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A PREVIEW OF SECRETARY KERRY'S TRIP TO THE 21ST ASEAN REGIONAL FORUM

*Remarks by Daniel Russel, Assistant Secretary of State
for East Asian and Pacific Affairs*

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PROCEEDINGS

ASSISTANT SECRETARY RUSSEL: Thanks for that great introduction, and thanks to all of you for coming. My purpose here today is to give you a sense of what Secretary Kerry has in mind in connection with his upcoming visit to participate in the ASEAN Regional Forum, affectionately known as the ARF, as well as his onward travel to additional meetings in Australia and then the Solomon Islands.

So, let me start by giving you a bit of an overview. Secretary Kerry will be in Naypyidaw, the capital of Burma, on August 9th, and he will attend and participate in the annual A-R-F meetings, the ASEAN Regional Forum, the E-A-S ministerial, the East Asia Summit. And he will also chair meetings of the Lower Mekong Initiative and the Friends of the Lower Mekong. He'll also have a series of bilateral meetings with others of his foreign ministerial counterparts.

And he will meet with some senior Burmese officials while he's in Naypyidaw. And then, travel to Sydney, Australia, where, on August 11th and 12th, he will join the Secretary of Defense, Secretary Hagel, and the Chairman of the Joint Chiefs of Staff for meetings with Australian Foreign Minister, Julie Bishop, and Defense Minister Johnston. This is the annual Australia-U.S. ministerial consultations, we call it the AUSMIN. It's a "2 plus 2" format, and it's a venue where we work through and refine our regional and global security cooperation.

Let me start with the ASEAN meetings if I could. President Obama has made active participation in the development of regional institutions in the Asia-Pacific region a priority and Secretary Kerry has been active in that engagement. This is one of the key elements of U.S. efforts to promote stability and prosperity in Asia, because strong regional institutions promote the kind of rules-based order that benefits the United States and benefits the countries in Asia.

The Secretary has met several times already, since he's taken office, with the ASEAN foreign ministers, and of course, the Secretary also met with all ten ASEAN leaders in addition to participating in the East Asia Summit at the leaders' level back in October, where he attended the meetings in Bali and in Brunei.

ASEAN is America's fourth-largest trading partner, and has embarked on an effort to create a single economic community by the end of next year. ASEAN and its institutions address all the issues that matter to us, and to their countries. Travel, trade, transportation, health, safety, counter-proliferation, environment, humanitarian assistance, disaster relief, security. And therefore, ARF in 2014 has a very full agenda.

On that agenda, as always, in addition to the issues I mentioned - the important focus on humanitarian assistance, disaster relief, climate change, educational exchange, economics, and so on - at the ARF, there will also be an opportunity for a direct discussion of tensions, particularly those in the South China Sea. Secretary Kerry will have an opportunity to talk through our concerns, and to consult with the countries represented there, which includes all claimant countries - and share some of our thinking, of course, with regard to the guiding principles that

we believe must govern the handling of these issues – principles of freedom of navigation, of peaceful resolution of disputes, of unimpeded lawful commerce, of respect for international law.

But also share some of our thinking about priorities – both in the mid-term, the need to accelerate and reach conclusion between and among the claimants on a binding Code of Conduct between China and ASEAN, but also some of the steps that can be taken in the short-term, on a voluntary basis, among the claimants to generate a quick de-escalation of tensions.

The Secretary will also participate and host other meetings, such as, as I mentioned, the Lower Mekong Initiative, Friends of the Lower Mekong initiative, in which the U.S. and the five Mekong countries are able to advance programs relating to environmental management, health, economic engagement, food and water security – across borders. And he will, of course, participate in the East Asia Summit ministerial, and in doing so, lay the groundwork for the leaders' meeting to be held this year, also in Naypyidaw, in November.

Now, the chair of this year's ASEAN meetings is, of course, Burma. And although the bulk of the Secretary's time will be devoted to the multilateral meetings, and although the Burmese are present in that capacity as the host of ASEAN, the visit also creates an opportunity for Secretary Kerry to meet with senior Burmese officials and form his own firsthand sense of how they are meeting the significant challenges in connection with the ongoing domestic political and economic reforms.

