



## **US - Taiwan Defense Industry Conference**

**September 27-29, 2009**

**The Boar's Head Inn, Charlottesville, Virginia**

*General Chaou Shih-chang Keynote Speech*

---

### **Speech to the US-Taiwan Defense Industry Conference 2009**

**Charlottesville, Virginia, United States of America**

**28 September 2009**

**Gen. Chaou Shih-chang**

**Deputy Minister, Ministry of National Defense, Republic of China**

#### **Reform, Innovation, and an Elite Military**

Good morning! Dr. Wolfowitz, friends from the U.S. Government and defense industry, and ladies and gentlemen who have long supported the Republic of China, and seniors from our lovely homeland.

On behalf of the Minister, H.E. Kao Hua-chu, of the National Defense Ministry of the ROC, I would like to extend my appreciation to the US-Taiwan Business Council for your invitation, which allows me once again to attend the annual grand gathering organized by your respectful institution. I am happy to have this platform to meet friends in the defense community, academia and private sector. With my keynote speech, I am most willing to share with you issues regarding Taiwan's defense.

In 2002, I ever attended the first US-Taiwan Defense Industry Conference in Florida. In the past 7 years, we have enhanced our friendship further through a mutual beneficial effort. Our two nations may maintain direct communication and profound friendship, such that we can jointly contribute to security and stability in the Asia-Pacific region.

For many years, the US-Taiwan Business Council has facilitated bilateral exchanges and cooperation. The number of participants in the annual meeting has been increasing notably. While the ROC Armed Forces are undergoing defense transformation, it is particularly significant for me to attend the conference at this critical moment. Today, I intend to introduce to you the ROC defense policies and principles. I hope my effort will help us to understand each other better, encourage bilateral cooperation, and attain mutual benefits.

The MND develops national defense strategy and military strategy in accordance with the President's national defense guidance of building a "Hard ROC" defense force and establishing comprehensive defense capabilities that "cannot be intimidated, seized, devoured, or crushed". In other words, the ROC Armed Forces will continue to maintain high morale, to ensure that it is impossible for the enemy to blockade or occupy the nation, and to defend the country sustainably. These will be the guidelines for planning national defense transformation and the direction of future war-fighting capability development. I would like to take this precious opportunity to talk about "Reform, Innovation, and an elite military". Under the direction of such policies, I hope I'll provide you a better understanding of Taiwan Armed Forces' transition to a volunteer force, its force structure, future directions, and new missions.

A dynamic balance is observed in East Asia and the world. Unconventional security threats have increasing impacts on regional stability and national security. Its gravity has attracted a lot of attention. Conventional threat, however, did not fade away or be replaced. While conventional threats receive less attention, they are more likely to become cause of conflicts for misunderstanding or miscalculation.



## **US - Taiwan Defense Industry Conference**

**September 27-29, 2009**

**The Boar's Head Inn, Charlottesville, Virginia**

*General Chaou Shih-chang Keynote Speech*

---

Global climate changes, natural disasters and technological advancements have impacts on the missions of armed forces too. The ROC Armed Forces needs to improve its hard and soft powers to elevate its comprehensive strength. The ROC military needs to be strong enough to take up to challenges brought by conventional and unconventional threats to accomplish its mission: secure the country.

The ROC upholds the principles of democracy, freedom, and justice. Its determination to safeguard the country and protect its people has never swayed. Such determination serves as the foundation for the ROC Armed Forces to strengthen its operational capabilities.

The strong defense capabilities of the ROC Armed Forces guarantee stability across the Taiwan Strait and national security. The ROC Armed Forces will not let down its vigilance simply because the enemy extended good will. To modernize the forces, defense transformation is required. Facing new challenges, the ROC Armed Forces need integrated technologies and better quality of human resources to establish professional troops. Only with interoperability can the three services elevate their joint operations capabilities to substantiate the concept of "Hard ROC." It is imperative for the ROC Armed Forces to prevent enemies from landing and establishing lodgment.

The transition to a volunteer force brings about force restructuring, also, weapon systems will be upgraded to build an elite military that is powerful and adequately sized. With reorganization efforts, new regulations will be formulated to simplify administrative and logistics procedures and allow outsourcing. This can effectively slim down administrative and logistics departments and reduce costs. As a part of the defense transformation, the ROC Armed Forces must carefully consider factors concerning force restructure and outsourcing, and provide practical supportive measures for the private sectors to better support the military.

