

AS DELIVERED

**SECRETARY OF DEFENSE ASH CARTER
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As Delivered by Secretary of Defense Ash Carter, Tempe, AZ, Monday, April 06, 2015

Well, good morning, and thank you so much, Michael.

And, good morning, Arizona State, and thank you for being “all in” to national defense. We appreciate it – we don’t take it for granted. And it’s good to be here today with you and the institute – the McCain Institute – as I go out on my first trip to Asia as Secretary of Defense, and that’s the topic about which I want to speak with you this morning.

Michael, thanks for the kind words. I’ve heard so much about what you’ve been doing here at ASU, and it’s so great to now have a chance to take a look at it myself. You are one of the most innovative educators in America. In transforming ASU with new schools and new research initiatives, realizing the promise of blended learning programs – combining online with in-person instruction. Doing things like partnering with Starbucks through the Markle Foundation, whose CEO Zoe Baird is with us today. You have been a leader in expanding access to education and making the American Dream a little easier to achieve for students from all walks of life. Thank you, Michael.

And just as ASU has to simultaneously deliver an excellent education to its current students while pivoting toward – and innovating for – the future of learning, I am also charged with assuring our national security in the here and now – which alone is a consuming job – while ensuring that we also lift our heads up and think about the places and events that will reshape and influence America’s security well into the future.

When I wake up every day, first on my mind are the men and women in uniform, deployed all over the world. I think of course about the very real dangers, current challenges they face – in Afghanistan, Iraq and Syria, Russian provocation, cyberspace. And I also think about our budget challenges and our nation’s fiscal health.

But I also think about the defining region for our nation’s future – the Asia-Pacific. I think about this region for so many reasons, but here are a few data points:

- Half of humanity will live there by 2050;
- Even sooner, by 2030, more than half of the global middle class and its accompanying consumption will come from that region;
- And the region, last, is already home to some of the world’s largest militaries, and defense spending there is on the increase.

And we are seeing very real and astonishing evidence today not just of economic progress, but true social advancement in so many areas in the Asia-Pacific.

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What many people do not see at first, however, is that all this growth – all this progress – has been the result of a peaceful security environment. And this peace – unlike in other areas of the world – has not been provided by multilateral alliances like NATO has in Europe. This miracle of rapid progress, against a backdrop of peace and prosperity, has in fact been enabled by the enduring presence and relationships of the United States – itself an Asia-Pacific nation. And not just in defense, but in diplomacy, economic policy, commerce, and trade.

And as countries across the Asia-Pacific grow more powerful, people become more educated, military spending increases, and economies thrive...we expect to see changes in how countries define and pursue their interests and ambitions. In other words, the regional status quo will change. So to secure our enduring interests, and our future that is so closely aligned with the region, we're changing, too, with our so-called rebalance to the Asia-Pacific.

And it's appropriate that I talk about this region at the McCain Institute.

Senator John McCain – whom I just met with here in Phoenix – is an American hero. He's an American statesman. He's a friend of mine, and he's a staunch supporter when it comes to the welfare of the troops and reform of the Pentagon, which are priorities of mine also.

Twenty years ago, President Clinton was looking for Congressional partners to help normalize the relationship with Vietnam. Senator McCain had plenty of personal reasons to say no – especially after all he had endured there as a prisoner-of-war. But he had long realized normalization would help our country move beyond a polarizing conflict and develop new ties with an important country in an increasingly important region.

Thanks in part to his effort, today, Vietnam and the United States have overcome years of mistrust to build a positive new relationship. We've established, in fact, a defense relationship with Vietnam that would have been impossible ten years ago. And this week – just this week...in the waters off Da Nang, a U.S. guided missile destroyer and a littoral combat ship are scheduled to engage with Vietnamese Navy vessels – an engagement under the tactical command, on the part of the U.S. Navy, of a Vietnamese-American U.S. Navy captain, whose family fled from the Vietnam War when he was five years old.

And I understand today the Vietnamese Ambassador to the United States is here. Sir – Ambassador Vinh, thank you for being here.

That navy activity in Vietnam is just one small example of America's recent "rebalance" to the Asia-Pacific.

I was there with President Obama as he announced the strategic shift that was termed the "rebalance" a few years ago. The thinking behind it – it's a long word – but the thinking behind it is fairly short and straight-forward: After ten years of war in Iraq and Afghanistan, the president decided to restore strategic balance across our foreign, economic, and military affairs to revitalize our engagement in the Asia-Pacific...to ensure we did not lose ground in this dynamic and important region.

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Today, I want to paint the full picture of this renewed investment in the Pacific, and explain why the rebalance matters to Americans – and particularly the younger Americans among you in the audience.

