

## **The National Bureau of Asian Research**

**Ms. Michele Flournoy**

**September 17, 2010**

**Ms. Meredith Miller:** All right, thank you very much. We began this morning with an intensive look at the US/China relationship.

Based on the excellent presentations that we had from our panelists and the very lively exchange that followed, it's clear that how the US thinks about China and interacts with China in the future is going to be a critical factor in determining the character and the scope of US engagement in Asia.

Our first keynote speaker, the Honorable Michele Flournoy, will take us a step further towards the big picture of overarching US interests in Asia by speaking to how the many facets of US security policy, our alliance partnerships, deepening cooperation with countries like Indonesia and Vietnam and the US/China relationship come together into an overall strategic vision for the future of US leadership.

As a long time student and practitioner of defense policy and international security issues, Under Secretary Flournoy has extensive experience in directing US policy in Asia. In her current position as Under Secretary of Defense for Policy, she has been influential in policy development on areas as diverse as the Quadrennial Defense Review, Nuclear Posture Review, Afghanistan Strategy Review, US/China Defense

Consultative Talks and has participated in the US/China Strategic and Economic Dialogue as well as many other important initiatives.

Secretary Flournoy is a scholar as well as a dedicated public servant, known throughout her career for her commitment to defense reform and national security. Her experience includes positions in the Clinton Administration, her work at the National Defense University. Her achievements include founding the Center for New American Security in 2007. NBR's DC team feels especially close to CNAS, as we actually are located just one floor away.

You have her biography in front of you and I know many of you have had the pleasure of reading her analysis and working with her at many points during her illustrious career. So, without further ado, I will turn the floor over to her.

Secretary Flournoy, thank you so much for joining us. It's a real honor to have you here.

**Ms. Michele Flournoy:** Good morning. And, Meredith, thank you for that very kind introduction. I'm delighted to be here with all of you today for NBR's Third Annual Conference on Engaging Asia, especially with so many distinguished guests and former colleagues sitting in the audience.

A colleague reminded me the other day that it was Senator Scoop Jackson who played a central role in creating NBR. Jackson, of course, was

one of the Senate's preeminent voices on the importance of Asia to American interests.

Truly, we here in this room are only gathered because of Senator Jackson's vision. He knew well, very well, throughout his esteemed career what we take for granted today, that the US and Asia have destinies that are intertwined, that great powers across an astride Pacific must strive continually for better relations and that US foreign policy is more effective and enduring when it has strong bipartisan support.

While Jackson passed away 27 years ago this month, his legacy is embodied in NBR and its vital mission has proven invaluable in helping the Department of Defense think much more strategically about Asia. In fact, in 1991, when the Department conducted its first post-Cold War assessment of our Asia strategy, it was NBR that actually helped to provide the analytic foundation for that effort.

The challenges we face today are even more complex than those we faced back in the early '90s. And so, the strategic insights of NBR are more essential than ever.

I was particularly happy to see that you chose the subject of US leadership in Asia as your theme for this year's conference. A renewed discussion about America's purpose and leadership in Asia could not be more timely.

So, I'd like to start briefly by discussing some of the most important challenges we face as we look out the Asian security landscape and then to turn to the implications for American leadership and our defense posture and presence in Asia in the coming years.

So, first, the strategic context - there is no question that Asia is the most diverse and dynamic region in the world. The dramatic shifts that we're witnessing across the region constitute perhaps the central geostrategic fact of the 21st Century. While the region's dynamism certainly creates opportunities for greater cooperation, it also creates a more complex security environment with a wider range of challenges.

The litany of security trends we face will come as no surprise to those of you here in the room today - the rapid rise of new regional powers such as China and India leading to unprecedented changes in the way that power is defined and distributed in Asia, an increase in non-traditional threats such as violent extremism, the proliferation of nuclear and missile technologies, competition for scarce resources and devastating natural disasters, unparalleled rates of military modernization, resulting in a region that is now home to four of the world's five largest military powers, and the development of some of the world's most advanced military capabilities, including those that have the potential to challenge our open access to the global commons of air, sea and space.