With changing social context and technological advancement, the ROC Armed Forces will remain strong to safeguard national security and provide a sense of security when the central government improves cross-strait relations. As hi-tech weapons are getting sophisticated, professionally trained personnel is prerequisite for bringing their effects to full play. In the future, soldiers will need to operate hi-tech weapons in digitalized battlefields. Therefore, the ROC Armed Forces need to attract competent personnel who are committed for longer terms of service. The military service system in Taiwan is currently a combination of conscript and voluntary forces, but will gradually increase the ratio of volunteers.

High soldier turnover rate and fluctuation in the curve of readiness training are observed, making it a necessity to build a volunteer force, so that professional soldiers will serve longer terms to retain the efficiency of training and combat. Human resource quality and substantive military power will be enhanced significantly. With visionary prospective, the ROC Armed Forces will be modernized. Defense modernization means voluntary soldiers and hi-tech advanced weapons in regular troops. Eligible young men are required to receive basic military training and, upon completion, become reserves that will be mobilized for homeland defense missions when war breaks out. The objective is building a modernized defense force that is capable of meeting all future challenges.

Awareness about unconventional security threats has been raised. On August 8, Typhoon Morakot hit southern, eastern and central Taiwan, resulting in the most devastating flood in the last 50 years and tragic loss of lives and properties. The ROC Armed Forces had never devoted so much ground and air units to a disaster relief. By September 15, the ground troops registered a total head count of 534,000 and the air units facilitated over 5,400 sorties to the affected areas. The ROC Armed Forces has learned important lessons from the experience. I would like to avail myself of this opportunity to extend my gratitude to the United States for sending its ship, helicopters, and relief crew for humanitarian relief, and to other countries which provided assistance to us. Typhoon Morakot taught us a lesson under unconventional threat. Disaster relief and reconstruction are equally critical to national security. In the future, the ROC Armed Forces will have a new role and mission to better respond to unconventional threats.



## **US - Taiwan Defense Industry Conference**

**September 27-29, 2009**

**The Boar's Head Inn, Charlottesville, Virginia**

*General Chaou Shih-chang Keynote Speech*

---

While defense transformation continues, the ROC Armed Forces will include disaster prevention and relief into its core missions, and military operations other than war, or MOOTW, into its military strategic planning.

Taiwan is located on the Circum-Pacific Seismic Zone and in the West Pacific where typhoons are common, therefore frequented by typhoons, earthquakes and floods. Taiwan is also an important transportation hub in northeastern Asia and a favored habitat for migrant birds, thus is subject to threats brought by globalization, such as epidemics. In the process of military transformation, the ROC Armed Forces will take Taiwan's practical needs and geographic features into considerations to prioritize MOOTW as one of its core missions.

In the past, the international community considered the Taiwan Strait as one of the flash points in East Asia. Now, the two sides of the Taiwan Strait are engaged in close interactions, and the tension across the Taiwan Strait is lessened. It may seem détente, but in fact, the importance of careful assessment of the security situation can never be underestimated. For decades, cross-strait relations have been complex. In terms of trades and tourism, the two sides are interdependent. Such exchanges lift the tension greatly. However, from the large-scale military parade that will be held in Beijing on October 1st to celebrate the 60th anniversary of the regime, we will see many of the new weapon systems indigenously developed by the PRC. Those weapons and equipment are threatening my country, and can also affect countries in the Asia-Pacific region.

From a different perspective, it has more than five decades of military stalemate across the strait. The situation is further aggravated by the PLA development and expansion, which has drawn worldwide attention and undoubtedly undermines Taiwan's security.

In terms of military security, the responsibility to prevent accidents is shared by both sides of the strait. Since the PLA continues to expand its power, it is imperative that the ROC Armed Forces maintain strong defensive capabilities to be confident enough and to reduce chances of misunderstanding and miscalculation in various aspects of cross-strait development. In March this year, my country published the first ever Quadrennial Defense Review, which states at the very beginning the objectives of defense strategies—war prevention, homeland defense, contingency response, conflict avoidance, and regional stability. The responsibility of the armed forces is to minimize threats against the country and ensure a peaceful external environment to create greater opportunities for national development, thus carrying out President Ma's proclamation of minimizing threats and maximizing opportunities.

Sufficient defensive capabilities can serve as the corner stone for cross-strait exchanges, reduce possibilities of miscalculation and conflicts, and create an environment of stability and prosperity for regional development. The scenario will bring the opportunities that my country seeks and is also in the expectations of regional countries.

If, on the contrary, we are not capable of ensuring national security, cross-strait relations could be led into a situation of security dilemma, which would adversely impact cross-strait exchanges and even regional stability and security. The issue is, therefore, not just on a national level, but could affect all countries in the region. Given the trend of development at current stage, the only way to sustain the easing of cross-strait tension is to maintain credible defensive capabilities of the ROC Armed Forces.

