



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

Keynote Remarks

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Good evening. I would like to first thank the U.S. Taiwan Business Council for organizing this conference. This is a – if not *the* – critical forum for public and private sector discussions on security in the Indo-Pacific region and Taiwan's defense strategy. I also want to welcome back Taiwan's Vice Minister for Armaments, General Chang, who oversees critical pieces of Taiwan's defense transformation. I am glad you are here and able to both contribute to, and benefit from, the dialogue.

I also want to thank Chairman Michael Splinter of the U.S.-Taiwan Business Council, and President Rupert Hammond-Chambers, for all they do to enhance and promote the U.S.-Taiwan relationship. The Council's work in bringing together like-minded stakeholders committed to Taiwan's security does so much to advance the U.S.-Taiwan relationship.

And I want to thank the conference's participants – the representatives from Taiwan, from industry, from academia, and from the U.S. government – for your continued efforts to promote Taiwan's security and U.S.-Taiwan relations. Your contributions, ideas, and expertise are what makes this conference special as an incubator of innovation in support of Taiwan's self-defense.

This past year was indeed a milestone in U.S.-Taiwan relations as it marked the 40th anniversary of the passage of the Taiwan Relations Act. The TRA has been the foundation of our bilateral relations with Taiwan for over 40 years and has helped ensure Taiwan remains secure, confident, and free from coercion. It affirms the strategic importance of Taiwan and the enduring interest of the United States in peace and stability in the Indo-Pacific.

As the Administration and the Congress have made abundantly clear – the latter most recently with the unanimous passage in the House of Representatives of the Taiwan Assurance Act – Taiwan is a critical partner in the Indo-Pacific.

The Administration's vision for the Indo-Pacific is inclusive: we seek to work with all those committed to upholding principles that have been the basis for the region's growth and dynamism. These principles include: 1) Respect for sovereignty and independence of every nation, no matter its size; 2) Peaceful dispute resolution without coercion; 3) Free, fair, and reciprocal trade and investment; and, 4) Adherence to international rules and norms.

These are principles by which Taiwan continues to abide. In fact, these principles have conferred enormous benefit to Taiwan as evidenced by its emergence as a strong and prosperous democracy. As the Taiwan people prepare to head to the polls again in this coming January's elections, it is crucial that Taiwan's elections remain free and fair, without foreign interference. Taiwan's respect for the rule of law, its healthy civil society, its strong economy, and transparent governance represents an unmistakable message from the Taiwan people that Taiwan is worth defending.

And defend itself Taiwan must. The stakes could not be higher. Since I last spoke to you, we have witnessed an increasingly assertive China that acts against the four principles I just discussed. The Chinese Communist Party under Xi Jinping is



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challenging the rules-based order, and is working to shape this order toward one favorable to its authoritarian governance model—one which has grown increasingly harsh and repressive. We only have to look at Hong Kong, Tibet, Xinjiang, or even the violent suppression of environmental protests in Wuhan this past summer or veterans marchers in Zhenjiang last year, to get a glimpse of Xi Jinping's vision for the future.

Yet unfortunately we see this vision being applied with Beijing's efforts to intimidate, isolate, and coerce Taiwan. Stripping away Taiwan's diplomatic allies; applying economic pressure by cutting tourism and redirecting investment; undermining democracy by meddling in Taiwan's elections; and applying military pressure through the PLA's posture and its increasingly provocative exercises and operations harm peace and stability in the Indo-Pacific. Xi Jinping's doubling down this past January on the threat of force against Taiwan further undermines the basis for peaceful cross-Strait dialogue and heightens regional instability.

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It is in this strategic environment that the Administration continues to faithfully implement the TRA as part of a broader commitment to the security and stability of the Indo-Pacific. As Assistant Secretary Randy Schriver has said, "a strong and secure Taiwan can deter aggression, defend the Taiwan people and their hard-won democracy, and engage on its own terms with the PRC."

Taiwan is on the frontlines at a time the People's Liberation Army's strike and force projection capabilities are rapidly advancing. Taiwan therefore plays a critical role in deterring PRC aggression and maintaining peace and stability in the region.

And we have helped Taiwan to do just that by providing defense articles and services to enable it to maintain a sufficient self-defense capability and address this growing threat. This past summer alone the Administration has notified over \$10 billion worth of potential Foreign Military Sales to the Congress under the TRA framework.

More broadly, these notifications indicate the critical opportunity Taiwan has as the Administration works to implement the TRA and Indo-Pacific strategy. We recognize and support Taiwan's efforts to recapitalize select elements of its legacy force structure. New F-16 fighters, for example, will improve Taiwan's ability to patrol and maintain the security of its air and sea space during peacetime. Likewise, new M1A2 tanks will shore up Taiwan's ageing armor systems.

Yet now more than ever, modern militaries must strike a balance between peacetime and wartime capabilities as a means of deterring more capable adversaries. We seek to engage with our Taiwan partners and learn about Taiwan's next steps in acquisitions, force structure, and other reforms. If the Overall Defense Concept is to remain Taiwan's guiding framework and inform these next steps, much remains to be done to ensure Taiwan strikes this balance by fielding a combat credible force proficient in asymmetric warfare, force preservation, and littoral battle. The Department and our interagency counterparts are eager to see further progress on these fronts.

