

# BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS

## *Resource Summary*

(\$ in thousands)

Appropriations	FY 2012 Actual	FY 2013 CR <sup>(1)</sup>	FY 2014 Request	Increase/Decrease From FY2012
Positions - Enduring	892	892	873	(19)
Enduring Funds	303,468	310,518	308,802	5,334

The FY 2014 Request continues the Department’s Consular Realignment Initiative. Bureau specific consular costs have been shifted to the Border Security Program (BSP) and will be funded with consular fees.

The FY 2014 Request provides resources that support the Department of State’s “rebalance” of diplomatic activity in the Asia-Pacific region, including salary and support costs for 21 new U.S. Direct Hire positions.

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

### *Program Description*

The U.S. “rebalance” to the Asia-Pacific reflects a profound recognition that the future security and prosperity of the United States will be largely defined by events and developments in the region. Home to two-thirds of the world’s population and the world’s fastest growing economies, the Asia-Pacific offers growing opportunities and challenges for U.S. strategic interests.

Harnessing Asia's growth and dynamism stands central to U.S. economic and strategic interests and is a key priority for the United States. Maintaining peace and security across the Asia-Pacific is central to global progress, whether through halting proliferation in North Korea, defending freedom of navigation in the region’s maritime spaces including the South China Sea, or ensuring transparency in the region’s military activities. Open markets in the Asia-Pacific region provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology. Economic vitality in the United States in part depends on the ability of U.S. firms to tap the growing consumer base of Asia. Beyond American military might or the size of the U.S. economy, adherence to American values—in particular, the steadfast support for democracy and human rights greatly enhances U.S. credibility, stature, and authority.

### **Strengthen Regional Alliances and Security Ties**

Treaty alliances with Japan, the Republic of Korea, Australia, the Philippines, and Thailand are the bedrock for the U.S. strategic rebalance to the Asia-Pacific. Close cooperation with U.S. treaty allies in the Asia-Pacific ensures regional stability and reassures U.S. regional partners. With sustained U.S. leadership, allies and key partners provide a highly effective foundation for regional cooperation, which serves as a basis for the United States to expand its network of influence and partners. The United States seeks to modernize and strengthen its partnerships with all five Asia-Pacific treaty allies in multiple settings including multilateral and “mini-lateral” fora, such as the East Asian Summit (EAS), the Asia Pacific Economic Cooperation Forum (APEC), and trilateral groupings, military-to-military trainings, and humanitarian assistance against the backdrop of natural disaster. To meet transnational threats of terrorism, violent extremism, transnational crime, and nuclear, chemical, and biological proliferation, the Bureau of East Asian and Pacific Affairs (EAP) will support a vision in which countries in the Asia-Pacific adopt internationally-recognized legal and policy frameworks aligned with the United States and have the capacity to deter and mitigate these pressing threats.

## **BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS**

### **Reaffirm U.S. Economic Leadership in Creating Economic Stability and Sustainable Growth**

Strong U.S. trade and investment ties with the dynamic Asia-Pacific will continue to be critical for U.S. economic recovery and long-term economic strength. A U.S. strategic priority is to reinvigorate U.S. economic leadership in the face of pressures to forge stand-alone approaches and to advance regional economic integration that reflects 21<sup>st</sup>-century economic realities through the Trans-Pacific Partnership and other initiatives. Together with enhanced connectivity between South and Southeast Asia, these efforts aim to produce sustainable, broad-based economic growth in the region and increased consumer demand for U.S. products and services.

### **Deepen U.S. Engagement with Emerging Regional Powers and Partners**

Alongside relationships with U.S. treaty allies, the United States will also advance efforts to strengthen the U.S. network of regional partners. By strengthening relationships with major emerging powers—such as China, Indonesia, and India—and other existing and emerging partners a more comprehensive approach to U.S. strategy in the region is ensured. The Pacific Island countries also remain vital to U.S. interests due to shared history, defense partnerships, commercial links, people-to-people ties, and alignment on international issues. The United States will continue to ask partners to help solve shared problems and shape a rules-based regional and global order. People-to-people engagement will play a critical role in building support within these countries for sustained U.S. cooperative partnerships. Improving human rights conditions, good governance, the rights of women and children, and dialogue among religious communities will help make these cooperative partnerships more durable in the future as values more closely align.

