



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

Remarks to the U.S.-Taiwan Business Council Defense Industry Conference

September 28, 2009

Wallace C. Gregson

Assistant Secretary of Defense for Asian and Pacific Security Affairs

20 minutes, followed by Q&A

U.S.-Taiwan Defense Relations: 2009

Introduction

I would first like to extend a warm welcome to Vice Minister Chao (Taiwan's Vice Minister of National Defense for Armaments). I would also like to thank the U.S.-Taiwan Business Council; its President, Rupert Hammond-Chambers; and its Chairman, Paul Wolfowitz, for inviting me to their annual defense conference.

I had a previous invitation to speak at this conference a few years ago that I unfortunately wasn't able to accept, so I was very pleased to have another opportunity to join you this year. It is an honor to be here with such a remarkable group of business people and policymakers. The U.S.-Taiwan Business Council is a leader in promoting economic growth and cooperation between the U.S. and Taiwan, strengthening our friendship, and preserving stability in the Taiwan Strait. This conference provides one of the most important opportunities every year to discuss U.S.-Taiwan defense and security issues and it is truly a pleasure to be here tonight.

Reflecting on the Past Year

I was asked to reflect tonight on the relationship between the U.S. and Taiwan and address some of the key defense issues and policy challenges we will face in the year ahead.



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

But first I'd like to take a moment to acknowledge recent challenges Taiwan has faced. The U.S. and Taiwan have weathered many storms together over the years. However, the last year has been particularly challenging. Typhoon Morakot was a terrible natural disaster, one that was unprecedented in Taiwan's recent history. Secretary Gates and I would like to extend our personal condolences to those individuals who suffered, and especially those who lost loved ones, in this tragedy.

The U.S. was pleased to be able to provide a tangible demonstration of our friendship by sending relief aid and assistance to the victims of the typhoon. The U.S. government has always been clear that the purpose of humanitarian aid is to save lives and reduce suffering. This was not the first time we provided assistance to Taiwan in a disaster - the U.S. military also delivered relief supplies after the 1999 earthquake.

The American people are intimately familiar with the difficult task of rebuilding from natural disasters. You have been a steadfast friend in these situations, repeatedly providing assistance for our reconstruction efforts. We were grateful for the opportunity to reciprocate this friendship, and you will continue to have our deepest sympathies and support in the months ahead. Our shared experiences in this regard also provide opportunities to exchange ideas and lessons learned in how we can reform and strengthen those civilian and military structures tasked with preparing for and organizing responses to national disasters - whether natural or man-made - and I would encourage those present here today to consider opportunities that can emerge from this tragedy to build a better future.

Importance of the U.S.-Taiwan Relationship

The U.S. has a deep and long-standing friendship with Taiwan, and a tremendous admiration for the achievements of your people. The foundation of our relationship is based on our One China policy, the Taiwan Relations Act, and the three joint communiqués. The Obama administration is firmly committed to supporting and executing these commitments. But the foundation of the U.S.-Taiwan relationship is built on far more than matters of law. Our commitment is based upon deep and abiding friendship, shared security interests, deep economic ties, and common democratic ideals and values.

As Secretary Gates has stated, the U.S. is a "resident power" in Asia. Preserving peace in the Taiwan Strait is fundamental to our efforts to promote stability and prosperity in the region. We believe that promoting a strong Taiwan will help ensure that Taiwan is able to make choices that benefit those on *both* sides of the Strait.



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

A strong Taiwan will be less susceptible to coercion or intimidation and better able to engage the PRC with confidence. A strong Taiwan will be free to expand cross-Strait economic, cultural, and political ties without fear or reservation. And therefore everyone in the region – including the PRC - should view a strong Taiwan not as a threat, but as a stabilizing factor in cross-Strait affairs, regional security, and economic development.

President Ma's initiatives to reduce tensions in the Taiwan Strait underscore this reality and have provided a welcome change in Cross-Strait dynamics over the past year. These initiatives have both reduced tensions in the Strait, as well as improved dialogue between the U.S. and Taiwan. This reduced tension benefits all of Northeast Asia.

The government of the PRC has welcomed these initiatives and stated its commitment to regional peace and prosperity. We are encouraged by the PRC's reciprocity in encouraging renewed interactions in cultural and economic affairs, but we have not yet seen similar progress or dialogue in military affairs. We encourage both sides to consider such steps at the appropriate time and in a mutually agreed manner.

