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JAPAN: RECENT SECURITY DEVELOPMENTS

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

HEARING HELD
JULY 27, 2010

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JAPAN: RECENT SECURITY DEVELOPMENTS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Tuesday, July 27, 2010.

The committee met, pursuant to call, at 10:02 a.m., in room 2118, Rayburn House Office Building, Hon. Ike Skelton (chairman of the committee) presiding.

OPENING STATEMENT OF HON. IKE SKELTON, A REPRESENTATIVE FROM MISSOURI, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. Good morning. Today the House Armed Services Committee meets to receive testimony on recent security developments in Japan. Our witnesses today, the Honorable Chip Gregson, the Assistant Secretary of Defense for Asian and Pacific Security Affairs, the Honorable Kurt Campbell, the Assistant Secretary of State for East Asian and Pacific Affairs, and the Honorable Jackalyne Pfannenstiel, the Assistant Secretary of the Navy, Energy, Installations and Environment. And we welcome you and thank you for being with us.

There is little doubt that the alliance between our country and Japan represents a cornerstone for peace and stability in the Asia-Pacific region, because I am convinced that the Asia-Pacific region will be increasingly central to the concern of America's national interests. And in this century, I believe it is essential that the U.S.-Japan alliance continue to grow based on shared interests and shared values.

U.S.-Japan alliance has clearly been undergoing a period of transition in recent years, which has not come without complications. Rhetoric and occasional disagreements aside, though, our two nations clearly remain partners. Japan has obligated $900 million to provide assistance to Afghan national security forces, part of a $5 billion package of aid to Afghanistan. Japan has also pledged $1 billion to support international assistance efforts in Pakistan. Japan has supported South Korea and the United States in the dispute over the sinking of the *Cheonan*.

The Japanese have also been instrumental in Six-Party negotiations with North Korea. And finally, Japan has worked diligently to address many longstanding grievances with its East Asian neighbors. Clearly, one of the most apparent issues of concern between our nations has been stationed U.S. forces on Okinawa. I strongly support the Marine Corps presence in Okinawa, one that the U.S. has long maintained and over time, some U.S. bases have become significantly encroached. This encroachment has led to sig-

nificant issues regarding the burden of the facilities on the civilian population.

Accordingly, the U.S. and Japan entered into an agreement in 2006 to relocate 8,000 Marines from Okinawa to Guam and to construct a new base in Northeast Okinawa far from major population centers. Both sides will make significant financial contributions to the effort. When the current ruling party in Japan recently assumed control, however, they expressed concern about the nature of the agreement and initially sought to modify the 2006 roadmap. After significant discussions by the Administration with Japan, I am pleased that they have recently reaffirmed the roadmap.

Let me be clear. It is essential that the U.S. retain the ability to project forces in the East Asian theater to ensure regional stability and prosperity. U.S. forces on Okinawa are central to this capability. Japan also benefits substantially from this partnership. They are able to devote less than 1 percent of their gross domestic product toward their national defense. Given the benefits of both nations, I see little need for major changes to the current Status of Forces Agreement. This year marks the 50th anniversary of the U.S.-Japan Treaty of Mutual Cooperation and Security. If both nations stay true to their national interests, I believe we can look forward to at least another 50 years of such mutual cooperation. Before I turn to my good friend, our ranking member, the gentleman from California, Buck McKeon for any comments he might care to make, let me mention my disappointment at the failure of the Department of Defense and the Department of State to submit witness testimony for this hearing in a timely manner. Arrangements for this hearing were made many weeks in advance, and I cannot imagine how it came to pass that we did not receive testimony until just yesterday. Mr. McKeon.

[The prepared statement of Mr. Skelton can be found in the Appendix on page 35.]

STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. MCKEON. Thank you, Mr. Chairman. And welcome to our witnesses. We appreciate your being here this morning. Mr. Chairman, this is a very timely and important hearing considering the most recent saber rattling from North Korea and the continued equivocation from the Government of Japan concerning the ultimate location of the Marine airfield on Okinawa. Much of today's hearing will focus on the multitude of unresolved issues concerning the realignment of the Marine forces in the Pacific, particularly the move of approximately 8,000 Marines and their families from Okinawa to Guam, and associated moves on Okinawa itself.

Make no mistake, these are important questions, but what is more important, however, is the reason we are undertaking this upheaval. The United States has long been focused on Europe. In recent years, our attention has naturally shifted to the Middle East and South Asia in our continual fight to stamp out Al Qaeda and its allies. We cannot, for a moment, forget, however, how critical the Pacific and the Pacific Rim countries are to our national security. While we have friends along the Pacific Rim, Japan among

them, they are fewer and scattered over a vast ocean. The threats are ominous, with China rapidly increasing in both military and economic power. Even worse, North Korea, a failing state led by an unstable dictator possessing nuclear weapons, has just threatened military action if we even conduct military exercises with the South Koreans. Against this backdrop, Japan is a friend, but a friend who relies on our military power to protect them.

In exchange, the Government of Japan provides military bases as well as some funding to establish and operate these bases. In my view, Japan is getting quite a bargain. And sometimes fails to recognize the great benefit the United States provides, provides them with our conventional forces and nuclear shield. Even so, we have agreed to reduce our footprint in Japan by moving a substantial number of Marines to Guam with Japanese financial assistance. We have agreed to this move in order to assure our ability to station the III Marine Expeditionary Force in the western Pacific and ensure our strategic-ready, forward-deployed land force is able to deploy at a moment's notice where needed.

With elements of this corps-sized land force split among small bases in Hawaii, Guam and Okinawa, each island thousands of miles from the others, we need to resolve the remaining questions and get on with executing this plan. Last year the Chairman and I, accompanied by several other members, traveled to all three locations. Space on each island is limited. The training needs of the military are often difficult to reconcile with the needs of the local populace.

Nonetheless, our Marines are there for the national security of Americans, Japanese and South Koreans alike. With American lives on the line, the least the Japanese can do is provide credible installations for our forces. While much progress has been made since our February 2009 trip, far too much is still unresolved. I was dismayed to read in the press that the new Prime Minister of Japan may delay the decision on the new Marine airfield on Okinawa until November. We understand the issue is politically sensitive on Okinawa, but the resolution of that issue is the key to the whole puzzle. Furthermore, we still do not have a U.S. Government plan for developing the infrastructure of Guam. Guam and her people are patriotic, welcoming and generous, but they do not have the resources to build the roads, power plants, water and wastewater infrastructure necessary to support such a large influx of people.

Despite repeated emphasis by this committee, there is no plan other than the Office of Management and Budget [OMB] will assign responsibility and provide funding to concerned agencies in the fiscal year 2012 budget. The idea of putting OMB in charge is not only not reassuring, it is frightening. I look forward to hearing the witnesses' perspective on these matters and yield back.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 38.]

The CHAIRMAN. General Gregson, please.

STATEMENT OF HON. WALLACE C. GREGSON, ASSISTANT SECRETARY OF DEFENSE FOR ASIAN AND PACIFIC SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Secretary GREGSON. Mr. Chairman, Mr. McKeon, distinguished members of the committee, thank you for the privilege of appearing before you today to discuss recent security developments with Japan. As the Chairman mentioned, this is the 50th anniversary of our Treaty of Mutual Cooperation and Security. It is a unique alliance relationship built on common interests, shared values and complementary contributions that bind together two very different nations. Within this alliance, there are other unique relationships with Okinawa prefecture, for example, which is much in the news recently. The Japanese election last fall called for a thorough revalidation of our alliance structure and its operation.

The conclusion is that the essential purpose and structure of the alliance remains vital. Our relationship with Japan includes a number of bilateral security activities beyond management of our bases. The U.S.-Japan missile defense cooperation is now a central element in our defense relationship. Japan's investments in four BMD [Ballistic Missile Defense]-capable Aegis destroyers, upgrades of its Patriot battalion PAC [Patriot Advanced Capability]-3 capability and installation of an X–Band radar aid in that missile defense.

Cooperation is growing in humanitarian assistance and disaster relief. Japanese Self-Defense Forces deployed alongside American partners to address humanitarian challenges, such as the 2004 tsunami response and providing relief to Haiti.

We consult on strategic issues. Throughout the past 18 months, we collaborated with our Japanese counterparts on the Quadrennial Defense Review [QDR], the Nuclear Posture Review [NPR], and the Ballistic Missile Defense Review [BMDR]. We will discuss extended deterrents and we are planning space and cyberspace discussions. We are working closely with Japan on their development of their National Defense Program Guidelines.

Japan is strengthening security ties with countries in the region. The current trilateral ties among the United States, Japan and South Korea are unprecedented. Internationally, Japan is a valuable partner in Afghanistan and maritime security operations. Japan's cooperation helped construct the Afghan Ring Road and pay the salaries of the Afghan National Police. Japan's $5 billion pledge supporting civil sector efforts will support building civilian capacity, reintegration of militants, demilitarization and economic development, all critical components of our Afghan strategy. Japan's Maritime Self-Defense Force remains active in counterpiracy operations off the Horn of Africa.

Japan also provides forces to U.N. missions in Nepal, the Sudan, Haiti and the Golan Heights. For the past 6 years or more, Japan and the United States made historic progress in revalidating, modernizing and realigning our alliance, presence and capabilities in Japan and the region. A series of progressively more detailed agreements since early 2005 created the foundation for the most complex changes in the operation of our alliance since the signing of the treaty in 1960.

Focus on relocation of Marine Corps Air Station Futenma has, for certain, been intense. Lost in that focus is that most of the 2005–2006 plans for realignment are moving forward with little controversy. We are collocating air and missile defense command to Yokota Air Base, bringing permanent Japanese presence for the first time on to a base that houses our U.S. forces, Japan headquarters. The headquarters of the Ground Self-Defense Forces Central Readiness Force will be moved on to Camp Zama to be collocated with the transformed U.S. Army command and control structure. We will relocate Carrier Air Wing Five currently at Atsugi Naval Air Station to Marine Corps Air Station Iwakuni, reducing the impact of our presence in a very densely populated community.

In September of 2008, the USS *George Washington* arrived in Japan sparking little opposition. We are expanding opportunities for bilateral training and operations in Guam, the Commonwealth of the Northern Marianas and in the Compact States, as well as within Japan, making our presence at the same time more politically sustainable. The sinking of the *Cheonan* and the deployment of a large PLA [People's Liberation Army] Navy Surface Action Group through waters near Okinawa reminded Japan and the region of the vital deterrent role played by U.S. forces in Okinawa and across Japan.

The joint statement issued May 28th by Secretary Gates and Secretary Clinton and her Japanese counterparts designates the location of the FRF [Futenma Replacement Facility] in Camp Schwab area and tasks a bilateral experts group to develop a specific plan by the end of August. That effort is well underway and we expect the group to complete its efforts on schedule. Of course, the FRF at Camp Schwab is a single component of a larger plan to consolidate the U.S. presence on Okinawa and move our forces away from the densely populated southern portion of the island. The full Okinawa realignment package will allow us to reposition approximately 8,000 Marines from Japan to Guam and return nearly 70 percent of the urbanized land south of Kadena Air Base. This will ensure a much more sustainable and enduring presence for U.S. forces on Okinawa and also enhance the alliance's operational needs and capabilities. Most importantly to the Okinawans, it directly affects their noise, safety and environmental concerns.

At the same time, the American community on Okinawa, both uniformed and civilian, continues to expand our efforts to be productive members of that community. Okinawa has been shaped by powerful historic and geographic factors making military matters the dominant theme. It was annexed by Japan in 1879. In 1945, Okinawa suffered from the "rain of steel" in the last bitter battle of a very bitter war. One-third to one-half of the civilians alive before the battle perished, caught between the contending forces. The year 1972 brought reversion to Japan. Throughout, this island community has held unrealized economic and educational potential.

The Obuchi Fellowship created on the occasion of the Clinton-Obuchi Summit in 2000 provides important opportunities for Okinawan students to study in the United States. The Okinawa Institute of Science and Technology was conceived and announced in 2000. It is now formally open and is a quality institution. The U.S. universities in Okinawa have continued to expand their local schol-

arships. The American Chamber of Commerce is making major contributions to English language education in the secondary schools. Many service members and their spouses teach English in the grade schools, establishing enduring cross-cultural relationships in the process. Our Ambassador to Japan has worked hard to ensure that Okinawa will be a part of our broader bilateral initiatives to promote science, renewable energy and entrepreneurship.

Okinawa offers great opportunities for U.S.-Japanese investment and cooperation. The Government of Prime Minister Kan has recently made clear its commitment to the U.S.-Japan alliance and to our presence on Okinawa. President Obama said that this anniversary year represents an important opportunity to step back and reflect on what we have achieved, celebrate our friendship but also find ways to renew this alliance to refresh it for the 21st century. We are doing exactly that. Thank you, and I await your questions.

[The prepared statement of Secretary Gregson can be found in the Appendix on page 41.]

Mr. ORTIZ. [Presiding.] Secretary Campbell.

STATEMENT OF HON. KURT M. CAMPBELL, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Secretary CAMPBELL. Thank you very much, Mr. Chairman. And I thank all the members of the committee. It is an honor to be here today. Let me submit, if I may, my full statement for the record. And I also want to take a moment to thank my dear friend and colleague, Chip Gregson, for the honor to be able to work with him over these many years. I would also like to thank the comment made by the ranking member, Congressman McKeon. I think the point he underscored about the drama that is playing out in the Asia-Pacific region is something we should not forget. I spent a lot of time in Asia, traveled, talked with a lot of friends and there are continuing concerns about American preoccupation, that we are focused rightly on urgent challenges in South Asia and the Middle East. But the truth is there is a drama playing out in the Asia-Pacific region, and we need to demonstrate at all times to our friends and potential foes that the United States remains completely committed to the Asia-Pacific region during this incredibly dynamic period in which global politics, global economics is increasingly shifting to the Asia-Pacific arena. With that as context, let me just say one of the things that has been underscored to us over the course of the last several years, is that the very foundation of our ability to operate in the Asia-Pacific region, in addition to the foundation for peace and stability and the ability for us to project power outside of the Asia-Pacific region resides in a strong, enduring partnership between the United States and Japan.

As General Gregson has already stated, we are this year celebrating our 50th anniversary, the signing of the Treaty of Mutual Security between the United States and Japan. It has been essential to both of our countries, but not just Japan and the United States. It has been the central feature that has led to the most dramatic period of economic dynamism in the history of the world over the course of the last 30 years in the Asia-Pacific region. And the U.S.-Japan security partnership can take substantial credit for that

and it has served our interests, it has served the interests of Japan and other countries in the region very substantially.

