

## **Chapter 6**

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### **The United States: Caught between a Fiscal Crisis and Global Commitments**



For the United States, the year 2011 was marked by several key changes in the leadership positions in national security affairs, most notably the retirement on July 1 of Secretary of Defense Robert M. Gates, who had helped to preserve the continuity of defense policy across the transition from the George W. Bush administration to the Barack Obama presidency. Gates was replaced by Leon E. Panetta, who stepped down as director of the Central Intelligence Agency (CIA) to take up the post, and who had previously served as director of the Office of Management and Budget and as the White House chief of staff under the Clinton administration. Other changes of leaders included the chairman and vice-chairman of the Joint Chiefs of Staff (JCS), the Army chief of staff, and the commander of the International Security Assistance Force (ISAF).

The year also saw increased pressure on the US government to stem the tide of its mounting deficits by cutting back the federal budget, which is sparking concern that the reductions could impact the nation's longstanding role in global security. In April, President Obama announced a plan for trimming \$400 billion from security spending by 2023. This was followed in August by the enactment of the Budget Control Act of 2011, which is projected to result in defense spending cuts totaling \$450 billion over the ten years through fiscal 2021. Moreover, there is increasing likelihood that, depending on the direction of congressional debate on deficit reduction, the defense budget could be curtailed by as much as \$1 trillion—including the aforementioned \$450 billion—during the period from fiscal 2013 through 2021. The proposed drastic cutbacks have prompted expressions of concern both domestically and abroad, as they may significantly impair the military capabilities of the United States.

On the international scene, the Obama administration is continuing to implement US military operations in Afghanistan, while also strengthening its strategic engagement with the Asia-Pacific region in the political, economic, and military arenas. The administration considers the Asia-Pacific region to be vital to US security, a stance that it has consistently maintained since coming into office. In its capacity as a Pacific nation, the United States is endeavoring to build a multilayered network of ties with Asia-Pacific countries—particularly US allies—and regional institutions, with the goal of promoting stability and prosperity across the Asia-Pacific region, including in and around the Indian Ocean.

## **1. Defense Policy in a Time of Austerity**

### **(1) Defense Efficiency Initiatives and Saving Efforts under Robert Gates**

The United States government is facing a growing demand for cuts to the federal budget as the national deficit continues to soar. President Obama, in keeping with his campaign promise to carry out fiscal reform, began taking steps to reduce federal spending after taking office, but his plans were set back by the financial crisis triggered by the subprime mortgage catastrophe. The crisis not only threw the US economy into a tailspin, but also precipitated a massive increase in the federal deficit since 2008 as the government provided bailouts to troubled financial institutions and automakers and implemented economic stimulus measures. The economic woes set the stage for the November 2010 midterm elections, in which a large number of seats changed hands to the Republicans, who were backed by the Tea Party, a conservative grassroots movement advocating small government and reduced federal spending. The intense debate over federal belt-tightening is casting a heavy shadow over defense spending, which has skyrocketed over the past ten years largely due to the global campaign against terrorism. As a result, the defense budget is being targeted for drastic cutbacks in the next decade.

The US Department of Defense (DOD) has been pursuing ways to trim its budget ever since April 2009, when Secretary of Defense Gates announced that the Pentagon would terminate some twenty acquisition programs, including the procurement of F-22 fighters. Speaking in San Francisco on August 8, 2010, Gates said that the United States faced fiscal difficulties that required the DOD to curb its spending, albeit in ways that would not reduce the military capabilities needed by the nation in the present and in the future. He added that the department would thoroughly re-examine its staffing, organization, and operation to identify areas that could be made more cost-efficient.

Over the ensuing months, the DOD continued to implement efficiency initiatives, the results of which were announced by Secretary Gates in a press conference held on January 6, 2011 (see Table 6.1). The efforts outlined by Gates largely fell into three categories. The first was elimination or consolidation of certain headquarters and support organizations in each service, such as: abolition of unneeded task forces and consolidation of installation management commands

**Table 6.1. Outline of DOD efficiency initiatives (at time of FY 2012 defense budget request)**

|                                  | Major efficiencies/changes<br>(figures in parentheses represent savings)   | Reallocation of savings  |
|----------------------------------|--|--|
| Army                             | <p><b>\$29.5 billion saved over five years</b></p> <ul style="list-style-type: none"> <li>• Reduce infrastructure staffing (\$1.1 bn.)</li> <li>• Save on military construction costs by sustaining existing facilities (\$1.5 bn.)</li> <li>• Consolidate e-mail infrastructure and data centers (\$0.5 bn.)</li> <li>• Cancel procurement of SLAMRAAM (\$1.0 bn.)</li> <li>• Terminate Non-line of Sight Launch System (\$3.2 bn.)</li> <li>• Reduce recruiting/retention incentives and other manning initiatives (\$6.7 bn.)</li> </ul>  | <ul style="list-style-type: none"> <li>• Provide improved suicide prevention and substance abuse counseling for soldiers</li> <li>• Modernize Abrams tanks, Bradley Fighting Vehicles, and Stryker vehicles</li> <li>• Accelerate fielding of the new tactical communications network to the soldier level</li> <li>• Enhance ISR assets: Buy more MC-12 reconnaissance aircraft, accelerate procurement of the Grey Eagle UAS, and develop a new vertical unmanned air system.</li> </ul>   |
| Navy/<br>Marine<br>Corps         | <p><b>\$35.1 billion saved over five years</b></p> <ul style="list-style-type: none"> <li>• Reduce ashore manpower, reassign personnel to operational ships &amp; air units (\$4.9 bn.)</li> <li>• Increase use of multiyear procurement contracts for ships and aircraft (\$4.0 bn.)</li> <li>• Disestablish: Second Fleet headquarters; staffs for submarine, patrol aircraft, and destroyer squadrons; and one carrier strike group staff (\$1.0 bn.)</li> <li>• Terminate EFV program (\$2.8 bn.)</li> <li>• Reduce fossil energy consumption (\$2.3 bn.)</li> </ul>   | <ul style="list-style-type: none"> <li>• Accelerate development of a new generation of electronic jammers</li> <li>• Increase the repair and refurbishment of Marine equipment used in Iraq/Afghanistan</li> <li>• Enhance Marine ground combat vehicles.</li> <li>• Develop a new generation of seaborne unmanned strike and surveillance aircraft</li> <li>• Buy more of the latest model F-18s and extend the service life of 150 of these aircraft</li> <li>• Purchase six additional ships: a destroyer, a LCS, an ocean surveillance vessel, and three fleet oilers</li> </ul> |
| Air Force                        | <p><b>\$33.3 billion saved over five years</b></p> <ul style="list-style-type: none"> <li>• Reorganize selected functions, including consolidating four operations and three numbered staffs, and streamlining the Installation Support Center (\$4.2 bn.)</li> <li>• Improve depot and supply chain business processes (\$3.0 bn.)</li> <li>• Reduce fuel and energy consumption within the Air Force Mobility Command (\$0.7 bn.)</li> <li>• Reduce or terminate programs (\$3.7 bn.)</li> <li>• Reduce facility sustainment (\$1.4 bn.)</li> <li>• Reduce communications infrastructure costs by 25 percent (\$1.3 bn.)</li> </ul>  | <ul style="list-style-type: none"> <li>• Buy more MQ-9 UAVs and make advanced unmanned strike and reconnaissance capabilities an integrated part of the Air Force's regular institutional force structure</li> <li>• Increase procurement of the Evolved Expendable Launch Vehicle</li> <li>• Modernize the radars of F-15s</li> <li>• Buy more simulators for JSF air crew training</li> <li>• Develop a new bomber</li> </ul>  |
| Special<br>Operations<br>Command | <p><b>\$2.3 billion saved over five years</b></p> <ul style="list-style-type: none"> <li>• Terminate the Joint Multi-Mission Submersible program (\$0.8 bn.)</li> <li>• Consolidate multiple task orders into a single Special Operations Forces Information Technology Contract (\$0.4 bn.)</li> <li>• Reduce programs where Service-common equipment meets requirements (\$0.2 bn.)</li> </ul>   |  |
| DOD-wide                         | <p><b>\$78 billion saved over five years</b></p> <ul style="list-style-type: none"> <li>• Hold DOD civilian hiring at FY 2010 levels (\$13 bn.)</li> <li>• Freeze civilian pay (\$12 bn.)</li> <li>• Reform the Defense Health Program (\$8 bn.)</li> <li>• Reduce overhead, staffing, and expenses of Defense Agencies and the Office of the Secretary of Defense (\$11 bn.)</li> <li>• Disestablish the Joint Forces Command (\$2 bn.)</li> <li>• Disestablish the Business Transformation Agency (\$0.6 bn.)</li> <li>• Reduce service support contracts (\$6 bn.)</li> <li>• Disestablish reports, studies, boards, and commissions (\$1 bn.)</li> <li>• Reduce senior leadership positions (\$0.1 bn.)</li> <li>• Restructure F-35 JSF program (\$4 bn.)</li> <li>• Cut strength of Army and Marines in FY 2015–2016 by 27,000 and 15,000–20,000 personnel, respectively</li> <li>• Adjustments to economic assumptions and other changes (inflation rate, downward revision of projected military pay raises, etc.)</li> </ul> |  |

