

**CENTER FOR
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U.S. ENGAGEMENT IN SOUTH EAST ASIA

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ERNEST Z. BOWER: Ladies and gentlemen, your excellencies, ambassadors from ASEAN and around the Asia Pacific, it's an honor for me to welcome you to CSIS here this morning for a very timely and special edition of the Banyan Tree Leadership Forum. We created this Banyan Tree Leadership Forum for occasions just like this – to have dedicated leaders from the United States, Southeast Asia, Australia, New Zealand and the Pacific share their insights and perspectives on timely and important trends that will impact all our lives – from trade and investment to security and political affairs to foreign policy and the important basis for all of the above, people to people ties.

We are very lucky today to have a good friend, Assistant Secretary of State Kurt Campbell, with us here this morning. He's a leader in the Churchillian tradition – (laughter) – he leads from the front; he says what he means –

KURT CAMPBELL: He didn't say, we're both heavy.

(Laughter.)

MR. BOWER: That was no comment on body somatotype. Seriously, he – (laughter) – he leads from the front. He means what he says and he follows through. He's thoughtful, creative and he backs good ideas with energy and action. And you can't say that about many people in certain leadership roles. Although Kurt has provided brilliant ideas and strategies that Secretary Clinton and he have deployed throughout Asia, I can't stand here and not share an example of Kurt's leadership that is seared into my own consciousness.

We had the unfortunate experience of being together in Christchurch, New Zealand, when the devastating earthquake of February 22 hit us like a freight train during lunchtime. It was a tragic day and a lot of us will never forget it. About 150 American leaders, including young leaders, were on hand for the Partnership Forum, which is a vehicle for strengthening and reinvigorating our ties with New Zealand. And Kurt, of course, has been a major driver of this initiative.

With the support of our friends in New Zealand, they evacuated us to the Antarctic air base and we were waiting to be evacuated on New Zealand Air Force C-130s and, you know, it was Kurt Campbell who stood covered in dust and earthquake ooze, along with his New Zealand counterpart and he really took charge. He took charge when the chips were down. He took charge of that evacuation, he sorted out who would go first on the airplanes, who would go when and he wasn't first. (Laughter.) He was last on that airplane and he took great care – and I was really impressed by this – he took great care to personally sit down with the young leaders and put them at ease as we evacuated our way out there. And I can't tell you how impressed I was with leadership in action like that.

Kurt, this is an important time for U.S. foreign policy in Asia. That's an understatement and I'm sure you'll explain why. With the secretary planning to head out to the ASEAN Regional Forum and the president looking ahead to his first East Asia Summit and the third U.S.-ASEAN Summit as well as to hosting the APEC leaders summit in Honolulu this November. This is a timely talk; I don't think many people in Washington can put 300 people in a room on the morning after Memorial Day holiday. Please welcome my friend and our assistant secretary of state, Kurt Campbell. Thank you.

(Applause.)

MR. CAMPBELL: Thank you very much, Ernie. I have never seen a program stood up more quickly, have greater influence than the one Ernie has put together over the course of the last couple of years. I'll have more to say about that as the discussion goes. Let me welcome everyone here on a very hot – is it August or is it still May? But there is no climate change, okay, so – welcome everyone here to CSIS. Let me take a moment to welcome our good friends – all the ambassadors from ASEAN, my colleagues and friends, lots of distinguished people in the audience. Ambassador Moore, former ambassador Carla Hills – thank you all for coming; it's really an honor to be here.

What I'd like to talk about today is our engagement and how we see next steps when it comes to Southeast Asia in particular. I'd be happy to take questions or comments about the whole of Asia, but the particular focus today is going to be on Southeast Asia as a whole. And I'd like to begin with something that I think is extraordinarily important. I think occasionally, you will find discussions about whether the United States is back in Asia or particularly stepped up our game. I would tend – and I would like to try to reject – some of those concepts because I think one of the most important things for American foreign policy in Asia as a whole is that for the last 30 years, it has been primarily bipartisan.

And the fact that we can count on strong bipartisan, centrist commitment from both parties to an expansive, engaged strategy in Asia has been one of the principal achievements of American foreign policy in Asia and it has been one of the most important things that we can count on going forward. So, I think, one of the things that I would like to see going forward – and I would counsel my friends in my own administration – is to underscore the bipartisan quality of what we have done and what we will seek to do in working closely not only with friends on the other side of the aisle, but with the legislative branch.