I think one of the things that has been critical has been that the alliance and the relationship has had very strong bipartisan support over a range of administrations and also between both parties in Congress. I think there is a deep and profound recognition that this relationship serves the interests of the United States, and indeed of our allies in the region. When President Obama came to power, he sought to underscore this essential reality. His first meeting with a foreign leader was with the Japanese Prime Minister, Prime Minister Aso, who has been subsequently replaced twice now, and also Secretary Clinton's first trip abroad included a first stop in Japan.

Our consultations on a range of security and political issues over the course of the last 10 months, in particular, have been extraordinarily deep and detailed since the new Japanese Government has come into power. One of the things that we have been working on as General Gregson again has underscored, is the mechanisms of our alliance, how to secure and stabilize our forward-deployed forces in Okinawa. I also share the views of the members about how critical this forward deployment is of our Marine forces in Okinawa and the steps that are needed to secure that going forward.

We have also worked very closely with Japan since the tragic sinking of the South Korean frigate, the *Cheonan*, by the brutal, provocative act on the part of the North Koreans. We have worked closely with the Japanese at every stage on extending OPCON [Operational Control] into the future with Korea on our maritime exercises that are now going on. Those exercises that you are seeing now at sea, most of those forces, most of those naval forces deploy from Japanese bases. We are grateful for that support going forward. We have also worked closely with Japanese friends on a dialogue about how best to engage a rising power in the Pacific. In China, we share a mutual interest in trying to assure that a rising China plays a strong and responsible role in the Asia-Pacific region. We are working closely to coordinate in Southeast Asia, trying to engage a very challenging and brutal regime in Burma. We have worked to deal with some of the political and security challenges in Thailand and a range of other countries.

As the Chairman stated before he left, Japan has been one of the strongest supporters of our out-of-area engagements. Right now, Japan is number two in terms of monies committed in Afghanistan and they have also been behind the United States, extraordinarily gracious and generous in our activities in Pakistan as well. They worked with us in arenas such as piracy, and they have been very substantially engaged in new security challenges like climate change and other transnational issues.

I would say that the alliance has become deeper, more entrenched, recent opinion polls in Japan reflect—and Japan is one of the most polled populations in the world. One of the things we have seen in recent months is that the percentage of Japanese citizens that support the United States and the U.S.-Japan alliance are stronger today than in history, almost 80 percent of the Japanese population supports the United States in our alliance. That is something that we have worked hard for and we are grateful for

and we want to keep that strong support and respect going forward.

This fall, when we celebrate the 50th anniversary formally, it will be an opportunity for us to look back and to celebrate and to reflect on our achievements, but we can't rest on our laurels. We have to think about going forward. This alliance is critical for the United States going forward. It bears repeating. It is truly our foundation and it gives us stability to be able to do the kinds of things that we seek to as a nation in the Asia-Pacific region. Thank you very much, Mr. Chairman. I look forward to taking your questions going forward.

[The prepared statement of Secretary Campbell can be found in the Appendix on page 51.]

Mr. ORTIZ. Thank you, sir.

Secretary Pfannenstiel.

STATEMENT OF HON. JACKALYNE PFANNENSTIEL, ASSISTANT SECRETARY OF THE NAVY FOR ENERGY, INSTALLATIONS, AND ENVIRONMENT

Secretary PFANNENSTIEL. Thank you, Mr. Chairman, Congressman McKeon, distinguished members of committee. Thank you for the opportunity to report to you on the status of our planning efforts for the realignment of forces on Guam. And thank you for your continued support of our troops. Last week I had the opportunity to visit Guam and meet with several of the island's leaders and members of the community to discuss our Final Environmental Impact Statement, which is now available for public review. I was joined by Counsel on Environmental Quality Chair, Nancy Sutley, Assistant Secretary of the Interior, Tony Babauta, Deputy Under Secretary of Defense Dorothy Robyn, and representatives of other Federal agencies such as the U.S. EPA [Environmental Protection Agency] and USDA [United States Department of Agriculture].

We took this trip together so that we could demonstrate firsthand to the people in Guam how critical it is for the Administration to get this effort right. It is this desire to get it right that brought agency leaders together to develop our Final EIS [Environmental Impact Statement]. Under CEQ [Council on Environmental Quality] Chair Sutley's leadership, we have successfully used the interagency process to address issues raised by resource agencies and the public on our Draft Environmental Impact Statement. Working together, we have satisfactorily resolved the most significant issues and have reached consensus in the Final EIS regarding how to handle these concerns.

For example, we have decided in our Final EIS to defer our decision on the placement of the transient CVN [Nuclear-powered Aircraft Carrier] pier until we conduct additional Marine resources analysis. In addition, we have put forward a process for ensuring that the impacts of induced population growth do not overwhelm the island. Our Final EIS also identifies sources for nearly a billion dollars in improvements to Guam's utility systems, ports and roadways which will both prepare the island for the build-up and support its long-term growth. We are continuing to stay within the capacity—we are committing to staying within the capacity constraints of Guam's infrastructure, and will coordinate closely with

Guam's leaders, Federal and Guam agencies and other parties to do so.

As a result of this successful interagency coordination, we are confident we can sign a Record of Decision [ROD] and begin construction projects within this fiscal year. Central to the successful execution of this program is our ability to coordinate with key stakeholders on Guam and across the Federal Government. As discussed with Guam's leaders, our planning efforts do not end after the Record of Decision. We understand there is still more to be done. However, working together with Guam's leaders, we can ensure that conditions on and off the base will be comparable and we believe we can satisfactorily resolve issues such as land acquisition.

As you can see, we have made great progress in our planning and are now ready to execute. Working with our agency counterparts and Guam's leadership, we are confident we can execute the program in a manner that achieves long-term mutual success. Thank you for the opportunity to testify before you today and for your continued support of this program. I look forward to your questions.

[The prepared statement of Secretary Pfannenstiel can be found in the Appendix on page 58.]

Mr. ORTIZ. Thank you so much for your testimony this morning. And it is good to see you, Madam Secretary. We have had a great relationship with Japan. We enjoy their friendship and then, of course, we talk about the balance of power and having a forward presence. And I think that is very, very important. But Secretary Pfannenstiel, Secretary Gregson and Secretary Campbell, we want to say thank you for joining us this morning and explaining the efforts to move Marines to the strategic island of Guam and the ongoing developments with the Japanese Government.

Madam Secretary Pfannenstiel, I have had the opportunity to travel to Guam several times, but most recently with Chairman Skelton to visit the beautiful island and it is nice. I wish I could stay there a few weeks and enjoy a vacation there. And to discuss, of course, the strategic importance of the movement of forces from Okinawa to Guam, I believe that the movement of forces is definitely the right thing to do. I did notice in your testimony that you recommended a whole-of-government approach be adopted to address community infrastructure limitations that exist in Guam today. Yet this is—from my own personal experience—I see no indication of this support from the other resource agencies when I look at the budget request. In fact, the only request from the Administration was from the Department of Defense to support a Department of Transportation requirement at the Port of Guam.

What tangible steps has the executive branch taken to address the whole-of-government approach? And where are the budget requests from the various resources agencies to support the Marine Corps training bases requirement? I think this is very, very important. This is something we are going to see later on. Maybe you can enlighten us a little bit.

Secretary PFANNENSTIEL. Yes, thank you, Mr. Ortiz. We are working with the other agencies, the other resources agencies, other Federal agencies, to look at the whole of Guam, to look at the needs across the infrastructure, across the business community,

and we have done so in a couple ways. First, we worked very specifically with the resources agencies in developing the Final Environmental Impact Statement. And we aligned our interest and our program so that we not only overcame the concerns with the Draft Environmental Impact Statement in such a way that the resources agencies were supportive of where we ended up. But we also are looking towards going beyond what is just the minimum necessary.

There is a group called the Economic Adjustment Committee that is working within the Department of Defense looking across Guam at the economic impact, not just the environmental impacts associated with the buildup and looking at what level of funding might be needed and where it might be available. So that is work that is ongoing.

Mr. ORTIZ. I wonder if anybody else, Secretary Gregson or Campbell, would like to add or maybe respond to my question? Have you seen any other agencies that is going to—coming up with a budget request because we haven't seen one yet?

Secretary GREGSON. I can pass a more detailed report back for the record later, but I am aware that the Department of Agriculture helped contribute to the resources necessary to rehabilitate the port facilities, and we are in discussion with the Department of Transportation for other resources.

[The information referred to can be found in the Appendix on page 67.]

In addition, part of the Japanese money that is pledged for the buildup in Guam is some $740-some million dollars for utilities and on a most urgent need basis, the first projects that will be undertaken with those resources are rehabilitation of the Northern District wastewater treatment plant and the Agana wastewater treatment plant. These are judged the most critical infrastructure improvements needed to support the temporary workforce that is going to be doing the base construction.

Secretary PFANNENSTIEL. I could add, in addition, that we have been working with the Department of Energy on some possible renewable energy investments on Guam, either for a pilot program or, in fact, to replace some of their existing generation.

Mr. ORTIZ. Another thing that worries me is when you have an increase in population because of the Marines coming in there. What are we going to do about hospitals and health care? And then at the same time you did mention transportation, but do you think they are going to come across, they are going to be able to provide those services that are very essential?

Secretary PFANNENSTIEL. We have been, and we will continue to look at the roads and the roadways for Defense Access Road funding as necessary. And we have money in the fiscal year 2010 and proposal fiscal year 2011 budget for that. As for the health care problems of the increased population, the workers who will be coming to the island from off-island, the way that health care will be taken care of is through the contractors who bring them there. That is part of the requirements of the contractors is that they provide health care for the workers.

As for the Marines coming, we have dollars programmed for the hospital improvement for the base. So that will also be part of the program that we have going forward.

Mr. ORTIZ. So when we talk about the health needs of the people coming in to work, the money will come in through the contract that we give them, and they will get a portion of that money on the contract to pay for the health care?

Secretary PFANNENSTIEL. Yes, the contractors are required to provide health care for their workers. And they will have to do that through the contracts that they sign.

Mr. ORTIZ. I have other questions, but I will wait. I would like for my other colleagues. I yield to my good friend, Mr. McKeon.

Mr. MCKEON. Thank you, Mr. Chairman. Secretary Gregson, Secretary Campbell, as you know, this committee has been in full support of the Defense Policy Review Initiative and the move of the 8,000 Marines and their families to Okinawa. While we have had questions about training opportunities for those Marines and the adequacy of the new Marine airfield at Camp Schwab, we have not wavered. At this point, we have seen one Japanese Prime Minister from the newly elected Government delay his decision on the airfield and ultimately resign over the siting of the Futenma replacement facility. And now the new Prime Minister is reportedly engaged in a similar delay. Is the so-called expert group still making progress on a mutually agreeable solution to the FRF that protects the equities of the Marine Corps? What is the way ahead if we cannot agree on the FRF?

Secretary GREGSON. The experts group is, in fact, meeting as we speak. This is about the third or the fourth in a series of meetings and more are scheduled. Yes, they are making progress. A going-in condition is that all of the requirements necessary for the operation and the functioning of the airfield be met. The subsequent discussions can involve details of the method of construction, the exact configuration of the airfield and the other infrastructure needed.

But let me stress, Mr. McKeon, in response to one of the thrusts of your questions, that a going-in condition that is necessary to be present throughout any other considerations is that all of the operational requirements be met. And we have every expectation that we will have results on schedule by the end of August.

Secretary CAMPBELL. Let me just add one thing if I could, Congressman, to that. One of the first things that the new Prime Minister, Prime Minister Kan, underscored when he took office as the Prime Minister late in the spring was that he would stand by the agreement between the United States and Japan, and he thought that that was, indeed, the foundation for our partnership going forward. And so we actually have substantial confidence in both the public and private reassurances that we received from the Japanese Government.

It is also the case that there are a number of very challenging political issues that are going on domestically in Japan and we have sought simultaneously to be understanding about those political dynamics, but also to be quite clear and firm about what our needs and expectations are going forward.

Mr. MCKEON. Thank you. The reason we have installations in Japan and negotiated this latest agreement is to assure the forward presence of our forces in a strategically important area of the world. The two principal threats in the Pacific region today are

North Korea and China, though the threat posed by each is very different. Given the reluctance of this new Japanese Government to fully embrace the agreement to realign forces on Okinawa, can we be confident the Japanese will allow use of our bases should North Korea provoke a crisis requiring a military response? No less important given the dire state of the Japanese economy, the importance of China as a trading partner and the recent quadrupling of Chinese investment in Japan, are we confident that the Japanese Government would allow us to use our bases to undertake an action that the Chinese disapproved of?

Secretary GREGSON. We are absolutely confident we would be able to use Japanese bases in response to a North Korean threat. The recent *Cheonan* incident did nothing to diminish Japanese concern about the North Korean threat. Looking back over time, the Japanese have suffered at the hands of North Korea with having their citizens kidnapped, and with incursions into their territory.

There is a monument in Japan that is very frequently visited of a North Korean infiltration vessel that was sunk a few years ago by the Maritime Safety Agency in Japanese territorial waters attempting an infiltration. I have no doubt that they are fully aware of the threat from North Korea and fully supportive of all of the provisions of our treaty to support operations, should they be necessary in Korea. On China, China is a valuable trading partner for Japan, just as China is a valuable trading partner for us. I think the attitude is similar, that we seek a cooperative, constructive relationship with China for all the right reasons, but we remain concerned about many other aspects. China's extraordinary military build-up, various actions that China has taken without as we judge satisfactory explanation. So I would judge their approach to this as similar to ours.

At the same time, they have—and Secretary Campbell can expand on this—at the same time, they have disputes—wrong word—they have items of concern with China over mineral rights in the East China Sea and through and on various territorial claims. So the attitude there is one of, I think, proper concern.

Secretary CAMPBELL. Congressman, I would simply say that, first of all, I agree with General Gregson about the confidence that we have in our partnership on the security side with Japan and the confidence we would have in a crisis. I think one of the things that the new Government has asked for in Japan is a closer consultation on issues associated with the potential use of force. I think it is fair to say that sometimes previous governments in Japan have been very comfortable to leave those decisions largely to the United States. And they have not been deeply engaged in some of the very quiet consultations. The new Government that has come to power, the DPJ [Democratic Party of Japan], wants to play a closer and deeper role with the United States on some of these consultations and we have to adjust and adapt to that. We have been seeking to do so as we go forward. I would simply say on the China front, it is true that Japan and China have had substantial tensions on and off over the course of the last many years.

And I think one of the things we have seen in the recent period is the Japanese Government has sought to build a better relationship with China. And some have suggested that this potentially

comes at the expense of the U.S.-Japan security relationship. We don't think that is the case. We think that our relationship will remain very strong, and we do have an interest in Tokyo and Beijing improving relations, establishing more trust and trying to get beyond a history that, in some respects, has been quite challenging.

