



January 9, 2023

## The Pacific Deterrence Initiative: A Budgetary Overview

The Pacific Deterrence Initiative (PDI) is a set of prioritized defense investments and activities established by Congress to enhance U.S. deterrence and defense, assure allies and partners, and counter adversary threats in the Indo-Pacific region in response to China's growing military power.

### Background and Establishment

Section 1251 of the William M. (Mac) Thornberry FY2021 National Defense Authorization Act (NDAA; P.L. 116-283) created PDI to carry out activities in support of U.S. strategic goals in the Indo-Pacific. In the Senate Armed Services Committee report (S.Rept. 116-236) accompanying the FY2021 NDAA, PDI is described both as a means to “focus resources on capability gaps” and “enhance budgetary transparency and oversight” by requiring the Department of Defense (DOD) to provide a detailed and region-specific account of spending and programs. PDI is modeled on a similarly geographic-based effort known as the European Deterrence Initiative (EDI), which was established in 2014 to deter Russian military aggression in Eastern Europe and assure U.S. allies in the region.

PDI is not a separate fund to resource DOD activities. Rather, it represents an attempt to highlight DOD efforts that accomplish the congressionally directed goals of the initiative. It means that, although DOD submits a separate budget request for PDI activities, funding is provided as a subset of the DOD budget, rather than through separate appropriations.

### FY2022 Funding

#### President's Budget Request

The FY2022 President's budget requested \$5.1 billion for PDI. This submission encompassed more than 30 line items within existing defense appropriations accounts, organized into DOD-defined activity categories:

- **Force Design and Posture.** Design a force capable of protecting the interests of U.S. allies and deterring and/or prevailing in conflict (\$23 million);
- **Exercises, Experimentation, and Innovation.** Improve readiness and effectiveness and develop new ways to operate (\$150 million);
- **Joint Force Lethality.** Ensure the United States can deter and defeat threats in the Indo-Pacific (\$4.9 billion);
- **Strengthen Alliances and Partnerships.** Enhance interoperability and partners' abilities to defend against aggression (less than \$1 million).

The majority of PDI spending identified in the DOD request was dedicated to weapons systems, including \$2 billion for a DDG-51 Aegis destroyer, \$744 million for a

T-AO fleet oiler, and \$439 million for F-35 fighter aircraft upgrades.

### Authorized and Appropriated Activities

In the enacted FY2022 NDAA (P.L. 117-81), Congress authorized \$7.1 billion for PDI activities and substantially altered the categories and allocation of spending from the budget request. In its explanatory statement accompanying the NDAA, the House Armed Services Committee reiterated its support for PDI, but criticized DOD for its emphasis on weapons systems:

We note that the PDI budget request for fiscal year 2022 was improperly focused on platforms, including the DDG-51, T-AO fleet oiler, and F-35, as opposed to improving the joint posture and enabling capabilities necessary to enhance deterrence in the Indo-Pacific region. Therefore, we identified approximately \$7.1 billion in investments that support and attempt to improve the current posture, capabilities, and activities of U.S. forces in the Indo-Pacific region ... that more accurately reflect a baseline from which to measure progress against the objectives of the PDI.

Congress also identified and authorized a different set of investments across the following activity categories:

- Modernize and Strengthen Presence (\$4.1 billion);
- Exercises, Training, Experimentation (\$696 million);
- Infrastructure Improvements (\$1.5 billion);
- Logistics and Prepositioning of Equipment (\$360 million); and
- Defense and Security Capabilities of Allies and Partners (\$489 million).

In addition, Section 1242 of the FY2022 NDAA required the Commander of U.S. Indo-Pacific Command (INDOPACOM) to submit to Congress an independent assessment of PDI resources, force posture, and other capabilities necessary to implement the National Defense Strategy in the Indo-Pacific region for each fiscal year over a five-year period through FY2027. INDOPACOM completed this assessment in March 2022, identifying \$9.1 billion in FY2023 PDI activities.

Neither the DOD Appropriations Act, 2022 (P.L. 117-103) nor the Military Construction, Veterans Affairs, and Related Agencies Act, 2022 (P.L. 117-103) mention the Pacific Deterrence Initiative. The report accompanying the DOD bill (H.Rept. 117-81) recommended \$15 million for planning and design of military construction projects for PDI in INDOPACOM. Given the absence of dedicated PDI appropriations and the lack of geographical identification in DOD budget documentation, the extent to which authorized FY2022 PDI activities received appropriations is unclear.

