and RQ-4 Global Hawk Surveillance Aircraft. Once integrated into our Alliance force structure, these systems will enhance the capabilities of our Alliance.

We also agreed to establish a U.S.-ROK Combined Division in wartime with a functioning combined staff during Armistice. Once in place later this year, the division will enhance our combined combat posture at the tactical level.

We signed the five-year Special Measures Agreement which established the sharing of costs for stationing U.S. forces in South Korea. ROK contributions through the SMA help maintain the Alliance's readiness and infrastructure to support U.S. forces.

We ended the year with the signing of a much needed trilateral information-sharing arrangement between the United States, South Korea, and Japan. Under this arrangement, our two closest allies in the region can share classified information related to the nuclear and missile threats posed by North Korea. Our strategic and military initiatives in 2014 comprise what we call a "Quality Alliance." We continue to use this concept to focus on military qualities and capabilities, and to provide a framework and context to align senior leadership decision-making.

3. STRATEGIC ENVIRONMENT

Our accomplishments last year advanced U.S. security and prosperity, which are inextricably linked to stability in the Asia-Pacific region. In the 21st century, the Asia-Pacific region is expected to serve as an engine of the global economy, grow in political influence, and remain the focus of a variety of complex security challenges. The troubled history of the region, combined with the dynamic regional security situation, render strong alliances and partnerships critical to our nation's ability to defend our interests. In the face of strategic changes and security threats, and lacking regional security institutions,

the United States serves as the constant that provides presence, stability, and a framework for conflict avoidance and resolution. The United States has taken a vital role in Asia, as it has worldwide, in promoting international cooperation and the effectiveness of international rules and norms. This role is supported by America's enduring military presence, which serves as a foundational and visible element of U.S. leadership and commitment in Asia. In South Korea, forward-deployed American forces stand together with our ROK ally and demonstrate unwavering resolve in the face of the growing North Korean asymmetric threat.

A. CHINA, RUSSIA, AND JAPAN

China is continuing on a comprehensive military modernization program, at times acting assertively to press its interests in the region. China remains North Korea's most significant supporter, even though the relationship has been strained since Kim Jong-un assumed control of North Korea. Russia has increased its focus on the region, including military presence and engagement, in a reassertion of its strategic interests. Meanwhile, Japan is adapting its strategy to allow it to exercise collective self-defense. This change constitutes a natural evolution in Japan's defense policy, and its alliance with the U.S. should reassure the region that by accepting increased defense responsibilities it will contribute to regional and global security and enable a more effective defense of the Korean Peninsula.

B. NORTH KOREA

An unpredictable North Korea remains a significant threat to American interests, the security and prosperity of South Korea, and the stability of the international community. North Korea is willing to use coercion, continue development of nuclear weapons technology and long-range ballistic missile programs, engage in proliferation of arms, missiles and related materiel and technologies, and conduct cyber attacks, all while continuing to deny its citizens the most basic human rights. Due to the strength of the U.S.-ROK Alliance, North Korea lacks the ability to unify the Korean Peninsula by force with its

large but aging conventional military. Recognizing this, North Korea has opted for an asymmetric strategy capable of little to no notice provocations and limited attacks. North Korea's strategy is designed to ensure the survival of the Kim regime, with options to disrupt peninsular, regional, or global security. To achieve this, Kim Jong-un must maintain internal security and a strong military deterrent. North Korea's nuclear program serves both objectives by enhancing domestic regime legitimacy and threatening neighbors and the United States.

What's Changed Since Last Year? North Korea has placed significant emphasis and resources into its asymmetric capabilities, especially its missiles and cyber threats. In 2014, North Korea conducted a series of long-range artillery, rocket, and ballistic missile tests with very little to no notice. During the summer training period, North Korea military units conducted more realistic training and increased activities along the Demilitarized Zone and in the North West Islands region. The North West Islands region - where North and South Korea actively monitor fishing vessels operated by both countries and by China - remains the primary hotspot on the Korean Peninsula. In November, North Korea sought to intimidate and pressure the U.S. media and entertainment industries by projecting its cyber capabilities against Sony Pictures. This was a significant action that demonstrated North Korea's willingness to use cyber-attacks in defiance of international norms.