Each of these trends affects the US directly and profoundly. As a result, some in Asia are voicing concerns about America's staying power, about our commitments to allies and friends in the region, about our ability over the long term to deploy the resources necessary to maintain regional security. They worry that America's economic troubles, our security commitments elsewhere in the world are distracting us and draining our resources away from Asia.

For certain, the effects of the global economic crisis have been felt in every corner of this nation, including the Department of Defense. Secretary Gates has been quite clear that business as usual is simply not realistic as we approach defense spending. He stresses that we need to take a hard look at how we're spending every single American taxpayer dollar.

That is why we are undertaking an efficiencies effort that will move resources from the tail to the tooth, if you will. In other words, we're minimizing the overhead costs in order to transfer resources where they are most needed, and that means sustaining our operating forces including those forward and modernizing our capabilities.

Now, I realize that talk of efficiencies can spark a lot of uncertainty, and yet the Secretary has been very plain that this effort is not about cutting on defense. It's about restoring balance by spending more wisely and reducing redundancies. This effort is actually designed to improve our

capability, to meet our commitments by making sure that money is spent where it's needed most, in support of American leadership and our strategy.

So, let me be clear - we are not uncertain about our future in Asia. President Obama noted this on his first trip to the region. He said, "The United States of America may have started as a series of ports and cities along the Atlantic Ocean, but for generations, we have been a nation of the Pacific. Asia and the United States are not separated by this great ocean. We are bound by it. We are bound by our past, we are bound by our shared prosperity and we are bound by our people."

So, when I say that America is a resident power of Asia, this is not just a statement of geography. It's an affirmation of our inherent place in the region and its development.

America's presence continues to provide the indispensable stability that deters conflict, encourages nations to settle their differences peacefully, promotes confidence-building and transparency and cooperative action and underwrites economic growth and prosperity in the region and at home.

So, it is not a question of whether America will lead or whether we will be present in Asia. The more important questions are: How will we lead, and what will our presence look like in the future? And I'd like to use the remainder of my time to address those questions today.

In discussing how we will lead in Asia, the first order of business for this Administration has been getting back to basics, and by that, I mean

reaffirming our fundamental principles. As Secretary Gates has said, Asia's success has been "Enabled by clear choices about the enduring principles that we all believe are essential to peace, prosperity and stability."

These include a commitment to free and open commerce, the principle of resolving conflicts without resorting to the use of force, a just international order that emphasizes rights and responsibilities of nations and the fidelity to the rule of law, as well as open access by all nations to the global commons of air, space and sea.

In recent years, we've seen a bit of strategic drift in Asia. Frankly, there has been a growing tendency to question the validity of these principles or to assume that the US alone will bear the burden of providing for these common goods. So, from the beginning of the this Administration, we've been making a concerted effort to reaffirm these principles as legitimate and enduring and to underscore that they continue to be essential to the security of the region and that we all share a responsibility in upholding them.

A particularly important point of discussion on this front has been our emphasis on this idea of the global commons. For Asia, a region whose very lifeblood continues to be global economic integration, free and unhindered access to sea, air space and now cyber space domains is an absolute imperative.

And yet, as more nations in the region acquire the knowledge and capabilities that would allow them to make use of these domains, these commons are also becoming increasingly contested and vulnerable to disruption. As a result, we've put a premium on the need for all nations to come together and develop a common strategic understanding based on universal principles and international law about the standard rules of the road, as it were, to avoid conflict and preserve free and open access in these areas. We do this not because it's simply a matter of American interests but because we believe that all nations share in these interests and rely on free and open access to the global commons.

A core element of our strategy in the region has been to make it clear that US leadership does not mean going it alone. We are stronger and smarter and more effective when we work together with our allies and our partners in addressing common problems.

So, we've put a new emphasis in this Administration on what we refer to as building partner capacity, ensuring that our partners not only have the ability to defend themselves and their own interests, but they can also contribute to the broader security of the region.