Clearly, the legislative branch has an enormous set of equities and interests in Southeast Asia and we've tried to work closely with them as we go forward. That being said, I think it is clear that when President Obama and Secretary Clinton came in, one of the areas that they looked at and they said, look, we want to intensify our engagement – is in Southeast Asia. And I think what you have seen over the course of the last two-and-a-half years is the beginning of that process.

And I say beginning because in order to be successful, particularly in Southeast Asia, it is going to be important to continue this – to make sure that it lasts not only this administration but further and future administrations. It's absolutely essential to be able to underscore an enduring,

long-term, stepped-up engagement in Southeast Asia. So if you look at the things that Secretary Clinton and President Obama did right from the outset, first of all, regularized travel. Secretary Clinton has been to Asia seven times. Many of those trips have been to Southeast Asia. She's almost completed the tour. She has a couple of remaining countries; she'd like to go to all the Southeast Asian nations during the time of her tenure in office.

We signed the Treaty of Amity and Cooperation that's an important guidepost to get through that allows us to have more intense engagements on a variety of not only bilateral initiatives, but institutional initiatives as well. President Obama instructed the State Department to undertake a Burma review – a Myanmar review, Burma. And we went through that process over the course of the first eight months and we put in place a very careful new strategy which is designed both to keep our pressure in place but also to explore opportunities to explore opportunities for consequential engagement now with new leaders in Naypyidaw, in particular.

We were one of the first nations to appoint an ambassador – an ASEAN ambassador in Jakarta. We actually believe that one of the most important initiatives that can occur over the course of the next several years is to create the infrastructure of the institutions of Asia. You see that developing in a variety of places, but in particular when it comes to ASEAN, seeing that the secretariat takes on new responsibilities, new authorities, we think it's extraordinarily important. Secretary Clinton is going to be reaching out to all the partners that participate in the ASEAN Regional Forum, requesting them also to send an ambassador so that David Carden, who has been confirmed now for a couple of weeks – a close adviser to the president – so he is not alone. He is currently serving with a Japanese colleague, but we'd like to see a full house going forward.

We've come prepared each year now to the ASEAN Regional Forum. We've spent an enormous amount of time on a range of issues – both security, economic, political and cultural. And I'll talk more about that as we go forward. And we've come hopefully bearing complex, well-devised initiatives. Last year in Vietnam, we came and worked closely with a variety of countries related to the South China Sea initiative and we can talk about that as we go forward.

So I think what we've tried to do is demonstrate that we recognize, for a host of reasons – and I think we all understand the detailed facts that make Southeast Asia, in many respects, more important economically to the United States than even Western Europe and how to make that fact more clearly understood by the American people has been one of the things we've worked on, consequentially, going forward. So rather than go country by country, what I thought I would do is spend a few minutes and talk about institutions. It's very rare that we think about the specific institutions and what our agenda is, but we think that particularly Southeast Asia – the current period really calls for coming forward with an integrated strategy about how you go forward.

Now, before I do that, let me just say that oftentimes if you ask people, what are the overarching goals of American foreign policy – not only in the world but in a particular place – you will often see a breakdown between two general world views. The one world view would say, look, one of the most important things for American foreign policy is to sustain American leadership and American power in the world. And you do that through a variety of mechanisms:

strong military commitments, underscoring the leadership role of the United States – clearly that his a critical component of American foreign policy.

There is oftentimes a second school that says, no, one of the most important things that the United States has to do over the course of the next several years is to prepare the way for multipolarity – a recognition that other states are rising and that it's important to create institutions and capabilities in which other countries are asked to share the responsibilities of global power. And too often, I think, it is the case that these two schools of thought are played off against one another.

But it seems to me that the most creative diplomacy and the most important diplomacy over the course of the next several years is a blending of both. Clearly, smart diplomacy asks us – demands us – in the United States to take steps to secure American power, to do what's necessary to make sure that our position, both as a dominant economic, security and political player endures, but at the same time, create capacities and institutions whereby rising states and other states have a chance to interact, engage with us and also can play a larger role in the shaping of these very institutions that will define the 21st century as a whole.

Towards that end, Asia – as all of you know – have a number of institutions, each with different memberships, with different agendas. It has been said that some have shallow roots and that it's going to be critical over the course of the next several decades to put down deeper roots to make investments in specific initiatives and institutions and to see those through to completion and stronger roots.

