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Subcommittee on Terrorism, Nonproliferation and Trade  
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Mr. Chairman, Mr. Sherman, and Members of the Subcommittee, thank you very much for inviting me here today to testify about the vital importance of the deep and long-standing alliance between the United States of America and the Republic of the Philippines. Many members of this Committee have been key proponents for advancing the U.S.-Philippines relationship, and I look forward to working closely with you as we continue to take steps to strengthen and deepen our partnership. I am particularly pleased that you have chosen to hold the hearing at this consequential moment, a moment when our two countries are working to revitalize our alliance to meet the challenges of the 21st century. In many ways, we are writing a new chapter in our relationship and turning the page from a legacy of paternalism to a partnership of equals.

Our efforts to strengthen the U.S.-Philippine alliance are part of a broader strategy by the Obama Administration to increase American strategic engagement and focus in the Asia-Pacific region. The President and Secretary Clinton's travels through Asia, including hosting the Asia-Pacific Economic Cooperation (APEC) forum in November 2011, underscore that the United States is an enduring Pacific power, and our national interests are inextricably linked to the Asia-Pacific. This strategy, undergirded by a rich bipartisan tradition, has six key components: first, deepening and broadening our alliances with Japan, Republic of Korea, Australia, Thailand, and of course the Philippines; second, building new partnerships with a range of emerging players like China, India, Singapore, Indonesia, Vietnam, Malaysia, and New Zealand; third, increasing our commitment and engagement with regional institutions like ASEAN, the ASEAN Regional Forum, the East Asia Summit and the Pacific Island Forum; fourth, pursuing a more geographically distributed, operationally resilient, and politically sustainable force posture in the Asia-Pacific region; fifth, working to advance free trade and opportunities for

American businesses; and last advancing human rights and democratic values from China to Vietnam and Burma.

I would like to use the remainder of my testimony to focus on the important work that the Obama Administration is pursuing to strengthen and deepen our partnership and alliance with the Philippines in line with our strategic goals.

Philippine President Aquino and his administration entered office committed to strengthening their partnership with the United States. The United States' and the Philippines' abiding friendship has been forged by a history of shared sacrifice and common purpose. Our relationship is enriched by the presence in the United States of over four million Filipinos and Filipino Americans and in the Philippines by over 150,000 Americans, who help shape the future of both countries. In November, Secretary Clinton stood side-by-side with her Philippine counterpart Foreign Secretary Albert del Rosario aboard the USS *Fitzgerald* in Manila Bay to sign the joint Manila Declaration, commemorating the 60th anniversary of the U.S.-Philippines Mutual Defense Treaty. Together, the leaders reaffirmed that the treaty remains the foundation of the bilateral relationship. The Manila Declaration also sets forth a shared vision for strategic, political, economic, and people-to-people cooperation between our two nations that will allow us to meet the many and diverse challenges of the 21st century.

At this time seventy years ago, our soldiers were fighting valiantly together in the defense of our last strongholds at Corregidor and Bataan. We joined forces again on the beaches of Leyte in October 1944 to begin the liberation of the Philippines. Later, when we signed our Mutual Defense Treaty in 1951, we were united against the spread of communism. Now we have entered a new era, with different challenges and opportunities. As we move forward together, we must ensure that our alliance remains nimble, adaptive, and flexible in order to meet changing global and regional dynamics. We are also resolute in our determination to promote economic cooperation, advance people-to-people ties, and combat corruption.

Forged in war, our partnership is today committed to sustaining global and regional peace, security, and prosperity. We are constantly looking to enhance our security relationship to better address the range of regional security challenges that are of interest to both our governments. We are making sure that our collective defense capabilities and communications infrastructure are operationally and materially capable of deterring provocation from the full spectrum of state and non-state actors. We are working with our Filipino allies to ensure that we can

meet threats like proliferation and terrorism. We remain committed to continuing our close and effective cooperation to counter al-Qaida-linked terrorist groups in the southern Philippines through our Joint Special Operations Task Force.

