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DEFENSE

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Strengthening Self-defense Capabilities, Defending Freedom and Democracy

強化自我防衛能力 堅定捍衛自由民主

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President Hammond-Chambers, Chairman Moriarty, friends from the United States and Taiwan, ladies and gentlemen, Good to see you all at this online version of the Defense Industry Conference!

As the whole world is confronted by the spread of COVID-19, we can still be

brought together online to sustain the interactions between the defense communities of the United States and Taiwan and the sharing of ideas among experts from different fields. This is all because of the kind arrangements by the US-Taiwan Business Council. So, let me first express my sincere appreciation to the UTBC.

There has always been high level of mutual trust between Taiwan and the United States in all aspects. We share a common strategic picture of the Indo-Pacific region as to how the freedom and openness in the region should be maintained. The recently disclosed historical document of the Six Assurances to Taiwan again brought

attention to this important foundation of US policies to Taiwan. The two chambers of the US Congress also repeatedly passed bills friendly to Taiwan, including the recent *Taiwan Defense Act*, and demonstrated support and commitment to Taiwan's security.

Taiwan has a longstanding institution of democracy and freedom that is built on the values of human rights and rule of law and has set a fine example in the Indo-Pacific region.

The proclamation of US Indo-Pacific Strategy has further elevated the geostrategic importance of Taiwan on the

political, military, and economic fronts. The pursuit of democracy has many times led to social chaos, as we have witnessed in many parts of the world. The Republic of China on Taiwan, however, was able to achieve deep-rooted democratic governance and a system of liberty and rule of law while maintaining social harmony and stability. It is already proven that Taiwan is a force of stability in the Indo-Pacific region. Taiwan's enduring pursuit of peace, freedom, human rights, and democracy is also the source of the society's vibrancy and creativity.

The Republic of China, as a free and democratic country, is obligated to maintain peace in the region, strengthen self-defense capabilities, and cooperate with the US and

other like-minded countries.

Recently, the Chinese military repeatedly staged targeted military activities around Taiwan. The PLA aircraft entered Taiwan's ADIZ. They crossed the median line of the Taiwan Strait and flew close up to southwest Taiwan. Those provocative actions aimed to intimidate Taiwan and attempted to create new routines out of gradual deviation from past practices to compress Taiwan's defense depth. The Chinese military has also been training itself for force-on-force conflict scenario, joint landing operations, and blue-water missions to step up realistic training against Taiwan. They have also intensified military coercion against Taiwan and used measures of psychological warfare

and infiltrating propaganda to create divisions in Taiwan. The security situation of Taiwan has therefore become even more difficult.

Moreover, the Chinese Navy's long-distance training has gone beyond the second island chain. With higher frequency and extended range of navigation, the Chinese Navy is trying to enhance their capabilities to operate beyond the second island chain. China is also militarizing island reefs in the South China Sea and attempting to expand the control over critical waterways including the Taiwan Strait and Bashi Channel. All those acts are creating impact on the security situation and undermining peace and stability in the Indo-Pacific region.

Given the military threat and regional situation we are facing, I wish to discuss with you Taiwan's defense resource allocation, force development plan, and reserve force buildup as well as how we intend to construct our national defense to safeguard our freedom and democracy.

Regarding Taiwan's defense budget, we were able to sustain an annual increase because of the support from President Tsai and the people. The 2020 defense budget is 11.388 billion US dollars, which is a 347 million increase or a 3.2% growth over the 11.041 billion of 2019. There is also a special budget for the acquisition of the F-16s. They added up for the total defense

spending to be 13.43 billion US dollars. For the budget of 2021, we have formulated 11.897 billion US dollars. Compared to 2020 budget, there will be an increase of 509 million or 4.4%. This will be a historical high and a reflection of Taiwan's resolve of self-defense. Also, if we include the F-16 special budget of 941 million and the revolving fund of 1868 million, the 2020 defense spending will be 14.706 billion. Based on an overall consideration of fiscal resources and enemy threats, Taiwan will continue to steadily increase defense budget to facilitate the implementation of force buildup and readiness plans.