So I'm going to go through what a couple of those institutions are and how the United States is proposing to engage with them. The biggest surprise that I had when going to the ASEAN Regional Forum two years ago was how much the institution had advanced in the 10 years that I was out of government. Ten years ago, we spent most of our time at the ASEAN Regional Forum thinking about the performance and the social engagement. In the intervening period, it has become a very serious institution. It has been engaged on some of the most difficult and challenging issues confronting Asia over the course of the last many years – proliferation, challenges associated with Burma, questions related to what is the best way to promote dialogue in areas surrounding maritime security and the like.

One of the things that we have sought to do is to use the ASEAN Regional Forum as a venue to engage key partners, friends and allies on issues of importance. That is one of the reasons why we work closely with so many nations to underscore a set of principles surrounding maritime security that were associated with the South China Sea initiative last year. This year, Secretary Clinton will be going to Bali for meetings – both bilateral meetings, a series of trilateral engagements – we'll talk more about that in a moment – and also for the ASEAN Regional Forum.

I just want to underscore that one of the most important things that we seek to do this year – both at the ASEAN Regional Forum and at the East Asia Summit is to demonstrate very clearly and in no uncertainty the deep commitment that the United States has to work with China in the Asian Pacific region. So we will be seeking to highlight areas of common pursuits, of

concrete cooperation and specific projects that the two countries are going to be prepared to work together on.

So I think we want to dispel any concerns in Southeast Asia that we see this as a venue for larger competition of the kind that would be destabilizing or unhelpful to Southeast Asian friends. Obviously, there's a degree of competition in any relationship and there is that between the United States and China. But we want to make sure that we work together in an appropriate manner in Southeast Asia.

You will see us this summer unveiling a number of initiatives related to the Lower Mekong Initiative. I just want to highlight my friend and colleague Joe Yun, who has worked so hard on this. And this has to do with specific initiatives – climate change related, related to education, related to health that affect the states of the Mekong region. In addition, after our bilateral meeting, we will bring a number of other states and institutions together to discuss ways in which we can advance the well-being of the people in this venue as well.

We will also be working closely this summer and into the fall on ensuring that APEC plays its appropriate role in November. And I think towards that end, Mike Froman at the NEC and NSC and Kurt Tong at the State Department have worked to shape the agenda to focus on a few specific initiatives that advance trade and investment in the Asian Pacific region and to move it back towards its original intent. I think over the course of many years, it had taken on a set of responsibilities closer to security. And we think that it is appropriate that APEC focus more on its original intent in terms of the economic and financial realm. We can talk more about that as we go forward.

The president, I think as you all know, will be joining the East Asia Summit. The United States will be formally joining in November in Indonesia – in Bali. And it presents us with a very important challenge. Clearly, this is an institution that has been up and running for years, it has an established culture, it has a work agenda – five particular areas of interaction and activity. It is extraordinarily important for the United States to be successful that we come in, we listen, we join the culture that is already established and that we recognize our role as the newcomer. And I think President Obama, who is an outstanding listener and Secretary Clinton are deeply convinced that how we joint this institution will be of primary importance.

I think we will come prepared with how to interact on the existing agenda. At the same time, I think we will also try to find a few areas where we hope to make modest contributions and give our insights to where we think that the institution should go over the course of the coming years. And they will be in areas associated with disaster assistance – one of the things that we have found in recent years, whether it be tsunamis or earthquakes, in tragedy in New Zealand or in Japan is the need for the institution as a whole to have capacities to rapidly respond to those challenges. And I think that's one of the things that we would like to explore when the president goes to Bali, as a whole.

Also hope to continue the practice of the U.S.-ASEAN Summit. As you know, we had our first ever meeting in New York last year after the U.S.-ASEAN meeting in Singapore the year before. We've had some wonderful suggestions and ideas. We are working with a variety

of countries to expand the educational opportunities, both for students from Southeast Asia coming to the United States and vice versa and also to create opportunities for a much larger group of American cohort involved in the teaching of English throughout Southeast Asia. It is the number one goal of many of the leaders that we work with is a desire to see their populations more skilled in English and the role that the United States can play in that, I think, is very much welcomed as a whole.