Provocation and Engagement. North Korea's strategy involves combining provocation and engagement in what is often characterized as coercive diplomacy to pursue objectives that enhance regime survivability. This includes initiatives to compel international acceptance of its nuclear program, play regional actors, including the U.S., against one another, and split alliances, particularly the ROK-U.S. Alliance. North Korea recognizes the strength of the ROK-U.S. Alliance as its greatest threat, so it tries to fracture the Alliance in order to deal with each nation separately on its terms. The North Korean People's Army (KPA) retains the capability to inflict heavy costs on South Korea. However, KPA

senior leaders likely understand it is not capable of defeating the Alliance, despite its propaganda to the contrary. North Korea's asymmetric strategy and capabilities enable limited objective military actions, which have the risk of miscalculation and escalation.

Asymmetric Capabilities. North Korea has conducted three nuclear tests -- in 2006, 2009, and 2013. It continues to prepare its test site and could conduct another test at any time. In recent years, North Korea has continued to develop its asymmetric capabilities including several hundred ballistic missiles, a sizeable long range artillery force, one of the world's largest chemical weapons stockpiles, a biological weapons research program, the world's largest special operations forces, and an active cyber warfare capability. These capabilities can be employed with minimal warning, and threaten South Korea and potentially the United States and Japan.

Since assuming power three years ago, Kim Jong-un has taken a number of confrontational steps to solidify his control over the North Korean people, military, and political apparatus. The regime conducted a satellite launch in December 2012 and conducted its third nuclear test in February 2013, in defiance of United Nations Security Council Resolutions 1718 (2006), 1874 (2009), 2087 (2013), and 2094 (2013). In 2014, North Korea continued to develop its ballistic missile program, conducting no-notice Scud and No Dong missile tests from several launch locations, all violations of UN Security Council resolutions.

These asymmetric capabilities, along with the fourth largest military in the world that is 70-75% forward deployed within 60 miles of the DMZ, challenges the Alliance to assess potential indications of a North Korean provocation or attack.

What Are We Doing to Address the Threat? The Alliance is constantly using readiness, vigilance, and cooperation to counter the North Korean threat. All three Commands – United Nations Command, Combined Forces Command, and U.S. Forces Korea – in close coordination with the ROK military train

and posture our forces and capabilities to deter and defend against North Korea. We continue to press ahead on tailored deterrence, counter-missile capabilities, improving plans, and adding rotational forces and Intelligence, Surveillance, and Reconnaissance (ISR). We have also taken steps to enhance the United Nations Command to increase multinational influence. A strong Alliance and ready military posture continue to provide the opportunity for further diplomatic, political, and economic engagements. The military dimension of national power is fully integrated into larger national efforts to address the North Korean threat, and more broadly to meet U.S. national security objectives in the region.

C. REPUBLIC OF KOREA

The ROK is a dynamic nation of 50 million people in a region critical to U.S. interests, as well as regional and global stability. The ROK's success, the "Miracle on the Han River," is truly remarkable considering that less than 60 years ago it was one of the poorest nations in the world. Emerging from the destruction of the Korean War, the ROK is among the most vibrant democracies and economies in the world. The drive and spirit of the Korean people along with the security provided by our Alliance forces have helped the Korean people propel their country to become an increasingly important and prominent player in the international community and one of America's closest allies.

Politically and economically, the ROK provides an example for other nations seeking to improve the lives of their citizens. Today, South Korea boasts the world's 12th largest economy. With world-class universities and research and development centers, the ROK is also a leader in science and technology, with the world's fastest average internet connection speed. As a nation with growing influence, South Korea is increasing its role in setting the international agenda, to include establishing a series of free trade agreements and hosting international defense talks.

D. UNITED NATIONS COMMAND: THE INTERNATIONAL COALITION IN KOREA

In response to North Korea's invasion of South Korea in 1950, the United Nations Security Council

(UNSC) called for members to provide military forces to South Korea under the leadership of the United States. The UNSC chartered the United Nations Command (UNC) to repel the attack and restore peace and security. In 1953, the UNC, North Korea, and China agreed to an Armistice to halt hostilities. Today, the 18 nation UNC remains an international coalition that maintains the Armistice and contributes to deterrence. If hostilities resume, UNC provides a multinational enabler to ensure broad international support to defend the ROK.

