



James Kelly Confirmation Testimony (excerpts)

On April 26, 2001, James A. Kelly was confirmed as the new Assistant Secretary of State for East Asian and Pacific Affairs. Excerpts from his prepared remarks and subsequent question and answer session follow:

General Comments.

The [East Asia-Pacific] region is a place of enormous opportunity. The rapid economic development that has brought hundreds of millions of people from abject poverty to the middle class continues to be the region's hallmark. Today the region accounts for a quarter of the world's gross domestic product. Millions of American workers benefit from jobs sustained by trade with Asia, as do small and large American investors.

The opportunities in East Asia are not restricted solely to the economic. One after another, the countries of the region have moved towards democratic governance, from South Korea to the Philippines to Taiwan, Thailand, and Indonesia. Even Cambodia may be moving that way. And these are changes of profound importance.

But while the trend lines appear generally positive, we can take nothing for granted... East Asia, despite its changes, remains a place in which armed conflict could occur with little warning. Over the past year, the pace of change seems, if anything, to have quickened. The geopolitical landscape of Asia has changed dramatically as a result of what I would call two landmark events... last June's remarkable Korean summit and, on Taiwan, a Chinese electorate in free elections chose an opposition president.

Similarly, economic growth and prosperity are not things we should take for granted. Not long ago much of East Asia was seized and shaken by a financial crisis. Most countries in the region have recovered at least partially from the devastating financial crisis of three-plus years ago, yet the healing process is not yet complete. That makes it all the more essential that the pace of reform accelerate in the region this year. American economic participation in Asia's development is intertwined with our security interests.

One of the reasons the United States is considered essential to stability in the region is that our long-term goals and objectives, the ends of U.S. policy in East Asia and the Pacific, are not subject to change. One manifestation of our commitment to regional stability is our forward-deployed military presence, long welcomed and supported by most nations in the region.

Also not subject to change is America's commitment to and cooperation with its allies in the region -- the friends who have worked with us most closely as we pursue our goals and

objectives in East Asia and the Pacific. They are not our mirror images, but they share with us certain fundamental beliefs and values, including commitment to human rights, to free trade and investment, to the rule of law and to democratic principles of governance.

We are at the beginning of an administration and of a decade. The Asia Pacific is loaded with successes, failures and the complexities brought by technology, prosperity and political development. Effective American policies have to support our interests; they must be firm in goal but flexible in tactics.

China.

This month the attention of the world was drawn to the collision of an American EP-3 aircraft and a Chinese fighter over the international waters of the South China Sea. The protracted difficulties in returning our servicemen and -women and in returning our aircraft show very clearly that there are troubling aspects to our very complex relationship with China.

Despite our current difficulties, the current Sino-U.S. relationship features few blacks and whites, and a considerable range of gray. For example, while on the one hand the Chinese leadership appears to be embracing globalism, on the other, it has encouraged more intense nationalism. This and other contradictions in China's approach to the world beyond its borders makes it difficult to predict the future course of our relationship.

[The PRC military budget has experienced] a 17 percent increase. It represents some tangible and significant improvements. Particularly in the areas of ballistic and cruise missiles, there's an awful lot going on and there's a lot of cooperation in military development with the Russian Federation that we don't know very much about and would like to understand more about it. But, that said, this is not the Soviet Union in the 1970s. We do not see factories putting out thousands of tanks and jet bombers or anything of that sort. These enlargements are measured.

[Engaging China] is really what we have to do in East Asia, and it's something our East Asian allies very much want us to do. Nobody out in the region welcomes bad relationships between China and the U.S., and I don't either. The trick is how to deal with all these contradictions within such a big country and to encourage the development of the parts [the U.S.] is interested in and how to keep these other things from becoming too overwhelming in our overall relationship.

Cross-Strait Relations.

I have read very carefully the several texts of President Bush's remarks and it's my view that he did not change the policy. The Taiwan Relations Act is certainly a part of that. There is reference

to the U.S. maintaining a capacity to resist any resort to force. And I would add that the last administration did expand U.S. policy by saying that the U.S. would not support any change in Taiwan's status without the consent of Taiwan's people. The president specifically did not support Taiwan independence. And it seems to me that the important and unchanging element here is the U.S. support for peaceful resolution of the cross-Straits issues.

Korea Peninsula.

I support and I believe the United States strongly supports President Kim Dae-jung's engagement policy with North Korea. The strong U.S.-Republic of Korea alliance is the foundation of the North-South progress that has occurred.

Concerns about North Korea -- 50 percent of its economy, after all, of its very poor economy, is devoted to military development -- remain. And so there is a U.S. policy review that is going on now of all the options that are involved. I know this review is an energetic one and I know that it is proceeding expeditiously.

Contact and negotiations with North Korea have not been ruled out. The trilateral coordination process that former Secretary of Defense William Perry brought to the table has already been renewed and would certainly be a part of my own personal objectives. And the humanitarian aid to North Korea, which continues to have a serious starvation problem, has already begun to proceed.

The Agreed Framework of 1994, which was about fissionable material, and canning it from a particular reactor site, has been successful in doing that. And we, subject to the policy review which I do not expect will overturn the Agreed Framework, will be generally proceeding along that path.

When you really get down to it, the stake that every Korean has in the peace and stability on the Korean peninsula is very much greater than ours, and we have to pay very close attention to what their views are. And on my visits to Korea, I find a lot of different senses but a very strong feeling about engaging North Korea. Most Koreans, and I think most Americans, really do not have a better idea for approaching such a seriously deficient place as North Korea than the one that President Kim is pursuing.

Japan.

Japan's economy is certainly very troubled. The new prime minister, Mr. Koizumi, reflects from the upheaval within his own party that many Japanese are themselves very troubled. Friends that have come to town to see me, old friends, are expressing a new seriousness over debt levels. But solving a huge and rich economy like Japan is not an easy task.

I very much hope to work with our colleagues at the trade representative's office, at Treasury, at the National Economic Council and the Council of Economic Advisers, as well as colleagues within the State Department, in putting together a mix of sectoral items, of stimulating direct investment for Japan, and working on trade liberalization as well. I think there are some real opportunities for investment by American companies in Japan that have not been there in the past. And we're dedicated to trying to make those real.

Indonesia.

I will advocate supporting the territorial integrity of Indonesia. East Timor is now independent. That was a serious and contentious issue. And I don't believe that the interests of the people of Indonesia or, for that matter, the people of the United States, are served by a fragmented Indonesia that feeds fundamentalism, narrow regionalism and movements that, to put it most charitably, are very unstable and very dangerous. Chaos would be the result in a case like that, and I very much hope that our policy will try to influence that bad thing from happening.

Any resumption of military cooperation really has to depend on the government of Indonesia's attention to human rights and the rule of law. There's a very troubled record by the armed forces of Indonesia in East Timor and elsewhere. I have no problem with the legislative restrictions that have been put on American contacts with the Indonesian army.

That said, the Indonesian army has been very much a part of the problem. It is also, I believe, going to be a part of the solution. And I think we're going to want to discuss ways in which we can, in a very careful way, try to resume helpful dialogues and contacts with the more positive elements within this huge army and this huge country.