It is also important to reiterate that our relationship with Taiwan extends beyond traditional defense relations. Over the past thirty years, we have established a growing range and variety of bilateral ties. Taiwan's vibrant economy, world-class technology sector, and strong democratic traditions have made it a valuable partner in addressing global challenges such as energy security, pandemic disease, and development assistance.

For example, Taiwan has supplied funds and materials to support reconstruction efforts in Afghanistan. Taiwan has also participated in the Container Security Initiative (CSI).

And we welcome Taiwan's assistance in preventing pandemic disease through its participation in the World Health Association.

These new initiatives help our bilateral relationship continue to expand and adapt to 21st century security challenges.

Innovative Security

It has been thirty years since the U.S. enacted the Taiwan Relations Act (TRA) and no one would question that the "strategic landscape" is evolving in Asia. While our commitment to the TRA remains firm, today's Asia no longer resembles the Asia of 1979. For both the U.S. and Taiwan, our defense and security will be dependent upon our ability to evolve in line with these strategic changes.



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

The impact of the PRC's growing economic and military capabilities on the security balance in Asia is obvious and well-known to everyone here tonight. The PRC's traditional role as a continental power is evolving as it pursues advanced air, space, and maritime capabilities. While we acknowledge that military modernization is a natural aspect of any country's development, the U.S. shares the concern of many in the region about the ultimate aim of China's efforts.

As a result of the PRC's rapid economic growth and military modernization, Taiwan will never again have the luxury of relying on quantitative advantages over the PRC. Instead Taiwan must look to its qualitative advantages through focusing on innovation and asymmetry. I realize that words like "innovation" and "asymmetry" are often thrown around, but these concepts are much more than just popular military buzz words. They are essential components of a modern security strategy.

Taiwan has already undertaken several military transitions – as outlined in its new Quadrennial Defense Review (QDR) - that will facilitate this process and develop defensive capabilities that are modern, efficient, and technologically advanced.

As with all important transitions, this will not be an easy task. Taiwan will have to grapple with several difficult challenges, most notably:

- overcoming demographic and geographic limitations as it transitions to an all-volunteer force, and
- prioritizing its defense spending within a constrained fiscal environment.

Taiwan's success in implementing these plans will be vital to its self defense, cross-Strait peace, and its ability to promote regional security in Northeast Asia.

There are several important steps Taiwan can begin to take to implement an innovative defense strategy. First, as Taiwan transitions to an all-volunteer force, it must focus on building a talented and educated corps of junior officers and non-commissioned officers (NCOs). This is one of the most obvious areas where a focus on quality over quantity will pay dividends for Taiwan's defense capabilities.

As a Marine general, I had no greater pleasure than commanding and mentoring many tremendously talented young men and women in uniform. The value of a properly organized military, functioning within a free and democratic society, is far more powerful than any quantitative statistics can convey.

Educated and technologically savvy young men and women feed a Junior Officer Corps and a Non-Commissioned Officer Corps that adapts to complex challenges. Once empowered, these young leaders will develop the skills to mentor those who come behind them and learn to make the right decisions in the absence of orders. In a modern war-fighting environment, where technology imbues lower-level officers with increased decision-making responsibilities, these skills are more essential than ever before.



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

The task of building an all-volunteer force will be increasingly difficult as the size of Taiwan's workforce begins to shrink in the coming years. Faced with greater competition from the private sector, Taiwan's leaders will have to work even harder to assure younger generations that military service is an honorable profession and that it is a stepping stone to future opportunities. If Taiwan's civilian and military leadership work together, they can develop a domestic solution to this problem that will provide mutual benefits to both the private and public sectors. Through such a program, Taiwan's authorities can work hand-in-hand with industry and academia to allow the time-sharing of available resources and establish a "citizen soldier" who is unique to Taiwan.

In its efforts to establish a modern and efficient all-volunteer force, Taiwan must also focus on providing sufficient training opportunities. Realistic training is the most important preparatory step for force readiness. Unfortunately, Taiwan's geography and extensive urbanization restrict the ability of its forces to receive the training they require. These limitations cannot be avoided, but they can be mitigated through the advantages of modern technology. Advanced computer simulation systems can realistically simulate the terrain in Taiwan and allow your soldiers to get the training they need. These systems will allow you to simulate operations with real ships at sea and fighters in the air. I can speak from personal experience to assure you that the reality and accuracy of these systems are remarkable.