Source: Office of the Under Secretary of Defense (Comptroller)/CFO, *United States Department of Defense Fiscal Year 2012 Budget Request Overview*, pp. 5-1 to 5-4.

in the Army; disestablishment of the Navy's Second Fleet headquarters and transfer of its functions to the US Fleet Forces Command; and merging air operations centers of the Air Force. The second encompassed department-wide reductions apart from the individual services, including elimination of the Joint Forces Command, civilian pay freezes, and personnel cuts in the Office of the Secretary of Defense and Defense Agencies. The third was termination of the Marine Corps' Expeditionary Fighting Vehicle (EFV) project and reassessment of other equipment acquisition programs that were laboring under R&D snags or unsustainable cost overruns; in this context, Gates stated that the United States needed "a portfolio of affordable, versatile military capabilities that can be produced on a reasonable schedule and in sufficient quantities."

However, the efforts described by Gates, particularly those pursued by each service, were aimed not so much at shrinking the overall defense budget as they were at gleaning savings through efficiency initiatives and reallocating those savings to programs with greater priority. Gates noted that the initiatives would save a total of roughly \$100 billion across the four services in the five years from fiscal 2012 through 2016, and that \$70 billion of that amount was to be redirected to high-priority programs.

Gates also said that the department-wide streamlining would save a further \$54 billion, which would go to reducing the overall budget rather than to reinvestment. Added to this were savings from other sources—including changes in assumptions on economic factors (such as a decrease in the inflation rate) and reducing end strength of the Army and the Marine Corps—resulting in a total top-line reduction of \$78 billion expected for the aforementioned five years.

These and other efficiency-enhancing measures were incorporated into the defense budget request for fiscal 2012. However, the request was based on the estimate that the budget would grow at an annual average of around 1.0 percent in real terms during fiscal 2012–2016, and hence the efficiencies did not make for a net decrease in the top line.

## **(2) The Budget Control Act of 2011 and Prospects of Sweeping Cuts in Defense Spending**

What started out as a DOD effort to scrape savings from defense spending through streamlining measures evolved into a Congress-led movement to drastically reduce the defense budget. The impetus for this shift can be traced to bargaining

between Congress and the White House over the federal budget for fiscal 2011. Since Congress failed to reach agreement on the federal budget for fiscal 2011 by the start of the fiscal year in October 2010, the federal government had to operate under funding authorized by a series of continuing resolutions (CR). As time passed, however, the Republican Party, which held a majority in the House of Representatives, increasingly voiced its demands for the budget to be slashed in order to contain the government's soaring deficit. Eventually, the Republicans threatened to block the passage of another CR to extend funding beyond April 8, when the CR then in force would expire, raising concerns that a government shutdown would ensue.

To avert this possibility, President Obama and Congressional leaders worked out a deal to pass a budget covering the rest of the fiscal year on the condition that it would be trimmed to a level roughly \$40 billion less than the fiscal 2010 budget. On the basis of this agreement, the president announced on April 13 that the government would seek to shave \$4 trillion from its deficit over the twelve years up through 2023, including through a \$400-billion cut in security spending, including defense, during that period.

To achieve this \$400-billion cut, President Obama said that the United States needed not only to "eliminate waste and improve efficiency and effectiveness," but also to "conduct a fundamental review of America's missions, capabilities, and our role in a changing world and added that only after such a review would a concrete plan for defense cuts be made. Building on this announcement, Secretary of Defense Gates indicated that the reductions would be implemented not as simple across-the-board cuts, but as a risk-management process based on comprehensive review—including analysis of how the budget changes would affect the force structure, and identification of the capabilities that could be reduced without jeopardizing the United States' capacity to deal with future national security threats and challenges, with assessment of risks associated with it. It should be noted here that the figure of \$400 billion was framed as a reduction from future defense spending projections that were submitted to Congress in mid-February along with the fiscal 2012 DOD budget request (see Figure 6.1, "Projected reduction in defense budget under the BCA"), and was described as the decrease necessary for keeping the growth of security spending below inflation up through 2023.

However, the Obama administration faced even steeper cuts in defense

spending as it continued to square off with House Republicans over how to reduce the federal budget. On May 16, the federal government reached its statutory debt limit, and had to implement extraordinary measures to prevent default. As the August 2 expiration date for those measures loomed ahead, the White House entered into negotiations with Congressional leaders to have the debt ceiling increased. The bargaining, which lasted to the end of July, produced an agreement in which Congress pledged to raise the debt limit in return for extensive reductions in the federal budget. The agreement was cemented in the Budget Control Act of 2011 (hereinafter, the “BCA”), which was signed into law on August 2.

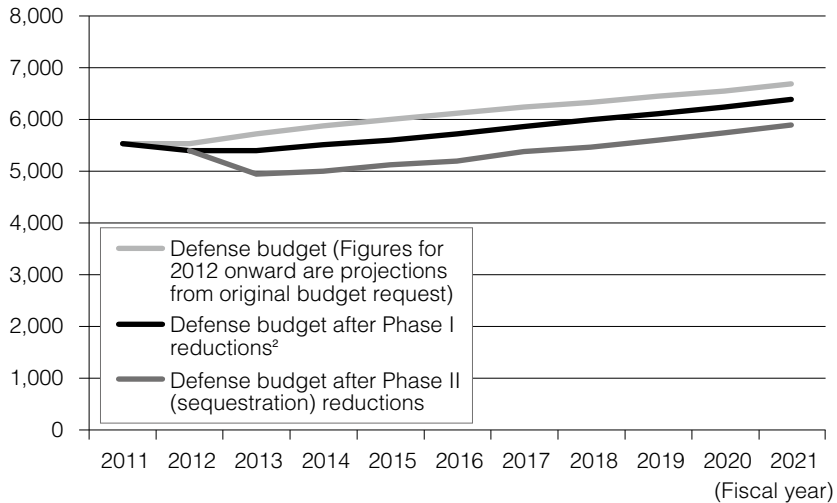
In addition to increasing the debt limit, the BCA stipulates a two-phase reduction in federal spending during the ten years from 2012 through 2021. The first phase sets, for each fiscal year in the period, a budget-reducing cap on “discretionary spending”—the outlays in the federal budget other than social security and other mandatory spending. These caps do not apply to funding for overseas contingency operations (OCO), meaning war spending for US military operations in Afghanistan and similar activities.

