



**AIT Chairman James Moriarty**

**Remarks at U.S.-Taiwan Business Council, Defense Industry Conference**

**Monday, October 5, 2020 – 9:00am Eastern**

Rupert, members of the Council –

Thank you once again for inviting me to attend this conference as Chairman of the American Institute in Taiwan. This is truly a unique opportunity – the 1<sup>st</sup> virtual gathering of the Annual U.S.-Taiwan Defense Industry Conference.

I salute the U.S. – Taiwan Business Council for having laid out an excellent and timely program.

I look forward to discussing a broad range of issues with experts and stakeholders from both the U.S. and Taiwan who share an interest in Taiwan's continued security.

And I think we all look forward to hearing the perspectives of Vice Minister for Armaments General Guan-Chung Chang, KMT Chairman Johnny Chiang, and Acting Assistant Secretary of Defense David Helvey.

Much has happened since the last iteration of this conference, held in person on October 7 last year. Since then Taiwan has held its seventh peaceful Presidential election. The United States Administration has announced two Congressional Notifications for arms sales to Taiwan at an estimated total of \$800 million. The world has suffered a savage pandemic and economic downturn. And the threat that the PRC's ambitions represent to the United States and its friends and partners, particularly Taiwan, has become increasingly clear.

Some important things have not changed, including the ever-increasing cooperation between the United States and Taiwan in a wide variety of areas. In the 41 years since the enactment of the Taiwan Relations Act, the United States and Taiwan have built a comprehensive, durable, and mutually beneficial partnership. And that is a partnership grounded in shared values and shared interests.

Our tempo of engagement with Taiwan, including high-level visits by HHS Secretary Azar and Under Secretary of State Krach, has increased. Our cooperation in areas as diverse as media literacy, space research, and clean internet networks continues to deepen. This year, in particular, we have stepped up our collaboration in public health as the world grapples with the global pandemic.

Unfortunately, the past year has also seen the PRC double down on its bullying of - and belligerence towards - Taiwan. This includes increasingly frequent military exercises around Taiwan, continuing cyberattacks, and hostile rhetoric. The PRC continues to block Taiwan's participation in international organizations – such as the World Health Organization; this at a time when Taiwan's brilliant success in containing the pandemic - and its eagerness to share its knowledge and utilize its capacities for the good of mankind - underscore how much Taiwan has to offer the global community. As the Czech Republic has discovered, the PRC threatens any country or statesman seeking closer ties with Taiwan. The PRC openly intimidates hotels, airlines, and even defense contractors on the international stage. Most importantly, Xi Jinping himself insists that Taiwan move quickly towards unification with the PRC under a “one country two systems” formula.

That is a formula rejected by almost all the people of Taiwan.

The reason: the actions the PRC has taken in implementing that formula in Hong Kong make clear that the PRC seeks not just unification with Taiwan but the destruction of Taiwan's democracy.

Forty-one years ago the Taiwan Relations Act underscored that the United States considers the security of Taiwan central to the security of the broader Indo-Pacific region. Thus, stable cross-Strait relations are essential to maintaining regional stability. That has not changed. Recent US public speeches and testimony, however, have stressed that the increasing threat posed by Beijing requires increasingly close cooperation between the U.S. and Taiwan to maintain the security of Taiwan and the stability of the entire region.

Recently, Assistant Secretary of State Stilwell said, when testifying before the Senate, "...our relationship with Taiwan stands on its own and our relationship with Taiwan is not a subset of U.S.-China relations. ...The U.S. commitment to implementing the Taiwan Relations Act and the Six Assurances is firm, as is our commitment to the U.S. one-China policy, including our insistence that cross-Strait issues be resolved peacefully and without coercion or intimidation."

The TRA itself outlines specific policies in the security realm. This year, the Administration additionally sought to clarify our long-standing policies by declassifying two documents regarding our "Six Assurances" to Taiwan. The specific contents of those Assurances include:

- First, the United States has set no date for ending arms sales to Taiwan.
- Second, the United States has not agreed to prior consultation with Beijing on arms sales to Taiwan.
- Third, the United States has not agreed on any mediation role between Beijing and Taipei.
- Fourth, the United States has not agreed to revise the Taiwan Relations Act.
- Fifth, the United States has not agreed to take any position regarding sovereignty over Taiwan.
- And sixth, the United States will never pressure Taiwan to negotiate with Beijing.



As President Reagan put it, “... it is essential that the quality and quantity of the arms provided Taiwan be conditioned entirely on the threat posed by the PRC. Both in quantitative and qualitative terms, Taiwan’s defense capability relative to that of the PRC will be maintained.”

In other words, U.S. policy on cross-Strait issues does not exist in a vacuum: the actions of the PRC, and the degree to which those actions reflect peaceful intent, will inevitably drive U.S. policy. At the same time, the very core of the assurances is the continuing U.S. support for the people on both sides of the Strait to resolve their differences peacefully. Unfortunately, the threat to Taiwan posed by the PRC has increased significantly in recent years.

Against this backdrop, conversations about U.S. defense cooperation with Taiwan, the defense procurement process, and Taiwan's self-defense and security needs are more important than ever.

The U.S. is heartened by the Tsai administration's decision to seek significant increases in the defense budget, as well as by the bipartisan support for such increases in Taiwan's Legislative Yuan. President Tsai's determination to have Taiwan build as strong a deterrent as possible reflects her understanding of the increasing threat from the PRC.

The Tsai administration emphasizes indigenously-produced defense systems. The U.S. welcomes this emphasis. While our commitments to Taiwan have not changed, Taiwan must do its part to invest wisely in weapons and maintenance, to train hard, to develop doctrine and to reform where needed. Taiwan needs to be ready today.

President Tsai's comments on reserve reform reflect this self-reliant approach. New tanks, planes, and missiles will improve current capabilities. Ultimately, however, the will and capacity of the people of Taiwan to resist aggression and defend their homeland and their way of life will provide the most effective deterrent possible.

In closing, in this time of considerable uncertainty, Taiwan can be confident that the United States remains committed to fulfilling both the letter and the spirit of the Taiwan Relations Act – with respect to commercial, cultural, and other relations – as well as security.

I can think of nothing more critical than this discussion -- how U.S. industry can most effectively bolster Taiwan's self-defense. I look forward to today's dialogue and thank you all for participating.

And now I await eagerly the remarks of General Chang, a friend of longstanding who has labored for decades to help Taiwan build the most effective deterrent possible.