



## US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

*Presentations & Papers*

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

***American Institute in Taiwan (AIT) Chairman James Moriarty***

***Monday, October 7, 2019, 9:00 AM***

Rupert, members of the Council –

Thank you once again for inviting me to attend this conference as a representative of the American Institute in Taiwan. The 18th Annual U.S.-Taiwan Defense Industry Conference offers a unique opportunity to discuss a broad range of issues with experts and stakeholders who share an interest in Taiwan's continued security. I look forward to hearing the perspectives of Vice Minister Chang and other leaders from Taiwan's Ministry of National Defense and Legislative Yuan, current and former U.S. government officials, leaders of the defense industry, academics and analysts from around the world.

This conference represents the latest iteration of an ever-evolving series of discussions with industry addressing the future of U.S. defense cooperation with Taiwan, the defense procurement process, and Taiwan's self-defense and security needs. As industry experts, members of this audience are focused on the finer points of the security relationship, a relationship that has been founded upon and evolved through the Taiwan Relations Act (TRA). Since the enactment of the TRA just over 40 years ago, the United States and Taiwan have built a comprehensive, durable, and mutually beneficial partnership, grounded in shared values – in particular, support for freedom, democracy, and human rights.

That partnership has become more important than ever as the People's Republic of China exerts pressure on Taiwan and on U.S. interests in Asia and around the globe. China's increasing military exercises around Taiwan and efforts to block Taiwan's participation in international organizations, poach Taiwan's diplomatic partners, and undermine Taiwan's democracy through disinformation highlight the severity of this challenge. The Solomon Islands' and Kirabati's discontinuing their ties with Taiwan in favor of the PRC are only the most recent examples.

The United States considers the security of Taiwan central to the security of the broader Indo-Pacific region. And stable cross-Strait relations are essential to maintaining that regional stability. I am confident that none of us in the room today take Taiwan's security for granted.

The TRA outlines specific policies in the security realm. The first among those this audience should be quite familiar with, namely that the United States "will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." While some claim that U.S. arms sales to Taiwan contravene the 1982 U.S.-China Joint Communiqué that mentions the gradual reduction of arms sales to Taiwan, both in quality and quantity, recently declassified documents pertaining to this "Third Communiqué" clearly illuminate President Reagan's intent: "... 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 this year alone, the US Administration has announced four Congressional Notifications – of note, one for M1A2 Abrams Tanks estimated at \$2 billion and one for F-16 Block 70 aircraft estimated at \$8 billion. We are committed to supporting Taiwan's self-defense capabilities consistent with the TRA. In doing so, the United States will help facilitate stability across the Strait by giving Taipei the confidence needed to resist coercion and pursue constructive interactions with Beijing. The Tsai administration has placed considerable emphasis on producing defense systems indigenously. In fact, this August



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President Tsai stated Taiwan has been “aggressively promoting indigenous national defense” – a fact highlighted when Taiwan broke ground in May this year for a submarine construction facility in Kaohsiung.

The United States appreciates Taiwan’s determination to take a more self-reliant approach to its defense. Such an approach will also increase the number of stakeholders on Taiwan who are invested in the island’s defense and actively thinking about the security challenges that Taiwan faces. That is a good thing.

And while the U.S. commitment to fulfilling the TRA is firm, that commitment alone will not secure Taiwan in an increasingly complex regional security environment. Taiwan must do its part to invest wisely in capabilities that deter aggression and would help Taiwan mount an effective defense should deterrence fail.

The United States is encouraged by the Executive Yuan’s recent proposal for a 5.2% increase in the 2020 defense budget. We see this proposed increase as a step in the right direction. We hope the Legislative Yuan will fully support this budget proposal, as well as exhibit an appropriate level of support for a special budget to fund the F-16 purchase. Equally important to procurement and indigenous development are training, maintenance, ordnance, and other key areas essential to ensure the readiness of the force. While less glamorous than new platforms, maintenance investments are just as important and will mitigate near-term cost and risk.

In addition to arms sales, helping Taiwan reevaluate force structure and doctrine to better align manning, training, and equipping are also critical for boosting Taiwan’s defense capabilities. Through AIT, we are supporting Taiwan’s efforts to overhaul its reserve forces and enhance interoperability among its military services. And, again working through AIT, U.S. experts discuss resilient and cost-effective capabilities with their Taiwan counterparts, many of which have been written into Taiwan’s Overall Defense Concept. In short, our unofficial security engagements are robust, Taiwan can be confident that there is a large community in the United States – many represented here at this conference – committed to fulfilling both the letter and the spirit of the Taiwan Relations Act.

As friends, we remind Taiwan not to forsake the need for immediate readiness today for future capabilities tomorrow. I continue to encourage Taiwan to redouble its efforts to strengthen its preparations for an effective asymmetric defense as outlined in the Overall Defense Concept. That will require further investment in national defense, including strengthening its reserve and call-up systems, as well as more investment in mobile, survivable, and cost-effective asymmetric systems. I look forward to hearing General Chang’s view on this set of opportunities and challenges, and on how U.S. industry can most effectively bolster Taiwan’s self-defense. I look forward to a great conference, and a lively and productive exchange of ideas. General Chang, I wish you, your team, and the people on Taiwan all the best.