You will also see that in several of these initiatives that we will be focused closely on trade. I think you've all heard and seen the reports about TPP, we've made good progress – lots of work to be done. And I'll let my trade officials talk more about that when they're all together in APEC in November. I would simply say that if you look at the totality of these organizations, again, different memberships, different agendas. One of the goals and ideas is to create some form of loose integration or understanding of perhaps how the ASEAN Regional Forum might relate to initiatives or ideas that are put forward by the East Asia Summit, how the ADMM-Plus process – the meeting of defense ministers – can work on a variety of issues like piracy and the like and how that can work in a larger set of institutional frameworks.

This is enormously challenging given, again, the plurality of venues, the difference in memberships. But one of the things that's going to be absolutely essential if Asia is to enjoy its promise in the 21st century is that the institutions of Asia have to reflect the growing dynamism and they have to address the specific issues that confront all of us. The United States accepts, for all the critical institutions – both the EAS and the ASEAN Regional Forum – that ASEAN is the central component and that the institutions are built around ASEAN.

That does not mean that Northeast Asian issues – or other issues, for instance in the Pacific or affecting Australia and New Zealand – should not get important attention. And in fact one of the things that we think is most important is if you look over the course of the last several years, we think that the way that Northeast Asian issues have been addressed at ASEAN Regional Forum and other institutions like the EAS has left countries wanting a different approach. And I think we want to work with Southeast Asia on that process as we go forward.

On specific countries, I will go through these quickly, but I think you all understand some of the things that we're trying to work on. And I'll just go through that quickly and some of the things that you'd expect that we will be wanting to work on over the course of the next couple of years. Obviously, given President Obama's unique experience in Indonesia, it has given us an enormous opportunity through the comprehensive partnership to take this bilateral relationship to the next level. I think if you made a list of those countries that were important to the United States – this is a little awkward – they were important to the United States, the United States didn't really recognize their importance – Indonesia would be at the top of that list.

Incredibly important, not only its role as a leader in Southeast Asia but also its role increasingly beyond Southeast Asia in the Middle East and beyond. We're finding that the experience of Indonesia over the course of the last several years speaks extensively and importantly to countries in the Middle East that are struggling with a number of very trying and difficult domestic issues. We've been very pleased at our progress that we've seen to date with the new Philippine government. Working closely with the new foreign minister, with a great

new ambassador here. We've made a number of decisions about partnerships, about how we'd like to work together on maritime security, on a range of economic initiatives and I think we are beginning to see a degree of progress in relations between Washington and Manila that have been – frankly, it's been difficult to get traction and we're finding that traction as we go forward.

Everyone appreciates the important role that Singapore has played. I'll talk in a moment about the force posture review in which the United States – while at the same time maintaining the very strong commitment in Northeast Asia – is seeking to do more in Southeast Asia to send a diversified message and also to increasingly link operationally the concept of the Indian Ocean with the Pacific – points made extraordinarily vividly by Bob Kaplan in his wonderful book, “Monsoon.”

One of the first countries to step up and say, we want to be engaged in this has been Singapore. If you want to have good advice, if you want to hear it unvarnished even if it's tough, go to Singapore and Singapore will give you a very clear assessment of how you're doing in the region. And that advice and that council has been enormously important for us on every dimension that we've been involved with over the course of the last couple of years, whether it's architecture, whether it's issues associated with trade, whether it's our overall position in the region as a whole.

We've made, also, important progress over the course of the last several years with Vietnam. I think you've seen it very clearly with respect to our economic engagement and a variety of our political interactions. I think the only limiting factor in the current context is the domestic situation in Vietnam, when we've been very clear with our friends in Hanoi of our desire to take the next steps in this relationship, but we will have to see some further progress on the domestic environment as a whole.

I find that the strategic interactions with our friends in Vietnam are extraordinarily impressive and I think one of the things that we want to do is to make clear to Vietnam of our desire and intention to improve this relationship going forward based on their acknowledgement of some of the situations that they're facing domestically. In Malaysia, we've seen unprecedented progress on a variety of issues beginning with nonproliferation but not ending there. We've worked closely on a whole host of bilateral initiatives. The president had an excellent meeting with the prime minister during the nuclear summit last year. And I think this is a relationship that has traditionally underperformed and there is a recognition that working together the United States and Malaysia can do more going forward as a whole.