So overall in terms of our assurances and commitments, we feel quite well served by the security partnership and we think it will endure as sort of the guiding framework for how we do business in the Asia-Pacific region.

Mr. MCKEON. Thank you very much.

Mr. ORTIZ. The chair recognizes Mr. Snyder from Arkansas.

Dr. SNYDER. Thank you, Mr. Chairman. Mr. Skelton is not here, but both Mr. Skelton and Mr. McKeon have been pushing in a bipartisan manner to get the supplemental done, and I saw it on the suspension calendar today, and hopefully we will get that work completed this week. I don't have much time. We are now on the clock. So I need you all not to do expansive answers, but quick answers because I have four questions. The first one to you, Secretary Gregson.

The Japanese are about to complete their first foreign military base outside of Japan since World War II in Djibouti. It seems to me that it is a win-win situation. It is a win for the international community because the Japanese know how to patrol coastlines and the full focus of this base is piracy, and it seems like a win for the Japanese people in that it is consistent with the constitutional restrictions on waging wars since it is clearly targeting piracy, do you agree with that analysis?

Secretary GREGSON. Yes.

Dr. SNYDER. Secretary Campbell, what does it mean in terms of continuity of policy and the challenge for the Japanese Government and the Japanese people to have four prime ministers in two years? It is their form of government and every form has its own inadequacies. But four prime ministers in two years, what kind of challenges has that presented for them in defense policy?

Secretary CAMPBELL. I will try to be very quick with it. Thank you very much. Very good questions. Look, it is important for us not to comment publicly on domestic dynamics of a close ally. I think we can say, however, that rapid turnover in prime ministers and ministers makes it very difficult to establish the kinds of relationships and the confidence that is necessary in government. Government is about institutions, but it is also about individuals. It is hard to build up that kind of understanding about how people will operate in certain circumstances. So it does raise some concerns for us. And that is why we often ask what is the stability of this person or that or this institution. We would very much like to see some continuity in Japanese politics, not just for the U.S.-Japan security relationship, but also for the important work that needs to be done on the economic and other sides inside Japan.

Dr. SNYDER. Secretary Campbell, any comment you want to make on this issue of trying to resolve the unresolved territorial disputes over islands? I think the specific one—and I cannot pronounce the names—I think in the Japanese it is the Senkaku Islands. Any comment about that in view of Secretary Clinton's comments a few days ago?

Secretary CAMPBELL. I would refer you to the comment, very clearly worded statement that Secretary Clinton has underscored at the ASEAN [Association of Southeast Asian Nations] Regional Forum in Vietnam. I should just simply say that the United States stands very strongly behind our security assurances and guarantees to our allies in the Asia-Pacific region.

Dr. SNYDER. In terms of the development of the area, it is fair to say that as long as there are territorial disputes, the development of those areas is held back. Is that a fair statement?

Secretary CAMPBELL. Certainly in the South China Sea, that has been one of the challenges. What Secretary Clinton tried to lay out in Vietnam is a very clear U.S. statement that maintains and underscores our traditional desire to maintain freedom of navigation, freedom of the seas. We also believe that the appropriate and legal opportunities for economic commerce and extraction of mineral resources is important. And we seek that those operations can be conducted without fear of political or other kinds of pressure.

Dr. SNYDER. And my last question to you, Secretary Campbell. And this is an Arkansas-based question, because of the great service of Senator Fulbright with regard to the Fulbright scholarships. Of course, there are other programs, the Mansfield program. Do we have an adequate number of exchanges at the student level between Japan and the United States, or would we benefit from more? How do you see those numbers today?

Secretary CAMPBELL. Let me just underscore, these are excellent questions, and it is a source of very real concern to me that the number of Japanese students that come to the United States over the course of the last few years to study has fallen off a cliff and the number of Americans that are going to Japan to study in the JET [Japan Exchange and Teaching] program and other programs have also gone down.

Dr. SNYDER. Why is that?

Secretary CAMPBELL. I think there are a variety of reasons. I think there have been some economic issues on both sides. I think there are some other areas of interest. But it is absolutely clear, given how strong the partnership is between our two countries that we need to recommit ourselves to programs like Fulbright, like the JET [Japan Exchange and Teaching] program. We need continuing support from the Japanese Government's other foundations to ensure that our young people are building strong ties with our most durable and strongest Democratic partner in Asia.

Secretary GREGSON. I would like to very briefly and heartily endorse those comments.

Dr. SNYDER. Mr. Chairman, may I ask a follow-up question? Is the problem funding from the—is there something we need to be doing or is it a lack of interest?

Secretary CAMPBELL. No. Funding issues are quite substantial on both sides in this environment, yes.

Dr. SNYDER. Thank you. Thank you for your indulgence, Mr. Chairman.

Mr. ORTIZ. My next question is do they have problems getting visas to come? The reason I ask is because we had a group of businessmen who want to come and invest here in the United States,

it took them six, seven months to get a visa. I am just wondering if the students go through the same problem?

Secretary CAMPBELL. I would say, again, thank you very much, Mr. Chairman. I had the honor of working in the Pentagon for many, many years. It is my first opportunity to work at the State Department. The thing that has surprised me the most in my work to date is how often, how regular I hear from foreign friends, particularly friends in Asia, how difficult it is for businessmen, students, even people in the government to travel to the United States through visas and other problems. And we try very hard to work on these problems but it has been much more challenging than I had anticipated.

Mr. ORTIZ. Anything you can do to help out because we know there is a lot of young students going to other countries, even though they would like to come to the United States, but it is so hard for them to get a student visa to come to the United States. Now, the chair recognizes the gentleman from Maryland, Mr. Bartlett.

Mr. BARTLETT. Thank you, Mr. Chairman. Secretary Campbell, you mentioned very positive polling in Japan relative to their relationship with the United States. I wonder if you can discuss with us just a bit the similar polling in Okinawa, because that is where the current problems are focused.

If you will, differentiate between generic support for Japanese-American relations and specific support for what we want to do in Okinawa.

Secretary CAMPBELL. I will answer the question generally, Congressman, and then I will ask General Gregson to expand upon that. I think it would be fair to say that there is generic much higher support for the overall aspects of the U.S.-Japan alliance and the United States in terms of Japanese polling. And there probably is less strong support but still quite strong in Japan for certain aspects of the situation on Okinawa. That being said, I think there is also a recognition that at a fundamental level, the maintenance of a strong security relationship between the United States and Japan, of which I would argue, and I think many in Japan recognize that the ability to sustain a Marine presence in Okinawa is central, overcomes some of the issues that have traditionally caused problems in terms of the kind of public attitudes and public polling.

I will also say that under General Gregson's leadership and others, that the United States Government and Japan have taken enormous steps to try to not only ease the burdens but create greater opportunities and build deeper partnership between Americans and the Okinawan people. General Gregson talked about the Obuchi fellowships. We need to do more, but overall, I think the attitudes have improved substantially in the last decade or so.

Secretary GREGSON. Thank you for the question, Mr. Bartlett. Sometimes anecdotes, although dangerous, are illustrative. In 2000, I moved to Okinawa. One of my first requirements, or one of my first duties was to represent the Department of Defense at the rollout of the Obuchi Fellowship as a result of the Obuchi-Clinton Summit. I was stunned by the gratitude of the Okinawans my age, the parents, that the United States saw fit to provide this

scholarship for Okinawan students to study in the United States. They have a huge regard for education.

As I mentioned in my oral remarks, Okinawa's particular history, Okinawa's particular vital strategic location has conspired to make the conversation about Okinawa primarily about military matters. The door is wide open, and Ambassador Roos, our Ambassador to Japan, is running through it to create cooperative U.S.-Japan bilateral programs to bring needed educational, entrepreneurial development to Okinawa and this is entirely proper and will do nothing except build on the already strong relations between the American community and the Okinawan community.

There are items of concern between the two communities, but I can assure you that the relationship and the cooperation between the Americans on Okinawa and the Japanese citizens living on Okinawa vastly exceeds its reputation in the media. It is warm, it is friendly, it is supportive. Like the U.S. does, every place that we are stationed, we need to take better care of the population that surrounds our bases there, and we need to have better and stronger bonds with them. The Obuchi Fellowship, the educational programs that Mr. Ortiz mentioned, these types of things are most valued by the Okinawans, most valued by the Japanese and most valued by our Asian friends all over. This is not a one-way thing. Bringing these students to America enriches our schools, is in our interest.

I second Secretary Campbell's comments about doing whatever we need to do to ease the visa application process for students from these countries to study in the United States and to establish exchange programs where our students can study in their country.

Thank you.

Mr. BARTLETT. Thank you very much.

Thank you, Mr. Chairman.

Mr. ORTIZ. The gentleman from North Carolina, Mr. Kissell.

Mr. KISSELL. Thank you, Mr. Chairman, and thank you, folks, for being here today.

Madam Secretary, you said in your remarks the importance in what we are doing for the Administration to get it right, as we proceed. Are we getting it right?

Secretary PFANNENSTIEL. Yes, sir, I believe that we are. I think that working together with the Federal agencies but with the Government of Guam on what their needs are and how this can work for them. I think that the Draft EIS that came out was weak in several areas, and I think that by bringing together the people from the Federal agencies who are involved in this but also going out to Guam as we have done several times now to meet with the Government of Guam, the agencies in Guam, to talk to the people, see what the needs are, I think that the plan that is being brought together now will work for the people of Guam.

Mr. KISSELL. And this will happen on a timely basis, is the time that we need for it to happen?

Secretary PFANNENSTIEL. Yes, sir. We have agreed that the program going forward will be paced according to the infrastructure capabilities of Guam. Therefore, if we are able to move faster than we have projected, if the infrastructure allows us to move faster with the construction, we will do so. If we need to slow down parts

of it, we will do that. But we will pace our—both the construction and the movement of forces to the capabilities of the island.

Mr. KISSELL. Thank you.

Secretary Campbell, you talked about that the concerns of some of the people in the Pacific-Asian part of the world, that the United States may, as you said, rightfully so, be focused in other areas, but there are a lot of things taking place there that should be of interest to us.

Is there anything in particular that you feel has taken place that we are not paying enough attention to in terms of a way that it will become an issue sooner or later down the road?

Secretary CAMPBELL. Let me try to answer the question this way, if I could, Congressman. I think if you ask most Americans, and in fact most people in the executive branch, what is the most challenging issues that we are facing right now, most people will say, look, really, it is in the Middle East, it is in Afghanistan, it is in Iraq, issues that are deeply difficult, challenging, nation-building, issues associated with proliferation, questions associated with dealing with Al Qaeda and other radical groups.

If you look back on this period in 20 or 30 years, I think what we might find is the historians will view this period is that the bigger drama is actually what is playing out in the Asia-Pacific region, a dramatic rise in economic and political and strategic capabilities of which the United States has been involved but perhaps we have been involved in other areas geographically more.

I think my overall general concern would be that the key institutions of our Government—the executive branch, the legislative branch and, in fact, others—need to recognize—and I think, generally, we do—that the Asia-Pacific region has an enormous amount of drama playing out and that the scarcest resources in our Government is really the time and attention of our senior-most people.

And I would just simply underscore for you, look at the number of hearings that are held up on Capitol Hill and explore how many are done on the Asia-Pacific region in comparison with, for instance, the critical issues that we are facing elsewhere. So that is one of the reasons I think this sort of hearing is so welcome and it is so appropriate.

Mr. KISSELL. Thank you, sir, and thank you, Mr. Chairman.

Mr. ORTIZ. The gentleman from Colorado, Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman.

I think I have got two questions related to our forces in Okinawa and the difficulties that we are confronting there.

And I think the first question is to the strategic importance of how having those forces there and couldn't we accomplish the same in terms of our presence in the Asian-Pacific theater as—doing joint maneuvers, bringing our forces over periodically, and particularly when conditions warrant in terms of concerns about the stability of the region, and then putting forces in play, as opposed to having a permanent presence?

And the second question is related to that, and that is that if, in fact, in a worst-case scenario, given the trend line in terms of Japanese politics that seems to be increasingly opposed to having our permanent presence in Okinawa, what is the alternative in

terms of placing those forces on U.S. soil? We are obviously looking at 8,000 now in Guam. We would still, I understand, have 10,000 in Okinawa if that is the appropriate number. Are there facilities that could absorb that population in Hawaii and in California say at Camp Pendleton in California?

Secretary GREGSON. Thank you for the questions. I think they are quite apt.

Our forward presence, our forward stationing makes a political statement long before it makes a military statement; and the basing arrangements that we share with Japan provide a profound political and strategic anchor for our positions there.

As to the position of Okinawa, Okinawa has been blessed or cursed, depending on the point of view, with being in a tremendously strategic location. Having our forces on Okinawa allows us to react to many things very quickly.

Short of war, the many activities that go on from Okinawa in the areas of disaster response indicate one of the many values of having forces forward. The first 24 hours in response to fire, flood, volcano, tsunami, forest fire, whatever, have proven to be exceptionally valuable; and our ability to project force quickly and bring aid to those who are in dire straits as a result of some natural or potentially manmade incident make a profound statement on our commitment and our capabilities to both friends and others alike in Asia.

So I would state that our position, our forward presence in the Pacific is important. I think the importance is growing. I would argue that we need more, not less, in the future, given the way things are developing.

Besides Northeast Asia we also need to worry about Southeast Asia and, increasingly, South Asia and the Indian Ocean area. All of these things are considerations within the realignment.

Within Okinawa, the particular situation on Okinawa, the battle started April 1, 1945; it ended about June 23. Most of our forces were in the southern part of the island by the time it ended, so most of our bases grew up in the southern part of the island.

Since that time, Okinawa has had tremendous growth. Most of the population lives in the southern third of the island. As part of the realignment, we are not only moving part of the Marines to Guam but we are closing all or portions of the base or all of the bases south of Kadena Air Force base, meaning we get the military presence away from the most crowded, urbanized area of Okinawa and into an area that is much more conducive to our operations and much more conducive to the further development of the economy, the businesses in Okinawa.

The movement to Guam repositions not just Americans but it repositions alliance forces. We will be providing on Guam for the continuous presence of Japanese air and ground units and naval units for training, bilateral training, with the United States. Secretary Gates has said that our facilities in Guam and other nearby areas in the Pacific, the Commonwealth and the Compact Islands, will be increasingly bilateral in nature, enabling us to do extraordinarily sophisticated training with our allies and friends in areas that are relatively unencumbered by urban sprawl and the other things that make training in other places much more difficult.

