

PREPARED REMARKS BY
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FOR THE HEARING TITLED:

THE PRESIDENT'S FY24 BUDGET REQUEST: INVESTING IN
U.S. SECURITY, COMPETITIVENESS, AND THE PATH AHEAD
FOR THE U.S. AND PRC RELATIONSHIP

BEFORE THE
SENATE COMMITTEE ON APPROPRIATIONS

MAY 16, 2023

Introduction

Chair Murray, Vice Chair Collins, distinguished Members of the Committee: thank you for the opportunity to testify on American competition with the People's Republic of China (PRC).

I also want to thank Secretary of State Blinken and Secretary of Commerce Raimondo, who are appearing alongside me. The Departments of State and Commerce are vital partners in America's whole-of-government effort to deter aggression and ensure a free and open Indo-Pacific region.

The PRC has a very different view of the region's future. We see a pattern today of unceasing PRC efforts to coerce its neighbors. As President Biden has stated, the PRC is becoming our only global competitor with both the power and the intent to reshape the international system to suit its authoritarian preferences. And increasingly, the PRC is turning to its military in an attempt to advance its revisionist aims. For this reason, the *National Defense Strategy* (NDS) identifies the PRC as our "pacing challenge" and top priority.

In recent months, the PRC has increased its provocative actions, including flying record numbers of warplanes near Taiwan on an almost-daily basis and employing a military-grade laser against a lawfully operating Philippine vessel. The Chinese military has repeatedly conducted risky intercepts against U.S. and allied aircraft in the international airspace over the East and South China Seas, including harassing aircraft helping to enforce U.N. sanctions on North Korea. And we have also seen the People's Liberation Army (PLA) continue to engage in coercive behavior along the Line of Actual Control (LAC) with India.

Meanwhile, the PRC has been rapidly building its military footprint in the Indo-Pacific region, expanding its nuclear arsenal, and extending its influence in space and cyberspace. The PRC is also considering providing lethal aid to Russia to fuel Russia's cruel war of choice against Ukraine.

The Department of Defense is confronting the pacing challenge of the PRC with confidence and resolve, not pessimism and panic. As President Biden has made clear, the United States is not seeking a new Cold War. Rather, we are working to prevent conflict and advance an open international system in which all countries are free from coercion or bullying. We do not seek confrontation, and we are committed to maintaining open channels of communication with the PRC. As I have communicated to my counterparts, open channels of communication are critical for ensuring we resolve any misunderstanding or miscalculation to mitigate the risk of escalation.

Tackling this challenge must be a whole-of-government effort. We will meet this historic task with core American strengths: our democratic values, our economic vitality, technological dynamism, diplomatic clout, and military might. As our NDS explains, the Department is committed to working closely with our partners across the U.S. Government to ensure that any potential foe understands the folly of aggression against the United States.

The NDS also underscores the need to work with others to strengthen peace and stability in the Indo-Pacific region. We will work closely with our unmatched network of allies and partners in the region and around the world.

The Department’s mission is clear: to prevent conflict with the PRC through deterrence today, tomorrow, and into the future. So we are aligning our resources with our objectives to meet urgent challenges in the near-term as we increase our investments in deterrence and warfighting capabilities for the future.

The support of Congress is vital to our success. Your leadership and oversight are critical to meeting the PRC’s challenge, and they underscore the openness and partnership that are hallmarks of American democracy. Above all, the success of a whole-of-government PRC strategy will rely upon on-time resourcing. Conversely, a failure to provide adequate resources for our efforts will profoundly hamper our ability to compete in the 21st-century security environment. Thank you in advance for your attention and your continued support.

A Whole-of-Government Approach to the PRC Challenge

Protecting the American people relies on our teamwork—across federal departments and agencies and branches of government, as well as with state and local governments. Our strategic competition with the PRC is no exception. And we cannot succeed unless all of our teammates have the resources and the authorities they need.

Our State Department colleagues bolster our efforts in the Indo-Pacific region by ensuring continued, close cooperation with our unparalleled network of Allies and partners. More broadly, meeting our national security objectives relies on our partnership with the State Department and on the professionalism and dedication of our diplomatic corps. We are committed to backing the vital work of America’s diplomats with the hard power of the most formidable fighting force in history.

