

A FREE AND OPEN
INDO-PACIFIC

Advancing a Shared Vision



NOVEMBER 4, 2019

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A MESSAGE FROM THE SECRETARY



President Donald J. Trump has made U.S. engagement in the Indo-Pacific region a top priority of his Administration. In November 2017 in Vietnam, he outlined a vision for a free and open Indo-Pacific in which all countries prosper side by side as sovereign, independent states.

That vision, shared with billions of people in more than 35 countries and economies, is based on values that have underpinned peace and prosperity in the Indo-Pacific for generations. Free, fair, and reciprocal trade, open investment environments, good governance, and freedom of the seas are goals shared by all who wish to prosper in a free and open future.

This report describes how the United States is working with allies and partners to implement our shared vision:

- The United States remains deeply engaged in the Indo-Pacific region and committed to its prosperity. With \$1.9 trillion in two-way trade, our futures are inextricably intertwined. U.S. government agencies, businesses, and institutions are spurring private sector investment and gainful employment in infrastructure, energy, and the digital economy, strengthening civil society and democratic institutions, countering transnational threats, and investing in human capital across the Indo-Pacific.
- The United States, our allies, and our partners are at the forefront of preserving the free and open regional order. All nations have a shared responsibility to uphold the rules and values that underpin a free and open Indo-Pacific. We are increasing the tempo and scope of our work with allies, partners, and regional institutions such as the Association of Southeast Asian Nations (ASEAN), the Mekong states, the Pacific Island countries, and our strategic partner India to address shared challenges and advance a shared vision.
- The United States' Indo-Pacific strategy is driving a tangible increase in resources devoted to the Indo-Pacific region. Since the start of the Trump Administration, the Department of State and the U.S. Agency for International Development (USAID) have provided the region with over \$4.5 billion in foreign assistance. This has been augmented by hundreds of billions more in development financing, investment by U.S. firms, and other sources. We are investing new resources, launching new programs, and building new partnerships to ensure a safe, prosperous, and dynamic future for the region.

I am pleased to share this implementation update on our Indo-Pacific strategy, and to note that our work has just begun. As President Trump said in November 2017: “We have been friends, partners, and allies in the Indo-Pacific for a long, long time, and we will be friends, partners, and allies for a long time to come.”

Michael R. Pompeo
Secretary of State



A Shared Vision



U.S. Secretary of State Michael R. Pompeo reaffirmed U.S. dedication to ASEAN during the ASEAN Regional Forum Ministerial in Bangkok, Thailand, on August 2, 2019. (Credit: U.S. Department of State)

The United States is and always will be an Indo-Pacific nation. From our first trading ships that departed for Canton just after the American Revolution to our first consular presence in Kolkata in 1794, U.S. engagement in the Indo-Pacific is a story of trade, exchange, shared sacrifice, and mutual benefit.

In recent decades, the Indo-Pacific has undergone a remarkable transformation. As hundreds of millions of people climbed out of poverty, the region has become home to world-class companies and an important engine of global economic growth. This transformation was possible because a free and open regional order ensured stability and a level playing field on which countries could grow and prosper as sovereign, independent states.

Today, Indo-Pacific nations face unprecedented challenges to their sovereignty, prosperity, and peace. The U.S. National Security Strategy, released in December 2017, recognizes that the most consequential challenge to U.S. and partner interests is the growing competition between free and repressive visions of the future international order. Authoritarian revisionist powers seek to advance their parochial interests at others' expense.

[T]his entire region has emerged — and it is still emerging — as a beautiful constellation of nations, each its own bright star, satellites to none — and each one, a people, a culture, a way of life, and a home.

President Donald Trump
November 10, 2017

We are committed to upholding a free and open Indo-Pacific in which all nations, large and small, are secure in their sovereignty and able to pursue economic growth consistent with international law and principles of fair competition. We will compete vigorously against attempts to limit the autonomy and freedom of choice of Indo-Pacific nations.

Competition, however, is not conflict. Rather, it can prevent conflict and elevate the performance of all. The United States and our partners believe that the best way to prevent conflict is to reinforce the values that supported the Indo-Pacific region's remarkable progress.





Crowds await President Donald J. Trump, following his meetings in Hanoi with Nguyen Xuan Phuc, Prime Minister of the Socialist Republic of Vietnam, an important Indo-Pacific partner. February 27, 2019. (Credit: White House)

We have a fundamental interest in ensuring that the future of the Indo-Pacific is one of freedom and openness rather than coercion and corruption. The United States is the largest source of foreign direct investment (FDI) in the Indo-Pacific. In 2018, we conducted over \$1.9 trillion in two-way trade with the region, supporting more than 3 million jobs in the United States and 5.1 million jobs in the Indo-Pacific. All five of our non-NATO bilateral defense alliances are in the Indo-Pacific. We are also the largest donor of foreign assistance in the region, contributing \$2 trillion in constant dollars since the end of World War II.

Under President Trump's leadership, the United States is implementing a whole-of-government strategy to champion the values that have served the Indo-Pacific so well: (1) respect for sovereignty and independence of all nations; (2) peaceful resolution of disputes; (3) free, fair, and reciprocal trade based on open investment, transparent agreements, and connectivity; and (4) adherence to international law, including freedom of navigation and overflight.

The U.S. vision for the Indo-Pacific excludes no nation. We do not ask countries to choose between one partner or another. Instead, we ask that they uphold the core principles of the regional order at a time when these principles are under renewed threat.

The United States is strengthening and deepening partnerships with countries that share our values. Our alliances with Australia, Japan, the Republic of Korea, the Philippines, and Thailand have helped sustain peace and security for generations. ASEAN sits at the geographical center of the Indo-Pacific and is central to our vision. Our strategic partnership with India, a fellow democracy of 1.3 billion people that shares our vision for the Indo-Pacific, is reaching new heights. We are joining with the Mekong states, Pacific Island countries, South Asian nations, Taiwan, and many others to face emerging challenges. In September 2019, the first ministerial-level meeting of the United States, Australia, India, and Japan at the Quadrilateral Consultations marked a new milestone for our diplomatic engagement in the region.

What I call the “Free and Open Indo-Pacific Strategy” derives from our desire to preserve the blessings of open seas, together with these very countries, as well as the United States, Australia, India, and others, and indeed, all countries and peoples who share the same intent.

Prime Minister of Japan Shinzo Abe
September 25, 2018

This report describes our engagement in the Indo-Pacific and our commitment to its future prosperity. It highlights tangible resources directed to the region with support from the United States Congress, and it notes specific steps we have taken alongside allies and partners to realize our vision since the start of the Trump Administration.



Engaging Partners and Regional Institutions



President Trump and Japan's Prime Minister Shinzo Abe leave the Akasaka Palace on May 27, 2019, following their afternoon of meetings on Indo-Pacific cooperation and the enduring U.S.-Japan alliance. (Credit: White House)

Since the end of World War II, the network of U.S. alliances and partnerships has been at the core of a stable and peaceful Indo-Pacific. No country can shape the future of the region in isolation, and no vision for the region is complete without a robust network of sovereign countries cooperating to secure their collective interests. Under the Indo-Pacific strategy, the United States has increased its tempo and level of cooperation with allies and partners in the region.

MULTILATERAL ENGAGEMENT

A strong, rules-based architecture anchors the U.S. vision for the Indo-Pacific region. Representing ten countries, 650 million people, and a combined GDP of almost \$3 trillion, ASEAN is central to this architecture.¹¹ ASEAN is most effective when it speaks with one voice about pressing political and security issues, and it took an important step in this regard with the June 2019 release of its “Outlook on the Indo-Pacific.” We see a clear convergence between the principles enshrined in ASEAN’s Indo-Pacific Outlook—inclusivity, openness, good governance, and respect for international law—and the vision of the United States

for a free and open Indo-Pacific, as well as the regional approaches of our allies, partners, and friends.

The United States supports ASEAN’s efforts to ensure that all Indo-Pacific countries, regardless of their size, have equal stake in determining the future of the region. U.S. technical assistance strengthens capacity in the energy sector; promotes shared approaches to cybersecurity and digital trade; creates opportunities for small and medium-sized enterprises; and encourages women and youth innovators and entrepreneurs. U.S. programs also

FACT

ASEAN is the top destination for U.S. investment in the Indo-Pacific. In 2018, cumulative U.S. investment in ASEAN was \$271 billion, more than U.S. FDI in China and Japan combined.