We also support the Philippines, particularly in the maritime domain, as it moves to improve its maritime security and interdiction capabilities. Last August, we transferred the former Coast Guard cutter *Hamilton* to the Philippines through the excess defense articles (EDA) program. Now renamed the *Gregorio del Pilar*, the cutter serves as the flagship of the Philippine Navy, enhancing the Philippines' maritime security in countering traditional and non-traditional threats, including terrorism, illegal fishing, and natural disasters. In the coming months, we hope to transfer a second Coast Guard cutter to the Philippines, as well as support other improvements in its surveillance and detection capabilities.

The United States and the Philippines cooperate closely in the region's multilateral fora, including the ASEAN Regional Forum, East Asia Summit (EAS), and APEC, and are both firmly committed to the expedient value of multilateral diplomacy in resolving some of the most complex regional and global challenges. As the country coordinator for U.S.-ASEAN dialogue, the Philippines has worked closely with the United States on a number of issues and facilitated the United States joining EAS, which led to President Obama's participation in the first EAS meeting in Bali last November. At the Bali EAS, Presidents Obama and Aquino made strong statements on the region's pressing political and strategic issues, including maritime security, nonproliferation, and humanitarian assistance and disaster relief. The Philippines' leading role in nonproliferation issues also contributed to the successful negotiations between nuclear weapons states (NWS), including the United States, and the member states of ASEAN that resolved outstanding issues and should ultimately enable the NWS to sign the Protocol to the Southeast Asia Nuclear Weapon Free Zone Treaty.

The United States and the Philippines also share a common interest in maintaining peace and stability, freedom of navigation, unimpeded lawful commerce, and respect for international law. This goal is particularly important in the South China Sea, the world's busiest maritime thoroughfare, where multiple overlapping claims can and have led to heightened tension among claimant states. While the United States takes no position on the competing sovereignty claims over islands in the South China Sea, our goal, which we share with ASEAN, is to support a collaborative diplomatic process by all claimants to resolve their disputes without coercion. We believe all parties should pursue and clarify their territorial claims and accompanying rights to maritime space in accordance with international

law, including as reflected in the 1982 Law of the Sea Convention. Consistent with international law, claims to maritime space should be derived solely from legitimate claims to land features. And we note that the Philippines government has proposed domestic legislation in order to harmonize its maritime laws with the Convention, and we commend those ongoing efforts. I would note as well that joining the Law of the Sea Convention is a top priority for the United States. The Convention, which sets forth a comprehensive legal framework governing uses of the oceans, protects and advances a broad range of U.S. interests, including U.S. national security and economic interests. U.S. accession is a matter of geostrategic importance in the South China Sea.

The United States and the Philippines are also building an ever-stronger partnership in the economic sphere. Today, the United States is the number two trading partner of the Philippines, after Japan, and also one of the largest foreign investors. We are working to expand on our trade and investment relationship. In November 2011, our senior trade officials signed a Trade and Customs Facilitation agreement on the sidelines of the APEC conference in Honolulu. We have had several discussions under the auspices of our Trade and Investment Framework Agreement and further discussed the Philippines' interest in eventually joining the Trans-Pacific Partnership. The United States is also working actively to resolve outstanding trade barriers in the Philippines that serve as an impediment to U.S. exports, including unwarranted restrictions on U.S. meat and meat products.

The Philippine government acknowledges that there are issues that weaken our trade relationship and impede equitable, broad-based economic growth for Filipinos. Primary among these is corruption, though there is reason to be optimistic as President Aquino's campaign pledge to root out corruption is beginning to take hold through public disclosure of violations, placing new leadership in oversight institutions, public antagonism to cronyism, and through nascent initiatives that, if implemented effectively, offer the opportunity for gradual, but effective change. As one of just eight founding governments of the Open Government Partnership launched last September in New York, the Aquino administration is committed to a global effort for more transparent, effective, and accountable governance - with institutions that empower citizens and are responsive to their aspirations. Mr. Chairman, if President Aquino and his administration remain committed on this track, I firmly believe the Philippines can continue to improve its global standing, its ranking in the various indices of corruption, and its chances of attracting job-creating investment by American and international companies.

The United States is supporting the Philippine government's development initiatives. Last year, for example, the Millennium Challenge Corporation (MCC) Compact with the Philippines entered into force, providing \$434 million in grant assistance. Through the Compact, municipalities throughout the archipelago will benefit from community-driven development projects. In addition, a major component of the Compact will provide improved road infrastructure for the island of Samar, fostering prosperity through better access to markets and services and lower transportation costs.