A capable defensive force is the key to maintain national security. In accordance with the military strategies, the ROC Armed

Forces have developed the Overall Defense Concept, focusing on force preservation, decisive battle in littoral zone, and destruction of enemy at landing beach. We have also developed a joint capability buildup plan that prioritizes force preservation measures, asymmetric capabilities, and the most essential conventional systems so that we achieve the best capability combination. The acquisition of prioritized weapon systems will consider the availability of financial resources and be implemented in multiple phases and fiscal years.

Major military investment programs this year include the continuation of new field air defense systems, Army C4ISR system,

new LPDs, high performance ships, mobile missile launchers, radar vehicles of long-distance mobility, ground-based air defense missile systems, and UAVs. New programs in 2021 will include mobile anti-ship missiles, shore-based naval surveillance & reconnaissance systems, and cyber warfare defensive systems.

Taiwan has no intention to be in an arms race with the enemy. The development of innovative and asymmetric capabilities is aimed at deterring the enemy from invading Taiwan. We are developing systems that are small, numerous, smart, stealthy, fast, mobile, low-cost, survivable, effective, easy to develop, maintain and preserve, and difficult to detect and counter. These

systems are expected to supplement and work in conjunction with conventional systems to construct Taiwan's overall defensive capabilities.

In terms of Taiwan's reserve force, President Tsai, in her May 20th inaugural speech this year, laid out substantive reform measures of the reserve force in four aspects—organization, personnel, training, and equipment. The organization and mobilization mechanism of the reserve force will be adjusted for them to fit both peacetime and wartime functions. Their training will be at higher frequency and longer duration and incorporated into annual training events with the regular force. The reform is aiming at building a credible

reserve force that can be quickly mobilized and promptly ready for combat.

When COVID-19 broke out around the world, the reserve force quickly made itself a guardian of the homeland by taking on epidemic prevention missions. County- and city-level reserve commands around Taiwan assembled servicemen of over 70 thousand person-times to the production line of surgical masks.

During the annual Han-Kuang exercise in July this year, the ROC Navy and Air Force executed dispersion at sea and fighter redeployment, while the Army performed force preservation by taking advantage of

battlefield terrain features and civilian facilities. The reserve force was also a part of the field training exercise. They demonstrated operational capabilities by providing support and reinforcement, and therefore played a critical role in Taiwan's defensive operations.

By 2019, the ROC Army has successfully organized combined arms battalions to simplify command procedures and allow rapid response to compress the enemy's reaction time. Such battalions comprise multiple arms of service and specialties and seats for navy and air force liaison officers. They can therefore directly coordinate with the navy and air force in a joint fire strike campaign. In the Han-Kuang exercise this

year, they were tested for precision fire strike, rapid reinforcement, and independent command and control.

Building a self-reliant national defense is a professed policy of Taiwan government. While continuing to acquire from foreign suppliers necessary defensive weapon systems, we are fully aware of our own responsibility to safeguard our country. We will accelerate the development of indigenous weapon systems and demonstrate our resolve and ability to defend the country, the people, and the democratic institution.

Our policy will focus on how defense spending is able to drive economic growth and technological advancement. The

acquisition of new equipment should therefore encompass military, economic, and technological aspects. To achieve the greatest national interest, we will prioritize acquiring indigenous systems and also procure foreign systems when necessary. Taiwan's indigenous efforts currently center on the three core areas of aerospace, shipbuilding, and information security. The on-going programs of indigenous warplanes and warships are not only driving the growth of tangible warfighting capabilities, but also creating positive impact on the defense industry by becoming a locomotive for cluster effect and massive job creation. They have also created momentum of economic growth and business opportunities for companies around the world.