Our historical security alliances have long been the foundation of our defense strategy in the region. Although the heart of our alliances are mutual defense treaties and commitments, increasingly, these relationships also serve as force multipliers across the region and around the globe.



So, we're stepping back and taking a long view of where these relationships are going. We do this to better understand how we can leverage each other's unique strengths and capabilities and how we can tangibly reconfigure our alliances to fit the new realities of the 21st Century.

For example, we're working with Japan to establish critical initiatives on the next generation of missile defense systems. We're working closely with Australia to promote nascent international cooperation on cyber security. We're working with the Republic of Korea in making new strides to promote counter-proliferation cooperation, and we're working closely with countries like Thailand and the Philippines to strengthen our ability to counter violent extremism.

We've also put new emphasis on working with a much wider range of partners across the region. The US and India are deepening our strategic partnership, recognizing that we really cannot afford to discuss East Asian and South Asian security as separate objectives. Towards this end, we're expanding our cooperation with India in the region, particularly with new initiatives that focus on our common interests.

We are also partnering with Singapore on issues ranging from support for our international mission in Afghanistan to counter piracy in the Gulf of Aden. And in the past few months, we have also signed a defense framework agreement with Indonesia, the world's most populous Muslim-majority country, laying the foundation for cooperation in areas such as

maritime security, humanitarian assistance and disaster relief and peacekeeping.

Beyond what we are doing bilaterally with our friends in the region, we're also committed to facilitating new multilateral cooperation. One of the more challenging features of the Asian security environment has always been the absence of a strong vibrant set of mechanisms for multilateral security cooperation. But, this situation is changing.

For example, next month, Secretary Gates will be participating in the Inaugural ADMM Plus Meeting. We believe this forum fills a critical gap in Asia by providing a much needed venue for regional defense officials not only to discuss regional security, but also to build tangible mechanisms for cooperation.

Institution-building is unglamorous and often unappreciated as the work of bureaucrats the world over, and yet it's absolutely fundamental to creating the routine and regular security cooperation that helps promote trust and transparency in the region. That is why Secretary Gates believes it is so critical to participate in the ASEAN event. And we are very optimistic that this forum will allow us to make progress on a number of issues of shared interest including maritime security, humanitarian assistance and disaster relief and peacekeeping operations.

In addition to focusing on how we are leading, we are also reevaluating our presence, what it looks like and how it will ensure and

enable collective action to meet the evolving threats we face in the region. As Secretary Clinton recently stated, the most significant challenge in the international system is turning commonality of interests into common action. This requires us to establish the conditions under which states have clear incentives to cooperate and live up to their responsibilities as well as strong disincentives to sit on the sidelines or sow discord or division.

Though we in the Department of Defense work to do this in many ways, one of the most obvious ways is in our defense posture, and this is now the subject of an ongoing review in the Pentagon. For those of you here who have worked on Asia issues for a long time, you know that the bottom line for a defense posture used to be measured in very simple terms - the number of boots on the ground.

But, it is essential that we move beyond this thinking. We will continue to maintain our presence in Asia as measured by these traditional metrics, but posture is far more than a simple equation summarizing the number of forces and assets. The bottom line is not about the numbers. It's about what our forward presence actually enables.

So, we are looking at a totality of our defense presence and what it means, the forces and capabilities we bring to bear, our treaties and cooperation with allies and the capacity building we are doing with our regional partners. This presence in its broadest sense provides tangible reassurance that the US remains committed to Asian security and in turn

continues to facilitate the economic development and prosperity that has been so essential to the region's success.

Through the process of our posture review, we have recognized the need for a presence that Secretary Gates has described as more operationally resilient, geographically distributed and politically sustainable. To develop this presence, we are focusing on three specific priorities: first, strengthening deterrence against conflict and coercion; second, enhancing our collective ability to respond to new and non-traditional challenges; and third, developing sustainability over the long term. And I would like to just take a minute to explain each of those.

First, we must ensure that our regional allies and partners are confident in the continued strength of our deterrence against the full range of potential threats. This relates to the idea of operational resilience.