The degree to which defense spending is to be cut under the first phase is not spelled out by the BCA. However, the Congressional Budget Office (CBO) estimates that the first-phase reductions will result in a decrease in the budget in fiscal 2012 (declining by nearly 4 percent from fiscal 2011 in real terms). Although the defense budget is, as shown in Figure 6.1, projected to swing upward again from fiscal 2013, this represents the nominal growth, and the inflation-adjusted amount is expected to remain nearly level. The first-phase reductions are estimated to lead to a \$450-billion cut from the defense budget projections proposed by the Obama administration in its fiscal 2012 budget request, a number that is not too far from the security spending reduction target of \$400 billion that President Obama announced in April.

The second phase of budget reduction under the BCA requires the Congressional Joint Select Committee on Deficit Reduction (hereinafter, “Super Committee”) to formulate a deficit reduction plan that encompasses revenue increase and spending cut for reaching the deficit reduction target—\$1.5 trillion over the ten years from fiscal 2012 through 2021—and to vote on the plan and submit it as a bill to Congress by November 23. Furthermore, the BCA stipulates that if a bill for reducing the deficit by at least \$1.2 trillion in the ten years is passed by January 15, 2012, the bill’s measures for trimming the federal budget

**Figure 6.1. Projected reduction in US defense budget resulting from BCA<sup>1</sup>**

(Unit: US\$100 million)



1. Amounts are nominal and do not include outlays for overseas contingency operations in Afghanistan, etc.

2. Phase I reduced budget amounts assume defense outlays will be reduced as proportions of the current budget size.

Sources: Douglas W. Elmendorf, "Statement of Douglas W. Elmendorf before the Joint Committee on Deficit Reduction, U.S. Congress, October 26, 2011," p. 18; Office of Management and Budget, *The Budget of the U.S. Government, Fiscal Year 2012* (Washington, DC, 2011), p. 199.

(including defense) will be carried out as prescribed, but if no such bill is passed by the deadline, across-the-board budget cuts beyond the first-phase reductions will automatically go into effect starting in fiscal 2013. This procedure for automatic spending cuts is referred to as a sequester (see Figure 6.1 for the defense budget reduction that would result from sequestration).

This sequester, which targets only discretionary spending, divides spending into two categories—the budget function 050 "National Defense" (approximately 96 percent of which represents the DOD budget) and a nondefense function—and sets caps on each. It also specifies formulas for calculating the budget reductions for each fiscal year. The DOD estimates that the sequester, if activated, could reduce the defense budget by up to an additional \$600 billion, meaning that the combined reduction could top \$1 trillion.

The Super Committee began working on a deficit reduction plan in early September, but ideological differences between its Republican and Democratic

members resulted in a deadlock. On November 21, two days before the deadline for submission of a deficit reduction bill, the committee issued a statement indicating that it had given up pursuing a bipartisan agreement. This made it virtually impossible for Congress to meet the January 15 deadline for passing the deficit reduction legislation needed to prevent the sequester from activating. However, the committee's failure does not automatically set the sequester in motion; as President Obama noted, the sequester can be avoided if Congress puts together a reduction package totaling at least \$1.2 trillion during the one-year period remaining until the automatic spending cuts kick in.

### **(3) The Potential Impact of Defense Budget Cuts**

Following the enactment of the BCA, the DOD expressed its acceptance of the estimated \$450 billion in cuts required for the defense budget, and launched a "strategy-driven process" to prepare for implementation of the reductions. This process culminated with the publication of the 2012 Defense Strategic Guidance (DSG) on January 5, 2012. In remarks made on the release of this document, President Obama conceded that the US military would become leaner, but stressed that the United States would maintain its military superiority "with armed forces that are agile, flexible and ready for the full range of contingencies and threats." The DSG states that the US military will be rebalanced toward the Asia-Pacific region, and that the focus of defense will be shifted from today's wars to preparing for future challenges. It also declares that the US military will "invest as required to ensure its ability to operate effectively in anti-access and area denial (A2/AD) environments" but will "no longer be sized to conduct large-scale, prolonged stability operations," such as those it carried out in Iraq. Furthermore, out of recognition of the impossibility of fully predicting future changes in the strategic environment, it says that the United States will maintain a versatile set of military capabilities for responding to those changes, while preserving its ability to regenerate capabilities that might be needed in the future.

While willingly preparing for the \$450 billion in budget cuts, the Pentagon remains adamantly opposed to the reductions posed by the sequestration process, which it feels would deliver a "devastating" blow to the department. Following the Super Committee's failure to strike an agreement, the DOD has maintained the position that it is preparing for the first-phase reductions of \$450 billion, but not for sequester-based cuts.

According to CBO projections, the defense budget for fiscal 2013 will drop to \$491 billion in real terms, returning to roughly the same level as fiscal 2007 (excluding funding for OCO). Since defense spending has doubled since the 9/11 terrorist attacks, some observers believe that the forthcoming budget cuts will not critically affect US defense capabilities, even if the sequester reductions are included. However, the doubling of the budget is in nominal terms, i.e., not adjusted for inflation; when calculated in real terms, the growth of the defense budget from fiscal 2000 to 2010 was roughly 70 percent, or nearly 32 percent if war spending is excluded.

The growth of the defense budget stems mostly from increases in war spending, military pay, and benefits; for this reason, it can be argued that bigger budgets have not necessarily paid off with enhancement of the US military capability. Specifically, defense spending has been driven up in significant part by real increases in the Operations and Maintenance account (fuel, spare parts, replacement of worn-out equipment, etc.) since before, and especially after, the 9/11 attacks, and by the need to raise military pay and benefits as incentives to recruit and retain troops for a All-Volunteer Force that has sustained combat casualties brought on by the operations in Iraq and Afghanistan.

It appears that no comprehensive analysis of the potential impact of the sequester has been published yet, but Pentagon officials have spoken about possible effects on various occasions. The House Armed Services Committee has held open hearings on the matter, and has released the Defense Cuts Impact Assessment Memo (hereinafter, the “Assessment Memo”), which analyzes the impact of the defense budget cuts prescribed by the BCA. In these discussions of sequestration effects, DOD officials and lawmakers have raised several points of concern.

One concern is that the cuts are sudden and drastic. In a letter to Senators John McCain and Lindsey Graham, Secretary of Defense Panetta stated that the sequester could reduce the fiscal 2013



**President Obama speaking on the release of the Defense Strategic Guidance (January 5, 2012)**  
(DOD photo by Erin A. Kirk-Guomo)

defense budget by as much as \$100 billion from the fiscal 2012 level (a roughly 23 percent drop from the budget projection indicated at the time of the fiscal 2012 budget request). Panetta also expressed his misgivings that the potential across-the-board cuts—applied in “equal percentages to each ‘program, project, and activity’”—would render impossible the “strategic choice” that the Obama administration pledged to make in carrying out the \$450 billion defense cuts, and leave many defense programs unexecutable.