Over the past seventy years, America has not only helped heal the wounds of World War II. We've helped create the stability that has allowed people, economies, and countries throughout the Asia-Pacific to make incredible progress. Think about it. First, Japan, Taiwan, South Korea, Southeast Asia, and now, China and India, have risen and prospered. Millions of Asians have been lifted into the middle class. The region has been relatively free of state-on-state conflict. And democracy has taken hold.

The rebalance – in a nut shell – is about sustaining this progress and helping the region continue to fulfill its promise.

America's policy of building stability and prosperity in the Asia-Pacific has succeeded over the years because it's been a strong, bipartisan priority through both Democratic and Republican administrations. The rebalance is working because it's rooted in the lessons of history, our enduring interests, widespread support in our country, and, especially, our strengths.

And our strengths start with our principles, which, as history has shown, are not just principles we hold dear, but they have broad and attractive appeal. Since 1946, there has been a four-fold increase in the number of democracies in the region. Following our lead, countries across the Asia-Pacific have also embraced free and open commerce; fidelity to the rule of law; and a rules-based international order.

America's strength is built on our economy, and following one of the hardest recessions in recent memory, the U.S. economy has made great gains – in jobs and in GDP. And we're going to continue to make progress because of our dynamic and innovative businesses, our world-leading universities, and the energy revolution underway in our country right now. And when you combine America's economy with just those of our Asia-Pacific allies, together we represent \$25 trillion of economic might – we and our allies. That's a third of the global economy. And as I will emphasize to you a little later, one critical initiative is before us that would reinforce our economic power. I'll come back to that.

But America's strength is also manifest in our military...the finest fighting force the world – and the region – has ever known...because of the unmatched strength of our capabilities, experience, and, above all, our people. People like the ROTC students you sit next to in class, those who ring the Victory Bell after football games, and the many Sun Devils today, sailing, flying, and serving in the Asia-Pacific right now.

Our military maintains world-leading capabilities because we have made incomparable investments over the years. Since the end of the Cold War, the United States and our allies in the region have invested over \$16 trillion in defense. That's almost as much as the rest of the world combined spent since 1990, and about ten times more than the next highest spending country, which is China. The United States spent nearly \$4 trillion since 1990 just on research and procurement alone, developing thereby an unmatched capital stock. And while we face

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challenges to our technological superiority, it will take decades – and let me repeat that: decades – for anyone to build the kind of military capability the United States possesses today.

This strength is not simply about dollar figures and, above all, about people – it's also about innovation and the drive to develop revolutionary technologies. America is unparalleled in our ability to create and innovate, across both the military and commercial sectors. And we recently launched a major effort, which is one of my top priorities, to develop and field technological breakthroughs that will protect our military's edge long into the future.

The American military has also developed unrivaled – and this is important – operational experience, and honed an unparalleled ability to work with interagency and international partners to fuse intelligence and operate jointly among services and support forces with logistics...all skills forged in the long wars in Iraq and Afghanistan and sharpened in our counter-terror efforts around the world...and also in our humanitarian response to a nuclear meltdown in Japan and a typhoon in the Philippines. No other military possesses this kind of skill and agility backed by experience.

And finally, all these strengths are multiplied by America's unrivaled network of allies and partners – nations both in the region and around the world who seek our friendship not because of our power alone, or through coercion, but because of the gravitational pull of our ideals, values, and goodwill. These ties, tended to with careful diplomacy, are what make America's global strength so unique throughout history and today.

The Defense Department will continue to leverage all these strengths in our engagement across the Asia-Pacific because, as one of my good friends and one of our nation's wisest public servants, Joe Nye, has said, security – security is like oxygen. When you have enough of it, you pay no attention to it. But when you don't have enough, you can think of nothing else. So, in a region where we've enjoyed decades of stability and prosperity, it's human nature for some in the region to take security for granted. But we cannot...afford to – and will not – make that mistake.

So as Secretary of Defense, I am personally committed to overseeing the next phase of our rebalance, which will deepen and diversify our engagement in the region.

First, we will continue to invest in future capabilities that will be especially relevant to the Asia-Pacific's complex and dynamic security environment. These include high-end capabilities, such as a new, long-range stealth bomber and a new, long-range anti-ship cruise missile – just to name two...and areas like rapid runway repair, which may seem mundane, but will help ensure that U.S. forces in the region can survive in a crisis. We're also working on new weapons like a railgun, which uses electromagnetic forces rather than high explosives to fire rounds at much higher speeds, lower cost, and with greater effectiveness. And we're developing new space, electronic warfare, and other advanced capabilities, including some surprising ones.