Secretary Pompeo hosted a Quadilateral Consultation with Australian Foreign Minister Marise Payne, Indian External Affairs Minister Subrahmanyam Jaishankar, and Japanese Foreign Minister Toshimitsu Motegi in New York. September 26, 2019. (Credit: U.S. Department of State)

support the ASEAN Economic Community by reducing the cost of doing business and streamlining trade, while a new partnership between U.S. and ASEAN cities will help realize smart improvements in transportation and water security.

In 2019, we commemorated the 10th anniversary of the Lower Mekong Initiative (LMI), a partnership to advance economic growth and narrow the development gap in the region. LMI builds the capacity of partner countries in areas such as energy and water security, sustainable infrastructure, and regional institutions. We continue to support the Friends of the Lower Mekong, an important donor coordination mechanism.

The United States works within the Asia-Pacific Economic Cooperation (APEC) to facilitate digital trade, improve the ease of doing business, open services markets, and increase women’s economic participation. In 2018, we launched the U.S.-Support for Economic Growth in Asia (US-SEGA) technical assistance program to help partners adopt high-standard, comprehensive trade and investment policies in areas like regulatory requirements, women in science and technology, digital economy, and cyber security. We support the Indian Ocean Rim Association (IORA) and its focus on maritime economy, women’s economic empowerment, and environmental and maritime security issues.

While ASEAN serves as the backbone of regional political

and security discussions, “minilateral” engagements offer nimble ways to coordinate with like-minded partners. Through the Trilateral Strategic Dialogue, the United States has significantly deepened our engagement with Japan and Australia on many issues, including sustainable infrastructure development, maritime security, and counterterrorism. Leaders from the United States, India, and Japan met in November 2018 and June 2019 to promote shared fundamental values such as freedom, democracy, and the rule of law, and to exchange views on pressing security and economic issues. All four countries elevated their Quadilateral Consultation to the ministerial level in September 2019 (see box, “Growing Partnership with India”).

BILATERAL PARTNERSHIPS

The U.S. vision and approach in the Indo-Pacific region aligns closely with Japan’s Free and Open Indo-Pacific concept, India’s Act East Policy, Australia’s Indo-Pacific concept, the Republic of Korea’s New Southern Policy, and Taiwan’s New Southbound Policy.

We are working with Japan to improve energy and infrastructure under the Japan-U.S. Strategic Energy Partnership (JUSEP) and Japan-U.S. Strategic Digital Economy Partnership (JUSDEP) from the Indo-Pacific to the east coast of Africa. Our commitment of \$29 million for energy development in the Mekong region in support of Asia EDGE (Enhancing Development and Growth through Energy) will further strengthen this partnership, as will the alignment of U.S. investment with the Japanese government’s target of \$10 billion in public and private investment and capacity building.

We are working with the Republic of Korea to expand development collaboration across the Indo-Pacific region through a memorandum of understanding signed September 30 between USAID and the Korea International Cooperation Agency (KOICA). A joint statement released with the Republic of Korea in November will build on governance and law enforcement programming, increase water security cooperation in the Mekong region, and deepen the links across our infrastructure finance and cybersecurity agencies to jointly invest in human capital across the region.

We are also strengthening and deepening our relationship with Taiwan. We have repeatedly expressed our concern over Beijing’s actions to bully Taiwan through military maneuvers, economic pressure, constraints on its international space, and poaching of its diplomatic partners. These actions undermine the cross-Strait





India plays a critical role in the future of the Indo-Pacific region. President Trump and Prime Minister Narendra Modi of India wave to crowds in Houston, Texas during the Howdy Modi rally, an event that included participation by a bipartisan group of 21 members of the United States Congress. September 22, 2019. (Credit: White House)

GROWING PARTNERSHIP WITH INDIA

A strong U.S.-India partnership is vital to the U.S. Indo-Pacific vision. The inaugural 2+2 Dialogue in 2018 significantly enhanced our defense and economic cooperation. As a Major Defense Partner, India has purchased more than \$16 billion in U.S. defense platforms, with billions more in the pipeline. We signed a bilateral Communications Compatibility and Security Agreement to facilitate defense cooperation in 2018, and plan to hold the first ever tri-service bilateral exercise, Tiger Triumph, in November 2019.

The United States and India are working together to address regional and global development challenges. The U.S.-Australia-India-Japan Quadrilateral Consultations were elevated to the ministerial level in September, a historic first for our countries. The ministers affirmed their commitment to cooperation on maritime security, quality infrastructure, and regional connectivity, and discussed priorities in counter-terrorism and cyber security. Our armies are jointly training African peacekeepers and USAID is working with India in third countries to promote child and maternal health development.

India is also a growing energy partner, with purchases of U.S. mineral fuel products jumping 119 percent in 2018 alone to \$6.2 billion. Under the U.S.-India Strategic Energy Partnership, we pursue energy cooperation in power, renewable, efficiency, and oil/gas segments. Space cooperation is another exciting area of opportunity, including a \$1.5 billion project to co-develop an Earth observation satellite called NISAR.





President Donald J. Trump stands with Australian Prime Minister Scott Morrison during a review of an honor guard parade at the State Visit arrival September 20, 2019, on the South Lawn of the White House. (Credit: White House)

The Indo-Pacific region should be seen as a region of dialogue and cooperation instead of rivalry, and it should be seen as a region of development and prosperity for everyone.

Prime Minister of Thailand
Prayut Chan-o-cha
June 24, 2019

status quo that has benefitted both sides of the Strait for decades.

Consistent with the Taiwan Relations Act, the United States supports an effective deterrence capability for Taiwan. In 2019, the Trump Administration approved and notified Congress of potential sales of critical defense equipment totaling more than \$10 billion. Through the American Institute in Taiwan, we worked together to convene hundreds of Indo-Pacific policymakers and experts on issues including public health, women's empowerment, media disinformation, and the digital economy. We also co-hosted the first-ever Pacific Islands Dialogue in October 2019 to explore areas of cooperation among like-minded partners in the Pacific Islands.

As a major exporter, trader, and investor in Southeast Asia, the United States is committed to engagement with ASEAN member states. ASEAN collectively remains the United States' fourth largest export market, while Thailand and Singapore are two of the six fastest growing sources of foreign direct investment in the United States. In maritime Southeast Asia, U.S. companies have been selected to participate in the "Build, Build, Build" infrastructure initiative in the Philippines as we deepen our security partnership. The opening of a new U.S. Embassy in Jakarta in early 2019 highlighted our strategic partnership with the world's third largest democracy and largest Muslim-majority nation, and we remain committed to the sustainable development of Timor-Leste, one of

the world's newest democracies. In Malaysia, the United States has worked locally to support the government's reform efforts, including with a two-year program launched this year for transparency and accountability reforms.

In mainland Southeast Asia, we supported Thailand's chairmanship of ASEAN and continue to deepen our partnership with Vietnam, who will chair ASEAN in 2020. The Mekong region of Cambodia, Laos, Burma, Thailand, and Vietnam is strategically important to the United States. This region is facing new challenges that put autonomy and economic independence at risk, including debt dependency, a spree of dam-building that concentrates control over downstream flows, plans to blast and dredge riverbeds, extraterritorial river patrols, increasing organized crime and trafficking, and a push by some to mold new rules to govern the river in ways that undermine existing institutions.

Over the last 10 years, U.S. government agencies have provided over \$3.8 billion in assistance to the countries of the Mekong. This has helped strengthen local human capital to better address transboundary challenges on water security, smart hydropower, energy and infrastructure planning, and education. We are also strong supporters of the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), an inclusive cooperation framework to support the development of this important region.

Our engagement with Pacific Island nations rose to unprecedented levels with President Trump's historic Oval Office meeting with the three Presidents of the Freely Associated States on May 21, 2019; the Secretary of the Interior's attendance at the annual Pacific Islands Forum Partners Dialogue in 2018 and 2019; Secretary of Veterans Affairs Robert Wilkie's attendance at the inauguration of Micronesian President Panuelo in July 2019; and Secretary Pompeo's historic visit to the Federated States of Micronesia in August 2019.