### **Shape the Region's Evolving Multilateral Institutions to Address Economic and Non-Traditional Security Challenges**

U.S. engagement in the Asia-Pacific emphasizes the importance of multilateral cooperation because history shows that addressing complex transnational challenges requires a set of institutions capable of reinforcing the system of rules, norms, and responsibility that are essential to peace, stability, and prosperity. The United States will advance economic, political, and security interests by actively engaging regional, political, and economic institutions and fora to shape these bodies as they evolve into effective organizations. Enhanced and multifaceted engagement with regional groupings such as the Association of Southeast Asian Nations (ASEAN), APEC, the EAS, the ASEAN Regional Forum, the Lower Mekong Initiative, and the Pacific Islands Forum reinforces U.S. bilateral relationships and provides additional venues to pursue cooperation with allies and partners in the region.

### **Improve Governance, Human Rights, and Democratic Institutions in the Region**

In the calculus of strategic interests in Asia and the Pacific, U.S. policies must reflect fundamental American values. EAP will continue to work with countries in the region to bolster good governance, promote human rights, including the rights of women and children, combat the scourge of trafficking in persons, and foster greater religious dialogue among the many communities of faith in the region. U.S. policies recognize that the Asia-Pacific is home to some of the largest, most vibrant democracies in the world, and seek to build partnerships that foster democratic practices and good governance throughout the region.

## ***Performance***

China's economic growth is highly dependent on increases in investment and net exports. Export-led growth can be an indication of multiple structural problems including unsound financial markets, government manipulation of markets to favor exporters, and weak social welfare systems that require consumers to save more of their income to meet basic health and education expenditures. Rebalancing China's economy away from export-led growth by increasing domestic consumption and services is

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critical to achieving a sustainable global economy and more balanced trade. Positive trends on this indicator over several years would demonstrate that China is taking key steps to act as a more responsible member of the global economy by supporting policies that boost domestic demand and move toward a more market-based exchange rate.

While China has made welcome moves toward reducing its Current Account surplus, continued progress would provide space for global expansion and stimulate much needed demand. While China's trade weighted currency valuation has risen as the U.S. Government and other like-minded governments have supported, much of that appreciation is the result of the Chinese renminbi's (RMB) continued de-facto peg to the U.S. dollar (USD), which has risen in the wake of the ongoing European sovereign debt crisis. Modest continued real appreciation of the RMB would substantially aid achieving reductions in China's Current Account surplus.

<b>Strategic Goal 5: Support American prosperity through economic diplomacy</b>								
<b>Strategic Priority</b>		Open Markets and Create Opportunities						
<b>Active Performance Indicator</b>		China's Current Account Surplus as a Percentage of Gross Domestic Product.						
<b>Prior Year Results and Ratings</b>					<b>FY 2012</b>		<b>Planned Targets</b>	
<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Target</b>	<b>Result and Rating</b>	<b>FY 2013</b>	<b>FY 2014</b>
N/A	N/A	N/A	5.2 percent  N/A	3.0% (new baseline)  New Indicator, No Rating	2.5 percent	Data Not Yet Available, No Rating	2 percent	1 percent
<b>Impact</b>		N/A						
<b>Methodology</b>		Percent calculated by dividing China's Current Account Balance (International Monetary Fund) by GDP (World Bank Development Indicators).						
<b>Data Source and Quality</b>		Current Account Balance: <a href="http://www.imf.org/external/datamapper/index.php?db=BOP">http://www.imf.org/external/datamapper/index.php?db=BOP</a> . GDP: <a href="http://data.worldbank.org/data-catalog/world-development-indicators?cid=GPD_WDI">http://data.worldbank.org/data-catalog/world-development-indicators?cid=GPD_WDI</a> . While there is a one year data lag, the data quality assessment revealed no significant data limitations.).						

### *Justification of Request*

Increased U.S. Government engagement in the Asia-Pacific region has resulted in a sharp increase in EAP work load: dealing with the nuclear threat from North Korea; engaging a rising China; participating in the East Asian Summit; supporting the re-posturing of U.S. forces in Asia; and advancing U.S. economic and commercial interests. Beyond these on-going challenges, EAP has seen a dramatic expansion of visa demand in China requiring sizable increases in visa operations and the conversion of the American Presence Post in Wuhan to a full service Consulate opening in 2014. And following decades of military

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rule and international isolation, Burma accelerated its political transition towards democracy, paving the way for significantly enhanced bilateral relations with the United States. EAP must have the capacity to respond to these pressing operational demands.