At last year's conference I said that Taiwan cannot afford to overlook preparing for the one fight it cannot afford to lose. And despite the PRC's significantly larger defense budget and rapidly growing capabilities and professionalization, we believe that Taiwan absolutely has the capacity to do so. But to do so in a resource-constrained environment requires a



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Presentations & Papers

strategy that reflects tough choices – not only on where and how Taiwan invests its defense dollars, but where and how it does not.

That is why we continue to encourage Taiwan to field credible, resilient, and cost-effective capabilities – and make the necessary force structure changes to ensure these capabilities are employed to maximum effect. In the face of an adversary that spends more, fields capabilities faster, and expresses a willingness to use force, Taiwan must employ a force that leverages its strengths in terms of geography, advanced technology, highly skilled workforce, and innovative and patriotic society, all while exploiting its adversary's vulnerabilities.

This means a distributed, maneuverable, and decentralized force – large numbers of small things – that can operate in a degraded electromagnetic environment and under a barrage of missile and air attacks.

Such challenges are not unique to Taiwan. In fact, the Department of Defense is also increasingly adapting our force structure along these lines for effective multi-domain deterrence. Ultimately, we too are seeking larger numbers of smaller things as we prioritize mobility, survivability, and lethality.

Our joint force is modernizing in key capability areas, including a resilient C4ISR network; systems to strike diverse targets inside adversary air and missile defense networks; smaller, dispersed, resilient, and adaptive basing; and autonomous systems. Larger numbers of smaller things can provide a far better deterrent. In short – a system of systems that is less sensitive to the loss of any individual part of it.

That is why the Department of Defense immediately grasped the significance of Taiwan's shift in strategic thinking when it produced the ODC, and we have been focused on assisting Taiwan with implementing it ever since. As we grow in scale and scope our defense engagement, we are placing primary focus on working with Taiwan to build credible war fighting systems to achieve multi-domain deterrence. Large numbers of small systems that are mobile, distributed, and cost-effective are part of Taiwan's strategic vision for deterring, and if need be denying, a successful amphibious invasion.

These include highly-mobile coastal defense cruise missiles, short-range air defense, naval mines, small fast-attack craft, mobile artillery, and advanced surveillance assets, all of which are particularly well suited for Taiwan's geography and to the mission of island defense. Taiwan cannot match the PRC's defense spending, but it does not have to. Such systems are far less expensive to operate and maintain, and are more survivable, compared to more conventional platforms such as fighter aircraft or large naval vessels.

We also believe that a more credible military deterrent in Taiwan not only puts Taipei in a stronger negotiation position vis-à-vis Beijing, it also attracts more support from other countries who might otherwise buy into the narrative of a hopeless *fait accompli* that is often pushed by Chinese propagandists.

It is critical of course that Taiwan devote sufficient resources towards its defense. President Tsai's recently announced increase in defense spending is important; continued spending increases are necessary for Taiwan to acquire sufficient quantities of credible warfighting systems, while still recapitalizing conventional platforms. And this is a balance that has to be struck. Minister Yen two weeks ago indicated publicly Taiwan's plan to request the M109A6 Paladin self-propelled howitzer. Without commenting on any particular sale prior to Congressional Notification, I would note that we are working with Taiwan to prepare additional requests for other capabilities that are perhaps better suited to deterring a more capable adversary.



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Additional investments in personnel and readiness will also be just as decisive as Taiwan grapples with the transition to an all-volunteer force. Weapons alone do not build a capability – they must be employed effectively to deter an adversary, or if need be, to deny the adversary’s military objectives.

Therefore, we are increasingly advising and assisting Taiwan with thinking through doctrine, operational concepts, and tactics to ensure such capabilities are employed to maximum effect.

In our defense engagements, we encourage Taiwan’s military services to operate jointly in a decentralized environment and to empower junior and non- commissioned officers to make operational decisions. This will enable Taiwan to employ the aforementioned mobile and distributed systems without central command and control. Given the capabilities the PLA could bring to bear in a blockade or outright amphibious invasion, including information control, Taiwan’s progress here is key.

Taiwan must also strengthen its reserve forces and consider the role they can play in complementing the active force. Reserves can be a significant force multiplier and must not be neglected. Moreover, reserves function as a connection between the active force and broader society, and can reinforce the stakes the people of Taiwan have in their own defense. Given the threat the CCP and PLA pose to Taiwan’s way of life, the defense of Taiwan must be a whole-of-society mission.

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I hope that as you all engage in further conversations at this Conference and beyond, creative solutions can be devised to help Taiwan implement the ODC.

The Department is committed to continued implementation of the TRA and assisting Taiwan make the needed changes to ensure it is best postured to defend itself and contribute to peace and stability in the Indo-Pacific. But doing so requires the help of industry, academia, and other stakeholders – and continued engagement at fora like this Conference.

Thank you very much for your time and attention. I look forward to any questions you may have.