He'll want to get a sense of how well the country is prepared for the landmark elections scheduled for next year. I know that Secretary Kerry has been respectful of the progress that Burma has made so far, including its work as ASEAN chair, but that he fully recognizes how much more work remains to be done. So, although we are mindful of the successes thus far and incremental progress in the democratic reforms, ultimate success is not pre-ordained. It's a goal for which the Burmese are striving and it is a goal that we, the United States, very much want to help them to attain.

They are working to tackle the long-running civil wars and humanitarian crises, and outbreak of religious intolerance and violence. They're struggling to deal with very tough questions of constitutional reform and the role of the military. I can anticipate that Secretary Kerry will press Burma's leaders as he and the President have done, to protect and to respect the rights of all the people in the country; and to put in place greater safeguards for their human rights and fundamental freedoms.

From Burma, the Secretary goes directly to Sydney, Australia for the AUSMIN, as I mentioned. Secretary Kerry and Secretary Hagel hosted the AUSMIN last year, and I can attest to the value of this venue as an opportunity to discuss the full breadth of the relationship, including how, together, the U.S. and Australia can support Asian partners, how we can promote economic growth and trade, and how we can fulfill our longstanding commitments to the Asia-Pacific region. The U.S. and Australia have significantly upgraded our defense cooperation over recent years and months. And the ministers, I know, will discuss regional and global security cooperation.

Of course, the U.S. and Australia are deep, deep into negotiations on the Trans-Pacific Partnership, and without a doubt they will discuss the priority of bringing those negotiations to a successful conclusion. And I know that in the wake of the Australian government's very effective leadership role in connection with investigation of Malaysia Air Flight 17, recovering remains, and Australia's work on the Security Council, they will discuss some of the immediate topical challenges the world is currently facing.

From Australia, Secretary Kerry will travel to Honiara, in the Solomon Islands. He'll meet with government leaders there to discuss both domestic and regional issues, but also in particular, in following up on the just-concluded Pacific Islands Forum, to talk about the impact of climate change on small island states.

He will have an occasion to visit the Guadalcanal American memorial and to participate in wreath-laying ceremonies. And from there, he will travel to Honolulu, where he will be hosted by the Pacific Commander, Admiral Locklear; he will have a chance to consult on the security issues in the theater. And then Secretary Kerry intends, as I understand it, to give remarks at the East-West Center in Honolulu, on August 13th, before returning to Washington.

This will be Secretary Kerry's sixth visit to the Asia-Pacific region - if I'm counting right - at least his sixth. And that comes on top of the innumerable bilateral and multilateral meetings with leaders from the Asia-Pacific that he has hosted here in Washington. So, with that, any questions?

RICHARD BUSH: Thank you very much. I'm going to give early preference to questions from reporters from ASEAN, since this is an ASEAN meeting that Secretary Kerry is going to. So, anybody from Northeast Asia, keep your hand down. When I do call on you, identify yourself and the organization from which you work. Keep your question brief, no need for a statement, no need for lengthy questions. As you can see, Assistant Secretary Russel knows these issues better than you do, so who from ASEAN would like to ask the first question. Anybody? Ok, right here.

QUESTION: Thank you very much, my name is [inaudible]. I have actually five questions for him, but let me. I should thank you for the commitment of the US regarding Typhoon Yolanda rehabilitation process.

Under the Enhanced Defense Cooperation Agreement, or EDCA, what are the infrastructures and facilities that will be built under the rapid disaster response program? And is this going to be replicated in other ASEAN countries because, as you said in San Francisco, 70% of natural disasters take place in the region.

A/S RUSSEL: Great, well, thank you very much. The question was 'what facilities will EDCA, the recently concluded Defense Cooperation Agreement between the U.S. and the Philippines, result in... particularly in connection with the rapid response to disaster initiative.' The essence of the U.S. approach throughout Southeast Asia is to support the capacity of the countries there themselves, adequately, to respond in the first instance to a variety of disasters and crises.