To provide the resources necessary to support the Department of State's "rebalance" of diplomatic activity in the Asia-Pacific region, EAP requests \$10.3 million for salary and support costs for 21 new United States Direct Hire (USDH) positions (eight are Washington-based and thirteen will be overseas). EAP Washington-based staff levels must be augmented to support expanding U.S. activity in Asia. With a new Mission to ASEAN (Association of South East Asian Nations) in Jakarta, an upgrade of U.S. relations with Burma and the deployment of U.S. military forces to Australia, EAP requires additional staff to manage and coordinate State Department policies with embassies and other U.S. Government agencies. The eight Washington-based positions will deal with: cyber security issues; evaluation of large foreign assistance and State operations programs; support for ASEAN on education, health, finance, environment, and energy and the East Asia Summit (EAS); North Korean human rights; the expanding military engagement with Australia and New Zealand; environment, science, technology, and health issues (one position to cover Australia, New Zealand, and the Pacific Islands and one to cover China); and the coordination of regional economic initiatives between the desk officers and the field.

The 13 overseas positions will: A) augment the State Department's re-engagement with Burma after almost 50 years of isolation and 20 years of international sanctions by establishing Economic officer; Political officer, and Human Resources officer positions; B) provide the platform in Australia to support greatly expanding military interactions with a Political/Military officer, an Economic officer, and a General Services officer; C) provide an additional officer in Seoul to monitor trade agreements; D) provide additional Political/Military officers in Korea (as United States Forces Korea Headquarters relocated 50 miles south of the capital, and as the Republic of Korea obtains war time operational control of forces, defense policy coordination and planning will become even more complex and complicated between and among United State Forces Korea, the Embassy, the Ministry of National Defense, the Ministry of Foreign Affairs, and the Republic of Korea Presidential Office National Security Council) and New Zealand (Following three decades of no regular military-to-military contact, the defense and security relationship with New Zealand has escalated significantly in 2011-2012. With the institution of formal Strategic and Defense Dialogues with Wellington, the Embassy's small political section is unable to support the accelerating pace of defense engagement); and E) provide support for enhanced bilateral relationships by adding Political/Economic officers in Timor-Leste, Vietnam, and Brunei.

The request also includes \$5.9 million to provide for current service wage, price, and facilities operating cost increases, and New Embassy Compound costs of \$1.3 million to support continuing security-driven New Embassy Compound/Consulate/Annex (NEC) projects and the new Consulate opening in Wuhan, China. EAP has made every effort to reprogram within its base to cover high priority needs, but does not have the resources to support any of these increases within the FY 2013 budget level. These increases are offset, in part, by a reduction of -\$2.3 million as a part of the continuing effort to reduce administrative costs.

The above adjustments are offset by the shift of -\$17 million from American salary and program funds to the Consular Affairs (CA) Bureau as a part of the State Department initiative to shift consular costs to CA.

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## *Resource Summary*

	Positions					Funds (\$ in thousands)		
	American			FSN	Pos	Bureau	American	Funds
	CS	FS Dom	Overseas		Total	Managed	Salaries	Total
FY 2012 Actual	62	95	735	548	1,440	179,616	123,852	303,468
FY 2013 Estimate	62	95	735	548	1,440	186,066	124,452	310,518
FY 2014 Built-in Changes								
Absorption of Domestic Inflation	0	0	0	0	0	(120)	0	(120)
Absorption of Overseas Price Inflation	0	0	0	0	0	(4,696)	0	(4,696)
American COLA	0	0	0	0	0	8	1,061	1,069
Domestic Inflation	0	0	0	0	0	120	0	120
Facility Operating Cost	0	0	0	0	0	1,537	0	1,537
Locally Engaged Staff Wage Increases	0	0	0	0	0	1,957	0	1,957
Locally-Engaged Staff Step Increases	0	0	0	0	0	1,407	0	1,407
Overseas Price Inflation	0	0	0	0	0	4,696	0	4,696
Total Built-in Changes	0	0	0	0	0	4,909	1,061	5,970
FY 2014 Current Services	62	95	735	548	1,440	190,975	125,513	316,488
FY 2014 Program Changes								
Asia Rebalancing	2	6	13	0	21	8,494	1,812	10,306
Burma Program Expansion	0	0	0	0	0	223	0	223
Consular USDH Shift to BSP	0	0	(40)	0	(40)	(11,877)	(5,153)	(17,030)
NEC Costs	0	0	0	0	0	1,291	0	1,291
Operational Adjustment	0	0	0	0	0	(2,476)	0	(2,476)
Total Program Changes	2	6	(27)	0	(19)	(4,345)	(3,341)	(7,686)
FY 2014 Request	64	101	708	548	1,421	186,630	122,172	308,802