In terms of indigenous warplane development, the program of advanced trainer jet is an opportunity to build up warplane development capabilities in Taiwan. It's also an integral part of Taiwan's effort to be self-reliant in weapon development. We hope to connect Taiwan companies with international aerospace industry supply chain and upgrade Taiwan's technological base. The prototype ATJ was launched in a maiden flight on June 22nd this year and is now in volume production. Also, on August 28th this year, the AIDC established in Taiwan a maintenance center for F-16 fighters. The Ministry of National Defense will work with the Ministry of Economic Affairs to integrate industry

capabilities across Taiwan and build up maintenance capacity, so that even more jobs could be created and greater performance of the industries achieved.

In terms of indigenous development of warships, the strategy is long-term implementation and batch-by-batch production. Since 2016, seven shipbuilding programs were initiated, including the Indigenous Defensive Submarine and the LPD. The first Fast Minelayer is scheduled to be delivered this year and the program will continue to be implemented as scheduled. The designated shipyard for the IDS will be completed in October this year to start producing the IDS. All those programs, when completed, will

substantially enhance the operational capabilities of the navy, effectively secure Taiwan's territorial waters, and also support the growth of our industries and economy.

To refine our industrial environment, the self-reliant national defense policy takes both national security and economic development into consideration and seeks to effectively integrate public and private sector resources. The Legislative Yuan has passed the Statute of Defense Industry Development in May last year to prioritize our effort on indigenous weapons development and provide incentives for the investment in research and development projects, while strictly control the flow of personnel and technologies to protect

sensitive information. The on-going programs of the ATJ and IDS are examples of the pattern of our indigenous development, in which the sub-systems, modules, or designing will be opened up to contractors around the world for international collaboration and two-way investment.

The Military and Security Development Involving the PRC published by the US Department of Defense this year says that, although Taiwan enjoys a technological edge and the geographical advantage as an island nation, PLA modernization is eroding Taiwan's advantages and imposing multiple challenges to Taiwan despite Taiwan's effort to strengthen national defense.

To implement the Overall Defense Concept, we hope the United States consider the unique operational environment and geographical features of the Taiwan Strait and Taiwan proper and provide us with weapons and equipment that meet our operational requirements, so that we can better manage the battlefield and increase the cost of the enemy to invade Taiwan and thus achieve deterrence effect.

Also, in terms of future weapons acquisition, the focus will not only be purchasing main weapons and equipment. For long-service-life systems, the logistic support and maintenance are also very important and should be another focus of

long-term cooperation. When the 66 F-16V Block 70 fighters are delivered, Taiwan will have a total of 208 F-16s, which will have to be supported by an in-country maintenance facility, particularly for those components in engines and avionics that require regular maintenance and longer delivery time. The credit points of industrial cooperation program should be used here for technology transfer and OEM licensing, so that the production and maintenance can be done in Taiwan to help Taiwan improve fighter availability rate.

Certainly, the future of Taiwan-US defense cooperation will not just be about tangible weapons and equipment. We will also emphasize joint effort in training,

operational concepts, capability assessment, intelligence sharing, and armament cooperation. These are equally important as the acquisition of hardware. Enhanced cooperation with the US military in these areas will further invigorate Taiwan in our defense reform and military modernization.

The rise of China has further complicated the security environment in the Indo-Pacific region. Countries in this region are collectively confronted by the challenges of maintaining regional peace, stability, and prosperity. Taiwan and the United States share the same set of values and the same beliefs for regional peace and stability.

Taiwan's enhanced self-defense capabilities will therefore secure peace across the

Taiwan Strait, protect the freedom of navigation and overflight in the region, and also defend the universal value of democracy in the Indo-Pacific region.

The Republic of China on Taiwan is a peace-loving country. The ROC Armed Forces, as a guardian of the nation, have the responsibility to protect the people and the homeland. We are confident to overcome challenges and successfully defend Taiwan, so that Taiwan continues to be a strong bastion of freedom and democracy in the Indo-Pacific region.

Lastly, I want to thank the US-Taiwan Business Council for inviting the ROC Ministry of National Defense to address this forum. Let me use the occasion to offer my

best wishes to the United States and Taiwan
for our greatest prosperity and everlasting
values of freedom and democracy.

Thank you for your attention.