I see this as not only a positive development on the political and the strategic side but eventually this will contribute greatly on the operational side, enabling our alliance forces to operate much more effectively and much more efficiently together.

Thank you.

Mr. COFFMAN. Mr. Chairman, if I could, the second question as to relocation of our forces, if he can answer that, Mr. Chairman.

Mr. ORTIZ. Sure. Go ahead and answer that question.

Secretary GREGSON. As far as our ability to remain base-forward?

Mr. COFFMAN. As an alternative to relocate those forces on U.S. soil.

Secretary GREGSON. Relocating to U.S. soil would put us days away from most confrontations. I think between Hawaii, Guam, and Japan and the sustainment base in the United States, we achieve the ability to best balance force generation, force development with forward positions, forward-deployed forces ready to react immediately.

Secretary CAMPBELL. Congressman Coffman, I can think of few decisions that we would regret more than pulling back our forces from the Asia-Pacific region. It is not only that they are able to respond more quickly militarily and strategically, but it is also really the political role they play.

Asia is extraordinarily, acutely aware of our forward-deployed forces. I know that these kind of comparisons are difficult to make, but it is very much like a neighborhood that is a little bit uncertain, and if you are seeing a patrol car there on a very regular basis, it is reassuring. That is the role that American forces play in the Asian-Pacific region and will play for years, perhaps decades, to come. I can think of no more important commitment to maintain than our forward-deployed capabilities.

Thank you.

Mr. ORTIZ. Mrs. Davis, the gentlelady from California.

Mrs. DAVIS. Thank you, Mr. Chairman. Thank you all for being here.

I appreciate the discussion of trying to—I don't know whether it is refocus, because that is not exactly what you are saying, except that our attention really shouldn't stray I think from the relations there. And, clearly, there have been some bumps in the road over the years, and I think that all of the people that we work with acknowledge that but are very strong in their continuing support.

I wondered if you could address—I don't know if this has even come on your radar necessarily—the issue of the rise in the Japanese yen and the impacts that can have, not so much in I think in specific relationships that you have been discussing but going beyond that in terms of exchanges and even the opportunity for Americans to travel to Japan now, which I understand has been literally cut off because of the cost.

Can you address that? Is that something that is of concern? And is there any way that we might look at this and be aware of it as a concern? There are pluses and minuses, of course, to that rise. But I wonder if you could address that.

Secretary CAMPBELL. Can I just say that one of the things that—one of the operating procedures of every Administration, Republican and Democrat, now for decades, is that there is really only

one institution of government that speaks about currency matters, and that is the Department of the Treasury. My wife happens to be the Under Secretary, so she reminds me of this on a regular basis. So I think the better part of valor would be to ask you to direct those questions about any currency issues between the United States and other currencies in Asia to appropriate folks inside the Treasury.

Thank you.

Mrs. DAVIS. I appreciate that, but I think it was brought to my attention just recently and I was really quite surprised to hear the difficulty with which we could have exchanges in the future. So it is something that we might want to think about.

Could you comment in a little more detail on the Status of Forces Agreement and the discussions around that as it relates to our forces there in Japan?

Secretary GREGSON. The Status of Forces Agreement is raised periodically. In the past, upon examination, calls for revision of the Status of Forces Agreement generally fall away in favor of improving the implementation of the Status of Forces Agreement.

Our Status of Forces Agreement with Japan has proven extraordinarily durable in the past. In my past life, one of my most valuable officers was somebody called the Foreign Jurisdiction Officer; and this person would be involved in working-level negotiations upon any incident that fell within the purview of the Status of Forces Agreement. No matter how strictly we write it, something is always going to happen that is not quite anticipated in the Status of Forces Agreement.

It is currently not one of the items that is a matter of current discussion with Japan. It may come up again in the future. If so, we will discuss it in a close, collaborative, and forthright way with our Japanese colleagues, as we have before.

Mrs. DAVIS. Thank you. I appreciate that response.

We all have some opportunity I think to have discussions, whether it is with the Embassy, Japanese Embassy, the Ambassador, and also certainly among any of the Parliamentarians from Japan, and I think one of the issues that does could tend to come up is financial obligations as it relates to Guam and certainly to Okinawa. And I am just wondering, is there anything in particular you think that would be helpful or even hurtful for Congress to convey to our counterparts when we are in discussions with them? What would you like us to be talking mostly about?

Secretary GREGSON. On the financial contributions within Japan, we are in host nation support discussions with our Japanese colleagues now. The current host nation support agreement which calls for some $1.7 billion per year runs out in 2011. We are looking for another 5-year agreement.

I would offer that, from our point of view, the $1.7 billion, almost all of which cycles through the military and comes back to Japan in the forms of salaries for workers aboard the base, to include, interestingly, emergency services—fire departments, paramedics, security guards are all local employees.

It is also cycled back to the Japanese in forms of construction and services. So this is support to the U.S. forces, yes, but, again, the vast majority of it is reinvestment back in Japan.

To the investment in Guam, this agreement was arrived at over at least 5 years of negotiations. Secretary Campbell and I were present at the initial incarnation of this from 1996 on, so one could say that this agreement has been arrived at over 14 years and the financial considerations were very carefully considered.

And this is also an opportunity investment for Japan. Part of their money goes directly to the U.S. Treasury, yes, for us to spend as we see fit, but another large part of the money goes towards utilities and housing, which the Japanese are looking at as an investment not only for eventual recoverability perhaps in the future but also as a way to highlight and showcase Japanese leading-edge technologies in the area of, for example, renewable energy generation. This is also supporting U.S. forces that are sworn to defend Japan.

So it is a bargain in that case, and it is also an agreement openly arrived at and, at least with the colleagues that we are talking with and the negotiations we are doing over Guam and other matters, willingly supported.

I would add that with all the worries about Japan decision making, Japan re-examining decisions that they have made, every financial contribution they are obligated to make to date, and the next one is in the works now, and we are trying to figure out how to solve the notes and get it in there—there are no issues blocking it. We are just going through the bureaucracy to get the transfer of notes done. So all of this is a positive story.

Mrs. DAVIS. Thank you.

Mr. ORTIZ. The gentleman from South Carolina, Mr. Wilson.

Mr. WILSON. Thank you and thank you all for being here today. I am so happy we are discussing our relationship and partnership with the people of Japan. We are appreciate them so much.

My family has a special appreciation of Okinawa. My late brother-in-law received the Navy Cross for helping seize Shuri Castle there. And I have visited, and it is just—again, the people of Okinawa, Japan, we greatly appreciate.

But as we are thinking about restructuring at Okinawa to Guam—and I have been very fortunate to have visited Guam several times with Congresswoman Bordallo. How extraordinary, how patriotic the people are, of Guam. They have, of any American State or territory, the highest percentage of membership in the National Guard of any State or territory of the United States. The people are very, very patriotic; and the strategic location of Guam is so important to maintain and promote peace in the Pacific.

With that, as we are hopefully going to be relocating troops and Marines, Secretary Pfannenstiel, does the Marine Corps support the realignment? And what are the plans for off-island and off-territory training?

Secretary PFANNENSTIEL. Thank you, Congressman.

Yes, the Marine Corps does support the movement. I think we are making sure that the needs of the Marines, both in terms of housing and facilities and training ranges, are met and that the facilities that are in Guam are adequate.

In terms of off-island training, there has been some discussion. The major issues tend to be logistical. If you are moving the Marines to Guam, trying to train, for example, on Tinian becomes just

a logistical and, to some extent, a very expensive problem, trying to move people as needed. So the primary focus and what we are working on right now is to develop the necessary training bases on Guam.

Mr. WILSON. And for families, too, it has been—I was so impressed. I have a son serving in the Navy as a doctor, and I would be thrilled if he and his family were there at Guam.

General Gregson, again, our relationship is so important with the people of Japan and Japan has a real commitment to nuclear nonproliferation. Does this complicate its being included in the U.S. nuclear umbrella?

Secretary GREGSON. Thank you for the question.

No. The short answer is no. I don't think it complicates Japan—the United States commitment to extend a deterrence with Japan.

I would also note that Japan has been a very active supporter of the proliferation security initiative and has actually held some exercises with this in cooperation with the United States. In the wake of recent North Korean actions, both last year and this year, we have taken pains to assure Japan of our commitment to extend the deterrence.

Secretary CAMPBELL. Thank you, Congressman. I would say two things.

I think it is also the case that particularly the current Government, the Prime Minister, the Foreign Minister, and others, have very much welcomed efforts by the United States to diminish the role of nuclear weapons in global politics. So they, as the only country to have experienced the tragedy of nuclear use, they appreciate that commitment, recognize that it is a distant one. But, at the same time, given the neighborhood and world that we live in today, the desire on the part of Japan and the United States to underscore that the deterrence of the U.S. nuclear umbrella over Japan remains robust and strong is extraordinarily important; and we try to underscore that in all of our statements and all of our private consultations with our Japanese friends. So they maintain both these goals and desires to diminish the role of nuclear weapons but also to recognize that extended deterrence on the part of the United States over Japan is an absolutely essential component of their overarching security needs.

Mr. WILSON. As we conclude, another deterrence is a missile defense system. And I sincerely hope that we are making every effort to work with our Japanese allies to develop the most effective. We are dealing with an irrational situation in North Korea. I have actually gone and visited Pyongyang with Chairman Ortiz. And so we need—the best way to preserve peace in Northeast Asia truly to me is a very effective missile defense system.

Thank you, Mr. Chairman.

Mr. ORTIZ. The gentleman from Mississippi, Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

I would like to open this up to the panel. I am curious what the Japanese Government reaction was to the sinking of the *Cheonan*. Has it called for any changes within the Japanese defense forces? Has it led to any additional concerns? I just open that up.

Secretary CAMPBELL. Congressman, to many friends in Asia, alas, it did not come as a surprise, given the very provocative ac-

tions we have seen over decades from North Korea. I think sometimes we forget the takedown of the Korean Airlines, the brutal attack against the cabinet in which most were killed. These were all perpetrated by the North Korean Government.

I think it would be fair to say that it has led to much stronger consultations on the part of the United States and Japan and South Korea. We met trilaterally last week in Seoul to underscore the steps we are taking. General Gregson has had a number of meetings with his counterparts.

I think you will be seeing, particularly in South Korea, very clear commitments to new procurements in the arena of anti-submarine warfare and other kinds of military procurements.

Japan has made similar commitments, and I think you are going to see a renewed effort at exercises and other training designed to protect against these kinds of attacks, both from the blue or from the lurking submarines; and it is also a reminder of the importance of vigilance just across the spectrum in the Asian-Pacific arena.

Secretary GREGSON. There are historic problems between Korea and Japan. But I would add, in addition to Secretary Campbell's remarks, that trilateral cooperation in the security arena really accelerated after last year's North Korea nuclear episode and has continued to accelerate and has been given even more impetus by the sinking of the *Cheonan*, which served as a reminder to all of us that that is a very dangerous neighborhood that we all live in.

Mr. TAYLOR. General, if I could, there are, as we sadly know, copycat crimes. You would imagine there would therefore be copycat terrorism. So if there is a successful act somewhere, perpetrators get away. Who is tracking the proliferation of that type of submarine by the North Koreans? Who are they selling them to? How many are they making? Where are they going?

Secretary GREGSON. We have an extensive effort to track North Korean arms sales. I would be happy to provide details for the record.

Mr. TAYLOR. If you would, please.

Secretary GREGSON. Okay.

[The information referred to can be found in the Appendix on page 67.]

Mr. TAYLOR. Thank you, Mr. Chairman.

Last question, if I may, I still have a couple minutes. Tell me what, if anything, is the Japanese Government doing to participate in our efforts in Afghanistan?

Secretary GREGSON. The Japanese are the second-largest contributor to our efforts in Afghanistan. Their financial contributions—their previous financial contributions helped to rebuild the Afghan Ring Road and to pay the salaries of the Afghanistan National Police. They pledged an additional $5 billion that will go to support the pillars of our—many of the pillars of our Afghanistan policy and strategy, the reintegration, the development, education, a number of things. We are very happy with Japan's contribution there.

And I would add also that Japan is a contributor to the maritime security operations in the Gulf of Aden in the North Arabian Sea, and they also provide forces for a number of U.N. security missions that we support.

Secretary CAMPBELL. The truth is, if I could say, Congressman, is that Japan has not gotten enough credit for actually very generous support on a range of issues.

And what is different, if I may say, about this particular commitment than certain things in the past is sometimes in the past we have had to go to the Japanese and say, can you support us in this endeavor or that endeavor? This was a Japanese initiative. They came to us in the fall and said, we would like to support you. Here are the things that we can think would make sense. Do you have any recommendations or suggestions?

We have altered a few of these things, but if all of our allies stepped up in this way, we would be in a very different situation than we are today in Afghanistan.

Mr. TAYLOR. Thank you, Mr. Chairman.

Thank you, gentlemen.

Mr. ORTIZ. We will go to the lady from Guam, Congresswoman Bordallo.

Ms. BORDALLO. Thank you. Thank you, very much, Mr. Chairman. This is a very important hearing for me.

Secretary Gregson, Secretary Pfannenstiel, and Secretary Campbell, thank you for your testimonies.

The realignment of Marines from Okinawa, Japan, to Guam is a critical part of our relationship with the Japanese. The realignment of military forces was first signed in 2006 by the Bush administration and was reaffirmed by Secretary Clinton when she signed the so-called Guam International Agreement in February of 2009. Our relationship with the Government of Japan has significant impacts for Guam.

The realignment of Marines, positioning of a transient carrier berth, and a placement of a missile defense system will place a significant burden on my constituents. We must do all that we can to ensure that we get this done right; and this is what Mr. Skelton, our Chairman, has said from the very beginning.

Secretary Pfannenstiel, I appreciated your leadership in working with Nancy Sutley, Chairwoman of the White House Council on Environmental Quality; Under Secretary Dorothy Robyn; and Assistant Secretary Tony Babauta in providing presentations to local elected leaders and the public on Guam about the findings in the Final EIS. I just arrived from Guam, and I was there during all of the meetings.

Your presence on Guam for these presentations highlights the attention and the support that this Administration has for getting the build-up done right. However, I have continued to have significant concerns about the findings in the Final EIS.

We have made significant progress in identifying funds for infrastructure improvements; and while I applaud the progress made in using Japanese funds for upgrades to our infrastructure, this Congress must understand how these funds will be used and what strings are attached. We made it clear that we want to understand this new construct before funds are used according to a reporting requirement in the fiscal year 2010 defense authorization bill.