Secretary Pompeo met with Foreign Minister Pradeep Gyawali of Nepal, highlighting the enduring strength of the U.S.-Nepal partnership and the close people-to-people ties that form the foundation of the relationship. December 18, 2018. (Credit: U.S. Department of State)

In September 2019, the United States announced a new \$100 million “Pacific Pledge.” This assistance is in addition to the approximately \$350 million annually that U.S. agencies invest in projects, assistance, and operations to build a more prosperous future for the people of the region. As part of the Pacific Pledge, USAID plans to provide more than \$62 million in new programs over the next year, more than doubling development assistance over prior years. This year, the United States also made an initial grant to the Asian Development Bank’s (ADB’s) Pacific Region Infrastructure Facility (PRIF) to support infrastructure planning in the Pacific Islands. In addition, USAID will expand its staff presence in Fiji, Papua New Guinea (PNG), the Federated States of Micronesia, the Republic of the Marshall Islands, and Palau.

The United States is broadening our close cooperation with Australia and New Zealand in the Pacific and beyond in such areas as infrastructure development in the Indo-Pacific, joint operations countering illegal, unreported, and unregulated fishing, science and space collaboration, and securing our critical mineral supply chain. These partnerships magnify our impact on improving access for

The key to progress was individual, like-minded sovereign nations acting together with enlightened self-interest...it was the principled actions of nation states, most often led by the United States, binding together the liberal democracies of the western world.

Prime Minister Scott Morrison
September 23, 2019

Pacific Island nations to high-quality, resilient development of their economic and natural resources. On September 27, the United States announced that we are contributing \$23 million to the Papua New Guinea Electrification Partnership (PEP) with Australia, Japan, and New Zealand, following through on the commitment made by Vice President Pence at APEC in 2018. The PEP seeks to connect 70 percent of PNG’s population to electricity by 2030, up from 13 percent today.





Deputy Secretary of State John J. Sullivan, in an historic first, meets with Foreign Minister Tandi Dorji at the Ministry of Foreign Affairs in Bhutan. August 12, 2019. (Credit: U.S. Department of State)

The United States is also increasing bilateral engagement with South Asian partners. We are helping Sri Lanka, Bangladesh, and Maldives equip and train their navies and coast guards to safeguard strategic sea lines of communication, combat human trafficking, prevent illegal fishing, disrupt drug smuggling, and respond to natural disasters. Piracy and thefts have dropped by 70 percent in the Bay of Bengal thanks to the Bangladesh Navy and Coast Guard utilizing boats procured under various U.S. programs as well as U.S. training.

We have helped United Nations (UN) peacekeeping-contributing states like Bangladesh and Nepal become more effective by providing equipment, such as the Unmanned Aircraft System we transferred to Bangladesh, and by providing training for these partners' senior military officers at American professional military education schools.

The United States is enhancing the counterterrorism capacity of our South Asian partners through hands-on investigative assistance, such as the deployment of FBI investigators to Sri Lanka after the ISIS-inspired terrorist attacks on Easter Sunday, as well as helping to prevent attacks through enhanced border control processes and technology in countries like Bangladesh and Maldives.

Following the Maldives' election last year that brought to power a reform-oriented leader committed to rebuilding the country's democratic institutions, we mobilized \$23 million in foreign assistance to encourage the country's anti-corruption, rule of law, and counterterrorism agenda.

These and other engagements highlight the importance the United States places on South Asian partners' political autonomy and their role in an inclusive Indo-Pacific vision.

Enhancing Economic Prosperity

Market-based economic systems, private sector finance, and open investment environments have driven the Indo-Pacific region's prosperity. In the developing world, the private sector supplies nine of ten jobs, and foreign direct investment exceeds development assistance by a factor of five to one.¹⁰ State-directed financing, by contrast, is more limited and often comes with strings attached.

The United States believes that the role of government is to enable free enterprise while protecting individual rights and empowering people. We respect the sovereignty of every nation, and our economic engagement seeks to equip states to resist coercive economic practices, unsustainable debt burdens, and other dangers. We do this by improving market access and competitiveness, facilitating business-to-business ties, and promoting free, fair, and reciprocal trade.

At the inaugural Indo-Pacific Business Forum in July 2018, Secretary of State Mike Pompeo, Secretary of Commerce Wilbur Ross, Secretary of Energy Rick Perry, U.S. Agency for International Development Administrator Mark Green, and other senior U.S. officials launched new initiatives to catalyze private sector investment in Indo-Pacific infrastructure, energy markets, and the digital economy. To date, support has included \$2.9 billion through the Department of State and USAID for the economic pillar of the Indo-Pacific strategy since the beginning of the Trump Administration, and hundreds of millions more through other agencies, including the U.S. Millennium Challenge Corporation (MCC) and the Overseas Private Investment Corporation (OPIC).

The U.S. government is deploying new and innovative mechanisms to **improve market access and level the playing field** for U.S. businesses. The U.S. International Development Finance Corporation (DFC), created by the Better Utilization of Investments Leading to Development (BUILD) Act in 2018, will be at the forefront of this effort with \$60 billion in development financing to attract more private sector investment into emerging markets (see page 16).

USAID is another major contributor to business environment development, with longstanding programs to improve regulatory and economic practices. USAID is expanding programs focused on Indo-Pacific trade and

competitiveness to help reduce barriers to market entry, strengthen regulatory capacity, improve private sector competitiveness, and increase trade.

In 2019 alone, USAID launched new trade and competitiveness activities in countries including Bangladesh, Burma, Laos, Mongolia, and the Philippines. These programs build off of USAID's recent successes. For example, in September 2019, USAID supported Puerto Princesa City in the Philippines in attracting \$540 million worth of commercial investment pledges in tourism, food, agriculture, fisheries, and education. In Timor-Leste, USAID helped the customs authority cut clearance times in half at a seaport in Dili, and move the customs authority toward compliance with international standards required for accession to organizations such as the World Customs Organization, the World Trade Organization, and ASEAN. In Vietnam, USAID's new trade facilitation program will build the capacity of Vietnam's customs department to comply with global trade norms, reducing the time and cost of trade.

FACT

After USAID supported Vietnam's reform of over 180 commercial laws and regulations, Vietnam's competitiveness ranking in the World Bank's "Doing Business" report rose from 82nd in 2017 to 68th in 2018.

MCC, which delivers results-oriented development assistance based on core principles of good governance, country ownership, and transparency, has granted some \$2.3 billion to Indo-Pacific nations since 2004. MCC signed a \$350 million compact with Mongolia in July 2018 and finalized a \$480 million compact with Sri Lanka in April 2019 that is pending Sri Lankan cabinet approval. MCC is currently developing compacts with Timor-Leste and Indonesia and a threshold program with the Solomon Islands.

The U.S. Department of the Treasury has established frameworks with Ministries of Finance in Japan, South Korea, and Singapore to strengthen capital markets.





President Trump participates in a trade agreement signing ceremony with Japan Prime Minister Shinzo Abe. Private-sector led growth is key to the region's future. September 25, 2019. (Credit: White House)

These entities will also work to address legal, regulatory, and institutional barriers to private investment in countries across the Indo-Pacific region.

The U.S. Department of Commerce is at the forefront of U.S. efforts to **build business ties in the region**. The Department's *Access Asia* outreach program, which connects American firms with commercial opportunities in Indo-Pacific markets, has engaged more than 1,000 U.S. companies since 2018. The Department's largest annual domestic conference, *Discover Global Markets*, further strengthened Indo-Pacific business connections. *Trade Winds*, the largest U.S. trade mission of 2019, brought 100 U.S. companies to India and Bangladesh. *Trade Winds* will return to the Indo-Pacific in 2020, stopping in Hong Kong, South Korea, Japan, Vietnam, and Thailand.

The United States Congress confirmed a board for the Export-Import Bank of the United States (EXIM) in May 2019, restoring the full range of EXIM programs to address the nearly \$40 billion pipeline of potential U.S. export deals estimated to support almost 230,000 U.S. jobs. Supported by these efforts, U.S. exports in goods and services to the Indo-Pacific region reached \$720 billion in 2018, up 4.5 percent from 2017. In November 2019, EXIM and Japan's Nippon Export and Investment Insurance (NEXI) are expanding their existing co-financing agreement to include diverse products and facilitate joint U.S.-Japan financing of liquified natural gas (LNG) shipments to the Indo-Pacific region.

We are also continuing efforts to **promote free, fair, and reciprocal trade**. In October 2019, the United States and Japan signed the U.S.-Japan Trade Agreement and the U.S.-Japan Digital Trade Agreement. Under the U.S.-Japan Trade Agreement, Japan will eliminate or reduce tariffs on approximately \$7.2 billion in U.S. agricultural exports. Once this agreement is implemented, over 90 percent of U.S. agricultural imports into Japan will be duty free or receive preferential tariff access. The U.S.-Japan Digital Trade Agreement includes high-standard provisions that ensure data can be transferred across borders without restrictions, guarantee consumer privacy protections, promote adherence to common principles for addressing cybersecurity challenges, and support effective use of encryption technologies. The agreement will boost the already approximately \$40 billion worth of digital trade between the United States and Japan.