The ROK-U.S. Combined Forces Command is the powerful warfighting command that deters North Korean aggression and leads U.S.-ROK forces in the defense of South Korea. CFC enables us to organize, plan, and exercise U.S. and ROK forces so that the Alliance is ready to “Fight Tonight.”

U.S. Forces Korea, as a sub-unified command of U.S. Pacific Command, is responsible for organizing, training, and equipping U.S. forces on the Peninsula to be agile, adaptable, and ready to support CFC and UNC.

4. ADVANCING SECURITY ON THE KOREAN PENINSULA: PRIORITIES FOR 2015

In the context of the strategic environment I described above, I have four priorities for the Command: first, to sustain and strengthen the Alliance; second, to maintain the Armistice, while remaining ready to “Fight Tonight” to deter and defeat aggression; third, to transform the Alliance; and, finally, to sustain the force and enhance the UNC/CFC/USFK Team. I would like to describe the progress we’ve made over the last year on each of these priorities, and then conclude by looking ahead to how we will continue to build on these successes.

A. Sustain and Strengthen the Alliance

Our national leaders have established the ROK-U.S. Alliance as the linchpin of our common defense of South Korea. Our efforts on this priority have borne much fruit in this last year. We are increasing activities and communications, so that we keep the Alliance at the center of the Command’s actions. By

putting the Alliance first, we will be better able to address Alliance issues to find Alliance solutions.

Strong Relationships. The U.S.-ROK Alliance is based on common values and interests, as well as strong relationships. Taken together with the national security strategies of both of our nations, presidential statements, and legislation, the U.S. is set to continue to be an indispensable strategic partner to the ROK, and the ROK is well poised to be an enduring and increasingly important ally to the U.S. We have shared an uncommon level of trust that has been central to the defense of South Korea, and key to addressing the regional and global implications of North Korea's disruptive behavior. But the Alliance is about much more than North Korea. Together we are working to address a broad range of security challenges, and to also create new opportunities, mechanisms, and initiatives for an enduring peace, stability, and prosperity. Going forward together, we are poised for a shared future of growth and prosperity.

ROK National Security Strategy. The ROK recently promulgated a new national security strategy titled "A New Era of Hope." The strategy seeks to build on the foundation provided by the ROK-U.S Alliance to pave the way toward peaceful unification and an enhanced international leadership role. The strategy provides a framework for making substantive civil and economic preparations for unification, but keeps in sharp focus the necessity of maintaining a robust defense posture and developing future-oriented capabilities. The strategy also looks outward in terms of enhancing the ROK's relations with other nations and contributing to what the strategy calls "the co-prosperity of humankind."

Republic of Korea Military: A Formidable Force. The ROK military is a modern and capable force with superb leaders. Considering all that is at stake on the Korean Peninsula, we are fortunate to have such a capable ally to tackle challenges and pursue common objectives. In line with the ROK military's growing capabilities, it is proving to be an increasingly valuable partner that contributes to disaster relief, anti-piracy, and non-proliferation operations worldwide. Since South Korea joined the

United Nations in September 1991, it has deployed 40,000 troops all around the world in peacekeeping and assistance missions. In 2014, the ROK military deployed to more than 15 countries in various operations, including an Ebola relief team to West Africa.

- **Military Strategy.** The ROK military strategy continues to call for a rapid and firm response to North Korean provocations, believing such a response is essential to deterrence and self-defense. As I testified last year, I remain concerned about the potential for miscalculation and escalation, so an Alliance response based on timely consultation is the best way to maintain the Armistice and stability.

- **Manning and Budget.** The South Korean military has an active duty force of 639,000 personnel and 2.9 million reservists. South Korea plans to offset a force reduction to 517,000 in the 2020s with better and more high-tech capabilities. In December, the ROK Ministry of National Defense submitted a budget of \$37.09 billion, a 4.9% increase from last year and representing about 2.5% of its GDP.

