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

October 2, 2023

Good evening. I would like to thank the U.S.-Taiwan Business Council for again organizing this valuable forum and for inviting me to speak for a second year, and to our partners across industry and from Taiwan for all making the trip to Williamsburg for this occasion.

When I spoke with you all at this forum last year, I had just assumed my current role as the Department's Senior Defense Official for Taiwan Security Assistance. Now over a year into the job, I'm proud of the progress we've made in our important mission of supporting Taiwan's self-defense. While we still face considerable challenges in this regard, I believe the Department has risen to those challenges and recognizes the strategic significance of continuing to make progress in the years to come. Tonight, I'll briefly discuss some of these challenges, outline what the Department is doing to address them, and speak to what I believe we need to pursue over the next year – especially in the way of partnering with industry.

What I said last year continues to be true. The Administration remains committed to the provision of capabilities critical to Taiwan's self-defense – and at levels

commensurate with the evolving threat Taiwan faces. The coercive actions of the People's Republic of China seek to pressure Taiwan economically, diplomatically, and militarily; and we've seen an increase in the PRC's provocative and destabilizing activity near Taiwan. Last year, Xi Jinping reiterated that the PRC seeks peaceful "reunification" with Taiwan but would never renounce using force as an option. He has underwritten this claim through an ongoing pressure campaign against Taiwan, including in the form of coercive military actions conducted by the People's Liberation Army. The PLA's overreaction to Taiwan President Tsai Ing-wen's transit of the United States earlier this year and the increase in risky intercepts conducted by the PLA in and around the Taiwan Strait are just two examples of the PRC's efforts to bully and intimidate Taiwan.

These activities are among the reasons why the Department continues to consider the PRC our "pacing challenge." Over the last several years, the PLA has increased provocative and destabilizing actions in and around the Taiwan Strait, to include ballistic missile overflights of Taiwan, incursions into Taiwan's self-declared air defense identification zone (ADIZ), and a series of major military exercises near Taiwan. The PLA showcased potential capabilities against Taiwan during its August 2022 large-scale military exercise designed to pressure Taiwan, and again in April 2023 in response to Taiwan president Tsai Ing-wen's transit of

the United States. The PLA also stepped up its training with civilian Roll-on/Roll-off ships for their potential use in amphibious military actions against Taiwan.

In response to this, we continue to conduct careful, threat-informed analysis that directly informs our force development plans. While the Department does not believe that a major conflict is imminent or inevitable, given the PRC's increasingly provocative behavior, we continue to focus our efforts on integrated deterrence.

Our continued focus on deterrence supports the Department's unwavering goal: to keep Beijing from concluding that the time is right to pursue unification with Taiwan by force. The United States will continue to pursue our longstanding objectives and support the provision of critical capabilities to Taiwan throughout its upcoming election and the democratic transition that follows, regardless of the electoral outcome.

The Department is working to meet these challenges and objectives by taking unprecedented actions to enable Taiwan's self-defense. Since I spoke with you all last, the Administration has employed security assistance tools beyond foreign military sales (FMS) to ensure we are using all available means to support

Taiwan's self-defense amidst increasing pressure and coercion from the PRC. Tools like the Presidential Drawdown Authority (PDA) and Foreign Military Financing (FMF) are cases in point of how the Administration is using existing authorities to provide critical capabilities to Taiwan in a manner commensurate with long-standing law and policy, including the Taiwan Relations Act (TRA), the Three U.S.-China Joint Communiques, and the Six Assurances.

PDA, for instance, enables us to accelerate support to Taiwan through the Congressionally authorized ability to draw down from DoD's existing equipment stocks to enable Taiwan's self-defense. Having demonstrated our ability to consistently leverage this authority to support Ukraine over the last year, we also recently secured the first PDA package authorizing us to begin transferring some of this equipment to Taiwan. We actively seek to continue leveraging this authority for future support activities in partnership with the interagency and Congress.