In September 2018, the Office of the U.S. Trade Representative (USTR) also finalized renegotiation of the Korea-U.S. Free Trade Agreement (KORUS) to protect jobs in America's auto industry, increase U.S. exports, and eliminate burdensome regulations.^{iv}

In July 2018, the United States granted Strategic Trade Authorization Tier 1 status to India, enabling American companies to export more high-technology items under a streamlined process. This regulatory change will enhance the bilateral defense trade relationship and increase the volume of U.S. exports to India. Approximately \$9.7 billion worth of licensed exports to India over the previous seven years may now be eligible for export under this license exception.^v

FACT

Financing from the OPIC is supporting up to 100,000 microloans in rural communities across Burma, where borrowers are often forced to accept high interest rates from informal lenders or pawn their land and other assets for capital.

We work closely with our partners to reduce trade barriers for companies, boost exports, and support job growth through regional and global arrangements, including APEC, the region's premier economic forum.

On November 4, 2019 on the sidelines of the East Asia Summit, the U.S. government co-hosted the second



Indo-Pacific Business Forum in Bangkok, Thailand, in partnership with the Royal Thai Government, the U.S.-ASEAN Business Council, the U.S. Chamber of Commerce, and the Thai Chamber of Commerce. This advances the U.S. government's commitment to focus American private sector attention on the dynamic and diverse economies of the Indo-Pacific region. Government and business leaders from the United States, Thailand, and across the Indo-Pacific discussed commercial opportunities, the digital economy, energy, infrastructure development, access to capital, and U.S.-Indo-Pacific partnerships. The Forum showcased high-impact private sector investment and government efforts to support market competition, job growth, and high-standard development for greater prosperity in the Indo-Pacific.

INFRASTRUCTURE

The United States supports the development of infrastructure in the Indo-Pacific region that is physically secure, financially viable, economically sustainable, and socially responsible. This is the sort of infrastructure that we and our partners have fostered in the region for 70 years. Through foreign assistance, diplomacy, and international finance institutions such as the World Bank and ADB, we have been facilitating infrastructure projects across the Indo-Pacific for decades. We have promoted investment, innovation, market-based growth, and transparent policies that have helped spur economic growth, while also underwriting regional security.

Today, we are deepening our work with partners to ensure that new infrastructure knits the peoples of the region together and adheres to high standards of transparency and sustainability. We believe that infrastructure should benefit, not bypass, local stakeholders.

In July 2018, the United States launched the **Infrastructure Transaction and Assistance Network (ITAN)**. ITAN catalyzes private sector investment by optimizing U.S. development finance and assistance tools, including project preparation services and commercial advocacy. It strengthens partner countries' project evaluation processes as well as regulatory and procurement environments.

Since ITAN's launch, the United States has improved public financial management and provided training on arbitral awards in the Maldives; helped strengthen the legal and regulatory framework for infrastructure in Bangladesh and Nepal; supported the Philippines' ambitious infrastructure development strategy; advised Vietnam on its Power



The impressive growth of Vietnam Airlines is accentuated as a crew lands their first Boeing 787 Dreamliner, the most fuel-efficient and cost effective twin-aisle airplane in the industry. August 15, 2019. (Credit: Vietnam Airlines)

Development Plan, including how to attract private investment; executed workshops in Vietnam and Indonesia on best practices in transportation planning, financing, and maintenance of Public-Private Partnerships (PPPs); and worked to improve proposal solicitation and infrastructure procurement transparency across the Indo-Pacific.

The United States launched a new **Transaction Advisory Fund (TAF)** under ITAN in September 2019. The TAF helps partners assess the financial and environmental impacts of potential infrastructure projects. TAF services range from legal support to contract negotiation, sustainability analysis, and proposal evaluation. TAF can save our partners billions on infrastructure deals that may otherwise have hidden costs buried in opaque contracts.

To further these efforts, the United States is modernizing our development finance capabilities. As President Trump stated in Danang, Vietnam, in 2017 when outlining the U.S. vision for a free and open Indo-Pacific: "We are also committed to reforming our development finance institutions so that they better incentivize private sector investment in your economies, and provide strong alternatives to state-directed initiatives that come with many strings attached."

Created by the BUILD Act in October 2018, the **U.S. International Development Finance Corporation (DFC)** combines and augments the authorities of OPIC and the

USAID Development Credit Authority. It more than doubles the U.S. government's development finance capacity to \$60 billion and equips DFC with new tools, such as the ability to make equity investments and fund feasibility studies, that make DFC better equipped to "crowd in" private sector resources to address development and foreign policy priorities.

Together with other U.S. agencies, DFC will support projects that the private sector might not otherwise finance on its own. It will work across agencies to deploy loans, loan guarantees, and political risk insurance for projects that adhere to high standards and are financially viable. DFC will ensure that contracts are transparent, financing is sustainable, economic and social impacts are properly assessed, and projects contribute to local communities. DFC advisors deployed across the Indo-Pacific region aim to generate as much as \$12 billion in new private sector investment over five years.

DFC will play a leading role in a new international effort to certify high-quality infrastructure. This innovative platform, called **the Blue Dot Network**, will bring together governments, companies, and civil society organizations to provide a globally recognized seal of approval confirming high standards in infrastructure and adherence with global best practices. The Blue Dot Network builds on a powerful set of cooperative arrangements established in 2017 between the development finance institutions of the United States and other high-standard partners, including Japan, Australia, Singapore, Canada, and the European Union.

In 2018, the United States signed a **trilateral agreement on development finance cooperation** with Japan and Australia. This trilateral partnership is supporting a five-

THE BLUE DOT NETWORK

The U.S. government, led by agencies including OPIC, is coordinating the launch of the Blue Dot Network (BDN) – a multi-stakeholder initiative that will coalesce like-minded governments, the private sector, and civil society under shared standards of global infrastructure development. By providing a globally recognized seal of approval signifying adherence to high standards, the program will promote market-driven, transparent, and financially sustainable infrastructure projects.

The **U.S. Trade and Development Agency (USTDA)** is deploying advisors to identify new opportunities for U.S. companies while also expanding USTDA's Global Procurement Initiative. The establishment of sound procurement policies and practices is fundamental to ensuring a fair and level playing field in international tenders. Transparent procedures for awarding contracts for goods and services establish accountability and encourage cost-effective use of public funds, which facilitates dependable, stable, and efficient markets. This is important in developing countries, where government spending can account for up to 20 percent of gross domestic product (GDP).

The **Commercial Law Development Program (CLDP)** is building partner governments' capacity in developing public-private partnerships, drafting model contracts, soliciting competitive tenders for infrastructure projects, evaluating bid proposals, and implementing projects in a transparent and accountable manner. It consults with partners on transparent and open policies related to telecommunications, data, and commercial transactions, helping to create effective and reliable political, commercial, and legal institutions that are critical to fostering attractive environments for businesses.

The United States is sustaining its commitment to regional development through **ADB**. The United States is a founding member and major contributor to ADB, and

FACT

According to fDi Markets, U.S. businesses announced 1,022 greenfield investment projects in the Indo-Pacific region in 2018, an increase of nearly 23 percent from 2017.

country electrification partnership in Papua New Guinea and scoping prospective projects in the energy, digital, and transportation sectors of several Southeast Asian and Pacific Island countries.





Tommy Long, U.S. Army Corps of Engineer's resident engineer, briefs officials from Mekong countries about a local project on the Tennessee River in Chattanooga, Tennessee during an expert's exchange visit. June 12, 2019. (Credit: USACE)

in June 2019, USAID launched a partnership with ADB to mobilize \$7 billion of investment for energy projects in the Indo-Pacific.^{vi}

Additional information on U.S. government tools to support American companies as they compete for infrastructure projects abroad can be found at: <https://2016.export.gov/indopacific/itan/>

ENERGY

The International Energy Agency projects that the Indo-Pacific region will account for approximately 60 percent of global growth in energy demand by 2040, requiring more than \$1 trillion in annual energy infrastructure investment. To meet this demand while integrating renewable energy sources, countries need access to abundant, affordable, sustainable, and reliable energy; diverse sources; and safe trade routes. U.S. resources and technical expertise are an important driver of Indo-Pacific energy security. In 2018 alone, nearly 30 percent of all U.S. energy exports, totaling \$50 billion, went to the Indo-Pacific region.