The United States has a record of helping. We have a determination and commitment to help, but we want to extend the capacity of our individual partners, and the collective capacity of the countries in the region to respond. Part of this has to do with enhancing domain awareness, so that countries have a better view of what is happening in their territorial waters and in their periphery. Part of this includes initiatives such as pre-positioning equipment or developing standard operating procedures that ensure that the assisting and the assisted countries are operating according to the same methodologies and that will help eliminate a lot of confusion.

What we're not doing, is seeking stand-alone U.S. bases. To the extent that facilities will be provided, those will be the facilities of the Philippines. And the access that will be provided to the U.S. personnel will be done in a way that is fully consistent with the laws and the preferences of the government in the Philippines.

QUESTION: I reserve the right to ask about South China Sea later.

DR. BUSH: Any other ASEAN questions? In the back...

QUESTION: I am from Vietnam Television. How will the issues of, potentially, the South China Sea be raised in the ARF by the U.S. side and does the U.S. side have any intentions of planning to further cooperate with ASEAN countries, particularly Vietnam, to enhance the security and stability of the region? Thanks.

A/S RUSSEL: Well the question is, 'how will Secretary Kerry address the issues of the South China Seas at ARF and do we have any plans or intentions to enhance our security cooperation with countries in Southeast Asia.' As I mentioned, there are two or three basic elements to the U.S. position that Secretary Kerry will undoubtedly convey at the ARF. First and foremost, is to make clear what we consider to be the universal guiding principles that apply equally to all countries. In connection with that of course, we are strong advocates for the rule of law, for the protection of freedom of navigation and overflight, and we call for respect for unimpeded lawful commerce, as well as insist on peaceful means - not coercive means - as the vehicle for addressing territorial disputes. In that regard, while of course we support efforts to reach diplomatic bilateral agreement such as the Philippines and Indonesia have done. We also accept that all countries have the right to avail themselves of international legal mechanisms, including under the tribunal of UNCLOS. That's a right, and it is not an offensive action, it is a legitimate and peaceful action.

The second area of emphasis will be on the need for responsible behavior in the short term. And this is derived from the fact that because the United States is not a claimant and does not benefit whether "country X" or "country Y," ultimately, is determined to have sovereignty over "land feature 1" or "land feature 2," we can, and do, regard the situation objectively. We are not favoring Vietnam's claims over those of China. We are not favoring the Philippines over those of, say, Brunei or Malaysia. We are neutral on the issue of sovereignty.

We are not neutral, however, on the issue of behavior. And that means two things, basically. Number one, that all claimants have an obligation to clarify their claims - to assert their claims - in a peaceful manner that is consistent with international law, including the U.N. Convention on

the Law of the Sea. And what that means, in part, is that territorial claims must be based on land features. It's not possible under UNCLOS merely to assert sovereignty over the seas. As the saying goes, "land dominates water."

Claims to territorial waters, contiguous waters, are a function of sovereignty over a recognized land feature. That's a very important point, and we believe that all of the claimants, including Vietnam, can do more to clarify their claims.

The second element of that behavioral issue is, literally, how countries interact with one another in and around the disputed areas. And we have consistently spoken out and expressed concern in cases where any claimant took unilateral action which clearly raised tensions, which threatened the stability of the region, and which appeared as an effort, unilaterally, to alter the status quo by non-diplomatic means. The regional economy is too important and too fragile for any country or any claimant to use the threat of military force, or paramilitary force, in retaliation, for intimidation, or as a coercive effort. And therefore, we think that there is space for the claimants themselves to take some voluntary steps, and to identify actions that they find troubling, if not provocative, on the part of other claimants. And to offer, if everyone will agree, to renounce those kinds of actions. It can range from very modest steps, steps that have already been agreed to by all claimants, such as an agreement not to seize currently unoccupied land features, or it could include more significant steps, such as a moratorium on the reclamation work that several claimants have underway to add land to the features that they currently occupy. Whatever it is, it needs to be voluntary.