Meanwhile, our work with the Department of Commerce tackles some of the biggest economic and industrial challenges that the United States faces. Together, we are focused on strengthening our defense industrial base; reducing reliance on foreign production and supply chains; and finding creative new ways to deepen our technological advantages. That includes supporting the Commerce Department’s leading role in implementing the CHIPS and Science Act, which Congress passed and President Biden signed into law in 2022. This work will not only boost the American economy; it will also strengthen our national security.

The Importance of Allies and Partners

The United States is far stronger because of our friends around the world who share our values and strategic goals. Our cooperation with our allies and partners is central to maintaining a free and open Indo-Pacific region—and represents a strategic advantage that no rival can match. So, we are coordinating more on industrial exchanges, integrating our efforts to develop innovative new capacities, and making our military forces more interoperable.

The AUKUS Partnership

This approach is especially clear in the historic AUKUS partnership. It breaks new ground by bringing together three proud democracies and highly capable allies—Australia, the United Kingdom, and the United States—to take on the challenges of the 21st century and promote a free and open Indo-Pacific region. As President Biden has said, we are building bridges among our partners in the Pacific and those in the Atlantic, and AUKUS sits at the center of that endeavor. This initiative will enhance our combined military capabilities, strengthen deterrence, and forge a more stable balance of power in the Indo-Pacific region for generations to come.

On March 13, 2023, Australia, the United Kingdom, and the United States announced our plans for the first major initiative of AUKUS: providing Australia with conventionally armed, nuclear-powered submarines. Our phased, commitments-based approach will deliver this capability on the fastest possible timeline while upholding the highest standards for responsible nuclear stewardship and strengthening the nuclear nonproliferation regime.

AUKUS is also enhancing our three countries' combined military capabilities in advanced-technology areas that will be critical for deterring 21st-century conflict. Our shared priority is delivering the cutting-edge capabilities that our warfighters need now while also investing in our long-term science and technology capacities. At the same time, each of our countries has committed to significant investments to strengthen our industrial bases. Finally, we will deepen our defense-industrial cooperation through enhanced sharing of information and technology.

Deepening U.S. Cooperation with Regional Allies and Partners

Strengthening our peerless network of alliances and partnerships in the Indo-Pacific region is a top priority of the Biden administration. The progress that we have made with critical support from the Department of State in recent months, especially in improving our regional force posture, shows how this approach is making the region more stable and secure.

We are working closely with Japan to deepen our alliance. The United States is forward-deploying more versatile, resilient, and mobile U.S. capabilities to Japan such as the 12th Marine Littoral Regiment, the Marine Corps' most advanced formation. We are also supporting Japan's historic efforts to bolster its own capabilities, including in counterstrike, unmanned vehicles, and counter-hypersonic weapons. We are also increasing trilateral cooperation among the United States, Japan, and Australia.

Alongside our valued South Korean allies, we are working to ensure that our combined forces continue to deter the Democratic People's Republic of Korea (DPRK) and support peace and stability in Northeast Asia, including by increasing the scope and the scale of our combined defense exercises. We are taking important steps to strengthen our extended deterrence commitment to the Republic of Korea (ROK), including through the recently promulgated Washington Declaration and the establishment of the Nuclear Consultative Group. We are also advancing critical trilateral cooperation with the ROK and Japan to ensure we can collectively deter the DPRK.

With Australia, we are continuing to rotate significant U.S. air, land, and sea capabilities through Australia, while working with our counterparts to identify additional locations to support

enhanced U.S. presence. We have enhanced our alliance with ambitious, forward-looking initiatives on technology and advanced capabilities, including space cooperation and space domain awareness. And in 2022, we also announced that we will preposition munitions and fuel to support U.S. logistics capabilities in Australia.

We are also modernizing our alliance with the Philippines by enhancing maritime cooperation and improving interoperability and information-sharing. We will have rotational access to four important new locations under the Enhanced Defense Cooperation Agreement to further support our combined training and exercises. These steps underscore our unwavering commitment to the Mutual Defense Treaty with the Philippines.

We are continuing to strengthen our longstanding alliance with Thailand. Our annual Cobra Gold exercise, for example, is a major contribution to peace and security in the Indo-Pacific region, even as it helps to ensure that we are prepared to respond rapidly and effectively to humanitarian disasters.

Meanwhile, we are launching a new chapter in U.S.-India ties. We are working with the world's most populous democracy to advance our Major Defense Partnership and to bolster India's ability to uphold a favorable balance of power across the wider Indo-Pacific region. We will continue to work closely with India to cooperate on technology, such as our Strategic Partnership with the initiative on Critical and Emerging Technology (iCET); deepen our interoperability across key domains, including space and cyberspace; and support the efforts of our broader network of Allies and partners, especially the Quad.