Further, I will reiterate my skepticism that the Department of the Navy will be successful in obtaining private or Government of Guam lands in the Pagat area to develop a training range for the

Marine Corps. While I appreciate the readiness requirements of the Marines, I believe more creative options are available to meet these training requirements, including moving this training range entirely to Tinian or to areas at Anderson Air Force base or Naval Magazine. I request that the Department of the Navy work to develop alternative plans, because I, frankly, remain very skeptical that the preferred alternative will be achieved, and I am adamantly opposed to the use of eminent domain to acquire these lands if local landowners are not willing to sell or lease.

I am very supportive and I have been all along of the military build-up, but we need, again, to get this done right.

With that said, I would like to ask a few questions.

First to you, Secretary Pfannenstiel, a recent report in Guam News indicates that the National Historic Preservation Trust has retained legal counsel and is considering a legal challenge to the placement of the training range on Pagat cliff line. Can I assume that the Department will work collaboratively with the Preservation Trust to better understand the decision to locate at Pagat?

And, similarly, how will the Record of Decision address the matter of a training range on Pagat and how the Department plans to acquire land?

Secretary PFANNENSTIEL. Thank you, Congresswoman. Thank you for your support of the build-up, your help last week in communicating with the elected officials and the people of Guam. It was, as always, a real treat to be there, and I really appreciated your help in that.

In specific answer to your questions, first, let me take the one about the National Historic Preservation Trust. I also just saw a reference to the possibility of legal counsel.

I want to assure you we have been working with the National Historic Preservation Trust and will continue to do so. As we discussed last week, we believe that the preservation of the Pagat Village site as a very special cultural place for Guam is consistent with the training range. I think that we need to work very closely with the community in assuring that the community has the access they need, that there is nothing in the training range that will damage in any way or interfere with the use of that site.

I believe, as we discussed last week, that that can be done. I know it requires some additional work, and we are there to do that.

As far as how the Record of Decision will deal with the acquisition of the property, we do have more work to do on the property needs, the property needs primarily for the training ranges. I think there are other property needs, but the one that is of most concern at the moment is for the training ranges. We are working on that. We need to both define what the requirements specifically are so that we can examine throughout whether there are other possibilities. We put in our preferred alternative. We believe that will still work, and we need to look at how that will happen.

In terms of acquiring the land, we have not begun discussions with landowners. We are waiting for the Final EIS to define that and then for the ROD to come out. But we will engage in discussions with landowners. We are committed to purchasing whatever land we need if we do need to purchase additional land, purchase or lease or exchange if that would work. So we believe that there

are a number of ways we can achieve what we need to achieve meeting the needs of the people of Guam.

Ms. BORDALLO. Mr. Chairman, since this is so vitally important, I have one last question.

The CHAIRMAN. [Presiding.] We will come back to you very quickly and give you another 5 minutes. Be right back.

General Gregson, at the end of the realignment, will the Marine Corps requirements be met and will their capabilities be enhanced by moving from Okinawa to Guam?

Secretary GREGSON. I think I would defer to Marine Corps representatives to state whether their requirements will be met. However, it is the Defense Department's goal that we do meet all of the requirements.

The CHAIRMAN. No, no, no. I am asking you in your professional opinion, General. I will repeat the question.

Secretary GREGSON. No, sir. Yes, they will be met.

The CHAIRMAN. Thank you.

Mr. Ortiz, and then we will return to——

Oh, excuse me. Excuse me, Mr. Wilson. Did you have a question?

Mr. WILSON. Yes, Mr. Chairman.

One final question with regard to missile defense. With the increased capability of range from North Korea, we have all known that South Korea, that Japan are at risk, possibly Taiwan. But I am very concerned that, in fact, Hawaii, Alaska are now within range; and how can we assure the people of Hawaii that we are proceeding with a missile defense that can protect the people of that State?

Secretary GREGSON. We are doing everything we can to provide a solid missile defense regime. We are also in cooperation with our friends in both Korea and Japan on this.

Japan, as we mentioned, has invested in BMD-capable Aegis destroyers. We recently completed the cooperative development of the Standard Missile-3 Block II upgrade to those missiles which will allow the Japanese ships to engage much longer range than they would have been able to otherwise. We are working with the Republic of Korea on missile defense.

This has to be a cooperative effort. No nation can protect itself as well as it should be without cooperation from other countries, and that is the direction that we are going with this.

Mr. WILSON. And I am just so hopeful with people as technologically proficient as the people in Japan working together we can protect our American States of Hawaii and Alaska. Thank you.

The CHAIRMAN. Mr. Ortiz.

Mr. ORTIZ. You know how we can work this out. We have been one big family for a long time; and I think that the forward presence is very, very important to me and to our military. But I am just wondering, does all this realignment, is it supported by the Marine Corps, this realignment? Do they support it?

Secretary PFANNENSTIEL. Yes, sir, they do. They need to have their needs met. They need to have their training needs fully met. And, with that, with housing that is the right housing, with housing and facilities that work for them, the training ranges that meet their training needs, yes, they will support this.

Mr. ORTIZ. One of the things that we have seen in the past few years during these two wars is that before we send our young men and women into harm's way we need to be sure that they have the proper training, that they have the proper equipment. And how long will it take for them to get the training areas solved before—do we have any idea?

Secretary GREGSON. If I could. Thanks to the efforts of the members of this committee and many other colleagues up here on the Hill, we have in the United States an absolutely unparalleled, outstanding training and force generation base. With the number of installations we have in the continental United States, Hawaii, and Alaska, it is simply impossible to recreate that whole capability anyplace other than where it is now.

But what we will be able to do is, as Secretary Gates has said, make our training capabilities in the Pacific as competent as it can be and make it increasingly bilateral in nature so that we have the ability not only to do training ourselves but to train with our allies and friends.

We will expand the training areas available to our forces in the Pacific as much as we can, but these, as we all realize, get into some complex international negotiations.

Nevertheless, the Commonwealth of the Northern Marianas just north of Guam has a covenant with the United States, but it is treated like a territory. We still have a lease on the major portion of Tinian Island. The Compact States, the Federated States of Micronesia, the Republics of the Marshalls and Palau, have a compact with the United States that obliges them to make training areas available for the United States. We plan on taking advantage of that much more than we have in the past.

To support our forces in Korea as well as forces in Japan now, we have a mix of training that is done locally and also the rotation of units from the United States to Japan or to Korea for a period of duty and then back to the United States again so that we can take advantage of the force generation capabilities, the training capabilities that are available here that may not in their fullest measure be available overseas.

So to the Chairman's previous question about will the Marines requirements be taken care of, yes. There is a longer answer that involves all the details about how the Department of Defense, with the full cooperation of the Department of the Navy, the Marine Corps, the Navy, the Air Force, and their associated departments to manage the training and the rotation of forces overseas. So we have absolutely our best foot forward in a very difficult and dangerous region, and also before we put young Americans in harm's way we assure they have the absolute best training and qualifications that we can get them.

Mr. ORTIZ. One last question. If I understand correctly, we have a new Governor in Okinawa?

Secretary GREGSON. No. I forget when the election was. His name is Governor Nakaima. He is, in my opinion, a very strong leader. We look forward to working with him.

Mr. ORTIZ. He is running for reelection—I was just corrected. He is running for reelection in November as well.

Secretary GREGSON. November 28th is the election date, to my understanding.

Mr. ORTIZ. He is receptive to the idea of what we are planning on doing?

Secretary GREGSON. He is a champion for his constituents. So, within that limit, he is receptive to the ideas and what we are doing.

Mr. ORTIZ. Thank you so much.

Thank you, Mr. Chairman.

The CHAIRMAN. I thank the gentleman.

Now back to Ms. Bordallo for another 5 minutes.

Ms. BORDALLO. Thank you. Thank you very much, Mr. Chairman.

Secretary Pfannenstiel, I just want to further—you answered my question by saying things are being worked out. Well, I was there during the protests, and there was strong opposition to the Pagat site, and I didn't feel very comfortable about it. If things can be worked out, fine. It didn't look very promising to me. But do you have an alternative? Are you working on some kind of an alternative site?

Secretary PFANNENSTIEL. Congresswoman, we are always looking at available land, trying to determine whether we can find land that would meet the needs in a very safe manner.

We have examined the use of the site near Pagat to make sure that it is both safe and in no way will affect the site. However, we do recognize that there is a community issue, and we want to be responsive to that.

We started initially by looking at many other sites, and this was the one that was recommended to us that seemed to meet all of the criteria that we needed in terms of size and safety and traffic and accessibility and convenience to both the Marines and not interfering with the community. If it turns out this one doesn't work, then we will, of course, continue to look.

Ms. BORDALLO. Look for an alternative. I hope so. Because I do want it to work. And we knew that when the Final EIS would come out that this and also the port, the berthing area, there would be a problem. But this in particular really made the news, and I was there with the protesters, so I realized that they are in strong opposition.

I have one more question here. Secretary Gregson or Secretary Campbell, there have been cuts to the military construction budget for Guam in the Senate as well as from our appropriator friends in the House. One item that is cited for the cuts is the lack of tangible progress on the replacement Futenma facility in Okinawa. In the past, we have been led to believe that tangible progress meant the Governor signing a permit for a new landfill. Has what constitutes tangible progress shifted?

Furthermore, what impact do the military construction cuts have on the Guam International Agreement, and do you have any concerns that these cuts will cause hurdles in implementing fiscal year 2010 and 2011 funding for Guam?

Secretary GREGSON. Thank you for the question. I will defer to Secretary Pfannenstiel on the executability of the funds in the proposed budget.

My concern on the cuts is that—well, let me address the tangible progress first.

With the new Government coming to power in Japan, we obviously went through a period of re-examination and revalidation. That re-examination and revalidation is over. The essential character and the operations of the alliance have been revalidated.

Most importantly, very senior Japanese leadership has endorsed the U.S. presence in Japan and specifically in Okinawa. Minister Kan—Prime Minister Kan has pledged a solution to the Futenma replacement problem. The May 28th agreement that was signed at the Secretary of Defense/Secretary of State level with their counterparts established the location for the new facility to be Camp Schwab, as it was originally planned, and mandated an experts' group to work through the rest of the details. That group is very active. It is meeting as we speak.

The remaining details to be worked out are details of the method of construction and the exact configuration of the facilities that will be constructed and where exactly the runways will be.

We do not yet have tangible progress. We are confident we will get there.

And my worry about on the policy side with the proposed cuts to the budget are that this will induce some doubt within the Japanese body politic on whether we are committed to our part of the agreement. So, from that manner, if asked, I would counsel against those cuts.

Ms. BORDALLO. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. There being no further questions, we certainly thank the panel for being with us and for your testimony. We look forward to seeing you again.

The hearing has ended.

[Whereupon, at 11:50 a.m., the committee was adjourned.]

A P P E N D I X

JULY 27, 2010

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JULY 27, 2010

Opening Statement of Chairman Ike Skelton

Hearing on Japan: Recent Security Developments

July 27, 2010

Today, the House Armed Services Committee meets to receive testimony on recent security developments in Japan.

Our witnesses today are: the Honorable Chip Gregson, the Assistant Secretary of Defense for Asian and Pacific Security Affairs; the Honorable Kurt Campbell, the Assistant Secretary of State for East Asian and Pacific Affairs; and the Honorable Jackalyne Pfannenstiel, the Assistant Secretary of the Navy for Energy, Installations and Environment. Welcome to all.

There is little doubt that the alliance between the U.S. and Japan represents a cornerstone for peace and stability in the Asia-Pacific region. Because I am convinced that the Asia-Pacific region will be of increasingly central concern to America's national interest in this century, I believe it is essential that the U.S.-Japan alliance continue to grow based on shared interests and values.

The U.S.-Japan alliance has clearly been undergoing a period of transition in recent years which has not come without complications. Rhetoric and occasional disagreements aside, though, our two nations clearly remain partners. Japan has obligated $900 million to provide assistance to Afghan National Security Forces, part of a $5 billion package of aid to Afghanistan. Japan has also pledged $1 billion to support international assistance efforts in Pakistan.

Japan has supported South Korea and the United States in the dispute over the sinking of the *Cheonan.* The Japanese have also been instrumental in Six-Party negotiations with North Korea. And finally, Japan has worked diligently to address many longstanding grievances with its East Asian neighbors.

Clearly, one of the most apparent issues of concern between our nations is the stationing of U.S. forces on Okinawa. I strongly support the Marine Corps presence in Okinawa, one that the U.S. has long maintained. However, over time, some U.S. bases have become significantly encroached.

This encroachment has led to significant issues regarding the burden of these facilities on the civilian population. Accordingly, the U.S. and Japan entered into an agreement in 2006 to relocate 8,000 Marines from Okinawa to Guam and to construct a new base in northeast

Okinawa far from major population centers. Both sides will make significant financial contributions to this effort.

When the current ruling party in Japan recently assumed control, however, they expressed concern about the nature of this agreement and initially sought to modify the 2006 roadmap. After significant discussions by the Administration with Japan, I am pleased that they have recently reaffirmed the roadmap.

Let me be clear—it is essential that the U.S. retain the ability to project forces in the East Asian theater to ensure regional stability and prosperity. U.S. forces on Okinawa are central to this capability. Japan also benefits substantially from this partnership—they are able to devote less than one percent of their Gross Domestic Product toward their national defense. Given the benefits to both nations, I see little need for major changes to the current Status of Forces Agreement.

This year marks the 50th anniversary of the U.S.-Japan Treaty of Mutual Cooperation and Security. If both nations stay true to their national interests, I believe we can look forward to at least another 50 years of such mutual cooperation.

Opening Statement of Ranking Member Howard P. "Buck" McKeon

Hearing on Japan: Recent Security Developments

July 27, 2010

Thank you, Mr. Chairman, and welcome to our witnesses. We appreciate your being here this morning. Mr. Chairman, this is a very timely and important hearing, considering the most recent saber rattling from North Korea and the continued equivocation from the Government of Japan concerning the ultimate location of the Marine airfield on Okinawa.

Much of today's hearing will focus on the multitude of unresolved issues concerning the realignment of Marine forces in the Pacific—particularly the move of approximately 8,000 Marines and their families from Okinawa to Guam, and associated moves on Okinawa itself. Make no mistake, these are important questions. What's more important, however, is the reason we are undertaking this upheaval.

The United States has long been focused on Europe. In recent years, our attention has naturally shifted to the Middle East and South Asia in our continual fight to stamp out Al Qaeda and its allies. We cannot for a moment forget, however, how critical the Pacific and the Pacific Rim countries are to our national security. While we have friends along the Pacific Rim, Japan among them, they are fewer and scattered over a vast ocean.