And what this means is that we have to ensure that our capabilities, our basing, operational concepts can succeed in the environment where our access and freedom of movement may be challenged. This has become an issue of increasing concern in Asia as we are seeing nations investing new capabilities that could threaten our primary means of projecting power, our bases and our sea and air assets.

So, we are focused on making certain that US capabilities and those of our allies and partners provide sufficient deterrence against these threats and enable freedom of action in the region. Specifically, we are

strengthening our missile defense capabilities and those of our partners and allies. We are also taking steps to better disperse key assets and forces and harden our facilities.

These measures will be complemented by enhanced long-range intelligence, surveillance, reconnaissance and strike platforms and a new air sea battle concept being developed by our Air Force and Navy, all of which will enhance our ability to operate in an emerging anti-access environment.

Second, we're working to enhance the region's collective ability to respond to new and non-traditional contingencies. In the past, we optimized our forces and our presence for a high end contingency war in Northeast Asia. But, this fails to sufficiently capture the full scope of strategic challenges we face today and in the future.

Although the threat of conventional conflict still remains a reality, we must also be able to respond to a much wider range of threats in Asia, contingencies ranging from stability operations to peacekeeping to humanitarian assistance, and as I said before, disaster relief.

But, this in turn requires development of a more geographically distributed posture in Asia, which is particularly important for our friends in Southeast Asia. In order to expand regional security cooperation, the US must demonstrate that we're postured to address the most significant security challenges we face across the entirety of the region. Now, to be clear, geographic distribution does not require permanent basing across the

entire region. Instead, we are focusing on a variety of ways to operate more regularly and seamlessly with our allies and partners—from increased combined training opportunities to new joint patrols and exercises to shared activities such as medical missions, civil action and engineering projects.

Finally, even as we work to ensure that our posture is operationally resilient and geographically distributed, it must be politically sustainable, both for us here at home and abroad. Domestically, this means that we have an obligation to clearly communicate to the American people and Congress our interests and objectives in Asia. This is key to establishing the domestic support necessary to make critical resource investments.

Moreover, it requires that we act in a fiscally responsible manner as custodians of the taxpayers' dollars. After all, every dollar that's wasted is one we're not spending on improving our posture in Asia, our capabilities for the future and our cooperation with our partners.

Of course, we also have to focus on developing a more politically sustainable presence abroad, meaning that our presence is sustainable for host governments and local communities that support us. In this regard, we're working very closely with our interagency partners to develop initiatives that ensure our presence helps meet the needs of local communities.

For example, together with the government of Japan, we're working to establish new business and education initiatives that will bring renewed

opportunities to the people of Okinawa. And on the island of Guam, we're also investing in capabilities that are sustainable, clean energy-focused and that will help reduce the high price of energy for the local community.

So, taken as a whole, we believe that all of the initiatives that I've outlined today will help establish a reinvigorated and more visible American presence in Asia that can both harness new opportunities and address the full range of challenges that we face in the region.

As President Truman noted many years ago, "Great responsibilities have been placed upon us by the swift movement of events." Although Truman was, of course, referring to Europe at the time, the same could be said of Asia today. We recognize and we indeed welcome our responsibilities in the region.

Although the tasks before us are great, our commitment to Asia has never been stronger, nor have our features ever been more intertwined. The tremendous changes that are taking place in the region should not be viewed with apprehension or through a negative lens. They will create new opportunities for cooperation even as they do create some competition.

So, it's incumbent on all of us to help shape the regional environment in a way that encourages the former cooperation while minimizing the latter competition.

Although America will continue to take a leading role in Asia, we begin the second decade of the 21st Century with a far different role than a

century ago. America no longer approaches Asia as a patron but as a partner with our friends and allies in the region. Together, we must share this responsibility for stability, and together, we have a wonderful opportunity to ensure that Asia's future is strong and prosperous and secure.

Thank you very much and I look forward to your questions.

And as I call on you, it's a little difficult to see with the lighting, so please don't feel shy about waving your hand and please tell me who you are and what your affiliation is.

Yes?