By the time that President Obama made his April 2011 announcement of a \$400 billion reduction in security spending, the DOD had already taken action to achieve savings of an even greater amount in the next ten years (see Section 1.(1) in this chapter). Since this eliminates the inefficiencies in DOD programs and operations, defense officials and others have asserted that the BCA’s addition of reductions more than double the savings amount would inevitably affect the US military’s force structure and equipment modernization programs.

Another concern is that the resulting reductions in troop strength would sap the US armed forces’ capabilities. Secretary Panetta, in his aforementioned letter, warns that the sequestration would decrease the Army and Marines’ strength to the lowest level since 1940, the eve of World War II (the level in that year was approximately 246,000, comprising 28,000 Marines and 218,000 Army personnel, excluding Air Corps members). The Assessment Memo puts this concern in more specific terms, saying that the sequestration would lower ground force strength by nearly 200,000, meaning that the headcount of 770,000 at the end of fiscal 2011 would fall to around 570,000. Consequently, the Assessment Memo notes, the United States would become unable to fulfill its security commitments to allies.

These and similar concerns have also been raised in congressional testimony given by the Pentagon’s uniformed leaders. For instance, Commandant of the Marine Corps James F. Amos told lawmakers that the Force Structure Review conducted from fall 2010 to the following March scaled down the Marines to a level where they would be able to respond to only one major contingency at a time (as ordered by then Secretary of Defense Gates), and he added that the sequestration could make it impossible for the Marines to maintain that capability.

Yet another potential risk voiced is that the sequestration could diminish the United States’ power projection capabilities. The Assessment Memo holds that these capabilities would be severely weakened through the resulting elimination of fifty ships (including two carrier battle groups) from the Navy’s total battle

force of 288 vessels (leaving 238 vessels remaining; Secretary Panetta states in his aforementioned letter that the fleet strength would fall below 230 ships, the lowest level since 1915), and that the Marine Corps' ability to carry out expeditionary operations could also be impaired. As of the end of 2011, the Navy is believed to have possessed at least thirty-three amphibious ships, the minimum amphibious fleet needed to land the assault echelons of two Marine Expeditionary Brigades (MEBs). According to the Assessment Memo, the sequestration would halve the amphibious force to seventeen ships, and hence would not only nullify the MEB landing capability but also impede the forward deployment of the three Marine Expeditionary Units (MEUs) to the Pacific, Persian Gulf, and Mediterranean theaters.

Weapons modernization programs are also seen as being highly vulnerable to the potential defense budget cuts. The core elements of the US armed forces' current weapons inventory are based on designs that emerged during the Cold War, and consequently are approaching obsolescence in the midst of today's security environment. At the same time, some equipment has been deteriorating, partly from the harsh conditions imposed by operations in Iraq and Afghanistan. The DOD has pursued various modernization programs in the ten years after 9/11, including for aircraft such as the F-22 and the C-17, but some are facing new barriers to implementation due to development delays and project overhauls. Examples include: the slow rollout of the Joint Strike Fighter (JSF), a fifth-generation fighter intended to replace the out-of-production F-22; the troubled launch of the Ground Combat Vehicle (GCV) program for superseding the Army's canceled Future Combat Systems (FCS) ground vehicles project; and the Next-Generation Bomber program, which is aimed at upgrading and augmenting the Air Force's aging bomber fleet but has experienced development setbacks due to various reasons. Secretary of Defense Panetta, in his aforementioned letter to Senators McCain and Graham, declared that the sequestration could result in termination of these programs. If the weapons modernization efforts are further delayed by the looming budget cuts, the United States' military capabilities could become severely impaired.

Over the years, the US defense budget has expanded and contracted repeatedly, leading some observers to suggest that the potential sequestration cuts are not particularly drastic in comparison with past budget decreases. As one measure of scale, the combined defense budget reduction from both the sequestration

cuts and the projected decline in OCO spending (assuming that the operations in Afghanistan continue to wind down) works out to a roughly 30 percent decrease from the peak defense budget level of fiscal 2010. This rate is on par with the 30 to 40 percent drops that came in the wake of the Korean, Vietnam, and Cold Wars. However, the impending reductions differ in background from the cuts that followed the Cold War, whose end was preceded by the Reagan buildup in the 1980s, in which United States was able to implement extensive military modernization without being hampered by attrition from large-scale, sustained operations.

Furthermore, the post-9/11 defense budget increases stemming from enhancement of military personnel recruitment/retention incentives (higher pay and benefits) contrast with the situation during the Korean and Vietnam Wars, in which conscription was the primary means of filling the ranks. These distinctions can be considered obstacles to the DOD's preparations for the upcoming defense budget cuts.

Since there is time remaining before the BCA's sequester goes into effect in 2013, some members of Congress are attempting to defuse the sequester. However, President Obama is steadfastly opposed to such movements on account of his desire that Congress work out a deficit-reducing bill before the sequester is activated, and consequently the prospects for resolution of the sequestration issue remain murky.

With the next US presidential election coming up in November 2012, reduction of the defense budget and other federal spending can be expected to become an even bigger topic of political debate. The US public is growing weary of war now that ten years have passed since the start of the global campaign against terrorism, so it would be no surprise if support for the downsizing of foreign security commitments gains momentum. As pressure mounts for the government to offset rising social security costs with reductions in defense spending, the United States will likely continue struggling to strike a balance between conserving its resources and fulfilling its self-appointed roles.

## New Developments in the US Cyber Strategy

During 2011 several policy documents concerning cyberspace were issued in the United States, the content of which included guidelines on how the country should, in terms of national security policy, respond to potential threats in cyberspace. These and other developments in the US cyber strategy in 2011 can be characterized as follows.

First, the US cyber strategy aims to strengthen not only domestic and governmental efforts, but also cooperation with US allies and partners. In particular, *International Strategy for Cyberspace* (ISC), a document jointly released by the White House and relevant federal departments on May 16, declares that the United States will work in to promote an “open, interoperable, secure, and reliable” cyberspace, and stresses that international collaboration is a “first principle” for achieving that vision. It also states that the United States will pursue such collaboration through bilateral and multilateral relationships, and through cybersecurity-related efforts by international organizations in which it is a member. This emphasis on international cooperation is also found in the *Department of Defense Strategy for Operating in Cyberspace* (DSOC, released on July 14), which maps out the Pentagon’s strategy for countering threats in cyberspace. The DSOC states that as a strategic initiative, “DOD will build robust relationships with U.S. allies and international partners to strengthen collective cybersecurity.” As part of specific efforts in this regard, the DSOC notes, “DOD will work closely with its allies and international partners to develop shared warning capabilities, engage in capacity building, and conduct joint training activities.”

In keeping with this position, the United States has been taking steps to bolster cooperation with its allies and partners. For instance, collaborative efforts on cyberspace are mentioned in “Toward a Deeper and Broader U.S.-Japan Alliance: Building on 50 Years of Partnership,” a joint statement issued by the June 21 meeting of the Japan-U.S. Security Consultative Committee (SCC), about five weeks after the ISC was released. In this statement, both governments pledge to “discuss new ways for the United States and Japan to confront the challenges posed by increasing threats in cyberspace” and to establish a bilateral strategic policy dialogue on cybersecurity issues.