We're also working with the State Department to accelerate FMS cases by cutting red tape and supporting increased defense industrial base capacity. Taiwan is among the leading partners for the United States in FMS sales. In recent years, the Department has focused its efforts on expediting FMS deliveries wherever

possible. The Defense Security Cooperation Agency (DSCA) streamlined the FMS/Letter of Offer and Acceptance process for Taiwan by prioritizing and expediting technology release decisions, case development, reviews, congressional notifications, and other processes in support of Taiwan's defense requirements. Through close coordination with our industry partners, we are pleased with the significant progress made on executing major programs and getting key capabilities to Taiwan. The Department has cemented Taiwan's priority status and ensured that the entire U.S. Security Cooperation community has the resources and support it needs to prioritize Taiwan's FMS programs.

In another recent step, the Administration also approved \$135 million in FMF funds for Taiwan. This will enable the U.S. government to augment Taiwan-funded FMS cases with additional dollars that can be applied toward critical capabilities and reflects the importance of Taiwan's self-defense to our own national security interests. Pairing these key U.S. efforts with the significant investments that Taiwan has made in its own capabilities results in a multi-pronged approach that requires ever-closer coordination among the U.S., Taiwan, and key industry stakeholders. Ultimately, threat-informed analysis must identify and prioritize capability requirements. Even with these additional tools and resources,

we must ensure every dollar invested in Taiwan's self-defense fills a gap that in turn bolsters cross-Strait deterrence.

And as significant as these efforts are, they only represent part of the Department's strategy for enabling Taiwan's self-defense and addressing the challenge the PRC poses. We've made substantial adjustments to our posture in the Indo-Pacific region, focusing on broadening our presence to promote regional stability. We strongly believe that stability in the Indo-Pacific region is essential for Taiwan's security, which is why we've also accelerated our efforts to build and grow regional partnerships.

The recent Camp David Summit solidifying a joint security partnership among the U.S., Japan, and South Korea; the ongoing Australia-United Kingdom-United States (AUKUS) partnership efforts; and our growing partnership with the Philippines – among other key efforts in the region – all seek to further our shared vision of a free and open Indo-Pacific, underpinned by security and stability. And we continue to work with allies and partners across the globe to identify opportunities to jointly support Taiwan's self-defense.

However, we also understand that the success of all of these efforts is highly dependent on continued partnership with industry. In one key step, the President's budget seeks to incentivize production of relevant munitions through multi-year procurement along with enhancements to the munitions industrial base to grow future production capacity.

Along these lines, the Department has also been working hard over the past year to grow our defense industrial base investments and we expect more to come over the next year. This includes investments in everything from ball bearings to solid rocket motors. The Department has worked diligently to address production constraints in a range of weapons, including those like Stingers, GMLRS, and Javelins that are in high demand in Taiwan. And the Department has made foundational investments in critical chemicals and strategic materials which make our munitions supplies more secure and resilient. Active and reliable production is its own deterrent – which is why we've sent additional requests for production expansion to Capitol Hill. With your help we can take the next steps toward more resilient and responsive weapons production.

We've also been working with allies and partners in the Indo-Pacific to enhance defense industrial output. Our goal is to expand joint production and development

of advanced capabilities, while reducing risk in supply chains and advancing our collective ability to pursue co-sustainment, maintenance, repair, and overhaul.

This of course depends on partnership with industry and highlights the importance of this forum.

And while these are important and ambitious initiatives, there is a lot more progress that we need to make. I'm looking to all of our industry partners to lean forward into this challenge. I can't overstate the catastrophic global impact that a cross-Strait conflict would have, which is why we need your help to maintain deterrence.

We see the challenge clearly and are pursuing every avenue and breaking new ground. The task ahead is urgent and requires sustained attention and increased resources in the years ahead. The American people, the people on Taiwan, and the people across the Indo-Pacific region and around the world deserve nothing less than the peace and deterrence we seek to strengthen.

Thank you very much for your time and attention. I look forward to taking your questions.