The threats are ominous, with China rapidly increasing in both military and economic power. Even worse, North Korea, a failing state led by an unstable dictator possessing nuclear weapons, has just threatened military action if we even conduct military exercises with the South Koreans.

Against this backdrop, Japan is a friend, but a friend who relies on our military power to protect them. In exchange, the Government of Japan provides military bases as well as some funding to establish and operate those bases. In my view, Japan is getting quite a bargain and sometimes fails to recognize the great benefit the United States provides them with our conventional forces and nuclear shield. Even so, we have agreed to reduce our footprint in Japan by moving a substantial number of Marines to Guam, with Japanese financial assistance. We have agreed to this move in order to assure our ability to station the Third Marine Expeditionary Force in the western Pacific—and ensure our strategic-ready, forward-deployed land force is able to deploy at a moment's notice where needed. With elements of this corps-sized land force split among small bases in Hawaii, Guam, and Okinawa, each island thousands of miles from the others, we need to resolve the remaining questions and get on with executing this plan.

Last year, the chairman and I, accompanied by several other members, traveled to all three locations. Space on each island is limited;

the training needs of the military are often difficult to reconcile with the needs of the local populace. Nonetheless, our Marines are there for the national security of Americans, Japanese, and South Koreans alike. With American lives on the line, the least the Japanese can do is provide credible installations for our forces.

While much progress has been made since our February 2009 trip, far too much is still unresolved. I was dismayed to read in the press that the new Prime Minister of Japan may delay the decision on the new Marine airfield on Okinawa until November. We understand the issue is politically sensitive on Okinawa, but the resolution of that issue is the key to the whole puzzle.

Furthermore, we still do not have a U.S. Government plan for developing the infrastructure of Guam. Guam and her people are patriotic, welcoming, and generous—but they do not have the resources to build the roads, power plants, water, and wastewater infrastructure necessary to support such a large influx of people. Despite repeated emphasis by this committee, there is no plan, other than the Office of Management and Budget will assign responsibility and provide funding to concerned agencies in the fiscal year 2012 budget. The idea of putting OMB in charge is not only not reassuring, it is frightening.

I look forward to hearing the witnesses' perspectives on these matters.

Statement of
The Honorable Wallace C. Gregson
Assistant Secretary of Defense for Asia and Pacific Security Affairs
Submitted to the

House Armed Services Committee
July 27, 2010

Recent Security Developments Involving Japan

Introduction

Mr. Chairman, Mr. McKeon, and distinguished Members of the Committee, thank you for the privilege of appearing before you today to discuss recent security developments with Japan. The year 2010 marks the fiftieth anniversary of the Treaty of Mutual Cooperation and Security, which serves as the foundation of the U.S.-Japan Security Alliance. Our relationship with Japan continues to underpin the stability and prosperity of the Asia-Pacific region. Our Alliance is a fixture in the strategic landscape, not only for the United States and Japan, but as a guiding light for countries throughout the region and a cornerstone of stability. It is a unique relationship, built on common interests and shared values that bind together two very different countries—a relationship that has adapted and continues to evolve to address changes in the security environment, in our political leadership, and in our respective capacities and capabilities.

State of the U.S.-Japan Security Relationship

With the election of the Democratic Party of Japan last fall, we entered a new chapter of our relationship. New personal relationships, styles of governing, and concepts called for a thorough engagement, and we have discussed with our counterparts a host of issues—from our force posture realignment, to consultations on our strategic reviews, to engagements on bilateral cooperation on diverse areas as Missile Defense and Humanitarian Assistance.

Throughout the fall and winter, we focused efforts at finding a way forward on the Futenma Replacement Facility in Okinawa. This topic dominated the bilateral dialogue between our two governments. While that process has been difficult and is still ongoing, it has served to reinforce a broad consensus in both countries that the bilateral alliance is vital to our shared interests and is bigger than any one issue. The Joint Statement issued on May 28 by Secretaries Gates and Clinton and their Japanese counterparts drew media attention because of its discussion of Futenma relocation, but its significance was far broader. In that document both sides reaffirmed their commitment to the 2006 Realignment Roadmap—an agreement negotiated by different governments on both sides—and in turn, to an enduring US presence in Japan, including on Okinawa.

We must therefore keep recent developments in our relationship in perspective. Consider the circumstances of 1960, when the Mutual Security Treaty was signed. Prime Minister Kishi's actions to secure Diet approval of the Treaty sparked massive protests in Tokyo that forced the cancellation of a planned visit by President Eisenhower. Today no mainstream voice in any party, on either side of the Pacific, questions the value of the alliance and our military presence. When you think of where we have been, that is truly extraordinary.

My remarks today will focus on the security aspects of our relationship, and I want to emphasize that our total relationship with Japan includes a broad spectrum of bilateral security activities that extend well beyond the simple management of our bases. Today, I will inform on the current status and way forward with Futenma, but first I will update activities in these other areas of our security relationship that evidence our broad and deep Alliance.

Bilateral Areas of Security Cooperation

First, let me describe some of these wide ranging areas of cooperation. Broadening our cooperative relationship strengthens and advanced our Alliance. For example, U.S.

missile defense cooperation has become a central element in the defense relationship. Japan's investments in four BMD-capable AEGIS destroyers, and the upgrades of its Patriot battalions to the PAC-3 capability, will augment and strengthen the missile defense capability that protects Japan and our forces stationed there. We have also deployed an X-Band radar in Japan to aid in increasing the level of information exchange available to Japan in the event of a threatening launch.

In addition to this cooperation, collaboration between the United States and Japan on the Standard Missile 3 Block IIA is a vital program that will improve our future capabilities. The Block IIA variant is planned to be the foundational component for sea and land-based missile defense capabilities worldwide.

An additional area where we see the potential for cooperation is humanitarian assistance and disaster relief, or HA/DR. Both sides have given particular focus to enhancing U.S.-Japan HA/DR cooperation to ensure that we will have efficient participation on new operations. Japanese Self-Defense Forces (SDF) are increasingly deploying alongside their American partners to address humanitarian challenges in the region, as they did in responding to the 2004 tsunami. Earlier this year, Japan deployed the SDF via U.S. mainland bases to provide relief to Haiti following that devastating earthquake. Going forward, humanitarian assistance/disaster relief cooperation will provide countless opportunities for the U.S.-Japan alliance to contribute to the welfare of the region and the world.

One other extremely important area of cooperation is our discussions on strategic issues. Throughout the past 18 months we have consulted with our Japanese counterparts on our strategic reviews: the Quadrennial Defense Review, the Nuclear Posture Review, and the Ballistic Missile Defense Review. Our discussions were frank, honest, and productive and advanced our shared understanding on these topics. Our dialogue and consultations with Japan on nuclear nonproliferation contributed, in my estimate, to a more

comprehensive Nuclear Posture Review. Foreign Minister Okada, in particular, following publication of the NPR stated his support for the document, which is a critical contribution to our efforts to show international support for our extended deterrence posture. We will continue our dialogue with Japan on extended deterrence in the future and are also discussing terms for expanded dialogues on space and cyber defense.

These efforts are just a few of the items on our 50th Anniversary agenda intended to celebrate the achievement of the alliance over the past 50 years and to prepare and strengthen it for the next 50 years. We believe the full spectrum of discussion will position us well for the challenges and opportunities the years to come.

International Contributions

Internationally, Japan has been a quality partner with our efforts in Afghanistan. In addition to contributions that have, most notably, helped construct the Ring Road and pay the salaries of the national police, Japan's $5 billion pledge towards civil-sector efforts in Afghanistan represents a new way forward for Japan on international contributions. That money will go toward building civilian capacity, the reintegration of militants, demilitarization, and economic development—all critical components of this administration's Afghanistan strategy. Japan continues to assess what additional and appropriate contribution it may be able to make to missions in Afghanistan and Pakistan.

In addition, Japan's Maritime Self-Defense Force remains active in counter-piracy operations off the Horn of Africa—an operation that has contributed to regional security and the freedom of global commerce. This has been a ground-breaking operation for the Japanese military and shows that Japan is committed to international cooperation on maritime security in the region and globally.

Japan is also sending its Self-Defense Force into more areas than ever before for humanitarian assistance and disaster relief missions. Most recently, 350 Ground Self-Defense Force personnel were deployed to Haiti to assist in reconstruction efforts.

Japan is a solid partner in our efforts to stem the proliferation of weapons of mass destruction and their means of delivery. Japan has been an active participant in the Proliferation Security Initiative since its inception in 2004, and has hosted multiple live exercises. Japan also has been active in helping other states establish and implement controls on the export of sensitive items, to prevent possible their possible use in an illicit weapons program.

Regional Relations

Since coming to power, the Democratic Party of Japan has focused on strengthening Japan's ties with countries in the region. The U.S. welcomes these relationship-building efforts. Perhaps the most significant and positive recent development in regional relations has been the strengthening of trilateral ties among the United States, Japan, and South Korea. Our three nations share values, interests, and a common view of the dangers posed by North Korea's missile and nuclear developments. We have deepened these ties through the Defense Trilateral Talks. Just as the two Northeast Asian alliances are commemorating important anniversaries that symbolize the abiding U.S. commitment—the 50th anniversary of the U.S.-Japan Treaty of Mutual Cooperation and Security and the 60th anniversary of the start of the Korean War—we are also charting a course to broaden and deepen trilateral defense ties.

Trilateral cooperation among the three nations has been vital in conveying a unified front and a common commitment to move towards complete and verifiable denuclearization of the Korean Peninsula. U.S. commitment to our allies and their security, together with their strengthening cooperation with each other, is critical to a coordinated, comprehensive approach to North Korea and increased stability and security for the

region. This approach also provides a sound basis for broader, multilateral coordination and cooperation with China, Russia, and other countries.

Security ties between Japan and Australia continue to grow as well. Our respective defense and foreign affairs agencies participate in a regular trilateral dialogue designed to improve trilateral operational cooperation to allow for closer partnerships in areas like maritime security, counter-terrorism, non-proliferation, humanitarian assistance, disaster relief, and peacekeeping.

A strong U.S.-Japan alliance is also crucial to the success of multilateral cooperation in the region, and we are committed to working with Japan to ensure that Asia's evolving multilateral organizations are inclusive, transparent, and solution-oriented. The United States and Japan can together make sure that these institutions have the capacity to bolster shared peace, stability, and prosperity throughout the region.

Realignment Implementation

Throughout the past ten months, we have engaged on multiple discussions with the Government of Japan on realigning our military presence in Japan. Focus on the implementation of the relocation of Marine Corps Air Station Futenma has, for certain, been intense. As our two governments have worked to identify ways to reduce the impact of our forces on Okinawa, events in the region conspired to remind all of us of the importance of the U.S.-Japan Alliance and the continued necessity of Marine forces in Okinawa. Actions by North Korea and China at the end of March and mid-April, respectively—the sinking of the CHEONAN and the deployment of a large PLA Navy Surface Action Group through waters near Okinawa—highlighted for many Japanese the vital deterrent role played by U.S. forces in Okinawa and across Japan.

Partly as a result of these events, the Futenma situation, while still unresolved, looks much better today than it did a few months ago. The Joint Statement issued on May 28

by Secretaries Gates and Clinton and their Japanese counterparts designates the location of the new facility in the Camp Schwab area and tasks a bilateral experts group to develop a specific plan by the end of August. That effort is well underway, and we expect the group to complete its efforts on schedule, allowing for a final political decision on relocation this fall. I am confident that this issue, so difficult over the last few months and for the last 15 years, is moving toward a resolution, and that we are on a path to have the tangible progress necessary to enable the relocation of Marines to Guam.

We do recognize that the U.S. presence has real effects on local base-hosting communities. The Secretary of Defense has told his Japanese counterpart that the U.S. is committed to reducing the impact of our presence on Okinawans, and we continue to discuss with the Japanese government ways to do so. Futenma relocation is central to this effort, and we are moving toward a final agreement on the way forward.

Of course, the Futenma Facility at Camp Schwab is a single component of a larger plan to consolidate the U.S. presence on Okinawa and to move our forces away from the densely populated southern portion of the island. The full Okinawa realignment package will allow us to reposition approximately 8,000 Marines from Japan to Guam and return nearly 70 percent of the land south of Kadena Air Base. This will ensure a much more sustainable and enduring presence for U.S. forces on Okinawa that also preserves the Alliance's operational needs and capabilities. Most importantly to the Okinawans, it directly addresses their noise, safety, and environmental concerns.

The May 28 Joint Statement also added further areas of cooperation that will be leveraged to make our presence on Okinawa more positive. For example, the U.S. and Japan pledged to a "Green Alliance" program, pursuing wherever possible upgrades or construction that would use environmentally friendly techniques. Working with other elements of the U.S. government and the private sector, we will explore ways to deliver increased educational, cultural, and environmental programs to the people of Okinawa.

Lost in the focus on the FRF is the fact that most of the 2006 plans for realignment are moving forward with little controversy. We are co-locating our air and missile defense commands at Yokota Air Base, bringing a permanent Japanese presence for the first time onto a base that houses our US Forces/Japan headquarters. The headquarters of the Ground Self-Defense Force's Central Readiness Force, which has lead responsibility for Japan's overseas deployments, will move onto Camp Zama, to be co-located with a transformed U.S. Army command and control structure. We plan to relocate the Carrier Air Wing currently stationed at Atsugi Naval Air Station to Iwakuni in 2014, reducing the impact of our presence in a densely populated community. An additional contribution to U.S. Forces was the arrival of the USS GEORGE WASHINGTON, a nuclear powered aircraft carrier, at Yokosuka in September 2008, sparking little local opposition. Looking beyond the FRF issue, we are successfully moving forward with a broad realignment that will expand opportunities for bilateral training and operations, while at the same time making our presence more politically sustainable.

Host Nation Support

As a final topic, last week we kicked off new discussions on Host Nation Support (HNS) that will lead to a new agreement that will replace the current agreement set to expire in March 2011. HNS is a strategic pillar of the alliance and an important contribution in terms of the overall cost of maintaining the security relationship. However, we understand that some in Japan question how the money is being spent. We have committed to our Japanese Allies that our new agreement will give Japanese taxpayers the most efficient program possible. It is in our interest to maximize the return on Japan's funding and our own taxpayer resources to support our forces and their families, and to ensure their quality of life while stationed in Japan.