We are also helping the Philippine government reduce poverty through a new effort called the Partnership for Growth, or PFG. The PFG is a White House-led program that coordinates the efforts of many U.S. government agencies, starting with USAID and MCC, to remove constraints that inhibit economic growth. It includes agencies as diverse as the Department of Justice and the Department of the Treasury. PFG's objective is to remove the constraints to greater prosperity and accelerate and sustain broad-based economic growth. With growth come jobs, and a person with a steady job has a stake in the economy, a stake in a stable society, and a stake in an honest government that offers services such as health care and education to their families. A PFG Statement of Principles was signed in November by Secretary Clinton and Foreign Secretary del Rosario in Manila.

PFG came about through a demanding process of consultation with Philippine partners, and it also insists on accountability and results. The focus is on real partnership, meaning that goals and projects are based on joint decisions. Our two teams drew up a Joint Country Action Plan, which seeks to establish in the Philippines a transparent and consistent legal and regulatory framework for businesses and entrepreneurs. Another goal is to create a more open and competitive business environment with lower barriers to entry. PFG will also direct funds to strengthen the rule of law by supporting a more efficient court system. And finally, it will direct efforts towards improved oversight of government revenue collection and spending.

Our commitment to the Philippines is also evident in the good deeds of USAID and the Peace Corps, organizations that have been active in the Philippines for 50 years. In addition to its involvement with PFG, USAID provides significant development support to the southern Philippine island of Mindanao, complementing our security and diplomatic efforts to ensure peace and stability there.

The United States is also highly supportive of initiatives to ensure security and equitable justice for all Filipinos. Among several projects, we helped the Philippine National Police (PNP) set up a state-of-the-art crime lab in Mindanao. We also helped the Philippine government form an interagency airport task force with support from the U.S. Drug Enforcement Administration to interdict illegal narcotics and help enforce anti-narcotics laws at Ninoy Aquino International Airport.

The abhorrent practice of human trafficking victimizes a great many Filipinos – men, women, and children. But President Aquino has given this issue his personal attention, and there has been good progress. We support the strong partnership between Philippine civil society and government agencies that has worked to prevent victimization, rescue those who have been abused, apprehend perpetrators, and convict the guilty. Much remains to be done, but the U.S. government has recognized Philippine progress, as documented in the current Trafficking in Persons report.

Mr. Chairman, you well know the United States' longstanding advocacy for human rights and specifically the concerns we have had about extra-judicial killings. Over the past years, some members of the security forces have been involved in politically-motivated murders. As you are aware, the U.S. Congress has withheld three million dollars in Foreign Military Financing from the Philippines, pending progress toward accountability regarding these killings.

Although the pace of killings has declined, trying and convicting perpetrators remains an ongoing challenge. The United States is providing support through The Asia Foundation to help build capacity and streamline these cases, which would help further advance accountability. President Aquino, whose father was the victim of the country's most infamous extra-judicial killing, has spoken publicly on the issue, and Justice Secretary Leila De Lima has shown herself to be a long-time, ardent advocate for human rights.

Mr. Chairman, I have noted a number of opportunities to deepen our partnership with the Philippines. We routinely discuss these with our counterparts at the highest level. Just two weeks ago I co-chaired our second Bilateral Strategic Dialogue (BSD) with the Philippines here in Washington, DC. We are also looking ahead to a visit by the Philippine Secretaries of Foreign Affairs and National Defense for a "2+2" ministerial meeting with Secretary Clinton and Secretary Panetta. We are hoping that these meetings serve to galvanize a further deepening of our bilateral relationship.

In conclusion, the vital ties between the Philippines and the United States are strong and growing stronger, and we must continue to invest in them to serve the interests and answer the concerns of our people, to maintain security and the conditions for progress, and to keep following the fruitful pursuits of peace. I look forward to working with you, Mr. Chairman, and with Members of this Subcommittee and Congress to seek opportunities to influence positively the future direction of this relationship to deliver more benefit to the region and to our people.

Thank you for extending this opportunity to me to testify today on this vitally important issue. I am happy to respond to any questions you may have.