At the 2018 Indo-Pacific Business Forum, the United States launched **Asia EDGE**, a whole-of-government effort to support energy security, catalyze private sector investment in energy markets, and help partners set transparent, market-based energy policies.

Asia EDGE and related programs build on longstanding U.S. energy technical assistance in the region. These programs have mobilized \$806 million in public and private investment across 11 renewable energy projects in Indonesia, including developing its power grid and first wind farm, and helped the Indonesian government integrate energy conservation targets into its 20-year electricity general plan. They have helped increase the capacity for cross-border electricity trade between Bangladesh, Bhutan, India, Nepal, and Sri Lanka. Asia EDGE worked with regulators to draft Nepal's Energy Regulatory Commission Act, which facilitates energy sector regulation. It also supported the adoption of flexible resources, such as gas and batteries, needed to integrate renewables through the U.S.-India Clean Energy Finance Task Force.

In Bangladesh, the United States supported the commission of a 300MW power plant in Pangaon, the commission of Texas-based Exceleerate Energy's two floating storage and regasification units, the first LNG import facility in the country, and the signing of a GE joint venture to construct a 583MW combined cycle gas power plant that will supply electricity for 22 years to approximately 700,000 homes. In Southeast Asia, Asia EDGE supported Vietnam's award of the \$3 billion Son My LNG import terminal and associated Son My 2 2.2 GW combined cycle gas power plant project to Virginia-based AES Corp. U.S. programs in Vietnam also helped create an enabling environment for solar investment that has contributed to a massive increase in solar energy production over the past two years, from less than two percent of the country's power generation to over 10 percent.

On the sidelines of ASEAN and related ministerial meetings in Bangkok in August 2019, the United States announced \$29.5 million to support Mekong countries' energy security and electricity access through the U.S.-Japan Mekong Power Partnership (JUMPP).^{vii} As Secretary of State Mike Pompeo and Japanese Foreign Minister Taro Kono stated, "The Partnership will promote economic growth in Cambodia, Laos, Myanmar, Thailand, and Vietnam, through free, open, stable, rules-based regional electricity markets." It will also contribute to the ACMECS.

Other joint energy investment includes the Japan-U.S. Strategic Energy Partnership,^{viii} which has supported projects such as the \$1.5 billion Jawa 1 gas-fired power plant in West Java, Indonesia. Jawa 1 uses GE gas turbines and also includes Japanese firms Marubeni and Sojitz,



Indonesia's first commercial-scale wind farm was inaugurated in Sulawesi in 2018 with \$120 million in financing from OPIC. (Credit: OPIC)

South Korean firm Samsung, and financing from the Japanese government and the ADB.

USAID's 2019 partnership with the ADB to mobilize \$7 billion of energy investments for projects in Asia and the Pacific seeks to boost the capacity of clean energy systems by six gigawatts and increase regional energy trade by 10 percent over the next five years. This agreement will promote energy efficiency, energy sector reform, and good governance of the Indo-Pacific's energy sector. It complements efforts such as USAID's "Green Invest Asia," which aims to mobilize \$400 million of private finance into sustainable commodity production by 2022. "Green Invest Asia" targets a reduction of 25 million tons of CO2 equivalent greenhouse gas emissions.

These efforts build on the productive history of U.S. energy engagement in the Indo-Pacific. In Thailand, for example, Chevron was the first company ever granted oil-exploration rights, and in 1973 it discovered the first hydrocarbons in Thai waters. This gave birth to a major national industry. Today, Chevron is Thailand's top natural gas and crude oil producer, and its investments support more than 200,000 jobs. In Singapore, ExxonMobil has been operating for more than 125 years and is one of the largest foreign investors with more than \$18 billion assets in the country. ExxonMobil owns and operates a 592,000 barrel per day refinery, which is integrated with the

Singapore Chemical Plant. Together, they are ExxonMobil's largest integrated manufacturing site in the world.

DIGITAL ECONOMY

The internet and digital economy have spurred tremendous economic growth and improved living standards around the world. The Indo-Pacific is home to some of the most connected and technologically sophisticated economies on the planet. One major challenge over the next decade will be to maintain open and interoperable cross-border data flows while protecting the digital economy from cybersecurity threats. Online data will be massively expanded by growth in "internet of things" devices, while fifth-generation "5G" telecommunications will empower new critical infrastructure, including autonomous vehicles and smart electricity grids.

To meet the challenges of a digitally connected world, the United States promotes an open, interoperable, secure, and reliable internet. We urge all countries to take a risk-based approach to evaluating technology vendors, including those that might be subject to control by or the undue influence of foreign powers.

We coordinate with such like-minded partners as Australia, Japan, the Republic of Korea, New Zealand, Singapore, and Taiwan to support this objective. For



President Trump and Singapore Prime Minister Lee Hsien Loong discussed regional trade and deepened bilateral cooperation during a meeting in New York City, September 23, 2019. (Credit: White House)

example, the United States and more than 30 like-minded partners attended the May 2019 Prague 5G Security Conference, resulting in a series of recommendations called the Prague Proposals on how best to design, build, and administer secure next-generation wireless networks.

The **Digital Connectivity and Cybersecurity Partnership (“Digital Partnership”)**, launched at the 2018 Indo-Pacific Business Forum, is a whole-of-government

FACT

Indonesia’s first commercial-scale wind farm, inaugurated in Sulawesi in 2018, was developed by the private Colorado-based company UPC Renewables with \$120 million in financing from the U.S. OPIC. Today, 70,000 Indonesian households are able to enjoy clean, affordable, reliable power as a result of this public-private partnership.

effort to help partners access the digital economy and deploy open and secure information communications technology. By catalyzing sustainable and secure private sector investments, promoting regulatory reforms, and encouraging adoption of cyber security best practices, this initiative enables nations to realize the tremendous economic benefit of the digital economy.

Digital Partnership programs include advocacy, training, and software platforms to protect data privacy through an interoperable regulatory system; digital skills-building for small and medium-sized enterprises; technical assistance and advisory support on information and communication technology (ICT) policy for ministries and regulatory bodies; capacity building for civilian and private sector stakeholders on cyber security; and workshops to strengthen commercial and international technology industry standards. The Digital Partnership also engages with industry directly and promotes U.S. exports through reverse trade missions, technology-focused seminars, and trade shows that bring together telecommunication providers, government officials, and U.S. experts.

The United States has several programs focused specifically on ASEAN, the world’s fastest growing internet region with nearly 4 million new online users every month. The Digital Partnership, for example, supports online commerce and digital services in the ASEAN



President Trump meets the leaders of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia, the first time all three Freely Associated States leaders have been hosted together at the White House by a U.S. President. (Credit: White House)



School teacher Lolita Singahan no longer needs to take a grueling, six-hour trip to withdraw her salary from the bank since using mobile banking, an initiative pioneered by USAID in partnership with the private sector in the Philippines. (Credit: USAID)



More than 385,000 Cambodian, Vietnamese, and Filipino women are expected to benefit from an \$8 million Women's Livelihoods Bond guaranteed by USAID. The bond will provide the women with access to credit, market linkages, and affordable goods and services to help their companies grow. (Credit: FINTRAC INC)

Economic Community and technical assistance for policy makers from ASEAN member states.

The U.S.-ASEAN Smart Cities Partnership, announced by Vice President Mike Pence in Singapore in 2018,

is spurring American investment in the region's digital infrastructure by helping cities use data-driven technology to innovate and manage municipal resources.

Championing Good Governance

Americans believe in the vision of a world of open societies and free markets. We believe in fundamental freedom of conscience, religion, speech, and assembly. Our foreign policy is predicated on the belief that the world would be safer and more prosperous if all people were free to achieve their greatest potential within pluralistic systems governed by equal treatment under the law.

We believe firmly in an Indo-Pacific composed of open societies and open markets. We support citizen-responsive governance and light-touch regulation that fosters entrepreneurship and the efficient allocation of capital, and institutions that promote transparency, fairness, and the sanctity of contracts. We urge all nations to join us in upholding norms that are open to all and ensure opportunity for all.

Where we have serious concerns about the way nations mistreat their citizens, we use a wide variety of policy instruments to encourage progress. These include the Foreign Corrupt Practices Act, the Global Magnitsky Act, visa restrictions, and prohibitions under Leahy Laws on military assistance to security force units that violate human rights. U.S. companies are also held accountable to high standards of transparency and ethical behavior in their economic activities across the Indo-Pacific region and the world.