I'll turn to the last couple of countries as we conclude here, but I do want to say a few things about the Global Posture Review. Secretary Gates and his team – Michèle Flournoy and others are involved in a very intense process and you know the mantra of diversified, politically stable arrangements. Our overall goal is to secure a strong, enduring American presence that sends a message of commitment, not just to Northeast Asia, but increasingly to Southeast Asia and other countries in the region as a whole. It is an animating feature of the Global Posture Review – and you will see, in Shangri-La, Secretary Gates unveiling some specific concepts and ideas in the coming days as a whole.

Let me just say, what's the to-do list? What are the things that we think are important going forward? And I'll just go through those quickly, if I can. I think the area where I would like to see – beginning with me – a more consequential engagement is in Thailand. We'd like very much to work more closely; it's a very complex period in Thailand. I think you all follow the situation there closely. We have an election on July 3rd; we had been involved deeply in discussions with friends in Thailand about what our expectations are. We've also worked closely with Indonesia on the situation on the Thai-Cambodian border, which we hope to remain peaceful and see a dialogue in that respect. Overall, we believe that as a treaty ally, that this is a relationship that we need to focus on more and the course of the next months is likely to be decisive.

Cambodia and Laos – both countries in which the United States has important, though smaller, engagements with respect to our overall programs. We have put in place schedules of strategic engagement which, frankly, have been remarkably productive. We look to take these to the next steps over the course of the next year or so. I think some of the other things that I'd just like to say, the process of creating deeper institutional commitments in Asia – whether it's the ASEAN secretariat or a clearer sense of how the ASEAN Plus Three, for instance, or the ASEAN Plus Six engages and interacts with the EAS.

It sounds easy, but it's extraordinarily challenging. But that's one of the things I think the United States wants to work on over the course of the next several years. I will say that I think the United States has a very clear view that if it's important, if it's consequential, if it involves the political, the strategic, the military issues confronting the Asian Pacific region, then the United States wants to see it at the table and we want to be engaged in those conversations going forward.

But I think that process is going to be more challenging and take a longer period of time going forward. Most particularly is how Northeast Asian issues are addressed within the larger context of the East Asia Summit and the ASEAN Regional Forum. They cannot be bystanders, they have to have an active engagement in this overall process if these vehicles are to be important going forward.

Let me also say that despite our challenges in Burma, the United States remains committed to a process of dialogue. We have not changed our policy of sanctions and of various policies that are designed to put pressure on the regime, but at the same time, I think as our policy review has underscored, that we are prepared to work with the new government in a positive way, given the appropriate signs if there are any coming from Naypyidaw.

Joe Yun just got back from Naypyidaw; we are in the process of going over his interactions while he was there in-country. I think it would be fair to say, to date we have been generally disappointed and underwhelmed by the progress that we have seen. It is often said, we love when we go to China – we hear very complex, wonderful stories. The United States has very few quaint, colloquial stories, but one of the ones that we often use is that it does take two to tango. We need a dancing partner to be engaged in this complex diplomacy and we want to see from more from our friends in Naypyidaw and it is not enough to say, be patient, give us time.

There has been an enormous amount of time, there's been substantial patience – first from friends in ASEAN for years, hoping and waiting for progress that has not come to pass. So despite our disappointment in the elections, we believe that there is the prospect for a dialogue here. We are deeply involved in a dialogue with other key players inside the country – deeply engaged with Aung San Suu Kyi and her party as well as other groups that are involved – both ethnic minorities and other groups in the parliament and we will continue that process of – shall we say – dual engagement going forward.

Then lastly, let me just say, one of the most important things that we can do is to build institutions and awareness here in Washington, D.C. One of the things that I often tell my friends in Southeast Asia and other -- when they say, well, why don't these issues get as much attention – frankly it's because the institutions only of late have gathered enough steam to support our larger goals and ambitions. The U.S.-ASEAN Business Council – I see Alex here, he's done a fantastic job. But he needs more support.

Again, every day when I look at what CSIS has done, it's just astonishing to me what they have been able to put together. But frankly, nothing improves performance like competition. Nothing improves performance – (laughter) – I'm sorry, I'm sorry – (laughter). No – and the ability to be able to put together consequential and important programs. When every Southeast Asian visitor comes to Washington, we want the opportunity to bring their wisdom, their knowledge to bear with a group of important Americans. I think we can do much more in this respect over the course of the next couple of years and I'm going to be working with a lot of institutional supporters – both think tanks and others to bring this to bear. I think with that, Ernie, I think I'll stop and I'll be happy to take any questions or comments you might have.

(Applause.)