**Unidentified Woman:** [Unintelligible] of The World Journal. Thank you for the talk. Could you comment on the US China mil to mil and what it is you expect out of the relationship, and will DCT be held later this year, and also, will the resumption of the US China mil to mil in any way affect the Taiwan or arms sales?

**Ms. Michele Flournoy:** I'm sorry--the last part of the question - any way affect Taiwan or--?

**Unidentified Woman:** --Taiwan or the arms sales.

**Ms. Michele Flournoy:** I see.

Well, first of all, we see the resumption of mil to mil relationships with China as an opportunity to support the policies that both President Obama and President Hu have affirmed towards a cooperative and comprehensive relationship between the United States and China. Recently, we have



received signals from the Chinese that they are interested in resuming our mil to mil relationship, and we are actively engaged now in laying out how to do that. I expect that the DCT, the Defense Consultative Talks, will be part of that effort, but we are still working out the details of a plan.

On Taiwan? We continue to review our support for Taiwan. We are very supportive of any reduction in cost rate tensions. We continue to appreciate Taiwan's self defense needs, and as I said, we have an ongoing process for reviewing those needs over time.

**Mr. Radish Kadian:** Thank you. I'm Radish Kadian [sp] of United States India Security Forum, and, Madame Secretary, thank you for mentioning in there.

Would you comment in more detail about the challenges and opportunities of increased and evolving into US defense ties? Thank you.

**Ms. Michele Flournoy:** Yeah. Actually, my first speech on an Asian topic a speech on India just a few weeks ago, and right before that, I had a very positive trip in New Delhi. I think that there's great potential for further deepening and strengthening of the cooperation between India and the United States, particularly in the defense domain.

The truth is the relationship has already grown substantially in recent years in terms of the amount of exercising we're doing together and cooperation in various domains.

I think when you look at US interests, Indian interests, our values, democratic values, there's a lot of strong commonality that I think creates a foundation for cooperation. As we go forward, we're looking for ways to support India's military modernization. We want to be able to be in a position to offer India the best technology available to cooperate with them on development of their defense capabilities and to continue to work as partners in, whether it's counter piracy operations, maritime security operations, peacekeeping and so forth.

So, we think the relationship is on a very positive trajectory and we're looking forward to--actually, Minister Antony [sp] is coming very soon to see Secretary Gates, and we're looking forward to the President's trip to India later this fall.

Yes? Sir?

**Mr. Terry Taylor:** Thank you--Terry Taylor from the International Council for the Life Sciences. Thank you for your excellent talk.

My question's about maritime security, which you touched on, and you particularly mentioned collaboration with Singapore on counter piracy operations in the Gulf of Aden. I wondered if you could say something about the content of that collaboration, and perhaps more widely about with other countries. We have the Russian Navy operating in the Gulf of Aden, European Union, and of course, counter piracy needed in Southeast Asian waters. I wonder if you'd just expand a little bit on that. Thank you.

**Ms. Michele Flournoy:** Well, I think for--with many countries in the area, Singapore being one of them but also many others, we--you know, the cooperation begins with the common interests in dealing with the problem of piracy. And we do have a combined task force that has the navies of many nations operating alongside each other patrolling in the Gulf of Aden seeking to deter and if necessary respond to piracy events.

But, beyond that, we're also trying to work with our partners bilaterally and we hope eventually multilaterally to build up greater situational awareness, maritime domain awareness by helping them invest in the surveillance and reconnaissance systems that would help them to get a better picture of what is going on in the oceans of the region, if you will, to be able to share that information across national boundaries and to develop sort of common way of responding to crises or incidents in the maritime domain.

So, there's both an operational cooperation element and also a capacity building effort that we have ongoing with many countries in the area. And we think that's on a very positive trajectory.

Yes, in the back, the person in the red shirt?

**Mr. Shaun Tandon:** Thank you. My name is Shaun Tandon. I'm a journalist with AFP.

There's been a recent bubbling up--renewal of tensions between Japan and China on the--on their territorial dispute. There was the Japanese arrest

of the captain from the Chinese ship about a week ago or so. What's the role that the US could potentially play in this, and how serious does the US actually see this being to its strategic interest in the region?