To address governance challenges across the Indo-Pacific region, U.S. programs empower the region's citizens and civil societies, combat corruption, and build resilience to foreign influence that threatens nations' sovereignty. In November 2018, Vice President Pence launched the Indo-Pacific Transparency Initiative, which focuses on anti-corruption, fiscal transparency, democracy assistance, youth development, media freedom, and protecting fundamental freedoms and human rights. Our efforts under the Transparency Initiative involve over 200 programs totaling more than \$600 million since the beginning of the Trump Administration.

At the November 2019 East Asia Summit, the United States is announcing \$68 million, including for a major new regional governance program in the Pacific Islands and free and fair elections in Burma. Other Transparency Initiative programs have helped the government of Indonesia improve responsiveness to public complaints, assisted indigenous people displaced by a Chinese-Cambodian hydropower dam, supported public outreach by the Sri Lankan parliament through establishing a new, state-

of-the-art media center, and strengthened civil society contributions to legislation in Nepal. The United States is developing partnerships in governance priorities with Australia, New Zealand, Japan, Taiwan, and others.

The Indo-Pacific region has steered an increasingly positive course in terms of transparency, human rights, and democratic values, but we have seen troubling signs of backsliding. In Cambodia, the United States is concerned about the dissolution of the main opposition party and the abuses committed against many of its members as well as others who have criticized the current government. We are deeply concerned about the plight of ethnic and religious minorities across the region, including the Rohingya from Burma's Rakhine State. The United States has spent more than \$669 million in humanitarian assistance to support Rohingya refugees. We call on Naypyidaw to hold accountable those who have committed serious human rights abuses and create conditions conducive to the safe, voluntary, dignified, and sustainable return of displaced Rohingya.

The People's Republic of China (PRC) practices repression at home and abroad. Beijing is intolerant of dissent, aggressively controls media and civil society, and brutally suppresses ethnic and religious minorities. Such practices, which Beijing exports to other countries through its political and economic influence, undermine the conditions that have promoted stability and prosperity in the Indo-Pacific for decades.

We have called on the PRC publicly to halt its brutal repression of Uighurs, ethnic Kazakhs, Kyrgyz and members of other Muslim minority groups in Xinjiang. We urge that the selection of religious leaders by the Tibetan community be free of interference by the Chinese Communist Party. With respect to Hong Kong, we have cautioned Beijing that it must uphold its commitments to maintaining Hong Kong's autonomy and civil liberties under the 1984 Sino-British Joint Declaration. We believe that freedom of expression and peaceful assembly must be vigorously protected in Hong Kong and across the Indo-Pacific region.

Vice President Pence's speech to APEC leaders in November, 2018, described U.S. efforts to uphold rule of law, promote civil society, and strengthen transparent and accountable governance as the "building blocks of progress...and the bulwarks of independence." No U.S. approach to the Indo-Pacific region would be complete or effective without them.

Ensuring Peace and Security



USS Carl Vinson (CVN 70) arrived in Da Nang, Vietnam, for a scheduled port call, marking the first time a U.S. aircraft carrier has visited the country in more than 40 years. U.S. forces continue to fly, sail, and operate wherever international law allows. March 5, 2018. (Credit: U.S. Navy)

The United States seeks to build a flexible, resilient network of like-minded security partners to address common challenges. We share information and build the capacity of security sector forces to respond to transnational crime, protect the maritime domain, address environmental challenges, and response collectively to emerging threats. We also ensure that the U.S. military and its allies maintain interoperable capabilities to deter adversaries.

Our enduring commitment to the Indo-Pacific is demonstrated daily by our presence in the region with approximately 375,000 U.S. military and civilian personnel assigned to the U.S. Indo-Pacific Command (USINDOPACOM) area of responsibility.

We are continuing to strengthen this forward presence. President Trump and Singapore's Prime Minister Lee Hsien Loong signed an update to the 1990 memorandum of understanding (MOU) regarding U.S. use of facilities in Singapore. This agreement allows continued U.S. military access to Singapore's air and naval bases and provides logistic support for transiting personnel, aircraft and vessels. It also extends the original MOU by 15 years.

An important focus within the Indo-Pacific strategy is expanding security sector and law enforcement capacity to **counter transnational crime**. This includes illicit trafficking; terrorism and violent extremism; cybercrime; illegal, unregulated, and unreported fishing; and other crimes that cross national borders. In August 2019, we expanded our partnerships to counter transnational crime along the Mekong River. We also held the first of a three-part workshop series with ASEAN Regional Forum (ARF) to address aviation security and information sharing, building on our long history of cooperation with partners in Southeast Asia to prevent and counter terrorism and violent extremism.

Among the most urgent transnational threats are threats in the cyber domain. The United States is increasing support to our Indo-Pacific partners to defend their networks and counter malicious cyber activities by the Democratic People's Republic of Korea's (DPRK), the PRC, Russia, and other state and non-state cyber actors that seek to steal money, intellectual property, and other sensitive information. The United States coordinates with like-minded partners such as Australia, India, Japan, and the Republic of Korea to build cyber capacity in the

region. Our activities include helping countries develop cyber strategies, policies, and legal frameworks; enhancing incident response and network defense capabilities; improving financial sector cybersecurity to protect Indo-Pacific economies; countering the use of the internet for terrorists' purposes; increasing cybersecurity awareness in both the public and private sectors; and promoting rule of law, privacy, internet freedom, and responsible governance frameworks when considering cybersecurity needs.

We are partnering with Singapore to improve cybersecurity and stability in cyberspace in ASEAN member states, including collaborative efforts within the region such as adoption and implementation of regional cyber confidence building measures. The capstone of our ASEAN engagement was the first U.S.-ASEAN Cyber Policy Dialogue in Singapore in October 2019.

The United States also works with partners on preventing the spread of nuclear weapons and other dangerous materials. Together, we counter DPRK proliferation activities, enforce United States and UN Security Council sanctions, build strategic trade control frameworks, educate industry on their compliance obligations, and strengthen the enforcement at key land, maritime, and air ports of entry. We build capacity and raise awareness on proliferation activities with governments, shipping companies, shipboard personnel, and facility personnel to ensure the safe and secure flow of legitimate international trade.

To **protect the maritime domain**, we cooperate with Indo-Pacific partners to maintain freedom of navigation and other lawful uses of the sea so that all nations can access and benefit from the maritime commons. In the South China Sea, we urge all claimants, including the PRC, to resolve disputes peacefully, without coercion, and in accordance with international law.

PRC maritime claims in the South China Sea, exemplified by the preposterous “nine-dash line,” are unfounded, unlawful, and unreasonable. These claims, which are without legal, historic, or geographic merit, impose real costs on other countries. Through repeated provocative actions to assert the nine-dash line, Beijing is inhibiting ASEAN members from accessing over \$2.5 trillion in recoverable energy reserves, while contributing to instability and the risk of conflict.

Over the past two years, we welcomed historic firsts in our maritime cooperation. In May 2019, we participated in the first joint sail by U.S., Indian, Japanese, and Philippines



WildAid, USAID, and Thailand's Department of National Parks, Wildlife and Plant Conservation launch a campaign to reduce the use of amulets made from endangered elephant and tigers called "A good life is free of killing" in October 2019. (Credit: USAID)

navies through the South China Sea. In September 2019, we co-hosted with Thailand the first U.S.-ASEAN maritime exercise to strengthen relationships and information sharing between the navies of ASEAN nations and the United States. In 2018, we expanded the Southeast Asia Maritime Law Enforcement Initiative. The 23rd edition of the U.S.-Japan-India Malabar naval exercise in September 2019 demonstrated growing interoperability between our navies as we work together to strengthen maritime security in the Indo-Pacific.

Since the beginning of the Trump Administration, we have provided more than \$1.1 billion for Department of State and USAID security cooperation in South and Southeast Asia. This includes \$356 million for programs such as the Department of State's Southeast Asia Maritime Security Initiative (SAMSI) and the Bay of Bengal Initiative. These programs provide training and equipment that enables South and Southeast Asian countries to better detect threats, share information, and respond collectively to natural and man-made crises. Over the same period, the Department of Defense's Maritime Security Initiative and "Section 333" funds provided nearly \$250 million for maritime security in the Indo-Pacific region to enhance information sharing, interoperability, and multinational maritime cooperation. We are providing new advisors to enhance maritime security and defense reforms in the Pacific Islands and develop cyber policy and governance frameworks in Mongolia.