MR. BOWER: Thank you very much, Kurt. Why don't we take questions sitting down so you can be comfortable. What I'd like to ask is when you have a question, just tell us what your name is and who you represent. And please questions, not comments – start here in the front.

Q: Jon Zen (ph) with CtiTV of Taiwan. Mr. Secretary, last week 45 senators from both sides of the aisle sent a letter to the president and earlier, Senator Lugar sent a letter to the secretary urging the administration to approve F-16 C/Ds sales to Taiwan as soon as possible. What kind of an impact will these letters have on the administration's decision whether and when to sell the F-16 C/Ds to Taiwan? Thank you very much, sir.

MR. CAMPBELL: Thank you. Well, obviously, I'm not going to get into any specifics associated with arms sales. I would simply say that we take the executive branch through – every administration takes the Taiwan Relations Act very seriously. We understand our responsibilities in that regard and we also recognize that the Taiwan Relations Act requires, in many respects, a partnership between the executive and the legislative branch. We take that relationship very seriously so the feedback in this respect is important. All I can tell you is that the United States understands our role with respect to the maintenance of peace and stability across the Taiwan Strait.

MR. BOWER: In the green jacket.

Q: Thank you. Sue Gunawardena-Vaughn with Freedom House. Thank you, Assistant Secretary. Given the importance of ASEAN to the region, can you tell us a little bit about how you think Burma will engage as the new ASEAN chair in 2014 and whether you think that's an opportunity and how the U.S. especially will engage with them chairing ASEAN and the prospects for the future – is it an opportunity or is it going to be a challenge or a mixture? Thank you.

MR. CAMPBELL: Well, first of all, let me say I'm not sure that that decision has been taken yet. I would say in terms of our own bilateral relationship, there are several things that we've been looking for and we've tried to underscore those. And we think that progress on these issues would be important in any circumstances, but clearly if that country seeks to play a larger role on the international stage. We have asked that there be a political process – a dialogue between the new government and Aung San Suu Kyi and we think that this is entirely appropriate and we'd like to see that come to pass quickly.

We recognize and understand that there is a very large number of political prisoners inside the country. We'd like to see the release or the beginning of that process of release of these prisoners – we think that would send an important message going forward. Obviously, seeing a more responsible dialogue between the dialogue and the various ethnic minorities and their organizations inside the country would be very welcome. And also, I think we have to underscore that the economic performance of the country and the spending – for instance, on health and welfare – is among the lowest of any countries on the entire planet. So we'd like to see some improvement in this regard.

And perhaps lastly, but in no way least, we need to see Burma – Myanmar – respond very clearly to international mandates associated with the U.N. Security Council Resolutions and the proliferations of materials from North Korea. And we have underscored in all of our meetings with our interlocutors the importance to see progress on each of these issues. We recognize that it is a new government and they have just assigned people with new titles, new responsibilities. Nevertheless, we expect there to be a clear break with past precedence if there is to be a better relationship with the international community going forward.

MR. BOWER: Gentleman –

Q: Thank you, a question about TPP. What's your postulation –

MR. BOWER: I'm sorry, can you just identify who you are and –

Q: OK, yeah, Tiger – (inaudible) – from the Stimson Center; a question about TPP. In terms of postulating the future framework of TPP, how would you address the intrinsic contradiction between the ASEAN centrality and U.S. leadership? And also, the contradiction between the U.S. leading economy which excludes China and a future Chinese dominating ten plus three or ten plus whatever?

MR. CAMPBELL: Well, first of all, thank you – it's an important question. I think the key thing right now for the United States is to underscore our commitment to trade in the region. Obviously, we're in the process of dialogue with Capitol Hill about the submission of not only the Korea free trade pacts, but Colombia and Panama as well. I think the TPP negotiations have reached a critical juncture. You're correct – I sidestepped that. That's largely because of the very important stage that we're at right now in terms of the negotiations and discussions on-going.

I don't think I'm going to get into future particular architecture or additions, but I would simply say that the venue is by its design not meant to exclude. In fact, I think there is a clearer statement by the key negotiators and key players inside the U.S. government that there is – very much prepared to engage with particular countries who are interested in a dialogue about TPP. And so I don't think that those possible additions in the future have in any way been ruled out.

MR. BOWER: Let's go to this side – the gentleman here in the blue.

