

Fact Sheet: The Fiscal Year 2014 Federal Budget and the Asia-Pacific

“Asia will largely define whether the century ahead will be marked by conflict or cooperation, needless suffering or human progress.”

*President Barack Obama
November 2011*

Rebalancing Toward the Asia-Pacific Region

At the outset of his Administration, the President made a strategic decision to increase focus on the Asia-Pacific region and rebalance U.S. engagements, activities, and resources toward and within this vital region. The President’s approach is grounded in a simple proposition: the United States is a historic Pacific power whose economy, strength, and interests are inextricably linked with Asia’s economic, security, and political order.

The Fiscal Year 2014 Budget reflects this strategic priority, sustaining key investments made throughout the President’s first term and investing in new initiatives to expand and deepen a Government-wide commitment across the region. The Budget aligns resources and activities with the President’s Asia-Pacific rebalance objectives: shaping regional institutions and architecture, advancing economic integration across the region, strengthening and modernizing U.S. alliances, forging deeper partnerships with emerging powers, pursuing a stable and constructive relationship with China, and promoting universal and democratic values.

Advancing Economic Prosperity and Strengthening Regional Institutions and Integration

Across the region, the President’s initiatives are helping to support American jobs and create economic opportunities, including the more than five million American jobs supported by goods exports to the 21 Asia-Pacific Economic Cooperation (APEC) economies in 2012. The United States is leading the way in negotiating the high-standard Trans-Pacific Partnership (TPP), the most closely-watched trade and investment negotiation in the world. In Fiscal Year 2014, the Administration will commit additional resources toward implementation of a high-standard TPP, the President’s National Export Initiative, and other key economic growth initiatives. The office of the U.S. Trade Representative (USTR) will also continue to build on its strong trade enforcement record to level the playing field for U.S. workers, farmers, ranchers, and service providers in the region. Towards this goal, the budget provides \$22 million between USTR and ITA for the Interagency Trade Enforcement Center (ITEC), an interagency effort created by the President in February 2012 to address unfair trade practices and barriers via a “whole-of-government” approach.

The President has also strengthened regional institutions to drive economic and regional integration. Not only has the President himself actively participated in the Asia-Pacific Economic Cooperation (APEC) forum and the East Asia Summit (EAS), and stepped up engagement with the Association of Southeast Asian Nations (ASEAN), but the Administration has actively helped strengthen these fora so that each can more effectively promote regional stability, security cooperation and political reform,

regional trade and investment, human rights, and the rule of law. The FY14 Budget specifically provides \$26 million for multilateral institutions in the region, including ASEAN, APEC, and the ASEAN Regional Forum. The Administration will sustain robust Cabinet-level engagement, most notably at the ASEAN Regional Forum and the ASEAN Defense Ministers Meeting, and provide funding to increase the U.S. Government's staff at our mission to ASEAN in order to meet these goals.

Strengthening and Modernizing U.S. Alliances

The U.S. alliance framework is the foundation of regional security in the Asia-Pacific. The President has strengthened and modernized ties with our five strategic allies in the region: Japan, the Republic of Korea, Australia, Thailand, and the Philippines. Since 2009, the United States has invested in closer and stronger relationships with every ally by enhancing combined exercises, increasing cooperation and training, and intensifying coordination on all aspects of regional security. In particular, our alliances with Japan and the ROK are stronger, and enjoy more domestic support, than at any time in our history. The 2014 Budget invests in capabilities such as upgrading Japanese Aegis combat systems; enhancing the ROK's rotary wing and intelligence, surveillance, and reconnaissance assets; and developing a new bomber and conventional strike systems for long-range power projection; and joint training exercises (e.g., Keen Edge with Japan and Key Resolve with the ROK) to improve both our capabilities and our interoperability in order to address shared security challenges in the region. The 2014 Budget provides new investments in the U.S. alliances with Australia, Thailand, and the Philippines, which contribute to peace and stability across Southeast Asia and throughout the region. The Budget provides \$17 million for the rotational deployment of U.S. Marine Corps units and \$70 million for the rotational deployment of U.S. Air Force units to Australia to conduct exercises and training throughout the region, while advancing one of our most important alliances. Overall, the State Department Budget provides \$1.2 billion in funding for the region, including \$50 million in military assistance and \$8 million in law enforcement assistance funding to help enhance the Philippine government's maritime and counterterrorism capabilities. The Budget also provides \$95 million for military infrastructure on Guam, which will ultimately enable the movement of some U.S. Marines from Okinawa and enhance the long-term political sustainability of U.S. defense posture in Japan.