U.S. COAST GUARD ENGAGEMENT IN THE INDO-PACIFIC

The U.S. Coast Guard (USCG) has an enduring and specialized role in the Indo-Pacific. Working with maritime law enforcement agencies, the USCG seeks to strengthen maritime governance to preserve sovereignty, share information to facilitate regional force-multiplying partnerships, and demonstrate professional standards of behavior to reinforce the rule of law at sea.

In the past year, the USCG deployed two National Security Cutters, STRATTON and BERTHOLF, to the Indo-Pacific region. The vessels engaged in multilateral exercises, and the BERTHOLF made the first visit by a U.S. cutter to the Philippines in more than seven years.

USCG security cooperation activities include foreign military sales of response boats and cutter boats, participation in multi-national security exercises, developing bilateral search-and-rescue and law enforcement agreements, hosting ship-riders, and deploying training teams to build partner nation proficiency. The USCG also transfers decommissioned cutters via the Excess Defense Article program. Bangladesh integrated two Hamilton Class Cutters transferred by the U.S. Coast Guard into its maritime fleet, and Sri Lanka integrated a Hamilton Class Cutter in 2018 to augment their Reliance Class Cutter received in 2004. Vietnam received its first Hamilton Class Cutter in 2017 while the Philippines has received three Hamilton Class Cutters since 2011. These vessels help partner nations maintain a high state of operational readiness and protect their maritime resources.

To **address environmental security**, the United States protects vulnerable ecosystems and helps partners respond to natural disasters. Since 2012, for example, USAID assistance has protected 64 million acres of forest lands and coastal areas in Cambodia, Indonesia, and the Philippines. We also support disaster response by building search and rescue, disaster risk reduction, and logistical support capabilities. We stand ready to help our partners, as we did after an earthquake and tsunami in Sulawesi, Indonesia in 2018 and Super Typhoon Yutu in Tinian and Saipan in February 2019. Humanitarian assistance also figures prominently in our largest annual military exercise, COBRA GOLD, which this year included 29 countries from across the region.

We take steps to clean up after past conflicts. In November 2018, USAID supported Vietnam's efforts to complete its first and largest-ever cleanup of dioxin contamination, a byproduct of Agent Orange used by the U.S. military during the Vietnam War. This was part of the \$340 million the United States has spent since 2012 to remediate explosive remnants of war and improve conventional weapons stockpile security in the region.

Addressing transnational crime, maritime security, and environmental and humanitarian challenges are important areas of focus under our Indo-Pacific strategy. However, these efforts represent only a small subset of the work U.S. security forces perform across the Indo-Pacific region every day. We work with partners to prevent the spread of nuclear weapons, protect the space domain, and address other concerns around the world.

We especially recognize and support the impressive contributions of Indo-Pacific countries to UN peacekeeping missions, with Bangladesh, India, Indonesia, and Nepal accounting for roughly 24 percent of global UN troop contributions. We noted Vietnam's first deployment in support of a UN peacekeeping mission in 2018. Through this and other forms of cooperation, we are jointly tackling pressing security challenges and fostering a stable and secure future for the Indo-Pacific region and the world. The Trump Administration has invested more than \$54 million to enable Indo-Pacific partners to deploy worldwide in support of UN peacekeeping missions.

More information on U.S. defense contributions to security in the Indo-Pacific can be found in the Department of Defense's June 2019 Indo-Pacific Strategy Report.



Investing in Human Capital



U.S. Ambassador Sung Kim takes a photo with Young Southeast Asian Leaders Initiative (YSEALI) alumni at the 2017 YSEALI Summit in Manila. This third annual YSEALI Summit brought together future leaders from Southeast Asian nations to discuss dynamic political, social, economic, and environmental issues facing ASEAN. (Credit: U.S. Embassy Manila)

The United States was founded on the idea that an educated and empowered citizenry is a requisite for freedom and prosperity. With the Indo-Pacific accounting for over half the world's population and 58 percent of the world's youth, it is important to provide people with skills and resources to participate in the global economy and create conditions for self-reliance.

U.S. private sector investment directly supports more than 5.1 million jobs in the Indo-Pacific region. Countries in the region have faced challenges when foreign companies fail to invest in the local workforce and care for their communities. However, when companies practice corporate responsibility and work with governments to empower workers and communities, sustainable economic growth follows. U.S. companies have invested trillions to develop the skills, knowledge, and experience of the local workforce through professional training and development, investments in local infrastructure, and improved competitiveness.

Thousands of U.S. companies operating in the Indo-Pacific

uphold a commitment to **corporate responsibility** and bring their spirit of innovation and entrepreneurialism to the region. Each year, the Secretary of State's Award for Corporate Excellence recognizes companies that model high standards as responsible members of the communities where they do business.^{ix} Recipients include Proctor & Gamble Asia Pacific, PepsiCo India, and Coca-Cola Vietnam (see box, "U.S. Companies Build Human Capital").

The U.S. government works alongside the private sector to improve the lives and well-being of people across the Indo-Pacific. Programs focused on people-to-people exchange, science and technology, entrepreneurship, education, technical training, and more are rooted in trust and personal relationships.

U.S. government and private sector programs have helped to bring the innovation of U.S. companies to the Indo-Pacific region through **programs in science, technology, engineering, and mathematics (STEM)**. In August 2019, Facebook partnered with USAID to open a STEM lab in Vientiane in order to strengthen STEM training for Lao

U.S. COMPANIES BUILD HUMAN CAPITAL

With executive mentorship, flexible parental leave, and childcare programs, consumer goods company **Procter & Gamble Asia Pacific's** policies and programs construct a workplace that supports and empowers women leaders, with women now holding half of the company's manager positions across the Asia-Pacific region. In the Philippines, P&G helps Filipino children live, learn, and thrive through its "Linis, Lusog" (or "Health and Hygiene") program, teaching 3.5 million students to stay healthy and clean through proper handwashing. To support small and medium-sized enterprises (SME), P&G partnered with USAID and Coca-Cola Philippines to rehabilitate 1,030 sari-sari stores after Typhoon Haiyan in 2013, piloted an SME Leadership College in 2015, and launched a sari-sari store mentoring program in 2017 targeting 1,000 micro-enterprises.

PepsiCo India is invested in collaborating with 24,000 farmers to source sustainably in India. The company saved more than 17 billion liters of water in 2017 through its community water programs. These focused on water replenishment and conservation agricultural practices, such as direct seeding of rice and micro-irrigation. Under its Sustainable Water Resource Development and Management program, PepsiCo India has replenished over five billion liters of water, benefitting 60,000 community members.

As part of Coca-Cola's "5by20" global initiative to empower 5 million women entrepreneurs, **Coca-Cola Vietnam** established fourteen EKOCENTERS throughout Vietnam. The EKOCENTERS are community markets run by women entrepreneurs that provide safe drinking water, solar power, internet access, and education space. Coca-Cola also collaborated with USAID and the non-profit organization PACT on a Mekong Vitality project that helps women in the Mekong Delta improve their financial literacy.

youth and fuel Laos' nascent digital economy. Similarly, Google is working on a program to train 100,000 Android developers in Indonesia.

BUILD-IT (Building University-Industry Learning and Development Through Innovation and Technology) is an innovative partnership between USAID, Arizona State University, and private businesses to help Vietnam modernize its STEM programs in higher education.✕ Fourteen Vietnamese technology and engineering programs and two partner universities have already achieved international accreditation through BUILD-IT. By 2020, the BUILD-IT Alliance expects to have led four more universities and 46 academic programs through the institutional accreditation process, benefitting more than 3,000 faculty and staff and 20,000 technology and engineering students.

Alumni of **U.S. government-sponsored exchange programs** demonstrate how investing in human capital pays dividends. More than 100 current or former heads of state and at least 360 current or former cabinet ministers

in Indo-Pacific countries participated in U.S. government-sponsored exchange programs. With over 357,000 alumni across the Indo-Pacific serving in influential government, academic, business, and civil society leadership roles, the United States has a dynamic network of leaders prepared to address shared challenges in the region.

While U.S. government programs such as the Fulbright Program and the International Visitor Leadership Program (IVLP) are global and predate the Indo-Pacific strategy, they are fundamental to our vision of a free and open Indo-Pacific. More than 4,500 Indo-Pacific students, scholars, and professionals have participated in the Fulbright Program and IVLP over the past two years. These programs address important topics such as infrastructure investment, energy policy, entrepreneurship, and civil society development that are relevant to today's Indo-Pacific leaders.