In addition to providing bases, Japan's host nation support, or HNS, is a key strategic pillar of the Alliance. HNS is Japan's tangible contribution towards the maintenance of

the world's most advanced, capable military force in Japan; not only for its defense but also for stability in the region. It is essential that Japan contribute to the Alliance through HNS (as well as through its own forces and in other ways). Japan provides roughly $1.7 billion per year in HNS, almost all of which is returned to Japan's economy in the form of rents, salaries, or services – a bargain considering the security Japan receives in return. Japan is able to spend less on its own defense as a percentage of GDP (less than approx. 1% of its GDP) because of the deterrence provided by U.S. military forces in Japan. However, further reductions in HNS signals to both friends and potential adversaries in the region that Japan does not take its commitment to its defense seriously. To the contrary, Japan should increase its overall defense expenditures and HNS funding levels as a proportion of the defense budget to demonstrate its commitment to the safety and security of the Japanese people.

Conclusion

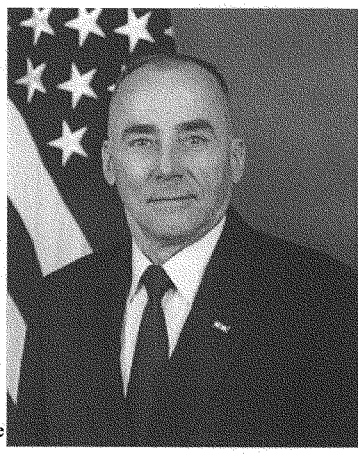
The government of Prime Minister Kan has made clear its commitment to the U.S.-Japan Alliance. While there will certainly be occasional differing ideas on how best to move forward together, this is natural in discussions between two great democracies. By working patiently and persistently, we will ensure the continued expansion and strengthening of our relationship, even as the core commitments remain unshaken.

As Allies and partners we share a commitment to regional security, humanitarian aid and disaster relief, and global peace-keeping operations. As President Obama said in Tokyo last year, the 50th anniversary of the U.S.-Japan alliance "represents an important opportunity to step back and reflect on what we've achieved, celebrate our friendship, but also find ways to renew this alliance to refresh it for the 21st century." I look forward to the next 50 years of an alliance that will continue to be indispensable to the peace and prosperity of the United States, of Japan, and of the entire Asia-Pacific region.

Thank you and I look forward to your questions.

Wallace "Chip" Gregson

Assistant Secretary of Defense, Asian and Pacific Security Affairs



The Honorable Wallace "Chip" Gregson was sworn in as the Assistant Secretary of Defense, Asian and Pacific Security Affairs May 13, 2009. From 2006 until assuming the duties of Assistant Secretary of Defense, Lieutenant General Gregson (USMC, Retired) was owner and president of WCG & Associates International, a foreign policy and military affairs consulting organization.

Previously General Gregson served as Chief Operating Officer for the United States Olympic Committee. From 2003 to 2005, he was Commanding General of the Marine Corps Forces Pacific and Marine Corps Forces Central Command, where he led and managed over 70,000 Marines and Sailors in the Middle East, Afghanistan, East Africa, Asia and the United States. From 2001 to 2003 he served as Commanding General of all Marine Corps forces in Japan, where he was awarded the Japanese Order of the Rising Sun, the Gold and Silver Star, and the Korean Order of National Security Merit Gukseon Medal. Prior to his time in Japan he was Director of Asia-Pacific Policy in the Office of the Secretary of Defense from 1998 to 2000. He has served in the Marine Corps since his graduation from the United States Naval Academy in 1968. A combat veteran of the Vietnam conflict, he earned the Bronze Star with Combat "V" device for valor and heroism, and was also awarded the Purple Heart.

General Gregson is a member of the Council on Foreign Relations; the Pacific Council on International Policy; the International Institute for Strategic Studies; the U.S. Naval Institute; and the Marine Corps Association.

His civilian education includes a Bachelor's degree from the U.S. Naval Academy, and Master's degrees in Strategic Planning from the Naval War College and International Relations from Salve Regina College. He was awarded an Honorary Doctorate in Public Service by the University of Maryland University College.

General Gregson and his wife Cindy currently reside in Colorado. They have two sons, one serving as a Marine Corps officer.

Statement of
Kurt M. Campbell
Assistant Secretary of State
Bureau of East Asian and Pacific Affairs

Submitted to the

House Armed Services Committee

July 27, 2010

U.S.-Japan Relations for the 21st Century

Chairman Skelton, Mr. McKeon, distinguished Members of the Committee, it is a privilege to appear before you today.

The U.S.-Japan alliance is the cornerstone of our engagement in the Asia-Pacific. The alliance has provided a basis for peace and security in the Asia-Pacific for a half-century and has -- in many ways -- underwritten the "Asian economic miracle" and the spread of democratic governance throughout the region. This year the United States and Japan are celebrating the 50th anniversary of our Treaty of Mutual Cooperation and Security, a historic milestone that offers both an opportunity to reflect on the successes of the past and, perhaps more importantly, to chart a forward-looking course for this relationship to ensure that it is well positioned to manage issues of consequence both in the region and beyond.

The Obama administration entered office with a deep appreciation of the strategic importance of the U.S.-Japan alliance. Then-Prime Minister Taro Aso was the first foreign leader to meet with President Obama. Japan was President Obama's first stop on his first visit to East Asia as President. Secretary Clinton's maiden voyage as Secretary of State was to Asia, and it was no coincidence that her first stop was in Japan. As the world's first and second largest economies the U.S. and Japan have worked closely to contribute to the global economic recovery.

Bilateral Relations

Together, the United States and Japan bring tremendous capability and creativity to bear on the challenges the world faces today. Our economic relationship is strong, mature, and increasingly interdependent, firmly rooted in the shared interest and responsibility of the United States and Japan to promote global growth, open markets, and a vital world trading system. Our bilateral economic relationship is based on enormous flows of trade, investment, and finance. In previous decades our economic relationship was often characterized by conflict over trade issues. Today, even as we continue to address trade irritants such as beef and Japan Post, we are able to prioritize new modes of cooperation that allow us to pursue common interests – such as innovation and entrepreneurship, the internet economy and cloud computing – as building blocks to improve opportunities for our trade and economic growth. We have a shared interest in greener, more sustainable growth. Climate change is a trend that obviously presents enormous

challenges for both the United States and Japan, but also creates opportunities for us both to leverage our comparative advantage in innovation to develop new, growth-inducing energy technologies. We were also very pleased that our two nations initialed the text of an Open Skies aviation agreement in December of last year. It is a landmark agreement that is a pro-consumer, pro-competitive, pro-growth accord. The agreement will strengthen and expand our already strong trade and tourism links with Japan.

As our security and economic relationship has evolved, so has our cultural relationship matured and grown. We have a longstanding tradition of exchange and cooperation between our two countries, and between the people of our two nations. We have cooperation in the fields of education and science, and through traditional programs such as the Fulbright Exchange and the JET (Japan Exchange and Teaching Program). The global challenges we face today require a complex, multi-dimensional approach to public diplomacy. As President Obama said recently, "... cooperation must go beyond our governments. It must be rooted in our people - in the studies we share, the business that we do, the knowledge that we gain, and even in the sports that we play." The Secretary echoed the President's views when she said, "What we call people-to-people diplomacy has taken on greater significance, as our world has grown more interdependent, and our challenges, more complex. Government alone cannot solve the problems that we face. We have to tap into the challenge of our people, their creativity and innovation, and their ability to forge lasting relationships that build trust and understanding."

The historic elections in late August of 2009 ushered in the Democratic Party of Japan (DPJ). It should come as no surprise that over the past 10 months the relationship has had its shares of ups-and-downs. Some commentators have even suggested that the U.S.-Japan alliance is in a period of "strategic drift" --- nothing could be further from the truth. In fact, public opinion polling shows support in Japan for the U.S.-Japan alliance is the highest it has ever been – over 75 percent. After spending over half of my professional career thinking about the U.S.-Japan alliance I feel confident in saying that our alliance will continue to grow stronger. I would now like to take this opportunity to lay out three elements of our relationship that I believe underscore the bilateral, regional and global depth and breadth of our relationship.

It is now more than 10 months since Japan's historic change of government in September 2009. The new ruling coalition came to power with a manifesto calling for a review of many of the policies of its LDP predecessors, including aspects of the alliance with the United States, with some envisioning an "alliance without bases." However, in practice the Japanese government has continued to reaffirm the crucial role of the Alliance in ensuring Japan's security and maintaining peace and security in the Asia-Pacific region. This past January, then-Prime Minister Hatoyama, in a statement celebrating the 50th anniversary of the signing of the revised U.S-Japan Security Treaty, said that "it is not an exaggeration to say that it was thanks to the U.S.-Japan security arrangements that Japan has maintained peace, while respecting freedom and democracy, and enjoyed economic development…since the end of the last World War to this day." To celebrate this 50th anniversary year, and to deepen and broaden our alliance, we and our Japanese allies are meeting at all levels and across government bureaucracies to share views and assessments of Asia's dynamic strategic environment and charting a course to seize opportunities while minimizing potential for conflict.

Over the last fifteen years, the United States and Japan have worked together to update our alliance, through efforts ranging from the force posture realignment to the review of roles, missions, and capabilities. The alliance has grown in scope, with cooperation on everything from missile defense to information security. Additionally, Japan provides approximately $1.7 billion annually in host nation support to the U.S. military, a key Japanese contribution to our alliance.

There are more than 48,000 American military personnel deployed in Japan, including our only forward deployed carrier strike group, the 5th Air Force, and the III Marine Expeditionary Force. Through the Defense Policy Review Initiative (DPRI), the United States and Japan made a landmark alliance commitment under the 2006 U.S.-Japan Realignment Roadmap, which was reaffirmed by the 2009 Guam International Agreement, to implement a coherent package of force posture realignments that will have far-reaching benefits for the Alliance. These changes will help strengthen the flexibility and deterrent capability of U.S. forces while creating the conditions for a more sustainable U.S. military presence in the region. The transformation includes the relocation of approximately 8,000 Marines and their 9,000 dependents from Okinawa to Guam, force posture relocations and land returns on Okinawa, and other realignments and combined capability changes on mainland Japan (e.g., increased interoperability, as well as collaboration on ballistic missile defense). This realignment will strengthen both countries' ability to meet current responsibilities and create an Alliance that is more flexible, capable, and better able to work together to address common security concerns.

It is understood by all that the relocation to Guam of significant elements of the III Marine Expeditionary Force is dependent on tangible progress by the government of Japan towards completion of the Futenma Replacement Facility, a linchpin of the Realignment Roadmap. The new Japanese government undertook an extensive review of existing plans for the Futenma Replacement Facility, carefully examining alternatives with a goal of reconciling operational and security requirements with the recognition that the people of Okinawa, by hosting the majority of U.S. military facilities in Japan, bore a greater responsibility for our joint security than other regions of Japan. This review culminated in the conclusion, as expressed in the May 28 Joint Statement of the U.S.-Japan Security Consultative Committee, that the replacement facility would best be located in Okinawa at Camp Schwab and adjacent waters. Secretaries Clinton and Gates, along with their Japanese counterparts, directed that an experts group undertake a study regarding the replacement facility's location, configuration, and construction method. The objective is to ensure that the construction of the replacement facility can be completed without significant delay. The Experts Study Group has been meeting steadily since June and we fully expect it to achieve its goals.

Let me also mention briefly another issue that is important to us in the State Department, that is connected with our relationship with Japan and also, because in some cases these families include former or current service members, relevant to this committee. That is the issue of international parental child abduction. Japan remains the only G7 country not to have ratified the Hague Convention; the Department of State consistently urges them to do so at the highest levels. In fact, Secretary Clinton has raised it with her Japanese counterpart, including most recently last week. In recent months, for the first time ever, the GOJ has co-sponsored with the Japanese Bar Association a symposium on the Hague Convention and International Parental Child Abduction. The Japanese Ministry of Foreign Affairs has also posted for the first time

preventative passport regulations to their official website. Where the dialogue was once muted less than a year ago, it is now part of the general discourse. While this issue resolved is by no mean resolved, we believe these GOJ efforts are signs of increased engagement by the Government of Japan.

Regional Engagement

We have enjoyed unprecedented cooperation with Japan on a number of consequential regional issues. Japan's steadfast support for the Republic of Korea was vital in rallying the international community to offer a united response to the Cheonan sinking. Japan is a key partner in our efforts to seek the verifiable denuclearization of the Korean Peninsula in a peaceful manner and in holding North Korea to its commitments under the 2005 Joint Statement of the Six Party Talks. We also value our close cooperation on the adoption and implementation of UN Security Council resolutions to curb North Korea's proliferation activities. Japanese insights into North Korean developments are equally valuable.

We and Japan have a mutual desire to engage constructively with a rising China. We share a stake in a successful China that follows international norms and standards. Japan has joined us in encouraging greater transparency from the Chinese military, and joins us as we carefully watch China's growing maritime strength. Over the past few years Sino-Japanese relations have grown stronger and we look to both Beijing and Tokyo to continue to take steps to enhance mutual confidence and trust.

Southeast Asia is another area where we have longstanding and fruitful cooperation with Japan. It is an area where we and our Japanese allies share significant interests and objectives. We cooperate in encouraging economic and social development throughout the region, from Timor-Leste to Burma. We maintain close contact and coordinate our efforts in order to gain the maximum benefit from a useful division of labor. Japan remains an important partner and advocate for ASEAN. Where there appears to be potential for instability, we seek to harmonize our messages and ensure that we are reinforcing each other effectively.

One of the most significant and consequential developments over the past ten years has been the strengthening of the U.S.-India relationship. Our efforts have been complemented and supported by Japan. Under the leadership of both the LDP and DPJ government, Japanese-Indian relations have strengthened and become more robust. Both nations recently signed a civil nuclear cooperation agreement, and Delhi continues to look to Tokyo as it charts an Eastward course.

As Japan's chairmanship of APEC continues and the United States is preparing for its host year in 2011, we have been working to create opportunities to strengthen economic integration and address trade and investment issues in order to make it cheaper, easier, and faster to trade in the Asia-Pacific region.

We appreciate Japan's support for U.S. participation and inclusion in the East Asia Summit, a process the Secretary and President plan to engage in 2010 and 2011. Existing organizations such as ASEAN, APEC, and the ASEAN Regional forum and new ones like the ASEAN

Defense Ministers Plus and an expanded East Asia Summit provide excellent platforms for advancing the multitude of shared U.S. and Japanese economic, security, and political interests and values.

Global Cooperation

Japan continues to be an increasingly active partner in global affairs, and our bilateral and multilateral cooperation transcends the Asia-Pacific region.

Our strong relationship with Japan is global in reach. Japan is working with us and others on post-earthquake recovery in Haiti and Chile, to eradicate disease and develop environmentally friendly sources of energy. In addition to their work in Haiti, Japan is involved in UN peace-keeping missions in Syria, Nepal, and Sudan, and has made contributions in kind to numerous UN missions.