Q: Hi, Phil Walker (ph), Foreign Policy magazine. You mentioned the Shangri-La summit and Secretary Gates. And you mentioned he might be unveiling some specifics. Could you please elaborate and mention what we might expect?

MR. CAMPBELL: Yeah, I think the way that works in government – (laughter) – when someone several orders more important is going to – he's going to be talking about the force posture work that is being done at the Pentagon at the Shangri-La Dialogue. And I think that's pretty much Washington talk for stand by, so OK? (Laughter.)

MR. BOWER: Very good, in the center here?

Q: Thank you, Secretary Campbell. Bi Ru (ph) with Phoenix TV. You mentioned South China Sea issue and I think it's very important to address – a year ago, this is an issue which created conflicts among U.S., China and Southeast Asian countries. So a year later, do you think China is playing its role in Southeast Asia properly and what more do you expect from China? Thank you.

MR. CAMPBELL: Thank you very much and I very much appreciate the question. Let me just say that last year – although a lot of attention to this – if you look carefully at official statements made by Secretary Clinton and all the people traveling with her and also, subsequently, you will never once find the mention of any country related to the South China Sea initiative. This was an attempt to lay out some clear expectations about norms and process. One of the things that we have seen in recent months that we support completely is the dialogue that has been undertaken by Indonesia as the chair with China. And, I think, we support this process of dialogue between China and ASEAN on issues related to the South China Sea.

And the United States has, in many respects, tried to let that process play out. We continue to have a strategic interest, as Secretary Clinton has underscored. But we think right now, the most important thing is to see a process of dialogue emerge between ASEAN and China.

And I think that process – it's fits and starts, but I think there has been some progress. And I know that leaders in Beijing are committed to building stronger ties through a whole range of initiatives with Southeast Asian countries. And as I tried to mention here, one of the things that we want to underscore in our meetings in ASEAN Regional Forum the East Asia Summit is the United States and China want to work together and we want to demonstrate that very clearly through specific initiatives.

If I can for a moment say, one of the things that has been very impressive of late has been the role that Indonesia has played in the diplomacy of the region. And you have to look over years to find such an activist foreign policy – very engaged in trying to conceptualize this dialogue between ASEAN and China and how to make progress on these particular issues. Indonesia's role in trying to bring Thailand and Cambodia together – very important. I think to have uncertainty at the center of ASEAN has been disconcerting and I think that role has been extraordinarily important.

And then, of course, the role that they have played in trying to begin a complex process of dialogue – not only with stakeholders like the United States and Europe, but also the rest of Southeast Asia – with Burma – with Myanmar. I think that's been very important and we support that completely. And I think Indonesia playing this larger role – this larger diplomatic role – is very welcome and the United States seeks to support it completely.

MR. BOWER: In the back – gentleman in the pink shirt.

Q: Hi, Yushin Sugita from Kyoto News.

MR. CAMPBELL: Hi, how are you?

Q: Thank you, Secretary Campbell for this opportunity. How does the United States deficit issue shadow the effort you talked about? You said, you will maintain the commitment to Northeast Asia and enhance it to Southeast Asia. But especially on the security side, can the U.S. manage to enhance the commitment throughout the region? Thank you.

MR. CAMPBELL: Thank you very much – that's an important question and I think it affects not only our military presence but particularly our other assets of governance, including our AID work and that's the capacity that will be most urgently affected. I think one needs only look at the statements of President Obama, National Security Adviser Donilon, Secretary Clinton, Secretary Gates – a clear desire that over time, that the United States shifts some of the center of gravity of our strategic focus from the Middle East and South Asia more towards Asia.

I think there is a recognition that these challenges that we're facing in the Middle East are extraordinarily important, but the truth is that the 21st century – much of the history of the 21st century will be written in the Asian Pacific region. And it's going to be important for the United States to step up our game there. And I think that's what we are determined to do going forward. And again, I say that in the context of a strong commitment across the political aisle.

If I could just make one other point to that, you know, it is the case that oftentimes, we use the term Asia Pacific, but the truth is, it's the second word in that gets short shrift. If you look over the course of the last 20 years where we have profoundly walked away from some of our enduring strategic, moral, political commitments, it is in the Pacific Ocean arena. And one of the things that we have been attempting to do over the course of the last couple of years is to work with New Zealand, work with Australia, work with other countries to support them and also to put more capacity in the Pacific where even small investments go a long way, given the challenges of poverty, of climate change, of health and the like.