From Myanmar to Samoa, the Peace Corps has longstanding partnerships with numerous countries in the Indo-Pacific region. Volunteers live and work alongside



HUMAN CAPITAL BY THE NUMBERS

The U.S. private sector and education system are major contributors to human capital development in the region:

- 5.1 million jobs in the Indo-Pacific region supported by U.S. investment. Jobs with American companies come with training and personal development opportunities.
- 730,000 students studying in the United States are from the Indo-Pacific, accounting for more than two-thirds of international students in America, while nearly 20% of Americans studying abroad go to the Indo-Pacific.

Additionally, in the past two years, U.S. government education and exchange programs have reached millions, with thousands engaged directly in training:

- More than 142,000 young people have engaged with the YSEALI through the virtual network and more than 5,000 young leaders have participated in YSEALI exchange programs or regional training workshops.
- More than 72,500 Indo-Pacific students benefited from U.S. government-sponsored English language programs, including 5,000 disadvantaged youth who enrolled in intensive English instruction and 67,500 students who took Massive Open Online Courses (MOOCs).
- 7 million young people participated in programs sponsored at U.S.-government sponsored American spaces around the Indo-Pacific.

their neighbors, learning the local language and culture and sharing skills to help solve critical challenges in the areas of health, agriculture, education, environment, community economic development, and youth in development. On October 18, 2019, the Peace Corps announced it will re-establish its program in Solomon Islands, where more than 700 volunteers served from 1971 to 2000.

We place a high value on training and engaging young leaders, who will shape the region's future trajectory. Since 2013, the Young Southeast Asian Leaders Initiative (YSEALI) has supported more than 5,000 emerging regional leaders' participation in exchange programs or regional training workshops, provided more than \$1.6 million in grants to youth-led community improvement projects, and engaged 142,000 young people through the YSEALI virtual network. In addition, the Young Pacific Leaders (YPL) program has forged strong ties with emerging leaders across 19 Pacific nations. YPL now has more than 150 alumni that include diplomats, government officials, teachers, non-governmental organization (NGO) leaders, and journalists.

Language skills development is another core component of U.S. support for human capital. English language proficiency enables Indo-Pacific partners to profit from engagement with the global economy. Each year, the Fulbright Foreign Language Teaching Assistant and English Language Fellows programs develop and exchange hundreds of high-quality English language speakers and instructors across the Indo-Pacific region. In the past two years, the English Access Microscholarship Program has provided free, intensive English language instruction to over 2,000 economically disadvantaged youths in the region. More than 1,550 teachers from the Indo-Pacific have participated in the English E-Teacher Program, and over 66,700 enrolled in U.S.-sponsored Massive Open Online Courses (MOOCs). These efforts fostered innovative digital engagement, provided expert English teaching for important audiences, and reached vulnerable youth populations in the Indo-Pacific.

Many U.S. government programs provide training for government officials from partner countries and regional

organizations. Such programs help partners develop smart policies that enable economic growth and development. For example, the Third Country Training Program (TCTP) is a joint U.S.-Singapore effort to train officials from ASEAN member states (especially from the Mekong region) in the areas of cross-border trade, environment, health, urban planning, and disaster management. Since its founding in February 2012, TCTP has organized 47 workshops and trained over 1,200 people with a goal of promoting connectivity, sustainable development, and regional resilience among ASEAN countries. Additionally, over 430 Indo-Pacific government officials have been trained on best-value procurement and life-cycle cost analysis under the U.S. Trade & Development Agency's Global Procurement Initiative.

On the security side, we train partners through initiatives like the International Military Education and Training Program and the Department of Defense's Daniel K. Inouye Asia-Pacific Center for Security Studies (DKI APCSS). Over the past two years, 2,100 security practitioners attended DKI APCSS courses and workshops.

The International Law Enforcement Academy (ILEA) in Bangkok, a joint effort between the Royal Thai government and the United States government, this year celebrated its 20th anniversary. More than 15,000 graduates from

17 countries and two special administrative regions have attended ILEA Bangkok's law enforcement training programs.

Moreover, the United States helps the poorest and most vulnerable move toward self-reliance. We support **long-term economic growth and development** in the Indo-Pacific region through health, basic education, and Food for Peace programs worth over \$500 million per year.

The above is a small sample of training and education offered by the U.S. government and private sector partners to people across the Indo-Pacific region, and does not begin to capture the vast human capital and economic impact of over 730,000 international students from the Indo-Pacific who study in the United States each year.

Most U.S. support for human capital development in the Indo-Pacific region is not directed or supported by the U.S. government. It occurs when U.S. and Indo-Pacific businesses, institutions, and people exchange views, innovate, and explore in a free and open marketplace of ideas. This approach fuels U.S. economic dynamism and pervades our regional engagement. Our partnerships with Indo-Pacific nations help them draw on the skills, talents, and drive of over half the world's population in order to secure a more peaceful and prosperous future.

Conclusion

The U.S. government has taken many steps to meet President Trump's prioritization of the Indo-Pacific. Since the start of the Trump Administration, the Department of State and USAID have provided more than \$4.5 billion in foreign assistance to the region. In the first three years of the Trump Administration, we have increased assistance to the region by 25 percent compared to the last three years of the previous Administration, representing a dedicated shift of resources to the Indo-Pacific. This has been augmented by hundreds of billions more in development financing, investment by U.S. firms, and other sources.

A key factor driving the U.S. investment in the Indo-Pacific is the bipartisan support enjoyed for this approach among lawmakers. The United States Congress demonstrated its support for the priorities of the Indo-Pacific strategy through the passage of the BUILD Act in October 2018 and the Asia Reassurance Initiative Act in December 2018. Congress has also returned a quorum to EXIM

and underscored the U.S. commitment to Taiwan's defense and international space, among other legislative efforts. The Administration and Congress will continue to work together to strengthen the whole-of-government commitment to a free and open Indo-Pacific region.

For more than 70 years, the United States, along with our allies and partners, has vigorously defended a free and open environment based on principles that support the rights of all nations, large and small. U.S. resolve to uphold this free and open order is deep-rooted, and has only grown stronger in the face of efforts to undermine it and impose ties of hegemony and dependency in its place. U.S. engagement across the spectrum of our interests has never been stronger.

By joining with allies and partners to defend the principles and values that made the Indo-Pacific region thrive, we will ensure the region remains peaceful, prosperous, and secure for decades to come.

- i The Indo-Pacific strategy is the U.S. approach to strengthening the international order in line with the President’s vision for a free and open Indo-Pacific region—a vision shared by our allies and partners. The strategy focuses on three pillars: economics, governance, and security. This report outlines U.S. activities in each of the three pillars, covering longstanding efforts as well as new programs that have been added since the launch of the strategy in November 2017. The report builds on DOD’s June 2019 report by covering the efforts of the whole of U.S. government.
- ii The United States actively participates in and supports ASEAN-centered institutions, including the U.S.-ASEAN Summit, East Asia Summit (EAS), ASEAN Defense Ministers’ Meeting Plus (ADMM Plus), ASEAN Regional Forum (ARF), and the Expanded ASEAN Maritime Forum (EAMF). We uphold the EAS as the premier leaders-led forum for strategic discussion in the region, where we can discuss and make progress on pressing political and security issues.
- iii <https://www.csis.org/analysis/rethinking-private-capital-development>
- iv <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-fulfilling-promise-united-states-korea-free-trade-agreement-national-security/>
- v <https://www.commerce.gov/news/press-releases/2018/07/us-secretary-commerce-wilbur-ross-announces-programs-increase-us>
- vi <https://www.adb.org/publications/united-states-fact-sheet#targetText=Established%20in%201966%2C%20ADB%20has,a%20founding%20member%20of%20ADB>
- vii <https://www.state.gov/joint-statement-on-the-japan-united-states-mekong-power-partnership-jumpp/>
- viii <https://www.whitehouse.gov/briefings-statements/u-s-japan-joint-statement-advancing-free-open-indo-pacific-energy-infrastructure-digital-connectivity-cooperation/>
- ix <https://www.state.gov/winners-for-the-2019-secretary-of-states-award-for-corporate-excellence/>
- x <https://www.usaid.gov/vietnam/documents/fact-sheet-building-university-industry-learning-and-development-through-innovation>



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