In Iraq, our Japanese allies have pledged nearly $5 billion in aid to Iraq, focusing on rebuilding the industrial base and energy, transportation, and irrigation infrastructure. By generating economic opportunities for the Iraqi people, these activities complement our own and contribute to our shared goal of ensuring the country's long-term stability.

Japan is a vital international supporter of reconstruction, reintegration, and development in Afghanistan. Japan has assumed the lion's share of the cost of salaries for the Afghan police force. With a $5 billion commitment over five years, Japan is the second largest single donor, after the United States, to Afghanistan. Japan is providing expertise as well as funding, and helping the Afghan government develop programs to hasten the reintegration of former Taliban into normal society. In Pakistan, as well, Japan is contributing to the country's stability by providing over $2 billion of humanitarian and development assistance. Japan is helping the international community ensure refugees and internally displaced Pakistanis receive the food, shelter, and medical services they need. In a program that complements the American work Secretary Clinton announced in Islamabad on July 19, Japan is extending the electricity grid to areas of the country that have not had it before and developing the energy sector throughout the country.

As a nation dependent on international trade, Japan values the security of its sea lines of communication. Japan is an active and important member of the international flotilla that is combating piracy off the Horn of Africa to ensure freedom of navigation and safety of mariners. Japan has also signed a bilateral agreement with Djibouti to construct a base to support its counter-piracy efforts, and is the largest single bilateral donor to Djibouti.

The architecture of international cooperation is sturdy, but it also dates in part to the cold war or even earlier. We and Japan are seeking new ways to structure international cooperation.

Japan is one of the United States' closest partners as we confront the global challenge posed by climate change. Last fall, the President endorsed the U.S.-Japan Clean Energy Action Plan, which will build on our extensive scientific cooperation to help our economies transition to

greater reliance on renewable forms of energy and ensure that transition creates economic opportunities here at home. We are both committed to ensuring all countries do their part to address this global threat, assisting those that can benefit from our technical expertise. Japan was a strong partner in developing the Copenhagen Accord, and pledged in Copenhagen to provide as much as $15 billion in financing to assist developing countries in combating climate change, premised on the development of a fair and effective global framework. We continue to coordinate closely as we look to the next Conference of the Parties in Mexico this winter.

Whatever challenges we may face in the next half century, I am confident that our relationship with Japan will be an important element of our success. Our relationship continues to develop and evolve, and continues to contribute to peace, prosperity and security throughout the region and the globe. We are under no illusions that there will not be periods of ups-and-downs in the relationship. However, our shared values and strategic interests will enable us to continue to move the relationship forward and ensure that it remains the cornerstone of our strategic engagement in the Asia-Pacific

Thank you again for giving me the opportunity to testify about the U.S.-Japan relationship and I look forward to answering your questions.

Biography

Kurt M. Campbell
Assistant Secretary

Term of Appointment: 06/02/2009 to present
Kurt Campbell became the Assistant Secretary of State for East Asian and Pacific Affairs in June 2009. Previously, he was the CEO and Co-Founder of the Center for a New American Security (CNAS) and concurrently served as the director of the Aspen Strategy Group and chairman of the Editorial Board of the Washington Quarterly. He was the founder of StratAsia, a strategic advisory firm, and was the senior vice president, director of the International Security Program, and Henry A. Kissinger Chair in National Security Policy at the Center for Strategic and International Studies. He was also associate professor of public policy and international relations at the John F. Kennedy School of Government and assistant director of the Center for Science and International Affairs at Harvard University.

Dr. Campbell has served in several capacities in government, including as deputy assistant secretary of defense for Asia and the Pacific, a director on the National Security Council Staff, deputy special counselor to the president for NAFTA in the White House, and White House fellow at the Department of the Treasury. For his service, he received the Department of Defense Medals for Distinguished Public Service and for Outstanding Public Service. He served as an officer in the U.S. Navy on the Joint Chiefs of Staff and in the Chief of Naval Operations Special Intelligence Unit.

He is the co-author with Jim Steinberg of *Difficult Transitions: Why Presidents Fail in Foreign Policy at the Outset of Power*, with Michele Flournoy of *To Prevail: An American Strategy for the Campaign against Terrorism*, with Michael O'Hanlon of *Hard Power: The New Politics of National Security*, and he co-authored with Nirav Patel *The Power of Balance: America in iAsia*. He is the editor of *Climatic Cataclysm: The Foreign Policy and National Security Implications of Climate Change*, and *The Nuclear Tipping Point: Why States Reconsider Their Nuclear Choices* with Robert Einhorn and Mitchell Reiss.

He received his B.A. from the University of California, San Diego, a Certificate in music and political philosophy from the University of Erevan in Soviet Armenia, and his Doctorate in International Relations from Brasenose College at Oxford University where he was a Distinguished Marshall Scholar.

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BY THE HOUSE ARMED
SERVICES COMMITTEE

STATEMENT OF

MS. JACKALYNE PFANNENSTIEL
ASSISTANT SECRETARY OF THE NAVY
(ENERGY, INSTALLATIONS AND ENVIRONMENT)

BEFORE THE
HOUSE ARMED SERVICES COMMITTEE

July 27, 2010

HOLD UNTIL RELEASED
BY THE HOUSE ARMED
SERVICES COMMITTEE

Chairman Skelton, Congressman McKeon, distinguished members of the Committee: I appreciate the opportunity to appear before you today to address the status of the Department's realignment initiative on Guam. I also appreciate the Committee's continued interest in our efforts to plan and execute this program. Ensuring that we get this right for both our military families and the people of Guam is a top priority.

The Department filed the Final Environmental Impact Statement (FEIS) for the Guam and Commonwealth of the Northern Mariana Islands (CNMI) military relocation with the Environmental Protection Agency (EPA) on July 23, and expects the Notice of Availability to be published on July 28. The FEIS is the culmination of over three years of studies and analysis that has resulted in one of the Department's largest and most comprehensive environmental impact statements.

We received over 10,000 comments during the 90-day public comment period on the Draft EIS. These comments focused on issues such as impacts to coral reefs, potential effects of the induced population growth on the Guam community, preservation of cultural resources, and many other issues. Addressing these issues has required a coordinated, interagency approach. Under the leadership of the White House Council on Environmental Quality (CEQ), the Department has worked with the federal resource agencies, the Government of Guam, and the Guam resource agencies to develop common resolution strategies and proposed mitigation measures. The result is that we now have an FEIS which paints a comprehensive picture of the environmental impacts of the Guam

military realignment and appropriately mitigates those impacts as well as addressing the concerns raised by the resource agencies and the public.

Of particular concern was the potential impact of a sudden population growth on the island's infrastructure and resources. The Department recognizes that Guam has existing infrastructure deficiencies that could affect the ability of DoD to execute the program on an aggressive construction schedule. Guam currently faces challenges with environmental compliance of its utilities, adequacy of its roadways, and availability of quality health care - to name a few concerns. It is imperative that a whole-of-government approach be implemented to improve Guam's existing infrastructure and prepare the island for a sustainable future that supports the buildup and a growing economy and population.

The Department is committed to addressing Guam's infrastructure needs for those issues directly related to the military buildup. Roadway, intersection and bridge upgrades are required to handle the flow of materials from the port to work sites. Through the Defense Access Road (DAR) program, DoD is working to identify, certify as eligible for funding, and consider in future DoD budgets needed improvements to roadways, intersections and bridges that are critical to executing the construction program. I would like to thank you for your support of the $48.8 million in DAR funding in the FY2010 budget; we have requested an additional $66.7million in FY11.

The Port of Guam requires near and long-term infrastructure improvements, and as the point of entry for construction materials and supplies, the port is a critical enabler to the execution of this program. Thank you for your support of the President's request to make $50 million available for critical upgrades to the port. These funds, when combined with a matching loan from the U.S. Department of Agriculture, will fund necessary upgrades and improvements to materials-handling processes which will enable the Port of Guam to sustain the expected $1.5-2.0 billion per year in construction volume.

As stated in the Realignment Roadmap, the Government of Japan will provide $740 million for utilities upgrades, expansion, and development associated with the Marine Corps relocation. Analysis of utilities options has indicated that developing new, stand-alone systems are not cost-effective. We have worked with the Government of Guam and its utilities providers to provide the highest priority for projects requiring improvements. The Japanese funds will be used to upgrade Guam power systems, water systems, and wastewater treatment plants which are critical to supporting the off-island construction workforce necessary to execute the program.

Recognizing existing infrastructure limitations, we fully understand that impacts to the island's infrastructure must be considered before they occur. Using what we call "adaptive program management", the pace and sequencing of construction will be adjusted to stay within the limitations of Guam's utilities, port, roadways, and other systems. We will stand up a "Civilian Military Coordination Council" comprised of the military, federal agencies, and Guam agencies to coordinate and monitor the impacts to

various resources and provide recommendations if and how the pace will be adjusted. It is our intent to continually look for ways to mitigate any potentially adverse effects on Guam or its people.

Conclusion

We continue on our path to achieving a Record of Decision in early September 2010, which will allow for construction to begin in FY2010. Our acquisition strategy will allow us to immediately award contracts for FY2010 and, once authorized and appropriated, FY2011 projects included in the President's Budget request. By working together with our federal agency partners and Guam's leaders, we will ensure that the island is able to handle this major construction effort. We remain committed to addressing the challenges associated with developing facilities and infrastructure on Guam in a manner that makes our forces part of the wider Guam community.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to discuss the Department's efforts to execute the Guam military realignment. We share your emphasis on the paramount importance of ensuring that there is "One Guam" and that the relocating Marines, their families, and the people of Guam benefit from the realignment. We appreciate your continued support, and we look forward to working with you as we further transform plans into actions in support of a realigned and enhanced U.S. posture in the Pacific.

Assistant Secretary of the Navy (Energy, Installations and Environment)

3/5/2010 - Present
The Honorable Jackalyne Pfannenstiel

Jackalyne Pfannenstiel was appointed Assistant Secretary of the Navy (Energy, Installations and Environment) on March 5, 2010. In this position, Pfannenstiel is responsible for formulating department-wide policies, procedures, advocacy and strategic plans, as well as overseeing all DON functions and programs related to installations, safety, energy and environment. This includes effective management of Navy and Marine Corps real property, housing, and other facilities; environmental, natural, cultural and marine resource protection, planning, conservation and compliance, both ashore and afloat; safety and occupational health for both military and civilian personnel; timely completion of closures and realignments of installations under base closure laws; the U.S. – Japan agreement to realign U.S. forces in Japan and relocate 8000 Marines and their families from Okinawa to Guam; and the development of the department's energy strategy, policies and guidance.

Pfannenstiel is a former chairman of the State of California Energy Commission, a state regulatory body with authority over power plant licensing, building and appliance efficiency standards, and energy policy development. Pfannenstiel was appointed by Governor Arnold Schwarzenegger to a five-year term on the commission in 2004 and served until January 2009. Her responsibilities included licensing new generating facilities and development of California's integrated energy policies. She chaired the Governor's Climate Action Team subgroup on energy and land use and worked on the creation of California's low carbon fuel standards.

Prior to her role at the Energy Commission, Pfannenstiel served as an independent energy consultant, providing assistance to wind energy development projects, as well as helping local housing authorities manage energy costs in public housing facilities.

Previously, Pfannenstiel spent 20 years at Pacific Gas and Electric Company and its parent, PG&E Corporation. She joined the company in 1980 and, in 1987, she was promoted to vice president of Corporate Planning, the first woman to become a corporate officer. At PG&E, she led the company's participation in a multi-party collaborative proceeding which produced many of California's innovative regulatory policies promoting energy efficiency. She also directed the development of PG&E's strategies for responding to electric industry restructuring.

Pfannenstiel is a past member of the Board of Trustees of Clark University. She was also on the Board of Directors of the Alliance to Save Energy and a Director of Energy Recovery, Inc., a company manufacturing high-efficiency components for seawater desalination. Pfannenstiel graduated from Clark University with a B.A. in Economics and the University of Hartford with an M.A. in Economics.

Updated: 5 May 2010

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

JULY 27, 2010

RESPONSE TO QUESTION SUBMITTED BY MR. ORTIZ

Secretary GREGSON. The U.S. Department of Transportation (DOT), through the Federal Highway Administration and the Maritime Administration (MARAD), and the U.S. Department of Agriculture (USDA) have begun to address Guam's infrastructure deficiencies and future needs. USDA has already provided $15 million in grants and $88 million in pending loans for landfill and utilities improvements.

USDA is poised to provide $50 million in grants and matching loans to the $50 million the Department of Defense has requested for improvement to Guam's sole commercial port. These funds would be used for the planning, design, and construction of projects to improve facilities, relieve port congestion, and provide greater access to port facilities, and would be managed by MARAD under the Port of Guam Improvement Enterprise Program. [See page 10.]

RESPONSE TO QUESTION SUBMITTED BY MR. TAYLOR

Secretary GREGSON. Our extensive effort to deter, track, and stop North Korean arms sales includes working closely with the international community. United Nations Security Council Resolution (UNSCR) 1874 prohibits North Korea from transferring all conventional arms; however, illicit North Korean shipments interdicted since May 2009 suggest that sanctions have not deterred Pyongyang from attempting such transfers. Illicit activities represent an important source of North Korean hard currency—indicating that Pyongyang is unlikely to cease arms export activity. According to a UN report, there are at least four cases involving interdicted arms exports from North Korea since the adoption of UNSCR 1874.

- In July 2009, UAE authorities seized containers of the cargo ship ANL Australia carrying conventional arms cargo from North Korea to a Middle East customer. According to open source reports, the seized cargo included 122mm rockets and rocket propelled grenades.
- In October 2009, South Korea seized four containers of North Korean-origin chemical warfare protective suits destined for Syria.
- In December 2009, Thailand seized 35 tons of North Korean-origin weapons, including 240mm rockets, RPG–7s, and MANPADS, aboard an IL–76 cargo aircraft ultimately bound for Iran.
- In February 2010, South Africa seized North Korea-origin tanks spare parts onboard a cargo vessel in the port of Durban. The T54/55 components were bound for the Republic of Congo.

According to a UN panel of experts report, North Korea uses various methods to circumvent UNSCRs 1718 and 1874 and ship conventional weapons, including falsifying end user certificates and mislabeling crates, sending cargo through multiple front companies and intermediaries, and using air cargo to handle high value and sensitive arms exports. In addition to shipping complete conventional weapons systems, North Korea also transports conventional arms in the form of knock-down kits, which can be transported along with North Korean technicians to provide a country with a weapons assembly capability. If desired by the Committee, I would be happy to provide additional classified information on the export of submarine and submarine technology by North Korea. [See page 23.]

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