As another example, the September 2011 meeting of the Australia-United States Ministerial Consultations (AUSMIN) included cyberspace cooperation on its agenda, and the joint communiqué issued afterwards stated that both countries agreed to tackle the growing cyber threats facing them and the wider international community. Also released after the meeting was a “Joint Statement on Cyberspace,” which states, “Mindful of our longstanding defense relationship and the 1951 Security Treaty between Australia, New Zealand, and the United States of America (ANZUS Treaty), our Governments share the view that, in the event of a cyber attack that threatens the territorial integrity, political independence or security of either of our nations, Australia and the United States would consult together and determine appropriate options to address the threat.” The language about consultation over potential cyber attacks echoes Article 3 of the ANZUS Treaty, which provides for mutual consultation over common threats, and although

this statement does not directly describe cyber attacks as a form of the armed attacks mentioned in the Article 4 provisions for joint defense, it can be construed as saying that some cyber attacks could potentially be considered armed attacks subject to joint defense.

Another noteworthy feature of the US cyber strategy is that it recognizes cyber attacks could qualify as armed attack in certain cases, and, instead of relying solely on robust network defense, it allows for “offensive” options—including military action—in dealing with such cyber attacks. The ISC holds that traditional norms rooted in international law also apply to cyberspace, including norms for self-defense: “[S]tates have an inherent right to self-defense that may be triggered by certain aggressive acts in cyberspace.” With regard to the United States’ response to hostile attacks conducted through cyberspace, the ISC asserts, “We reserve the right to use all necessary means—diplomatic, informational, military, and economic—as appropriate and consistent with applicable international law, in order to defend our Nation, our allies, our partners, and our interests.” As this indicates, the United States is taking the position that it can respond to cyber attacks in the way it would to traditional armed attacks, including through the use of military force.

Following the release of the ISC in May, the DOD was reported to be almost ready to issue a strategy document that it was formulating on the use of military force to counter cyber attacks. The DSOC, however, contained no reference to this subject. Speaking on the publication of the DSOC, then Deputy Secretary of Defense William J. Lynn III reiterated that the United States had the right to respond to serious cyber attacks with “a proportional and justified military response,” but he also noted that the Pentagon’s “overriding emphasis is on denying the benefit of an attack” by securing defense of computer networks to reduce the incentives for adversaries to target the United States with cyber attacks. In other words, he indicated that the DOD considers denial of the benefits of attack to be more effective than the threat of retaliation as a means of deterring cyber attacks. Explaining the logic behind this thinking, Lynn said that the effectiveness of the threat of retaliation was reduced by the technical difficulty of identifying the perpetrator of a cyber attack, as this difficulty could encourage adversaries to “gamble that they could attack [the United States] and escape detection.” Just ahead of the release of the DSOC, however, then Vice Chairman of the Joint Chiefs of Staff Gen. James Cartwright was reported by the press as calling for stronger deterrents against cyber attacks. According to the reports, Cartwright said that the DSOC’s strategy for cybersecurity was a “purely defensive” approach without any penalties for attacking the United States, and that this inadequacy needed to be resolved through stronger deterrence capable of convincing adversaries that “if they attack, it won’t be free.”

In November, the DOD submitted to Congress the *Department of Defense Cyberspace Policy Report* as required by the Ike Skelton National Defense Authorization Act (NDAA) for Fiscal Year 2011. This report states, “[T]he President reserves the right to respond using all necessary means to defend our Nation, our Allies, our partners, and our interests from hostile acts in cyberspace. Hostile acts may include significant cyber attacks directed against the U.S. economy, government or military. As directed by the President, response options may

include using cyber and/or kinetic capabilities provided by DOD.” The report also notes that the DOD possesses the capability to conduct offensive operations in cyberspace, and would carry out such operations if directed to do so by the US president. As such, the position outlined in this report can be considered a step forward from the DSOC, which even Deputy Secretary of Defense Lynn conceded had a defensive thrust, despite the need for offensive capabilities as well.

Turning to cyber strategy developments in Congress, Section 954 of the FY2012 NDAA (signed into law on December 31) states, “[T]he Department of Defense has the capability, and upon direction by the President may conduct offensive operations in cyberspace....” The inclusion of this language reflects, according to a conference report for the bill, Congress’ recognition that “in certain instances, the most effective way to deal with threats and protect U.S. and coalition forces is to undertake offensive military cyber activities.”

Through these developments in 2011, the United States’ basic thinking on the relationship between cyberspace-based threats and traditional security took on a more visible form, and it will likely continue drawing global attention to how it evolves in the coming years.

## **2. The Obama Administration’s Asia-Pacific Policy**

### **(1) A Posture Emphasizing the Asia-Pacific Region**

The Obama administration, driven by its conviction that the Asia-Pacific is a key region with a significant impact on US national security, has been strengthening the United States’ strategic engagement with the region in the political, economic, and military arenas, including by promoting the spread of democracy and respect for human rights, expanding trade and investment, and maintaining a military presence. This posture has been consistently upheld ever since the Obama administration took office, but it has increasingly become a focus of global attention since the United States withdrew its last troops from Iraq in 2011 and began winding down its military role in Afghanistan. In an address to the Australian Parliament in November 2011, President Obama reaffirmed that the United States was returning to its emphasis on the Asia-Pacific region, declaring that he had made the strategic decision to have the United States “play a larger and long-term role in shaping [the Asia-Pacific] region.”

The Obama administration is fully cognizant of the fact that the looming drastic cuts to the US defense budget are prompting speculation that those reductions may have a serious impact on US commitments in the Asia-Pacific,

and has been taking steps to allay this concern. For example, in remarks made at the Tenth IISS Asia Security Summit (the “Shangri-La Dialogue”) in Singapore in June 2011, Secretary of Defense Gates acknowledged that the questions being raised about the sustainability and credibility of US commitments abroad were “serious and legitimate,” and assured the audience that regardless of the

fiscal challenges faced by the United States, the country remained a Pacific nation inextricably linked with Asia. This understanding, he said, was shared by “U.S. leaders and policy makers across the political spectrum,” and argued strongly for “sustaining [US] commitments to allies while maintaining a robust military engagement and deterrence posture across the Pacific Rim.” In late October, Gates’ successor, Leon Panetta, made his first visits as defense secretary to Indonesia, Japan, and South Korea, where he reasserted that the United States would further reinforce its strong military presence in the Asia-Pacific despite the fiscal woes at home.

The Obama administration’s policy toward the Asia-Pacific region consists of three pillars: (1) strengthening and modernizing bilateral security alliances in the region; (2) deepening its working relationship with important partners and emerging powers—including Southeast Asian countries, India, and China; and (3) engaging with regional multilateral institutions, including the Association of Southeast Asian Nations (ASEAN). With these courses of action, the administration has been pursuing its objective of building a “regional security architecture,” which was described in a speech delivered by Secretary of State Hillary Clinton in Hawaii in January 2010, and also in a November 2011 article in *Foreign Policy*. In other words, the United States, in its capacity as a Pacific nation, is endeavoring to build a multilayered network of ties with Asia Pacific countries—particularly US allies—and regional institutions, with the goal of promoting stability and prosperity across the region, including in and around the Indian Ocean.

The choice of this approach was largely shaped by the Obama administration’s



**President Obama addressing the Australian Parliament (November 17, 2011)** (Official White House Photo by Pete Souza)

concern over the unpredictable future course of China, which is rapidly expanding its economic and military presence in a regional environment populated with both traditional security challenges and nontraditional ones, such as global terrorism and large-scale natural disasters. Given that the need to streamline its finances hinders the United States' ability to tackle many such challenges on its own, the construction of an alliance-centered multilayered network of ties provides the United States with the potential to lessen its burden while sustaining long-term engagement with the region and while enhancing its power to respond to various security challenges.