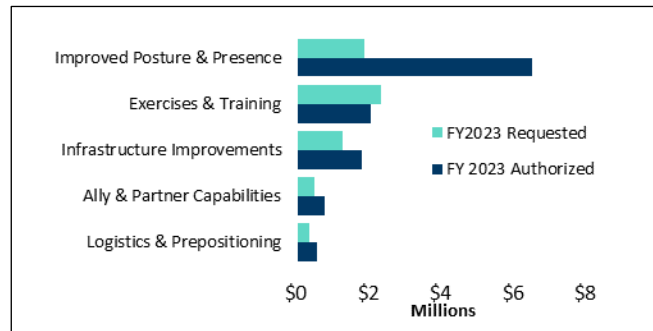
## FY2023 Funding

The FY2023 President’s budget requested \$6.1 billion for PDI—\$1 billion less than the FY2022 PDI funding authorization total. The request also included PDI funding projections through FY2027.

In response to congressional criticism of the FY2022 budget request, DOD stated that the investments identified in the FY2023 PDI request would focus solely on the Indo-Pacific. Accordingly, the FY2023 request excluded certain routine activities and exercises, investments designed to address broader strategic threats, or investments that are transferrable between regions. In the James M. Inhofe FY2023 NDAA (P.L. 117-263), Congress authorized a total of \$11.5 billion in the following categories of activity:

- **Improved Posture and Presence:** \$1.8 billion requested, \$6.46 billion authorized. These activities aim to strengthen the presence, positioning, readiness, and resilience of U.S. forces in the Indo-Pacific. Authorized activities include Guam missile defense infrastructure development, Army Maneuverable Support Vessel Light procurement, and operation and maintenance for III Marine Expeditionary Force.
- **Logistics and Prepositioning of Equipment:** \$302.8 million requested, \$500 million authorized. These activities aim to improve logistical support and the stockpiling of munitions, fuel, and other materiel in the Indo-Pacific. Authorized activities include Army watercraft procurement, Navy logistics support, and Air Force logistics and prepositioning of equipment.
- **Exercises, Training, and Experimentation:** \$2.3 billion requested, \$2 billion authorized. These activities support the conduct of exercises and training for U.S. and partner forces in the Indo-Pacific, as well as experimental development of new capabilities. Half of this category is allocated towards Advanced Innovative Technologies, a DOD-wide research program that includes a short-range antimissile defense system and other high-technology classified systems.
- **Infrastructure Improvements:** \$1.2 billion requested, \$1.8 billion authorized. These activities aim to build new infrastructure and improve existing facilities in the Indo-Pacific. Over half of this category is allocated towards military construction projects in Guam, Japan, Australia, and the Mariana Islands.
- **Defense and Security Capabilities of Allies and Partners:** \$453.1 million requested, \$732 million authorized. These activities aim to improve the militaries and security forces of U.S. allies and partners in the Indo-Pacific. Authorizations include Defense Security Cooperation Agency Security Initiative activities, Army Security Force Assistance Brigade activities, and Multi-Domain Task Force deployments.
- The FY2023 House Appropriations Committee report (H.Rept. 117-388) expressed “concern that DOD has failed to provide adequate accounting for the funding requested” under both EDI and PDI, and directed DOD to augment the budgetary and programmatic descriptions of PDI activities in its FY2024 budget documentation.

**Figure 1. FY2023 PDI Funding by Category**



**Source:** DOD, FY2023 PDI budget documentation, April 2022. FY2023 NDAA (P.L. 117-263).

## Considerations for Congress

**Objectives and Resourcing.** The success of PDI in achieving its two primary objectives—strengthening defense investments in the Indo-Pacific and improving congressional oversight of DOD’s regional activities—has been disputed. While many Members support the creation and funding of PDI, some analysts maintain that PDI would serve as a more effective investment tool if it were a dedicated appropriations account, rather than a regionally focused subset of the broader DOD budget. Other analysts have also argued that PDI provides Congress with an inaccurate picture, as it does not encompass all DOD activities relevant to countering China.

From an oversight perspective, some Members have contended that DOD appears to lack standard criteria for deciding whether and how to include an activity within the initiative. Congress may also consider refining PDI objectives and procedures, or delineating such activities in separate funding tables accompanying annual defense authorization and appropriations legislation.

**Alignment with Distributed Operational Concepts.** To prevail in conditions of great power competition, the Air Force, Navy, and Marine Corps have recently developed operational concepts that emphasize wider and more diversified combat and logistical operations by larger numbers of smaller units and platforms. (e.g., Agile Combat Employment, Distributed Maritime Operations, and Expeditionary Advanced Basing Operations). Congress may direct DOD to prioritize PDI spending that supports a wider distribution of forces in contested environments. For instance, Congress may require DOD to identify and carry out investments in the construction or modification of additional airfields in the Indo-Pacific region to reduce the concentration and vulnerability of aircraft in a conflict, in support of the Air Force’s Agile Combat Employment operational concept. Congress may also use PDI to incentivize the further development and evaluation of distributed operational concepts.

**Hibbah Kaileh**, Research Assistant

**Luke A. Nicastro**, Analyst in U.S. Defense Infrastructure Policy

IF12303

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