And then for the second part of your question, I would just say very briefly, that as I mentioned before, the United States has embarked on an effort to help develop capacity among various friends and partners in the Southeast Asia region, including Vietnam. And our goal in developing that capacity is to help the countries there manage their own territorial waters, and respond effectively to natural disasters and other kinds of crises.

QUESTION: Thank you very much. I'm Ching-Yi Chang with Shanghai Media Group. As you just mentioned about voluntary action and some U.S. media believe that Secretary Kerry is expected to push for the proposal on freezing activities in the South China Sea at the Forum. So, I just want to make sure: Is this the top agenda for the United States at the ARF? Thank you.

A/S RUSSEL: Well, I would say that the priorities on Secretary Kerry's agenda include lowering tensions, and promoting a de-escalation in the South China Sea because we believe that this region is essential to the economic well-being of the United States, and of the international community.

We think that while no country in the region wants conflict, there is a risk of miscalculation, and there is a risk that an incident could escalate and lead to a crisis. So, there are both short-term and long-term steps that are called for. Now, ASEAN and China have been working for a very long time on a code of conduct. We believe that accelerating that effort and coming to a rapid conclusion on a binding code of conduct will be hugely important, and is, from our perspective, doable. In the meantime, however, the question is what practical measures can the claimant countries - each of whom want a peaceful resolution of the issues - what practical measures can

they make in the short term? Now, the United States isn't trying to impose any particular solution or initiative on other countries.

The claimants are eminently capable of taking their own decisions.

In fact, it was the Foreign Minister of Indonesia who, perhaps, two years ago, began a conversation about front-loading confidence-building measures and crisis prevention measures for this very purpose.

So, what I and my colleagues have suggested by way of a voluntary freeze, or moratorium on certain sorts of actions, is not new and it is not rocket science. It is common sense.

I want to emphasize that we are making our suggestions in a constructive spirit. And to make it easy, hope that countries concerned, themselves would put forward long-term suggestions about de-escalation steps on the basis that all of the claimants would need to agree.

QUESTION: Assistant Secretary Russel, you mention defense cooperation will be on the agenda at the AUSMIN meeting in Australia. Would you expect the F-35 Joint Strike Fighter project, that Australia is a partner in with the U.S., to be on the agenda and discussed. And given that entire fleet was recently grounded, are there any assurances the U.S. might be able to give to Australia about the future of that project?

A/S RUSSEL: Because the Secretary of Defense and Minister of Defense along with Chairman of the Joint Chiefs, and so on, will participate in the meeting with the Foreign Minister and Secretary of State, there is a likelihood that a number of the issues pertaining to defense capabilities and weapons systems will come up. I can't speak to the specifics, nor can I address the matter of the F-35s. That is a part of the agenda that will be handled to our defense colleagues, and I think it's a question better put to them.

QUESTION: Nike Ching from Voice of America. I'm asking this for our Mandarin service, our Indonesia service, our Cambodia service, and our Vietnamese service. So Assistant Secretary, you just mentioned practical measures we take to de-escalate tensions in the short-run before a long-term binding code of conduct was reached; you mentioned confidence-building measure. Could you further elaborate what alternative crisis-management mechanisms are ideal - is the United States seeking? Is there such a thing as a hotline that you can pick up the phone when there's tension/accident happen?

Secondly, a few days ago when you were in San Francisco you said that, "No claimant is solely responsible for the state of tension." We heard several times during regular briefings that spokesperson single out China as the one to take provocative actions. Wonder, would you like to further clarify that? Thank you.

A/S RUSSEL: There has been an ongoing discussion about some of the practical measures that might constitute crisis prevention or crisis management steps. I want to make clear that United States is not seeking to be prescriptive in telling other countries precisely what needs to be done. But we do seek to be helpful in sharing our own experiences and our own best

practices. One example of a best practice that has gained widely acceptance is what's called CUES, the Code for Unplanned Encounters at Sea. There was an agreement reached among a large number of countries at a maritime forum recently, I think, in Qingdao, China.