- **Capabilities and Force Improvement.** South Korea continues to prioritize capabilities and training based on the North Korean threat, but it is also considering other factors such as the defense of sea lines of communication and maritime exclusive economic zones, and building its domestic defense industries.

B. Maintain the Armistice. Be Ready To “Fight Tonight” To Deter and Defeat Aggression

To advance this priority, we must expedite the completion of our plans, enhance BMD posture, and maximize training and exercise opportunities. In order to do those things, we have to provide the combined and joint force in Korea with the best capabilities the Alliance can muster.

U.S. Rotational Forces: Delivering Better Capabilities in Korea. Rotational assets are modular, multi-functional, and operational across the full range of military operations. They enhance our ability to sustain a diverse mix of rapidly deployable capabilities and adapt to a broader range of requirements to defend the Republic of Korea.

The movement of U.S. Air Force fighters into the Pacific has been a routine and integral part of U.S.

Pacific Command's combat capable air forces and regional force posture since March 2004, as has the forward stationing of Air Force bomber assets in the Pacific under the Continuous Bomber Presence initiative. These have maintained a prudent deterrent against threats to regional security and stability.

Eighth Army was among the first units to receive an Attack Reconnaissance Squadron in October 2013, and it will continue to support routine rotational deployments as part of the U.S. rebalancing efforts in the Asia-Pacific region. The decision to rotate units to South Korea represents the Army's commitment to provide mission-ready and culturally attuned capabilities to the region. The rotational deployments to Eighth Army also expose more Army units to the Korean Peninsula, while providing the Alliance with an improved ability to conduct bilateral exercises and improve readiness. These rotations have already achieved results. The 4-6th Attack Reconnaissance Squadron, 16th Combat Aviation Brigade, rotated to Korea from Joint Base Lewis-McChord, WA (October 2013 to June 2014). In nine months, they increased their combat readiness by exercising close combat attack, reconnaissance, and security operations as air and ground forces worked together in a combined arms live-fire environment.

The first brigade-sized unit to support Eighth Army will arrive in June 2015 when the 2nd Armored Brigade Combat Team (ABCT), 1st Cavalry Division from Fort Hood, TX arrives to replace the 1st ABCT, 2nd Infantry Division. This brigade is scheduled to inactivate in July after 50 years of proud service on the Korean Peninsula.

Missile Defense: Countering Growing North Korean Capabilities. The ROK-U.S. Alliance endeavors to strengthen our ability to counter North Korea's growing ballistic missile threat. At the October 2014 Security Consultative Meeting (SCM), the ROK Minister of National Defense and U.S. Secretary of Defense endorsed "Concepts and Principles for Comprehensive Alliance Counter-Missile Operations" or the "4D Strategy." This strategy will posture the Alliance to detect, defend, disrupt, and destroy North Korean ballistic missile threats. This will not only improve Alliance defenses, it will

bolster efforts to deter North Korean WMD and missile use. Further, it will guide operational decision-making, planning, exercises, capability development, and acquisitions. The capabilities include the ROK's "Kill Chain" and Korean Air and Missile Defense System (KAMD), as well as U.S. capabilities on and off Peninsula. The Alliance continues to pursue upgrades and improvements to existing ballistic missile defense capability to include increasing interoperability in systems and procedures.

Tailored Deterrence: Influencing North Korean Decision-Making. The bilateral Tailored Deterrence Strategy (TDS) was created in 2013 to outline a range of Alliance options to influence the North Korean regime's decision making. The strategy focuses on options that raise the cost of North Korean WMD or ballistic missile use; deny the benefits of their use; and encourage restraint from using WMD or ballistic missiles. The strategy provides bilaterally agreed upon concepts and principles for deterring North Korean WMD use and countering North Korean coercion.

Exercises: Enhancing Readiness. Exercising our combined and multinational force is an important component of readiness and is fundamental to sustaining and strengthening the Alliance. Combined Forces Command and ROK Joint Chiefs of Staff (JCS) conduct three annual joint and combined exercises: KEY RESOLVE (KR), FOAL EAGLE (FE), and ULCHI FREEDOM GUARDIAN (UFG). KR and UFG are computer-simulated, theater-level command post exercises that ensure our readiness to respond to provocations, attacks, and instability. UNC routinely invites participation from its 18 Sending States to strengthen Coalition interoperability, while observers from the Swedish and Swiss Delegations of the Neutral Nations Supervisory Commission promote an independent and internationally credible assessment of the defensive nature of these exercises.

