



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

108 年「美臺國防工業研討會」

開幕致詞講稿

2019 US-Taiwan Defense Industry Conference Opening Remarks

中華民國軍備副部長張冠群上將

GEN Chang, Guan Chung

Vice Minister for Armaments, Ministry National Defense of the Republic of China (Taiwan)

攜手合作 · 共創印太區域和平穩定

Hand in Hand for the Peace and Stability of the Indo-Pacific Region

2019 年 10 月 7 日於美國馬里蘭州埃利科特

OCT-7th 2019 at Ellicott City, MD, US

This is the third time that I join you at this conference to speak on behalf of the Ministry of National Defense of the Republic of China, Taiwan. The DIC is always seen as an important and valuable opportunity for my colleagues in the defense ministry to hear from experts of different fields your thoughts and ideas pertaining to the security of Taiwan.

Taiwan and the US have always maintained close strategic partnership in the Indo-Pacific region. As we celebrate the 40th anniversary of the TRA this year, the US Congress passed bills friendly to Taiwan, including the Taiwan Assurance Act of 2019. My country is also noted in the DoD's Indo-Pacific Strategy Report as an important partner. This is a new milestone of TWN-US relations and also symbolizes that our friendship is both longstanding and ever-renewing.

The Republic of China is a peacemaker in the Indo-Pacific region. Maintaining regional peace and stability is a shared responsibility of all regional countries. My country will definitely not stand idly by. So, today I'll speak to the theme of "***Hand in Hand for the Peace and Stability of the Indo-Pacific Region.***" I'll share with you Taiwan's endeavors and vision for regional security.

Based on the universal values of human rights and rule of law, Taiwan has been a high achiever in the development of democracy, freedom, economy, innovative technologies, and also the capabilities and experience of conducting HA/DR missions. Taiwan shares universal values with other democracies and makes contribution to the collective security interests and peace and stability in the region.

Taiwan holds a critical geostrategic point in-between the continent and the ocean. Such irreplaceable geostrategic importance makes Taiwan's security critical to regional stability and could even have impact on global economy.

The United States' Indo-Pacific strategies make even more evident Taiwan's geostrategic importance in political, military, and economic fields. Politically, Taiwan is a sharp contrast to the many incidents of social unrest following people's quests for democratization. The Republic of China on Taiwan has a deeply-rooted democratic institution and upholds the value of freedom and rule of law. The result is a peaceful and stable social foundation that is critical to the stability in the region. As a country, Taiwan's core mission is to pursue peace, ensure freedom, defend human right, and consolidate democracy.



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

These are the roots of the vibrancy and creativity of Taiwan's society. Taiwan's democratization has gone through several phases—the lifting of martial law and the ban on political party formation and newspaper publication, the reform of the legislative branch, the universal suffrage to elect presidents, and the three times of ruling party rotation. Taiwan is the most successful example of the Third Wave of democratization and a source of inspiration for the people on mainland China and the developing countries in the region. Taiwan's pursuit of peace and democracy marks a sharp difference from mainland China and makes us worthy of the trust from the United States and regional countries.

Militarily, Taiwan is faced with a situation in which China has been destabilizing the region by expanding their military capabilities and force projection range, while Taiwan is making efforts to secure the navigation and overflight activities in the peripheral areas with our dynamic surveillance and early warning capabilities. Taiwan is always willing to work with INDOPACOM and regional countries to share our experience, for example, the very strong humanitarian relief capabilities of the ROC Armed Forces.

Economically, Taiwan is the 11th largest trading partner to the US, while the US is the second largest to Taiwan. The shared economic interests are apparent. According to the 2019 Index of Economic Freedom published by the Heritage Foundation, Taiwan is ranked as number 10 in the world and number 5 in Asia. It shows Taiwan's effectiveness in promoting economic freedom and openness. Also, Taiwan's New Southbound Policy supports the Indo-Pacific framework and its collective interests and again makes Taiwan a worthy partner for the US and regional countries.

Technologically, the standard of Taiwan's machinery, chemical engineering, semi-conductors, and electronics is on a par with the world's. Taiwan also has an advanced country's practice of technological innovation and intellectual property rights protection and, therefore, is able to play a critical role in the hi-tech industrial chain in the Indo-Pacific strategies. These, however, are premised on my country having strong self-defense capabilities.