In addition to providing necessary training, these simulation systems can also reinforce and promote the types of complex technological skills that are essential both to twenty-first century warfare and to modern businesses and economies. Such systems will not only allow your young men and women to fight as a highly advanced and efficient military force, but will also enable them to obtain valuable technological skills that can be used in the civilian workforce.

The second challenge Taiwan must face as it implements an innovative defense strategy is the challenge of effective and efficient resource allocation. Taiwan cannot outspend the PRC, but by carefully prioritizing its spending and investments, Taiwan can begin to shift the cost ratio of defense in its favor.

Taiwan is not alone in grappling with the reality of a constrained fiscal environment. We in the Department of Defense face many of these same choices, and we recognize that they are tremendously difficult. An effective defense strategy cannot be implemented without the necessary tools. (I imagine I don't have to convince anyone in this crowd about that statement!)



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

However, true and lasting security cannot be achieved simply by purchasing the next gleaming piece of advanced hardware. A defense strategy is most effectively implemented when you have the *right* tools. Taiwan's defense strategy will be therefore be most effective when its resource decisions are driven by a clear sense of its defense objectives and the most efficient means to achieve these objectives. Taiwan's completion of a Quadrennial Defense Review (QDR) is an important step in helping to guide its decision-making process on this front.

(I'm sure many of you here tonight are quite eager to know more about what our administration considers to be the *right* tools for Taiwan. Although I'm not going to address that issue in detail, I can assure you this administration will not waver in its commitment to provide those defense articles and services necessary for Taiwan's self-defense.)

Although there are many steps Taiwan can take to shift the cost ratio of its defense, one of the most important steps will be to seek out areas of asymmetric advantage. In other words, Taiwan should seek out new initiatives that will be more expensive for the PRC to defeat than they will be for Taiwan to employ. Asymmetry will not replace a layered defense or defeat PRC forces, but it can deter them from fully employing the advanced weapons they are developing and undermine their effectiveness. In so doing, it will also serve a valuable deterrence role by complicating the PRC's decision-making calculus and dissuading potential aggression.

Deploying maneuverable weapons systems and making use of deception and camouflage will allow Taiwan to marginalize the PRC's ability to target its defenses. Additionally, an increased initiative to harden Taiwan's defenses will make it more costly for the PRC to target critical infrastructure and ensure the viability of this infrastructure in combat.

Taiwan can also maximize the efficiency of its defense strategy by focusing on two key priorities: integration and interoperability.

Integration:

- Increasingly complex weapons systems are integral to modern warfare and they will be essential to Taiwan's development of an advanced, 21st century force. However, these defense systems do not come integration-ready.
- A greater focus on integration will allow Taiwan's commanders to have a more complete picture of their battle space. It will also allow your defense planners to better match weapon systems to the specific nature of the threat, saving your most complex systems for the most complex threats.



US - Taiwan Defense Industry Conference

September 27-29, 2009

The Boar's Head Inn, Charlottesville, Virginia

Wallace C. Gregson Keynote Speech

- Taiwan's existing weapons have significant capabilities, but they continue to require greater integration to compensate for the significant force the PRC could bring to bear against Taiwan as well as the complex response operations that are required in the event of a natural disaster or domestic emergency.

Interoperability:

- The U.S. has learned and relearned the importance of interoperability between military services and civilian services as well. It is quite simply one of the most fundamental necessities for efficient and effective security operations.
- In Taiwan, as in the U.S., interoperability must also include vital organizations beyond the military – including Taiwan's coast guard, its various policy bureaucracies, and those potential international organizations that might provide assistance to Taiwan in a moment of need. Better coordination between all of these assets will be essential to Taiwan's defense and it will allow better resolution between friend and foe in a complex fight.

Closing Comments

I know these are tough issues, but Taiwan's evolution over the past fifty years into a strong and resilient economy and a stable and prosperous democracy proves that it is no stranger to the value of innovation and hard work. The U.S. respects these accomplishments and will work with you as you tackle a new set of security challenges. Our interests in the Asia-Pacific region are enduring, as is our friendship with the people of Taiwan.

Our friendship extends far beyond our economic ties and the relationships between our leaders. It is built on the abiding ideals and connections between our people. I am convinced that in the coming years this relationship will grow and deepen as we build our past record of cooperation and interaction.

Thank you.