And that is illustrative of how countries, voluntarily, can reach into the tool kits that have been developed by the United States and other countries in the past, and take away practical measures, and help reduce, if not eliminate some uncertainties that, in a tense situation, can lead to tragedy. In terms of your second question, I certainly stand by my statement that no one claimant is solely responsible for the tensions in the region.

We have spoken about very directly through diplomatic channels, and we've also spoken out publicly, about behavior, by any claimant, that we consider to be problematic. We do so in an effort to encourage claimants to exercise restraint. There is an important distinction between having a right to take an action, and whether or not that action constitutes a right decision, or good judgment.

We believe that in the hugely important region of the South China Sea, these are sea lanes through which the countries of Asia obtain the lion's share of their energy; sea lanes through which tens of thousands of containers flow, in both directions, on an annual basis.

In this sensitive and important region, the watchword is restraint.

The longer-term questions of sovereignty need to be addressed, it's true. But they need to be addressed in a way that is consistent with the goals of peace and stability in the region. These are long-term challenges.

The short-term challenge, however, is lowering the temperature and reducing the risk of miscalculation that can lead to crisis. And all of the claimants and all of the countries in the region share an interest in seeing that happen.

QUESTION: Mr. Secretary, what is your assessment of the current situation in the South China Sea? Is the relocation of the Chinese oil rig leading to any relaxation of tension at all? And U.S.-China interaction, or lack of that, have long been the focal point for many at these meetings. How will the U.S. confront China this time on the South China Sea issues? What are the key issues that the United States will confront China on? Thank you.

A/S RUSSEL: The withdrawal, by China, of its deep sea oil rig from the contested waters off Vietnam's coast in the Paracels, removes one very, very serious irritant. But it leaves behind a legacy of tension, of anger, and of strains between China and Vietnam, certainly. And, I think perhaps, more broadly, serious questions on the part of China's neighbors about China's long-term strategy.

The United States benefits from good relations with China both bilaterally - we place great importance on constructive U.S.-China relations as well as China's relations with its neighbors. We want good relations between China and all the countries in Southeast and Northeast Asia,

because that facilitates the growth of the kind of cooperative, economically flourishing rules-based region that we all want to live in.

You asked about whether the United States would "confront" China over problems in the South China Sea. "Confront" is the wrong word. We consult, we coordinate, we cooperate where we can, and we candidly address the areas of difference and disagreement. We don't paper them over. We don't pull punches. We don't avoid difficult, but important, issues. But our policy is not to confront or contain China.

So, with that in mind, you can look at the significant work that Secretary Kerry and other senior U.S. officials and Cabinet members conducted in early July in Beijing, during the Strategic and Economic Dialogue. We have very direct, very high-level discussion with the Chinese about our concerns. We probed, we encouraged, and we conferred on the matter of territorial disputes.

Secretary Kerry talked in depth with State Councilor Yang and other senior Chinese officials about the U.S. interest in a peaceful and law-based approach to these disagreements. Secretary Kerry clarified an area of confusion on the part of the Chinese, as to what we mean when we say we don't take a position on the ultimate sovereignty of the disputed land features.

As I mentioned earlier, he made very clear that that does not mean that we turn a blind eye to problematic behavior - whether that behavior is on the part of a small country or whether that behavior is on the part of a large and powerful country. We do believe - and this is a point that U.S. senior officials have made clear in private - that China, as a large and powerful nation, has a special responsibility to show restraint. There is a big footprint that comes with military strength. And it warrants setting your feet very, very carefully; treading very gingerly when you are in a sensitive area. And our heartfelt, and best, advice to the Chinese has consistently been to exercise restraint, and to work toward increasing the comfort level that its neighbors feel with respect with to the manner in which China will pursue its claims. We, of course, fully accept the right of China and the other claimants to advocate for their sovereignty claims. We ask only, however, that they do so in a peaceful and constructive manner consistent with international law.

DR. BUSH: We've reached the end of our time.

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