**Ms. Michele Flournoy:** Well, I think there are many outstanding territorial disputes in the region. And our emphasis with all parties has been to ensure that we--to try to seek to resolve these disputes peacefully through negotiations without resorting to the use of force and to make sure that as we have forces that are operating in the vicinity of one another, we all respect the rules of the road that are out there, that we try to be very careful to avoid incidents that could inadvertently escalate, and again, that we seek to resolve these disputes through direct talks between the countries involved and in a peaceful manner.

Yes?

**Ms. Nadia Chow:** Nadia Chow with the Liberty Times Taiwan. You just mentioned that US support the reduce of tension across strait, but, you know, the DOD report actually indicated there's a contradictory phenomena about the military tension and buildup, quite--you know, quite contrary to the political reconciliation. I'm just wondering, when you talk with the Chinese during this mil to mil exchange, is that still a source or a topic, you know, ask Chinese to reduce their military building so that can go along with the political dynamic there and for the free access in Asia?

You know, we see a lot of confrontation recently, you know, between US and China, Japan and China. You just mentioned US, you know, encourage peaceful resolution to this either sovereignty issue or the territory issues. But, wonder whether US consider, you know, to form new platform or architectures that can sort of help to solve the traditional, you know, sovereignty issues or the free access to, you know, the ceiling. Thank you.

**Ms. Michele Flournoy:** Well, certainly, when we do sit down with the Chinese for discussions, the topic of Taiwan is inevitably raised. For our part, we always reaffirm US policy and the enduring bipartisan support for a policy of continuity now for many, many years. And we reiterate that routinely.

We do encourage the reduction of tensions. We do encourage the resolution of any issues on a politically negotiated basis, peacefully, without the resort to coercion or use of force. And that is a theme that we reiterate again and again.

In terms of the Chinese military modernization and force expansion more broadly, this is also a topic we openly discuss in quite candid terms with the Chinese. And our main point to them is to say, look, we understand that you are a growing economic power, that you are in the process of modernizing your military, but the lack of transparency about the nature of your investments, your intent for how you're going to use these capabilities, the direction of your doctrine, the lack of transparency provokes a lot of

anxiety in the region. And it's in your interest to have a more candid and forthcoming set of conversations with us and with others in the region about your intentions and your capabilities.

We are concerned about a number of anti-access capabilities that we see in the pipeline and have, again, sought to have a more frank discussion with the Chinese about that.

In terms of new architectures, you know, I think there are a lot of mechanisms already in place. The sort of international law with regard to freedom of navigation, the architecture for dealing with incidents at sea, all of that is in place.

And what we continue to stress is the importance of abiding by those and upholding those as the capabilities of various powers in the region grow.

Yes?

**Ms. Jeannie Win:** Madame Under Secretary, my name is Jeannie Win. I'm with Voice of Vietnamese Americans. And you mentioned the defense strategy that we have with the Southeast Asian countries. You mentioned many countries but without the name of Vietnam.

Would you please explain a little more about what we--working to what the defense strategy with Vietnam and an assumption made if an incident happened in the Southeast Asian Sea where the disputes of islands are being hit as hot conflicts, if China happened to attack one of the islands

and somehow claimed sovereignty to that, what would the US do? Thank you.

**Ms. Michele Flournoy:** Well, first of all, do not read anything into the fact that I did not name every important Southeast Asian country. And we, you know, we feel that, you know, our relationship, bilateral relationship with Vietnam is very positive and growing.

I think that, you know, we have--Secretary Gates has hosted his counterpart here. He's visited the region. And again, I think our cooperation is deepening, it's expanding into other areas and it's quite positive.

In terms of the South China Sea and the various territorial disputes, I mean, this is an area that we obviously watch very closely, we--all the actions of, frankly, all of the claimants to the--in the various territorial disputes, and this an area of concern to us because it could provoke some kind of instability or even conflict.