In the forty years since the passage of the TRA, Taiwan and the US have been supporting each other through hard times. The spirit of the law has been translated into concrete actions to maintain Taiwan's prosperity and stability. I believe all those who drafted the TRA must be very proud of what you have done.

Over the years, the US has abided by the TRA and provided FMS to Taiwan for defense buildup. The F-16 fighters, Patriot missiles, and Apache helicopters are all important systems now defending the peace in the Taiwan Strait. Also, the M1A2T that the US agreed to sale this year and the short-ranged personal air defense systems, anti-tank missiles, etc. are all contributing to Taiwan's warfighting capabilities. The F-16 Viper Block 70 that the US agreed to sales in August this year will substantially boost Taiwan's air power. It is an evidence of our combined effort to maintain peace and stability in the Taiwan Strait.

The TRA is providing a positive impact on regional security by making Taiwan an integral part of the benevolent force in the region and the world. It serves an important function of maintaining cross-Strait stability and developing Taiwan's economy and society.

Over the years, China's high defense spending supported its rapid military modernization, which is imposing ever-growing threats against Taiwan. This year, we saw the PLA sending aircraft to deliberately cross the median line of the Taiwan Strait. They staged a joint military exercise along the southeastern coast targeted at Taiwan. The PLAN vessels also transited through the Bashi Channel and the Miyako Channel for their blue-water training activities. The pattern of these activities, from being exceptions to ordinaries to routines, clearly shows China's intention to augment military pressure on



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

Taiwan.

Despite the massive military pressure campaign from mainland China, the Republic of China on Taiwan will not be engaged in an arms race. Taiwan's strategic guidance is to build "Resolute Defense & Multi-Domain Deterrence." The Overall Defense Concept is focused on "Force Protection, Decisive Battle in Littoral Zone, and Destruction of Enemy at Landing Beach." We intend to make use of the natural buffer zone of the Taiwan Strait and our geostrategic advantages. We adopt innovative and asymmetric concepts to focus our investment on systems that are mobile, hard to find, agile, cheap, numerous, survivable, and operationally effective. By building joint capabilities to seize the initiatives of the battlefield, we expect to meet our operational objective of "defeating the enemy's mission to occupy Taiwan."

Taiwan's force buildup is in three areas: conventional, asymmetric, and force protection.

First, the conventional capabilities refer to the fundamentals of defending the homeland, patrolling territorial air and waters, responding to local conflicts, and maintaining peacetime capabilities. We will maintain these capabilities in appropriate quantity and high quality, effectiveness, precision rate and survivability. The focus of acquisition will be tanks, fighters, warships and their weapon systems.

Second, the asymmetric capabilities are those capable of neutralizing a larger enemy. They support the ODC in the Decisive Battle in Littoral Zone and Destruction of Enemy at Landing Beach. The ground systems include mobile anti-armor weapons, mobile air defense missiles, mobile precision-guided MLRS and artilleries. The naval systems, in addition to submarines, include coastal mobile anti-ship missiles, sea mines, and high-speed ships with long-range precision projection capabilities. The buildup of air systems is focused on long-range multi-function and long-duration UAVs and air-launched stand-off precision weapons for advanced fighters.

Third, the force protection is to preserve our warfighting capabilities for critical battles. Measures will be implemented to protect both conventional and asymmetric capabilities, including critical infrastructure, airfields, naval vessels, and missile sites, so as to minimize the impact from the enemy's initial attacks and maintain our defensive force intact for follow-on operations. The focus is on mobility, concealment, camouflage, dispersion, deception, jamming, and anti-blast capabilities, so that we have survivable airfields, naval vessels, missile sites and joint C2 facilities. We will also continue to enhance overall cyber and electronic operations effectiveness.

Building a self-reliant national defense continues to be an important government policy. Besides foreign purchases of necessary weapon systems, we will not forget our own responsibility that it is upon us to ensure the survival of the country. We must demonstrate our resolve and capabilities to defend the country and the people. We are devoted to build a self-reliant national defense. It is important that our defense spending can spur economic growth and technological development.