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### *Staff and Funds by Domestic Organization Units*

(\$ in thousands)

Bureau of East Asian and Pacific Affairs (EAP)	FY 2012			FY 2013			FY 2014			Increase/Decrease		
	Actual			CR			Request			From FY2012		
	Am	FSN	Funds	Am	FSN	Funds	Am	FSN	Funds	Am	FSN	Funds
Office of Australia, New Zealand and Pacific Island Affairs	10	0	1,663	10	0	1,682	12	0	2,047	2	0	384
Office of Burma, Cambodia, Laos, Thailand and Vietnam	10	0	1,869	10	0	1,896	10	0	1,930	0	0	61
Office of Chinese Affairs	16	0	2,595	16	0	2,621	17	0	2,710	1	0	115
Office of Economic Policy	10	0	1,757	10	0	1,777	10	0	1,682	0	0	(75)
Office of Japan	11	0	1,742	11	0	1,761	11	0	1,797	0	0	55
Office of Korea	15	0	2,208	15	0	2,228	16	0	2,417	1	0	209
Office of Philippines, Indonesia, Malaysia, Brunei, Singapore	16	0	2,330	16	0	2,350	18	0	2,707	2	0	377
Office of Regional Security Policy	14	0	2,134	14	0	2,155	14	0	2,202	0	0	68
Office of the Assistant Secretary	17	0	2,744	17	0	2,770	19	0	3,030	2	0	286
Office of the Executive Director	34	0	4,849	34	0	4,884	34	0	5,003	0	0	154
Office of the Public Affairs Advisor	4	0	625	4	0	631	4	0	645	0	0	20
<b>Total</b>	<b>157</b>	<b>0</b>	<b>24,516</b>	<b>157</b>	<b>0</b>	<b>24,755</b>	<b>165</b>	<b>0</b>	<b>26,170</b>	<b>8</b>	<b>0</b>	<b>1,654</b>

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## *Staff and Funds by Post*

(\$ in thousands)