As the strategic environments are changing, challenges and opportunities would arise. The "Three Links" are now set to provide for direct air and sea transportation across the strait. Measures originally taken to reflect the expectations from the people and the industry and fulfill the pragmatic needs of commerce and trade will gradually be subject to market force. When cross-strait tension dissipates, people's crisis awareness for national security might also be low. However, I firmly assure, no matter how cross-strait situation evolves, that the ROC Armed Forces must maintain credible war-fighting capabilities to demonstrate the determination of self-defense and to ensure national security through "Resolute Defense and Credible Deterrence."

---



## **US - Taiwan Defense Industry Conference**

**September 27-29, 2009**

**The Boar's Head Inn, Charlottesville, Virginia**

*General Chaou Shih-chang Keynote Speech*

---

For over a year, we have completed the roadmap for transforming our Armed Forces into a volunteer force and the accessorial project of force structure adjustment. They will be implemented in the next few years. Although overall force size will be adjusted, the capabilities—either software or hardware—or a reasonable level of budgets will not be affected.

In addition, "disaster prevention and relief" will be included as one of the core missions for the armed forces as is expected by the society and requested by the people. Resource allocation will thus be adjusted to provide for related facilities, equipment, organizational reengineering, personnel training, and necessary legislation.

Because of the renovations of defense affairs and the agenda of defense reform, there will emerge new requirements to be fulfilled through collaboration with institutions home and abroad. With expected technological progress and streamlined manpower, opportunities for such collaboration will gradually increase.

Basically, force level and structure will be adjusted as we transform into a volunteer force. The actual defense investment and the size of defense budget, however, will not be reduced. In order to attract better quality young people to serve in the volunteer force, we need to enhance the quality of infrastructure in the military and provide better living quality in barracks. Therefore, additional investments will be needed in these areas.

Adjustment of force structure requires the defense force to be "small but elite, small but strong." Budgets for weapons systems conversion and upgrade will be prioritized in the allocation of defense resources. The armed forces will not be able to carry out the undertaking of such scale all on its own. It is therefore inevitable to resort to outsourcing.

We do have expectations for assistance that could be provided by friends and allies as new challenges that we have never faced before emerges along with the many tasks of defense reform. It is a formidable challenge that we face to maintain necessary level of combat readiness while implementing defense reform, force structure adjustment, and the transformation into a volunteer force at the same time.

Investments are necessary for force buildup and combat readiness. Given the reality, however, defense reform needs to be an integral part of the pursuit of greatest national interests. The budgets for meeting defense requirements will not be downgraded for reduction of force size. On the contrary, larger investments will be needed following the adjustment of various mechanisms and force structure.

However, because of the impact from 2008 global financial tsunami and the reconstruction requirements for August 8th Morakot Typhoon disaster, financial concerns will have to be factored into the implementation of defense policies when balancing defense investments and actual needs, so as to meet the expectations of the people and the scrutiny of the legislature.

I would like to seek the assistance from the U.S. government officials who are here with us today. In the past few years, there have been gaps of understanding. The FMS approval process failed to proceed as expected. As a result, our budget acquisition, allocation, management and spending are affected. Critical acquisitions, including F-16C/Ds, diesel submarines, utility helicopters, additional two units of PAC III, could not be completed before the budgets expired, thus obstructing follow-on annual budgeting and policy implementation.

The situation is actually delaying the progress of our readiness effort and could even exert adverse impact on strategic environment and balance of power. I'm sure the officials in charge did not mean to see such development. I sincerely hope that there will be better means of communication for future arms requests and earlier provision of positive response.



## **US - Taiwan Defense Industry Conference**

**September 27-29, 2009**

**The Boar's Head Inn, Charlottesville, Virginia**

*General Chaou Shih-chang Keynote Speech*

---

We cherish dearly the friendship and the sustaining assistance we have long enjoyed from friends in the U.S. government and other sectors. We strongly believe that the only way to deter reckless actions from the enemy is to maintain robust defensive capabilities and high level of confidence to reduce possibilities of miscalculation in the process of cross-strait interactions. Under the common objective of pursuing peace, stability and prosperity in the Asia-Pacific region, we will continue to seek necessary assistance from the U.S. to help the ROC Armed Forces build self-defense capabilities and to jointly mitigate potential dangers of conflicts and promote regional security and stability.

Finally, I wish to seek the continuous provision of concrete assistance and constructive recommendations from all of our friends here.

Let me express my appreciation again to the invitation of the UTBC and the great effort to organize this conference. I'd also like to thank all our friends here for your longstanding support and affection for my country. I wish everyone great health and fortune, the success of the conference, and mutual prosperity of our two countries. Thank you for your kind attention.