Therefore, when developing new equipment, we will try to integrate military, economic and technological development. We will both prioritize indigenous production and make necessary foreign purchases to achieve the greatest benefits for the country. Currently, our indigenous R&D is focused on the three core defense industries— aerospace, ship-building and information security. In the past 3 years, the indigenous warplane and warship programs have created a high momentum for Taiwan's defense industry. The result is not only a stronger defensive force, but a business cluster effect that has created thousands of jobs and driven Taiwan's economic growth, and also provided business opportunities for international contractors.



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

The advanced trainer jet program is helping Taiwan to build our own production capacity. The prototype was already rolled out last month on the 24th and is scheduled for a maiden flight in June, 2020 to be followed by volume production. With such indigenous weapons development capabilities, we hope to see Taiwan companies join the aerospace industry supply chain and achieve a technological upgrade.

For the indigenous warship program, Taiwan already has an excellent ship-building capacity and years of experience of building freighters of hundreds of thousands tons for a wide international clientele. On the foundation, the first indigenous submarine has entered production phase and will be launched in 2024. To effectively support economic growth, we are planning for another program to build a series of next-generation surface combatant, including new-generation frigate, new LPDs, high-speed frigate, fast mine-laying craft, and small missile boat. These programs are expected to greatly enhance our naval capabilities.

For national security and economic development to be mutually supportive of each other, we plan to integrate public and private sector resources to further implement the policy of self-reliant national defense and build a matured industrial environment. The Legislative Yuan has passed the Statute for Defense Industry Development in May this year. With a priority of indigenous production, the government will provide incentives for R&D investment and also protect sensitive information by restricting the flow of the technologies and people involved. The method of implementation will be similar to the pattern of the indigenous trainer jet and submarine. Some of the sub-systems, modules, or designing will be opened to international contractors. We will welcome you to work with Taiwan for industrial cooperation and two-way investments to create a win-win situation.

Also, there will be steady increase of defense budget to enhance our defensive capabilities. Taiwan's 2019 defense budget is \$11.163 billion US dollars. It's a 3.9% increase from 2018. The F-16 Viper Block 70 will be funded by a special budget to be allocated in the next several years in the amount of \$ 8 billion US dollars, which has already won the support of the people. Based on our fiscal resources and enemy threats, we will continue to raise the level of defense budget to build a self-reliant national defense.

The Republic of China, as a responsible member of the international community, will continue to take seriously our defense investment and acquire equipment and critical modules that meet our defense needs.

I would also like to thank the US government for processing the recent FMS case on a single case basis instead of the previous packaged manner. We hope to see this as a routine practice so that Taiwan can submit our requests for purchase at any time based on our defense requirement. The FMS process will then have a predictable timeline that support our overall force planning and budgeting.

We expect that our arms acquisition will not be limited to the weapons themselves but also include long-term logistic support, which we think is highly important and should be one focus of our future cooperation. For the recent programs of M1A2T and F-16V Block 70, the US industry can take a step further to work with Taiwan companies in building depot-level maintenance capacity in Taiwan. This will lower maintenance cost and raise maintenance efficiency for better operational sustainability. Moreover, building a local maintenance supply chain will provide life cycle integrated logistic support to countries in the region and therefore raise the operational rate of US-made equipment in the region. This will surely be a mutually beneficial practice for us to share our resources together.



US - Taiwan Defense Industry Conference

October 6-8, 2019

Turf Valley Resort, Ellicott City, Maryland

Presentations & Papers

The rapidly changing situation in the Indo-Pacific region creates a lot of uncertainties. It is a challenge we face together to maintain peace, stability and prosperity for the region. Taiwan and the US share the same set of universal values and beliefs and the same concept of regional peace and stability. Taiwan's devotion in building a strong self-defense force will not only safeguard the Taiwan Strait but also secure the freedom of navigation and overflight and, ultimately, defend the universal value of democracy in the Indo-Pacific region. Taiwan will look forward to working closely with you in the areas of joint development, systems acquisition, military training and exercising, and addressing non-traditional security issues.

As I look into the future, I see a picture in which Taiwan and the US work ever more closely together, and, with a solid foundation of cooperation, we make a positive impact on the region. Taiwan is a trustworthy actor in the region. We will continue to be a beacon of democracy and a defender of our shared values and our hard-earned freedom and democratic institutions.

Finally, my sincere appreciation again for the kind invitation from the US-Taiwan Business Council. I wish our two countries the greatest prosperity and the conference a great success. Thank you for your attention.