Bureau of East Asian and Pacific Affairs (EAP)	FY 2012			FY 2013			FY 2014			Increase/Decrease		
	Actual			CR			Request			From FY2012		
	Am	FSN	Funds	Am	FSN	Funds	Am	FSN	Funds	Am	FSN	Funds
Australia, Canberra	32	10	9,886	32	10	10,102	35	10	12,266	3	0	2,380
Australia, Melbourne	4	7	1,464	4	7	1,499	4	7	1,508	0	0	44
Australia, Perth	3	4	934	3	4	955	3	4	962	0	0	28
Australia, Sydney	7	23	2,172	7	23	2,220	7	23	2,235	0	0	63
Brunei, Bandar Seri Begawan	6	11	2,316	6	11	2,373	7	11	3,082	1	0	766
Burma, Rangoon	16	8	5,010	16	8	5,121	19	8	7,462	3	0	2,452
Cambodia, Phnom Penh	19	9	6,753	19	9	6,913	19	9	6,958	0	0	205
China, Beijing	103	40	45,208	103	40	46,381	98	40	44,698	(5)	0	(510)
China, Chengdu	12	4	3,359	12	4	3,427	12	4	3,451	0	0	92
China, Guangzhou	20	10	8,448	20	10	8,665	15	10	7,922	(5)	0	(526)
China, Hong Kong	27	2	11,813	27	2	12,119	26	2	11,769	(1)	0	(44)
China, Shanghai	19	4	6,923	19	4	7,089	16	4	5,854	(3)	0	(1,069)
China, Shenyang	10	4	3,258	10	4	3,332	10	4	3,355	0	0	97
China, Wuhan	1	0	632	1	0	651	1	0	875	0	0	243
Federated States of Micronesia, Kolonias	4	0	1,258	4	0	1,286	4	0	1,294	0	0	36
Fiji, Suva	12	8	4,238	12	8	4,337	12	8	4,366	0	0	128
Indonesia, Jakarta	53	33	15,681	53	33	16,012	53	33	16,390	0	0	709
Indonesia, Medan	2	3	629	2	3	643	2	3	649	0	0	20
Indonesia, Surabaya	5	11	4,194	5	11	4,323	5	11	4,348	0	0	154
Japan, Fukuoka	3	9	858	3	9	876	3	9	882	0	0	24
Japan, Nagoya	1	0	403	1	0	414	1	0	415	0	0	12
Japan, Naha	2	7	690	2	7	706	2	7	712	0	0	22
Japan, Osaka-Kobe	4	16	1,945	4	16	1,997	4	16	2,009	0	0	64
Japan, Sapporo	2	4	629	2	4	643	2	4	649	0	0	20
Japan, Tokyo	63	77	35,399	63	77	36,395	60	77	35,333	(3)	0	(66)
Laos, Vientiane	11	7	2,799	11	7	2,851	11	7	3,166	0	0	367
Malaysia, Kuala Lumpur	25	20	7,569	25	20	7,732	25	20	7,786	0	0	217
Marshall Islands, Majuro	4	1	1,296	4	1	1,325	4	1	1,334	0	0	38
Mongolia, Ulaanbaatar	13	3	3,829	13	3	3,910	13	3	3,936	0	0	107
New Zealand, Auckland	2	5	768	2	5	786	2	5	792	0	0	24
New Zealand, Wellington	12	4	3,242	12	4	3,306	13	4	4,024	1	0	782
Palau, Koror	2	0	658	2	0	672	2	0	678	0	0	20
Papua New Guinea, Port Moresby	7	2	1,985	7	2	2,026	7	2	2,655	0	0	670
Philippines, Manila	45	50	20,090	45	50	20,615	35	50	16,678	(10)	0	(3,412)
Singapore, Singapore	22	12	6,967	22	12	7,121	22	12	7,170	0	0	203
South Korea, Busan	1	2	450	1	2	462	1	2	464	0	0	14
South Korea, Seoul	44	74	19,873	44	74	20,394	41	74	19,775	(3)	0	(98)
Thailand, Bangkok	58	50	14,076	58	50	14,327	55	50	13,153	(3)	0	(923)
Thailand, Chiang Mai	5	8	3,506	5	8	3,610	5	8	3,632	0	0	126
Timor-Leste, Dili	7	0	1,626	7	0	1,654	8	0	2,360	1	0	734
Vietnam, Hanoi	32	3	10,304	32	3	10,535	33	3	11,301	1	0	997
Vietnam, Ho Chi Minh City	14	0	5,369	14	0	5,501	10	0	3,824	(4)	0	(1,545)
Western Samoa, Apia	1	3	445	1	3	457	1	3	460	0	0	15
<b>Total</b>	<b>735</b>	<b>548</b>	<b>278,952</b>	<b>735</b>	<b>548</b>	<b>285,763</b>	<b>708</b>	<b>548</b>	<b>282,632</b>	<b>(27)</b>	<b>0</b>	<b>3,680</b>

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### *Funds by Object Class*

(\$ in thousands)

Bureau of East Asian and Pacific Affairs (EAP)	FY 2012 Actual	FY 2013 CR	FY 2014 Request	Increase/Decrease From FY2012
1100 Personnel Compensation	125,205	126,892	118,094	(7,111)
1200 Personnel Benefits	43,135	43,645	43,017	(118)
1300 Benefits Former Personnel	2	2	2	0
2100 Travel & Trans of Persons	7,082	7,336	8,904	1,822
2200 Transportation of Things	1,085	1,124	1,104	19
2300 Rents, Comm & Utilities	9,701	10,049	12,436	2,735
2400 Printing & Reproduction	379	393	457	78
2500 Other Services	99,834	103,420	104,766	4,932
2600 Supplies and Materials	3,127	3,239	3,330	203
3100 Personal Property	12,482	12,930	15,230	2,748
4100 Grants, Subsidies & Contributions	1,436	1,488	1,462	26
<b>Total</b>	<b>303,468</b>	<b>310,518</b>	<b>308,802</b>	<b>5,334</b>