C. Transform the Alliance

To achieve transformation, we must synchronize, transform, and re-station the force. We also need to advance theater C4I and cyber capabilities.

Conditions-based Wartime Operational Control Transition. At the 2014 SCM, in light of the evolving security environment in the region including the enduring North Korean nuclear and missile threat, the ROK Minister of National Defense and U.S. Secretary of Defense agreed to implement a conditions-based approach to the transition of wartime operational control (OPCON) from the U.S.-led Combined Forces Command (CFC) to a new ROK-led combined defense command. This will ensure our combined defense remains strong while the ROK develops or acquires the critical military capabilities necessary to assume the lead in its defense.

As a result of this decision, CFC will retain its wartime leadership until the Alliance agrees conditions are met and are conducive for a stable OPCON transition. We will continue to refine our strategy to create adaptive, agile plans and field combined forces that deter and defeat an enemy's provocations, deter aggression, and if deterrence fails, to fight and win.

Additionally, the CFC headquarters will temporarily remain in its current location in Yongsan and maintain the personnel and infrastructure required to command and control the combined force until OPCON transition occurs. Similarly, USFK will keep the U.S. 210th Field Artillery Brigade north of the Han River until the ROK fields a comparable capability.

U.S. Force Relocation: Posturing to Enhance Readiness. To posture forces in support of U.S. and ROK national interests, both governments agreed to consolidate USFK into two enduring hubs south of Seoul near the cities of Pyeongtaek and Daegu. USFK will enhance readiness, improve efficiencies, and further augment Alliance capabilities through two major plans: the Yongsan Relocation Plan (YRP) and the Land Partnership Plan (LPP).

YRP is funded by the ROK government to relocate USFK and UNC from Seoul to U.S. Army Garrison-Humphreys (USAG-H) in Pyeongtaek. LPP consolidates forces from north of Seoul to USAG-H south of Seoul, while still providing access to northern training areas and ranges. The majority of

relocations involves U.S. Army units and supports the Army's Force Generation rotational plan.

The YRP/LPP's \$10.7B transformation program, which includes over 600 facilities, is well underway with over \$1B in construction. The construction at USAG-H has tripled the garrison size. Key construction projects include unit headquarters, motor pools, barracks, family housing, medical facilities, communication centers, a "Midtown Community" complex, schools, installation service facilities, and underground utilities systems. In 2013 and 2014, ROK and U.S. funded projects completed an elementary school, a high school, family housing towers, a child development center, the waste water treatment plant, an airfield operations building, and supporting land fill for garrison expansion. In these efforts, we are particularly attentive to housing needs – to meet our goal of 40% command-sponsored families living on post, so we can maintain readiness and ensure quality of life.

Along with Eighth Army, the Marine Corps Forces Korea (MARFORK) headquarters located in Yongsan will relocate to USAG-H. Commander, U.S. Naval Forces Korea (CNFK) will relocate its headquarters to co-locate with the ROK Fleet Headquarters at Busan in 2015. This will strengthen day-to-day cooperation in the combined naval component, while leveraging the capabilities of nearby Commander Fleet Activities Chinhae, the only U.S. Navy base on the Asian mainland.

For Seventh Air Force at Osan Air Base, USFK will return real estate hosting dilapidated munitions storage areas to the ROK, and in turn the ROK will grant a larger parcel of land to construct new storage facilities which will enhance safety. Also, while not a YRP/LPP initiative, planning has advanced for a new Combined Air and Space Operations Center at Osan, to be funded in large part with host-nation funds, which will ensure a survivable, capable command and control capability for Airpower.