Next, we are now fielding in numbers key capabilities we have developed over the past decade – capabilities that are suited for the Asia-Pacific now and for years to come. We've sent the latest Virginia-class submarine and the Navy's P-8 surveillance aircraft. We're deploying our most

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advanced fighters in the region – the F-22 and the F-35 Joint Strike Fighter – as well as our long-range B-2 and B-52 bombers. And given the region’s growing missile threat, we’re forward deploying two additional Aegis missile defense-equipped ships. We’ll also continue to push our most advanced technology to the Pacific, including, for example, our newest stealth destroyer, the Zumwalt.

And we’re finding new ways to use existing weapons systems. For example, we’ve adapted the Tomahawk missile, best known for use against fixed land-based targets back in the 1991 Gulf War, so it can be used against moving targets in a maritime environment – which is something we think about a lot in the Asia-Pacific.

Third, we’re adapting our overall defense posture in the region to be geographically distributed, operationally resilient, and politically sustainable. There is no more concrete example than some of our construction underway around the Asia-Pacific. For example, in Japan, Korea, and Guam, we’re in the middle of four of the largest military construction projects since the end of the Cold War... and, by the way, our allies in Japan and Korea are stepping up to pay their fair share of the bill for that construction.

We’re also being smarter about how we manage our personnel and platforms in the region. We’re shifting Marines from a concentrated presence on Okinawa to Australia, Hawaii, Guam, and mainland Japan. We’ve established new agreements to rotate forces to the Philippines and Australia, where our Marines’ fourth rotation is about to begin. And in June, the Army will deploy an Army Brigade Combat Team on its first rotation to Korea – where I’ll be in just a few days...providing a higher readiness force on the Korean peninsula. We’re also rotating air and naval assets throughout the region.

In addition, we’ve maintained out there an increased tempo of training and exercises. For example, the Army’s Pacific Pathways program has enhanced its training with a number of partners in the region. And, as we speak, Operation Foal Eagle is underway in Korea, which includes thousands of U.S. and Korean personnel.

Everything I just discussed – the investments, the capabilities, and the posture – helps us with our fourth line of effort: which is reinforcing the partnerships and alliances that are the bedrock of everything we do in the Asia-Pacific.

That begins with constantly refreshing our long-standing alliances – as we have done since their origin back in the Cold War – to reflect the new strategic environment. When I get to Japan later this week, we will be working to complete a new set of Guidelines on Defense Cooperation – which is the foundational guidance for this important alliance – to allow us to take our cooperation to a whole new level and into new areas like space and cyberspace. In Korea, I’ll be working with my counterpart to reinforce deterrence and improve capabilities on the Peninsula to counteract an increasingly dangerous and provocative North Korea.

To expand the reach of our alliances, we are building unprecedented “trilateral” cooperation – in other words, we’re networking our relationships. With Japan and Australia, for example, we’re cooperating to strengthen maritime security in Southeast Asia and explore defense technology cooperation. And with Japan and Korea, we’re building on a first-of-its-kind information-sharing arrangement that will help us collectively deter and respond to crises.

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We're also establishing new partnerships – brand new partnerships – while deepening others...especially in South and Southeast Asia. I mentioned our growing relationship with Vietnam earlier, but this June I will also return to Singapore for the annual Shangri-La Dialogue, and travel on to Southeast Asia and India.

The U.S.-India relationship is one of our most exciting and dynamic partnerships. In January, we agreed to an update of our bilateral Defense Framework...which is the first update in ten years with this country of growing importance. It will open up new ways to expand the U.S.-India relationship, such as maritime security, and new opportunities to cooperate on high-end technologies, for example, jet engines and aircraft carrier design.

In Southeast Asia, we are enhancing the capabilities of our partners as they step up and play leading roles on a range of challenges. That's why we are partnering with the Philippines, Vietnam, Malaysia, and Indonesia to provide them with additional assets for maritime security and disaster relief operations. And why we're helping Singapore develop a regional information sharing and disaster relief hub.

Okay, so what about China? How does it fit into this strategy? Some people would have you believe that China will displace America in the Asia-Pacific or that its economic growth will somehow squeeze out opportunities for young people like you. But I reject the zero-sum thinking that China's gain is our loss because there is another scenario in which everyone wins...and it is a continuation of the decades of peace and stability anchored by a strong American role, in which all Asia-Pacific countries continue to rise and prosper, including China. This is the scenario we seek in the ongoing rebalance.

That said, we and many other countries are deeply concerned about some of the activities China is undertaking. Its opaque defense budget...its actions in cyberspace...and its behavior in places like the South and East China Seas raise a number of serious questions. These are concerns we raise with our Chinese counterparts on a regular basis.