There's about--I think it's \$1.3 trillion of commerce that transits these waters annually. And the--all of our economies and our prosperity is very much intertwined with the stability in that area and the responsibility of all of the--the need for all of the countries in the area to live up to their responsibilities.

Our policy has been very clear. We have a very strong national interest in maintaining freedom of navigation, open access to the Maritime Commons, respect for international law and peaceful resolution of disputes.

We continue to oppose any use of force to resolve these contentious issues. We support a collaborative diplomatic process for the various claimants to try to resolve their differences.

And while we don't take any sides or position on the specific territorial claims of one side or another, we do believe that they should be based on customary international law reinforced by the UN Convention of the Law of the Sea derived solely from legitimate claims to land features. So, it's really in the interest of all of us to try to resolve these peacefully.

So, I don't want to speculate about the potential for what we would do in a conflict situation. We are focusing our energy on trying to avoid that.

Yes?

**Ms. Hensing Kim:** My name is Hensing Kim [sp] from Korean Embassy. Madame Under Secretary, you mentioned about military to military exchange between China and the United States. And after China incident, there have been the joint naval exercise between South Korea and the United States, and I know that there will be more joint exercises.



So, what kind of implications do you think those kind of exercise have on the prospect of having the military to military exchange between China and United States?

**Ms. Michele Flournoy:** I don't expect them to have any impact. I think China--we've explained very clearly to our Chinese interlocutors that the series of exercises and the work that we're doing with our South Korean partners in the wake of the Cheonan sinking is very much focused on sending a message to North Korea, sending a message of solidarity to South Korean and reassuring our close ally, helping to develop our capabilities to prevent such an incident from happening in the future and reasserting and underscoring the importance of freedom of navigation in international waters.

So, that's the focus of these exercises. I think we've explained that very clearly to our Chinese partners and we don't expect them to have any negative effect on the restarting of our mil to mil dialogs.

Yes, in the back?

**Unidentified Man:** Thank you. I'm [unintelligible] and my question is about US based realignment on Okinawa. You had mentioned that with regard to the events close to a review, US presence should be geographically distributed, and which is not require present permanent base. So, how will that affect to US presence on Okinawa?

**Ms. Michele Flournoy:** Let me clarify what I meant so it's not misunderstood. When we say that our presence needs to be geographically distributed, we don't mean moving from Northeast Asia to Southeast Asia. We simply mean that it needs to focus not only on Northeast Asia where we have very critical commitments and forces, but also be more mindful of the needs in Southeast Asia. In Southeast Asia, the model of permanent bases may not be appropriate.

In terms of what governs our relationship and our forces in Japan, we have a very clear agreement as alliance partners, an agreement that we-- that both governments have committed to implementing that realign some of our forces, but consistent with maintaining an enduring presence and our enduring commitment to the defense of Japan and the stability of the region.

Both governments have agreed to move forward on a Futenma placement facility, again, based on the bilateral agreement that exists between our two countries. So, there's nothing in our posture review that will affect that agreement that we have signed and we remain committed to with Japan.

In fact, we recently had a bilateral expert study group report that was just published at the end of last month that really provides a strong technical basis for both governments to determine a way forward for Futenma relocation to complete the process of validating the FRF plan in time for a Two Plus Two meeting that's gonna be happening later. So, you

know, I think we have a plan that we've agreed upon, and nothing that I've mentioned today is suggesting a reexamination or a change to that plan. We are fully committed to moving forward with our Japanese allies as agreed.

Okay. Well, thank you very much. I've enjoyed the discussion and I look forward to hearing the results of your conference. Thank you so much.

**Ms. Meredith Miller:** Thank you again, Under Secretary Flournoy, for giving us such a comprehensive overview of the security landscape and the partnerships and philosophy that will underpin the future of US leadership in the region. I also want to thank you for your kind remarks about NBR at the opening of the speech.

We have time for a short 10 minute break before Under Secretary Hormats joins us for the concluding remarks on the program, so if I could just ask you to take your seats again by 11:10, that would be wonderful. Thank you.

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