D. Sustain the Force and Enhance the UNC/CFC/USFK Team

To sustain U.S. forces in Korea, we will continue to focus on proper command climates, enforcement of discipline, and comprehensive fitness and wellness. Particularly in the areas of

preventing crime, sexual harassment, and sexual assault, we have been taking proactive steps that have led to a downward trend in incidents. To prevent sexual harassment and sexual assault, the Command Sergeant Major and I conduct regular sensing sessions that provide insights on what leaders need to be more aware of for effective prevention strategies. We are committed to this priority, so we can build trust and readiness to prevail in armistice and the crucible of war.

To enhance the international team in Korea, we have also made important progress. We are expanding UNC participation in exercises. For example, participation during the annual exercise ULCHI FREEDOM GUARDIAN increased from three countries and seven officers in 2009 to seven countries and 153 officers in 2014. Multinational officers also play a critical role on the UNC staff, to include shaping UNC strategy, strategic communication, and other critical functions. This increasingly impactful and visible multinational presence is a clear message from the international community of continued international support for the defense of South Korea and for stability in the region.

5. WHAT WE MUST ACHIEVE

With the progress I have described, there is still much work to do. I am proud to testify that, as a result of the progress we have achieved on the Command's four priorities, our defense is capable and better prepared to respond effectively to any provocation, instability, or aggression.

Our top concern is that we could have very little warning of a North Korean asymmetric provocation, which could start a cycle of action and counter-action, leading to unintended escalation. This underscores the need for the Alliance to maintain a high level of readiness and vigilance, and to do so together.

Critical Capabilities. During the recent SCM, our national leaders reaffirmed their commitment to strengthening the combined defense of South Korea. They also confirmed several critical capabilities the Alliance must improve to ensure continued readiness to respond. These are:

- Intelligence, Surveillance, and Reconnaissance, or ISR.
- Command, Control, Communications, Computers, and Intelligence, or C4I.
- Ballistic Missile Defense, or BMD.
- Critical Munitions.

We must continue to pursue ISR capabilities. The Alliance's ability to distinguish the indications and warnings associated with an impending North Korean asymmetric or conventional attack directly impacts the Alliance's decision space. Investments here can mitigate the risk of miscalculation and escalation by providing a more accurate and timely picture of North Korean actions.

During this past year, South Korea began to invest in new tactical equipment that will comprise a reliable C4I architecture. We must maintain this momentum in improving C4I capabilities and interoperability, so we can communicate from tactical to strategic levels and between units in the field.

Due to the nature of the evolving threat, particularly ballistic missiles, it is critical for the Alliance to build a layered and interoperable BMD capability. Each nation has unique contributions to make to missile defense. While the U.S. has an existing layered BMD capability, the ROK is moving forward in the development of its KAMD and "Kill Chain." It is essential that we work together to ensure interoperability of Alliance BMD capabilities.

In the early phases of hostilities, we will rely on a rapid flow of ready forces into the ROK. During this time, we will rely on U.S. and ROK Air Forces to establish air superiority to defeat North Korean threats which could inflict great damage on Seoul. In order to ensure maximum Alliance capability and interoperability, we will also work closely with the Republic of Korea to ensure it procures the appropriate types and numbers of critical munitions for the early phases of hostilities.

Force Relocation Plans. We will continue executing the Yongsan Relocation Plan and the Land Partnership Plan, and as required, we will work together to refine relocation plans to support the

conditions-based OPCON transition.

Operational Plans. Finally, with CFC retaining its wartime leadership role, we will expedite updating our operational plans. Executable plans will ensure an effective Alliance response to a crisis.

6. CLOSING

2014 was a positive year for the ROK-U.S. Alliance in many respects, even in the face of unpredictable North Korean asymmetric actions. We have been fortunate and thankful for the strong support of all our partners and the priority of resources that allow us to carry out what our Alliance demands of the Command. In 2015, I am looking forward to working with senior U.S. and ROK civilian and military leaders, Ambassador Mark Lippert, ADM Locklear, and the new PACOM Commander as we maintain stability in Korea and the region. The men and women of this multinational, combined, and joint warfighting Command are very thankful for the support from this Committee and the American people which is so crucial in maintaining our readiness against the North Korean threat. We will never lose sight of the fact that we are at “Freedom’s Frontier” defending one of our most important allies and vital American interests. Thank you, and I look forward to our discussion.