The U.S. and China are not allies, but we don't have to be adversaries. A strong, constructive U.S.-China relationship is essential for global security and prosperity. Our relationship will be complex as we continue to both compete and cooperate. But we also believe there are opportunities to improve understanding and to reduce risk with China, which is why President Obama and President Xi announced two historic confidence-building agreements this past fall. We're working to complete another measure this year that aims to prevent dangerous air-to-air encounters, and there are a wide range of other possible confidence-building measures that I will be strongly working on.

Assuring peace, prosperity, and progress as countries across the Asia-Pacific continue to rise will be your generation's central strategic challenge. The rebalance is helping create the right incentives and conditions to encourage China to play by the rules of a principled international order...one that has helped China – as much as any other nation – rise and prosper.

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But look, I'm sure that as some of you approach graduation, your own prosperity is foremost on your minds – and probably your parents' too. Know this: a growing Asia-Pacific is an enormous opportunity for you and for the country.

Whether you are a doctor or an engineer, an entrepreneur or an artist, a software designer or, like me, a physics major and medieval history major, the arithmetic is straightforward: 95 percent of the world's customers – for the cures you discover, the software you develop, and the articles you write – live beyond our borders. There are already more than 525 million middle class consumers in Asia, and we expect there to be 3.2 billion in the region by 2030.

President Obama and I want to ensure that you and the rest of America's workers and businesses can successfully compete for all these potential customers. That is why we need Congress to pass bipartisan Trade Promotion Authority for the President – so that he can ensure America gets the best deal in a historic, new trade agreement with eleven other Asia-Pacific countries, which is called the Trans-Pacific Partnership.

As Secretary of Defense, I never forget that our military strength ultimately rests on the foundation of our vibrant, unmatched, and growing economy. TPP is so important because of its enormous promise for jobs and growth across our nation's economy. It is expected to increase U.S. exports by \$125 billion in the next decade, supporting high quality jobs. TPP also, by the way, makes economic sense here in Arizona because exports already support almost 100,000 Arizona jobs.

TPP would provide these businesses – and all of us – a more level playing field and more opportunities to succeed. It would do so by requiring these other countries to adopt the standards that we hold ourselves to here in the United States, such as: government transparency, intellectual property laws, a free and open internet, environmental protections, and workers' rights. TPP would also lower barriers to American goods and services in the Asia-Pacific's fastest growing markets.

But TPP also makes strong strategic sense, and it is probably one of the most important parts of the rebalance, and that's why it has won such bipartisan support. In fact, you may not expect to hear this from a Secretary of Defense, but in terms of our rebalance in the broadest sense, passing TPP is as important to me as another aircraft carrier. It would deepen our alliances and partnerships abroad and underscore our lasting commitment to the Asia-Pacific. And it would help us promote a global order that reflects both our interests and our values.

Time's running out: we already see countries in the region trying to carve up these markets...forging many separate trade agreements in recent years, some based on pressure and special arrangements rather than openness and principle. Agreements that don't incorporate our high standards and leave us on the sidelines. That risks America's access to these growing markets, and it risks regional instability.

We must all decide if we are going to let that happen. If we're going to help boost our exports and our economy, support higher-paying jobs across America, and cement our influence and

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leadership in the fastest-growing region in the world; or if, instead, we're going to take ourselves out of the game.

As Secretary of Defense, I see our military personnel demonstrate every day that American men and women, American innovation, and American hard work do not just compete, they outpace every other country in the world. By passing Trade Promotion Authority and finalizing a strong TPP, we'll allow American workers to do the same.

At the end of this trip, I hope to see one of those service members ... your fellow Sun Devil Air Force Captain Cody Chiles. Cody, after graduating from ASU in 2007, went on to serve in, among other places, Korea and Japan, before his current assignment in Hawaii, where I hope to meet him at the end of my trip. In every assignment he's had throughout the region, he believes that he and his fellow service members have been America's "statesmen" in the Asia-Pacific.

Over the next century, no region will matter more for American security and also for American prosperity. That's the world we will be living in. And, thanks to President Obama's leadership, the United States is poised economically, diplomatically, and militarily to embrace all of its opportunities.

But we need people like you and Cody to represent us in the region. While you may not serve in the military, you can be Sun Devil-Statesmen just like him.

You and your generation are our best representatives, and that is why I've been honored to speak to you today. You will have an amazing education thanks to ASU and to your hard work. And you're the reason I feel so hopeful about America's future – at home, in the Asia-Pacific, and around the world.

Thank you.