## **(2) US Efforts toward Strengthening Its Alliances**

The Obama administration, in its efforts to bolster US strategic engagement with the Asia-Pacific region, is placing heavy emphasis on US ties with Japan and other regional allies. Here, the United States is endeavoring not only to strengthen its traditional “hub and spoke” system of alliances founded on bilateral frameworks, but also to actively pursue “minilateral” relations with allies, such as Japan-US-ROK and Japan-US-Australia partnerships. In a speech given in Hawaii on November 10, 2011, Secretary of State Clinton noted the necessity of “updating” US alliances in the Asia-Pacific to adapt them to the changing world, and stated three guidelines for that effort: (1) ensuring that the core objectives of the alliances have the political support of the US public; (2) making the alliances nimble and adaptive so they can continue to deliver results; and (3) making sure that the alliances have the operational and material capabilities needed to deter provocation from state and non-state actors.

With regard to the first guideline, the Obama administration hosted a Japan-US Security Consultative Committee (“2+2”) meeting in Washington on June 21, 2011, and both sides reached an agreement on common strategic objectives and decided to deepen and broaden their cooperation in security and defense (see Chapter 7 for details). Also, in October, Secretary of Defense Panetta visited South Korea, where he attended the Forty-third US-ROK Security Consultative Meeting on the 28th, along with Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey and Gen. James Thurman, commander of US Forces Korea. The two sides reaffirmed their commitment to pursue the common strategic objectives laid out in the *Joint Vision for the Alliance of the United States of America and the Republic of Korea* signed in 2009, and they agreed to step up their vigilance and

response readiness regarding the threats posed by North Korea's nuclear program and military provocations, including by conducting joint exercises for demonstrating that readiness. The Obama administration also worked to beef up its alliance with Australia by holding in San Francisco in September a meeting of the Australia-United States Ministerial Consultations (AUSMIN), which produced a joint communiqué. There is at least one thing in common between the strategic objectives defined for these three alliances—the addition of the new challenges of pursuing cooperation in maritime security (e.g., dealing with piracy and ensuring freedom of navigation), protection of space and cyberspace, and humanitarian assistance and disaster relief.

As for the second guideline, making the alliances nimble and adaptive, the Obama administration has stated that it will seek to: (1) create a freely operating force structure that is broadly distributed across the Asia-Pacific region, and (2) build the capacity of allies and partners through joint exercises and training. The focus of attention for the first goal is centered on the United States' relationship with Australia. President Obama, on his first visit to Australia since taking office, met with Prime Minister Julia Gillard on November 16, 2011, and the two leaders produced an agreement to begin deploying US Marines to Darwin in northern Australia on a rotational basis (starting with a contingent of some 250 Marines, and later expanding to around 2,500), and to increase US Air Force operations at Royal Australian Air Force bases across the northern part of the country. A year earlier, at an AUSMIN meeting held in November 2010, the two governments agreed to engage in talks on the Global Posture Review (GPR) of the US military. On the basis of this agreement, they set up a bilateral working group to “develop options to align [their] respective force postures in ways that would benefit the national security of both countries and which will help [them] to shape the emerging regional security environment.” The working group studied options for US-Australia defense cooperation initiatives, particularly with regard to: (1) increased US access to Australian training, exercise, and test ranges; (2) the prepositioning of US military equipment in Australia; (3) greater use by the United States of Australian facilities and ports; and (4) joint and combined activities in the region. The working group's discussions formed the foundation for the aforementioned agreement on deployment of US military personnel to Australia.

This agreement provides for shared use of Australian bases in order to enable

the US military to respond rapidly and effectively to various contingencies arising in the Asia-Pacific region, including those requiring humanitarian assistance and disaster relief. At the same time, the US military's access to Australian bases holds significant implications regarding the strengthening of US commitments in the South China Sea and the Indian Ocean.

Here it should be noted that the expanding bilateral cooperation between the United States and Australia reflects the emergence of a new geostrategic concept—the Indo-Pacific. In recent years, the US-Australia political community has published a number of discourses that couch the two countries' alliance in terms of the Indo-Pacific region, and Secretary of State Clinton has also spoken of US-Australia cooperation in this context. This shift in perspective can be attributed in part to growing recognition of the Indian Ocean as a region meriting the same level of attention paid to the Pacific Ocean, and to the fact that Australia borders on both oceans. As a case in point, the US-Australia force posture review is apparently including discussion on shared use of military facilities on the Indian Ocean coast of western Australia, and on US military use of facilities on the Cocos Islands and other Indian Ocean islands administered by Australia.

The Obama administration is also working to expand joint exercises and training in the Asia-Pacific to increase security and defense cooperation not only on a bilateral basis, but also in trilateral frameworks involving Japan, South Korea, and Australia. During his visit to Japan in October, Secretary of Defense Panetta emphasized the importance of promoting security and defense cooperation with South Korea, Australia, and other regional powers that share the same set of values. As a concrete example of this endeavor, Japan, the United States, and Australia conducted a joint naval exercise in waters near Brunei in early July.

In response to the March 11 Great East Japan Earthquake, the United States assisted Japan through Operation Tomodachi ("friend" in Japanese), which was closely coordinated with the Japanese government. The operation's significant contributions—both to rapid recovery efforts and disaster relief, and to the emergency response to the nuclear accident in Fukushima—were a testament to the US-Japan alliance's robust response capabilities. The four US military services, coordinated under their unified combatant command, cooperated with Japan's Ministry of Defense, Self-Defense Forces, and other government organs in search and rescue operations, provision and transport of relief supplies, and other activities. One lesson learned from the experience was that Japan and the

United States need to enhance their coordination mechanisms, including with regard to operational coordination, information sharing, and joint training. On June 21, the 2+2 ministers released a document titled “Cooperation in Response to the Great East Japan Earthquake,” which described *Operation Tomodachi* as a large-scale joint response whose success “validated years of bilateral training, exercises, and planning.” The document also pointed out “the importance of bilateral and multilateral mechanisms to promote real-time information sharing, effective coordination, and comprehensive ‘whole-of-government’ responses to complex emergencies.”

The third aspect of the Obama administration’s alliance-strengthening endeavors—equipping the alliances with solid capabilities to deter provocation—is having a closely watched impact on US-ROK relations. The importance of the US-ROK alliance in this regard has increased in the wake of provocative acts by North Korea in recent years, particularly the March 2010 sinking of the ROK Navy patrol vessel *Cheonan* and the artillery bombardment of Yeonpyeong Island in the following October. During a state visit to Washington by ROK President Lee Myung-bak on October 13, 2011, President Obama stressed that the US-ROK alliance was “stronger than ever” and was a relationship that touched upon not only regional issues, but also global challenges. Prior to this meeting, President Lee visited the Pentagon, where he received a briefing on the DOD’s assessment of the North Korean threat from Secretary of Defense Panetta and Chairman of the Joint Chiefs of Staff Dempsey. This rare visit to the Pentagon by a foreign head of state, which was arranged at the Obama administration’s behest, provided the administration with an opportunity to strongly display the United States’ active stance on security on the Korean peninsula.

In the October 2011 US-ROK Security Consultative Meeting, Secretary Panetta reaffirmed that the transfer of wartime operational control to the ROK armed forces would take place in 2015, and reached agreement with ROK Minister of National Defense Kim Kwan-jin on the establishment of the Korea-US Integrated Defense Dialogue (KIDD) as “an umbrella framework that encompasses various defense dialogue mechanisms between the ROK and the United States,” and on the development of the ROK-US Counter-Provocation Plan to jointly deal with North Korean military provocations. Panetta also reaffirmed the US commitment to “provide and strengthen extended deterrence for the ROK, using the full range of capabilities, including the U.S. nuclear umbrella, conventional strike, and

missile defense capabilities,” and decided with his counterpart to formulate a multi-year work plan for the Extended Deterrence Policy Committee created in 2010, and to implement the ROK-US Extended Deterrence Table Top Exercise (TTX) as part of development of a “tailored” deterrence strategy.