Deepening Partnerships with Emerging Powers

Over the last four years, the United States has broadened engagement with countries across the region, including India, Indonesia, Malaysia, Mongolia, New Zealand, Singapore, and Vietnam.

The 2014 Budget continues to strengthen the enduring U.S. commitment to Asia's growing powers. For example, the United States will continue to advance a strategic partnership with India; combined efforts to address export control issues; and strengthened cooperative efforts with India and Indonesia on counterterrorism, military professionalization, intelligence, and good governance. Through the Lower Mekong Initiative (LMI) 2020, the Budget provides \$50 million over three years to enhance

cooperation between Cambodia, Laos, Thailand, Vietnam, and Burma in the areas of environment, health, education, and infrastructure development.

Across the region, our presence and ability to engage with partners will be enhanced by 2014 Budget increases for expanded State Department and United States Agency for International Development (USAID) operations, foreign assistance, and public diplomacy. The Budget also increases investments in the United States' program for partner capacity building and training in the Pacific, which will support the modernization of select exercises, fund an additional three exercises, and increase regional participation in larger annual and biannual exercises. This additional investment will enhance the U.S. ability to build the capacity of emerging partners in priority mission areas, particularly humanitarian assistance and disaster relief and maritime security.

Pursuing a Stable and Constructive Relationship with China

Cooperation between the United States and China is essential to dealing effectively with the most challenging diplomatic and economic issues, including North Korea, Iran, Syria, global economic rebalancing, and climate change. Close engagement with China is also critical to expanding opportunities in the Chinese market for U.S. companies and workers, as well as to addressing bilateral challenges such as the protection of intellectual property rights and trade secrets. Through high-level consultations and dialogues with the Chinese government, the President's approach toward China has yielded important results that advance U.S. national security and economic interests and allowed us to increase cooperation while managing our differences.

The 2014 Budget supports the diplomatic architecture underpinning this relationship, including the Strategic and Economic Dialogue, a coordinated effort between the Treasury and State Departments; and the U.S.-China Joint Commission on Commerce and Trade led by the Commerce Department and the Office of the U.S. Trade Representative. In addition, the 2014 Budget funds Foreign Commercial Service posts in five Chinese cities with more than 100 related support staff -- the largest such presence outside the United States. These posts provide trade-promotion and advocacy support to U.S. companies with growing presence in China. And with assistance from the Department of Commerce's SelectUSA program, which the Budget expands to \$20 million for 2014, Chinese investment in the United States is growing at a faster rate than from any other country in the world. The Budget also supports the USTR's negotiations on a Bilateral Investment Treaty with China and on China's accession to the WTO's Government Procurement Agreement with China.

Promoting Democratic and Universal Values

The Budget also reaffirms America's longstanding commitment to the Asia-Pacific region's citizens and the values we share. President Obama's historic trip to Burma in November 2012 underscored the strong U.S. support for the courageous citizens who increasingly have a say in their country's future, and for the leaders who have helped chart a new path forward. The 2014 Budget provides \$75 million to build on these efforts by supporting further democratic reform and national reconciliation in Burma, of which \$8 million will fund a new food security program.

The 2014 Budget makes key investments to improve health in the region, including robust requests in support of the Administration's Child Survival Call to Action and efforts to accelerate progress towards an AIDS Free Generation. In addition for Asia programs, the State Department, USAID, and DOJ will also leverage regional engagement with ASEAN, other multilateral institutions, and governments across the region to intensify efforts to combat human trafficking and corruption and to strengthen judicial and government institutions. Development resources will also accelerate support for the Partnership for Growth and help the Philippines achieve broad-based and inclusive economic growth and strengthen resilience against natural disasters while continuing to build the foundations for a more peaceful and well-governed state.

Finally, the FY14 Budget funds key rule of law initiatives in areas such as labor and human rights as well as emerging partnerships in military and law enforcement training and exchanges. For example, the Department of Defense is currently planning on providing counter-drug training and other assistance to host nation military or police forces in the following Pacific region countries in FY 2014: Bangladesh, Cambodia, Laos, Thailand, and the Philippines. And the Department of Justice is pursuing partnerships with Asian governments that focus on anti-corruption, intellectual property protection, trafficking in persons, anti-money laundering, legislative reform, environmental crimes, and trial training.