This fall in Auckland will be the 40th anniversary of the Pacific Islands Forum. The United States will bring our largest delegation, involving every aspect of the U.S. government from assistance, from the military, from the State Department and other capacities to demonstrate our strong support for an enduring American commitment in the region. I believe that there is the deep understanding – when the gentleman was asking here about Congress – one of the most important interactions I have with friends on Capitol Hill is a desire that the United States not step back from the Asian Pacific region and to do what's necessary to create the infrastructure, the operating system that will allow for a strong and enduring presence both now and into the future.

MR. BOWER: Time for two more questions. Right here.

Q: Thank you for calling on me – I know this row already has two questions.

MR. CAMPBELL: It's a good row – I always try to sit in that row.

Q: Yeah, I was planning to move over there. (Laughter.) Anyway, my question is regarding – I'm Jennie Ilustre from the Malaya – a Philippine English daily. And I appreciate your work on Asia. My question is, can you give us more specifics on the government-to-government military assistance regarding coastal watch and maritime security and also on the Millennium Challenge Corporation? I know it's linked with the human trafficking record; is it in peril or on track when it starts its implementation this June?

MR. CAMPBELL: OK, I think I understand your question.

Q: And I have the ambassador here in front of me.

MR. CAMPBELL: OK, look, we've had some important work that has been already completed on the Millennium Challenge Corporation and we look forward to new projects and engagements, both in the Philippines and in Indonesia and also in the Pacific as well. There are enormous and important criteria that have to be followed with respect to specific investments and we work closely with the countries that meet those criteria. And I think we were very pleased to be able to welcome the Philippines into this agenda over the course of the last several months.

On the specifics associated with our military engagement, I think I could give you a general overview, but probably would refer you to the Pentagon to go over some of the specifics associated with coastal watch and the like. I will simply say that one of our goals going forward

will be to increase the capacity of friends and partners to play a role in situational awareness with respect to their own maritime claims and a stronger degree of consultation with respect to issues that take place in the maritime realm.

So I think you see with all of our partners in the Asian Pacific region that some of our discussions have shifted from simply issues associated with the traditional areas of cooperation – which tend to be associated with armies, given the role that armies have played in Southeast Asia – increasingly to enable Coast Guard and other expeditionary capabilities which we think, frankly, will be central to the maintenance of peace and stability in Southeast Asia as we go forward.

MR. BOWER: OK, last question – in the back, the gentleman.

Q: Thank you, Secretary. My name is Denguo Yu (ph) with China Press. I have a follow-up question about South China Sea. You mentioned that dialogue between China and ASEAN is ongoing and also is making progress. But during the past week, we saw the new dispute between China and Vietnam. Does the United States take any position on this dispute? Thank you.

MR. CAMPBELL: Thank you. Almost every week, we see every incidents of various kinds – (laughter) – between fishing vessels, between scientific vessels, prospecting ships and the like. Our general policy remains the same. We discourage a resort to violence in these circumstances or threats and we want to see a process of dialogue emerge. We communicate intensively and private with a variety of states associated with the South China Sea and I think we are going to continue to do that as we go forward. I'll take one more.

MR. BOWER: OK, one more question. Right up front.

MR. CAMPBELL: That was a hard one, so I just – (laughter).

MR. BOWER: A nice easy question?

MR. CAMPBELL: No, no, I'm teasing.

Q: Hello, thank you so much for your insight. Ka Ko (ph) with NHK, Japanese television. I'm sure you know it's the third time that Kim Jong-Il has visited China and I want to know what your take is on China intensively trying to help North Korea and how it might be hindering all the efforts that you and your allies are trying to do in terms of addressing the North Korean nuclear issues. And if you are planning to address this at the ASEAN to China directly, when you say you're working with China, how are you trying to address this issue in particular, please? Thank you.

MR. CAMPBELL: First of all, we have not yet gotten a formal readout from Chinese friends and interlocutors about the visit of Kim Jong-Il to China. We look forward to those discussions in the coming weeks. I think our position remains the same. We both private and publicly encourage China to make clear to North Korea our expectations of what's necessary

with respect to both an important dialogue that needs to take place between North Korea and South Korea but also the necessary steps that are should take place before a resumption of six-party talks. Thanks.

MR. BOWER: Thank you. Ladies and gentlemen, please join me in thanking Kurt Campbell for a comprehensive – (applause).

(END)