The Defense Department will stay focused on growing and strengthening our alliances and partnerships in the Indo-Pacific region, and we're grateful for the State Department's support to advance this top priority.

The Resources for Strategic Competition with the PRC

The Department of Defense is moving urgently to deter aggression today, while increasing investments in our future deterrence and warfighting capabilities. Our Fiscal Year (FY) 2024 budget is directly aligned to the imperatives of the NDS to ensure that we maintain the most combat-credible force to deter the pacing challenge of the PRC in the near-, medium-, and long-term.

Our FY 2024 Budget Request

To ensure that our forces have what they need to meet today's challenges, our FY 2024 budget requests the largest procurement budget ever at \$170 billion. We are continuing to modernize across all domains, including upgrading our ground formations, buying more of our premier surface-ship and submarine classes, and investing in additional fifth-generation fighter aircraft, as well as in continuous upgrades to these platforms. The FY 2024 budget also requests \$146 billion to ensure a high level of readiness. We are increasing funding for flying hours and ship sustainment and investing in training so that our Joint Force is prepared to fight tonight. We are also buying offensive and defensive cyber tools to compete in the critical cyberspace domain.

Meanwhile, through an all-time high investment of \$9.1 billion in the Pacific Deterrence Initiative, we are enhancing our posture in the Indo-Pacific region and demonstrating our capability through joint exercises and campaigning (including in the First Island Chain), even while investing in logistical capabilities that will bolster our ability to project power and sustain distributed operations.

One of the Department's biggest near-term priorities is munitions, and we are investing more than \$30 billion in them in this budget. This includes expanding production capacity and buying the maximum number that industry can produce of munitions most critical to Indo-Pacific deterrence—such as the Tomahawk (including maximizing the Maritime Strike variant), the Long-Range Anti-Ship Missile, and the multi-mission SM-6. The Department is also leveraging new authorities from Congress to pursue multi-year procurement contracts for several critical munition types, combined with novel approaches to maximize procurement efficiency, expand inventories, and improve supply chain resilience. This sends a clear and stable demand signal to industry and encourages further investment in this important supply chain.

Over the medium-term, our budget request seeks to sustain our military advantage over the PRC by investing in integrated air and missile defenses and operational energy efficiency so that our forces can operate flexibly in the Western Pacific. This year's budget also requests \$1.4 billion in research, development, technology, and evaluation (RDT&E) to advance the development of Joint All Domain Command and Control. We are laser-focused on expanding our data and information advantages, because the future battlefield in highly contested environments will belong to those who can act on the best information.

The Department is also committed to maintaining and modernizing our nuclear triad in the face of a growing PRC nuclear arsenal. The FY 2024 budget request, including an investment of \$37.7 billion in FY 2024, fully funds the nuclear triad and nuclear command, control, and communications, demonstrating our commitment to maintain reliable and effective legacy systems while pursuing their timely replacements.

The Department continues to invest in the next generation of advanced weapons. That includes a request of \$11 billion to deliver a mix of hypersonic and long-range, subsonic missiles. By the end of this decade, we aim to have hypersonic weapons that can strike from land, air, and sea. We are also investing to make key parts of the defense supply chain more resilient, such as rare-earth elements, castings and forgings, batteries, and microelectronics.

To compete over the long term, the Department of Defense's budget request includes the largest ever investment in research and development—a total of \$145 billion in FY 2024. This includes more than \$17 billion for basic science and technology research. These investments will lay the foundation for critical future weapons systems, including resilient space architectures, directed energy systems, and advanced autonomous and remotely crewed systems. At sea, Large Uncrewed Surface Vessels will enable the Navy to effectively distribute fires, while new Combat Collaborative Aircraft can revolutionize our pursuit of air dominance in the Western Pacific. In space, the Department is requesting \$33 billion in resilient reliable communications, surveillance, and early warning systems, all while working with the commercial sector wherever possible.

Finally, this budget request continues to responsibly make the transition away from systems that do not support our strategy, enabling us to invest in the maintenance and development of more advanced systems that provide greater combat power today and into the future.