### **(3) US-China Relations and the US Response to the South China Sea Issue**

One of the biggest influences on US policy toward the Asia-Pacific region is the United States’ relationship with China, a nation that is not only exerting an increasing impact on the global economy, but is also raising its political and military profile. The Obama administration, while conceding that differences of opinion exist between the two powers, has taken up the pursuit of “a positive, constructive, and comprehensive relationship” with China. Under this slogan, the administration has been working to maintain and expand cooperative ties with China—ties that it considers indispensable to the resolution of future security challenges. Secretary of State Clinton and Kurt M. Campbell, assistant secretary of state for East Asian and Pacific affairs, have repeatedly stated that the United States is encouraging China to cooperate in expanding of areas of common interest and in building mutual trust, and to play a responsible role in the resolution of global challenges—particularly in regard to stabilizing the global economy, responding to climate change, and advancing nonproliferation. At the same time, however, the US perception of China is being soured by the murkiness of the strategic objectives behind China’s military modernization programs, and by China’s aggressive actions in the South China Sea. Nevertheless, the US leadership is hoping that China will evolve into a rule-abiding, cooperative player in the international community that can perform a key role in addressing security challenges not only in the Asia-Pacific region, but also on the world stage.

On May 9, 2011, the third round of the US-China Strategic and Economic Dialogue (S&ED) was convened in Washington, with the Chinese delegation headed by Vice Premier Wang Qishan and State Councilor Dai Bingguo. In addition to economic issues, the discussion covered a broad range of other topics, such as nonproliferation, climate change, energy, science, and technology. Moreover, the round also included the S&ED framework’s first-ever Strategic Security Dialogue (SSD) for talks between senior military officials of both sides; this inaugural meeting was attended by, among others, Vice Chairman of the Joint

## **The Review of the US Military Posture in the Asia-Pacific Region**

As mentioned earlier in this chapter, the Obama administration is in the process of reviewing the US military posture in the Asia-Pacific region. Many details on the final shape envisaged were still unclear at the time of this writing, but various documents already publicly released by the US government provide at least some insight on the thinking and principles behind the review process.

The *Quadrennial Defense Review Report* released in February 2010 (hereinafter, “QDR2010”) presents the basic understanding that the current dynamic security environment necessitates a “cooperative and tailored approach” to the United States’ global defense posture. It describes this tailored defense posture as one that “reflects unique regional dynamics by bringing into harmony the right combination of forward-stationed and rotational forces and capabilities, prepositioned equipment and basing infrastructure, and relationships and agreements [with countries in the region].” With regard to the Asia-Pacific region, QDR2010 says that the United States will continue to adapt its military presence as needed to ensure regional stability and the security of US allies, including by providing extended deterrence to Japan and South Korea. *The National Military Strategy* published in February 2011 sets forth the following three principles for restructuring the US force posture: geographically distributed, operationally resilient, and politically sustainable. The third principle, political sustainability, basically refers to the maintenance of robust political ties with the countries hosting US bases, and positive relations between US bases and the local communities. The other two principles, however, perhaps require a more detailed explanation, which follows below.

The first principle, a geographically distributed posture, can be described as a force distribution (the strategic placement of units) that geographically expands the deployment of the US armed forces in a way that enhances the deterrence and security-stabilizing effect of their presence across the entire Asia-Pacific region. This concept involves creating a more dynamic presence through not only the permanent stationing of troops, but also rotational deployments, joint training, and other modalities. The stationing of US Navy Littoral Combat Ships (LCS) in Singapore and the rotational deployment of US Marines to Darwin in Australia can be better understood within this context.

A very important consideration for analyzing the second principle, operational resiliency, is the heightened risk posed to forward-deployed US military units by the proliferation of A2/AD capabilities, meaning the capacity to impede or block deployment of the US armed forces through the use of ballistic missiles, cruise missiles, submarines, and other such weaponry. In this respect, the Pentagon’s efforts toward greater operational resiliency will likely involve implementing various measures for maintaining effective deterrence in A2/AD environments, such as strengthening missile defense capabilities and carrying out force dispersion (the operational placement of units) in ways that can mitigate risks stemming from the threats of A2/AD capabilities. Moreover, deterrence in A2/AD environments will likely be reinforced further by advancement of the

forementioned strategic geographic distribution of forces and by mutual support among the units deployed across a broader geographical range.

It should be understood here that this discussion of operational resiliency is premised on the condition that the United States will continue to maintain forward deployments. This subject is addressed by QDR2010, which declares, "...forward-stationed and rotationally deployed U.S. forces continue to be relevant and required. The long-term presence of U.S. forces abroad reassures allies and partners of our commitment to mutual security relationships, generates enduring trust and goodwill with host nations, and increases regional and cultural expertise in the force. We cannot simply 'surge' trust and relationships on demand." This passage seems to stand in sharp contrast with words spoken in August 2004 by then President George W. Bush in relation to a review of the United States' global defense posture: "Over the coming decade, we'll deploy a more agile and more flexible force, which means that more of our troops will be stationed and deployed from here at home. We will move some of our troops and capabilities to new locations, so they can surge quickly to deal with unexpected threats." In this light, we can say that the Obama administration is continuing to place strong emphasis on the forward deployment of US military power as an asset that demonstrates US commitment to the region of deployment.

## The Air-Sea Battle Concept

QDR2010 states that the United States will develop a new "joint air-sea battle concept" as a strategic paradigm for joint operations in A2/AD environments. The Pentagon has not yet released any detailed descriptions, other than to depict it as a joint operational concept for integrating military capabilities across all operational domains to counter adversaries equipped with sophisticated A2/AD capabilities. However, it appears that the Air-Sea Battle Concept is an operational concept equivalent to the Cold War-era Air-Land Battle Concept, which dictated that NATO forces would respond to clashes with Warsaw Pact forces not just by fighting defensive engagements on the front lines, but also by countering in depth with attacks on the Warsaw Pact forces' second and third echelons (the follow-on forces) through joint operation of NATO air and ground forces, with the goal of preventing a breakthrough by Warsaw Pact troops. This operational concept served as the foundation for the development of military equipment such as the US Army's antitank helicopters, the US Air Force's A-10 ground-attack aircraft, and air-to-ground target sensors like those employed in JSTARS.

Any parallels that can be drawn between Air-Sea Battle and Air-Land Battle, however, are limited to the employment of forces at the operational and tactical levels, and Air-Sea Battle should not be thought of as a concept that shapes US strategic planning as a whole. The only strategic element involved is the task of countering A2/AD capabilities, which has been framed at the doctrinal level by the Joint Chiefs of Staff in the document *Joint Operational Access Concept* (JOAC).

Air-Sea Battle represents an element of the JOAC that provides a battle concept for countering A2/AD capabilities at the operational and tactical levels. Accordingly, it is inappropriate to interpret Air-Sea Battle as meaning that the United States prefers an “offshore balancing” approach that drastically cuts back forward-deployed forces and responds to contingencies only with long-range strike capabilities based in the rear. Instead, it should simply be understood as a concept for “how to fight.”

Chiefs of Staff Gen. James E. Cartwright and Commander of the US Pacific Command Robert Willard on the US side, and Vice Foreign Minister Zhang Zhijun and People’s Liberation Army (PLA)’s Deputy Chief of the General Staff Gen. Ma Xiaotian on the Chinese side.

As the launch of the SSD suggests, the United States attaches great importance to military exchange with China, motivated largely by the desire to: (1) expand the areas where the two militaries can cooperate; (2) increase mutual understanding of their military institutions; and (3) enable the two militaries to collaborate in dealing with the global security environment and associated challenges. Following the January 2011 visit to China by Secretary of Defense Gates, a series of high-level meetings were held to help foster stable military exchange, including a visit to Washington by PLA Chief of the General Staff Gen. Chen Bingde on May 17, talks between senior state officials of both countries in Hawaii in June, and a visit to China by Chairman of the Joint Chiefs of Staff Adm. Michael Mullen in July. This progress stalled in late September, however, when the Obama administration announced its decision to make a second round of arm sales to Taiwan. This announcement incurred opposition from Beijing, resulting in the postponement of visits to China by senior US military officials, joint antipiracy drills, and a military medical exchange program. However, the suspension of military exchange did not last long, as happened following the Obama administration’s first decision to sell arms to Taiwan; the twelfth meeting of the US-China Defense Consultation Talks (DCT) was held as planned in Beijing in early December, under the co-chairmanship of Under Secretary of Defense for Policy Michèle Flournoy and PLA Deputy Chief of the General Staff Gen. Ma Xiaotian.

Following the re-emergence in 2009 of China’s assertive activity in the South China Sea, the United States has shown increased interest in maritime security issues, including with regard to this body of water. As the Obama administration

grew wary of China's aggressiveness, Secretary of State Clinton, speaking at the July 2010 ASEAN Regional Forum in Hanoi, declared that the United States had "a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea." However, the United States has consistently maintained a policy of nonintervention in territorial disputes in that region, and has called on all claimants to seek a peaceful resolution based on international law.

At the same time that China's neighbors around the South China Sea region have been expressing mounting concern over China's assertiveness, the Obama administration has been strengthening its strategic engagement with US allies and partners in Southeast Asia. In a speech given at the June 2011 Shangri-La Dialogue, Secretary of Defense Gates announced that the United States would station several Littoral Combat Ships (LCS) in Singapore, a plan whose details are now being worked out by the two governments. The Obama administration's strategic engagement is also targeted at Vietnam, which has shared a cautious but steadily growing relationship with the United States since their diplomatic ties were normalized in 1995. In July, three US Navy ships made a port call at Da Nang in central Vietnam, where their crews engaged in military exchange with Vietnamese Navy personnel. During the following month, the nuclear-powered aircraft carrier USS *George Washington*, then deployed off the Vietnamese coast, hosted a tour by Vietnamese military, government, and media representatives, and the United States and Vietnam signed an agreement on medical cooperation between their militaries. The United States and the Philippines, which celebrated the sixtieth anniversary of their Mutual Defense Treaty during the year, convened their first-ever strategic dialogue in January. Also, Secretary of Defense Panetta visited Indonesia in October—just over a year after the two nations resumed military exchange following a twelve-year hiatus—and reaffirmed with his counterpart that they



**Vietnamese military, government, and media representatives touring the USS *George Washington* (August 13, 2011)** (US Navy photo by Mass Communication Specialist 2nd Class Danielle A. Brandt)

would continue to engage in security dialogue and promote cooperation in armed forces training, military equipment procurement, and maritime security in line with the bilateral defense cooperation framework agreement signed in June 2010. Against this backdrop, the United States is continuing to conduct joint military exercises in the region, notably the multilateral Cobra Gold, and the Cooperation Afloat Readiness and Training (CARAT) series of bilateral drills with several Southeast Asian nations.

In addition to these efforts to reinforce bilateral ties, the Obama administration is stepping up its engagement with regional institutions—particularly ASEAN—as appropriate multilateral frameworks for laying down international rules that can provide a platform for peaceful resolution of the South China Sea issue. The United States is supporting ASEAN's drive to establish a legally binding code of conduct rooted in the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea. This support was expressed in July 2011, when ASEAN and China agreed to guidelines for implementing that declaration—the Obama administration hailed the agreement as a welcome development, while stressing that it was just one step toward the formulation of a final code of conduct. In October, Secretary of Defense Panetta gathered with the defense ministers of ASEAN member states for a meeting that included discussion of the South China Sea issue. In the following month, President Obama attended the Third US-ASEAN Leaders Meeting, which produced a joint statement reaffirming freedom of navigation and compliance with international law and principles as shared interests in terms of maritime security.

In this context, the United States is counting heavily on the East Asia Summit (EAS) to play a key role. Since announcing its willingness to join the EAS in 2010, the United States has indicated its desire to nurture the summit as a first-rate forum in Asia, and added to the EAS agenda four new topics—maritime security, disaster relief, human rights, and nonproliferation. The formal accession to the EAS by the United States and Russia in 2011 is fueling the hope that the EAS will function as an effective foothold for the United States to strengthen its strategic engagement with the Asia-Pacific region. The 2011 meeting of the EAS in Bali, which opened on November 18 and was attended by President Obama, was marked by mention of maritime security issues by all eighteen members except for Cambodia and Myanmar. The leaders of Singapore, the Philippines, Vietnam, and Malaysia in particular contributed to vigorous

discussion of maritime security concerns shared by the United States, such as freedom of navigation, peaceful settlement of disputes based on international rules, and the importance of the United Nations Convention on the Law of the Sea (UNCLOS). In this sense, the summit was a very positive development for the Obama administration.

This success for the United States is attributable in part to the leadership exercised by budding partner Indonesia in its role as the chair of ASEAN for 2011. However, there is some doubt over whether such success will continue in the next few years, given that ASEAN is being chaired by Cambodia in 2012 and by Myanmar in 2014, both of which refrained from discussing maritime security at the 2011 EAS. In order for the process of formulating a code of conduct for the South China Sea to be effectively advanced by ASEAN, it is vital that both Cambodia and Myanmar actively lead multilateral discussion of maritime security issues during their ASEAN chairmanships, but there is no clear indication yet as to how they will act. For this reason, international attention is being paid to how cooperative relations between the United States and these two nations will unfold in the near future. It appears the United States is trying to get the ball rolling in the right direction by strengthening its ties with both nations, as evidenced by the holding of the first US-Cambodia joint military exercise in November and December of 2011, and by Secretary of State Clinton's visit to Myanmar at around the same time.

ASEAN also holds significant import for the United States as a vehicle for bolstering security cooperation ties. In particular, the expanded ASEAN Defence Ministers' Meeting (ADMM-Plus), inaugurated in 2010, is valued by the Obama administration as a framework for achieving cooperation among the defense ministers of the participating nations. As a case in point, Secretary of State Panetta, during his October 2011 visit to Indonesia, proposed that ADMM-Plus be held every year starting in 2012, instead of its current scheduling of once every three years.

In 2011, the Obama administration decided to deal with the nation's fiscal problems not only by streamlining defense programs and operations but also by making drastic cuts to the defense budget. However, this decision is sparking concern that the sweeping spending cuts and troop reductions could significantly impair the US military's capabilities. There is also concern that this situation could end up altering the policy of active engagement with Asia-Pacific players that the

Obama administration has advocated throughout its tenure. However, President Obama, seemingly seeking to allay such concerns, offered these reassuring words in his speech on the occasion of the release of the 2012 Defense Strategic Guidance: “...we will be strengthening our presence in the Asia Pacific, and budget reductions will not come at the expense of that critical region.” It will be of interest to see how the United States will take the next step toward implementing its Asia-Pacific “rebalancing” strategy while dealing with the severe fiscal challenges.