Stronger Deterrence in the Taiwan Strait

One of the Department's top priorities is supporting Taiwan's self-defense capabilities. The United States has a vital national interest in preventing conflict across the Taiwan Strait. Indeed, the entire world has a stake in peace and stability in the Taiwan Strait, and we are committed to working with our Allies and partners to build our ability to operate together to deter conflict. U.S. leadership remains vital to upholding the status quo, and the United States continues to uphold our commitments under the Taiwan Relations Act (TRA) and to sustain our longstanding one-China policy, which is guided by the TRA, the three Joint Communiques, and the Six Assurances.

To strengthen deterrence in the Taiwan Strait, the Department is doing more than ever to provide Taiwan with materiel and non-materiel support. Given the growing nature of the PRC threat, this will require a comprehensive, "all-of-the-above" approach. That means drawing on the statutory authorities and tools passed by Congress and signed into law by the President, including Presidential Drawdown Authority, Foreign Military Sales, and Foreign Military Financing, as well as third-party support and Taiwan's own indigenous capacity. We are focused on closing the critical gaps in Taiwan's self-defense capabilities, which will require that authorities are matched with sufficient resources.

The Importance of Congressional Support

The single most important way that Congress can support our strategic competition with the PRC is to pass a full-year, on-time appropriation. Operating under continuing resolutions (CRs) handicaps us for months out of every year and stifles our ability to compete—while the PRC is investing with single-minded focus.

Under a CR, we are prohibited from undertaking new initiatives, which effectively freezes our efforts to transform our military to meet the PRC's challenge. Specifically, a CR would prevent us from spending \$9.7 billion in our shipbuilding account. Production rate increase restrictions would prevent the award of the second Columbia Class Submarine and prohibit the start of new multi-year procurement contracts for Virginia Class. A CR would also delay new starts for Conventional Prompt Strike and preclude award of production increases to numerous critical munitions, including Guided Multiple Launch Rocket Systems (GMLRS), Tomahawks, Advanced Medium-Range Air-to-Air Missiles (AMRAAMs), and MK-48 Torpedoes. Within the Air Force and Space Force, a CR would inhibit high priority programs such as Sentinel, Battle Management Command and Control, Joint Strike Missile, and Combat Collaborative Aircraft development. A CR also delays the modernization of our nuclear triad, and we will lose valuable time in investing in our space-technology architecture. Meanwhile, CRs harm the readiness of our force by slowing our efforts to improve quality of life for service members and their families and delaying important investments in military infrastructure.

In addition, the effects of CRs on the defense industrial base are profound. The absence of a full-year appropriation puts U.S. industry at a serious competitive disadvantage, especially in the race to field emerging technologies. A CR places supply chains at risk and leaves workers in limbo.

Every failure to pass a full-year, on-time appropriation harms our national security. We must break this pattern. CRs cost us time as well as money, and no amount of money can buy back the time we lose.

Additionally, reducing the Department's funding to the FY 2022 appropriated level of \$742.3 billion would be similarly damaging to our strategy. Such a reduction would constitute a cut of \$73.7 billion relative to current funding and nearly \$100 billion relative to the President's FY 2024 budget request. Cutting the current request to FY 2022 levels would have profound consequences for our efforts to modernize the force and to take care of our people. Critical investments that would be jeopardized include the Pacific Deterrence Initiative, which remains the cornerstone of our defense efforts in the Indo-Pacific region; a reduction in our shipbuilding plan, with the elimination of at least two capital ships; and enormous reductions to funding for space-based missile warning and ground-based missile defenses critical to defending the homeland—along with many critical programs in every priority area for the Department.

Finally, such budget reductions would significantly hamper our competition with the PRC even if the Department of Defense were to be exempted and the entire burden of these budget cuts were to fall on the non-defense departments and agencies. Meeting the PRC's challenge requires much more than military strength. It requires the entire U.S. Government to have the capabilities and the resources to focus on this generational challenge. I urge Congress to ensure that our teammates can continue to do their part to boost America's competitive advantages and protect the American people.

Conclusion

The PRC's bullying behavior and military buildup pose a historic test—and in the face of it, America has shown extraordinary unity and resolve. Thanks to the support and the leadership of Congress, we have bolstered U.S. deterrence and expanded America's competitive advantages. We ask for your support to continue meeting this momentous challenge today, tomorrow, and in the decades to come.

We remain committed to working with Congress to be responsible stewards of hard-earned American taxpayer dollars. Partnership with Congress has always been critical to a strong national defense. I look forward to working with all members of the committee to continue to keep America safe and to continue the proud American tradition of strong, principled, global leadership in the service of democracy and freedom.