

2023 US-Taiwan Defense Industry Conference

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President Hammond-Chambers, Chairperson Rosenberger, friends from Taiwan and the US, ladies and gentlemen, good morning.

Late President Ronald Reagan once said, "We maintain our strength in order to deter and defend against aggression to preserve freedom and peace."

The ongoing war between Russia and Ukraine is disrupting regional balance of power. The tension in the Taiwan Strait has also been dramatically escalated because of the PRC's frequent use of verbal intimidation, saber rattling, gray zone tactics, and targeted military exercises against Taiwan. Moreover, their military deployment in the South China Sea has posed threats to neighboring countries. The expansion of authoritarianism is threatening aggression and encroachment against our civilization, freedom, and democracy. This situation made President Reagan's words even more thought-provoking.

This year is the 22nd anniversary of the US-Taiwan Defense Industry Conference. For two decades, this conference has promoted US government assistance to strengthen Taiwan's defense resilience, facilitated bilateral defense industry exchanges, and provided invaluable recommendations. I would like to express my appreciation AIT Chairperson Rosenberger, USTBC President Hammond-Chambers and all your colleagues, as well as the Department of Defense, Department of State, and all the US friends here today for your unremitting efforts to strengthen the relations between the US and Taiwan.

I am also grateful to the US Congress for passing the Taiwan Enhanced Resilience Act (TERA). The US has assisted Taiwan in developing self-defense capabilities, so that Taiwan can be a reliable global partner, a cornerstone of regional stability, and a Force for Good. We deeply appreciate your support for Taiwan to protect our way of life and confront the unique challenges of this generation. Taiwan is committed to a robust relationship with the US, as we jointly shoulder the responsibility of maintaining regional peace.

Taiwan and its security was elevated from being a cross-Strait, regional focal point to a global one, bearing implications for international security and prosperity. A global consensus is that the issue of the Taiwan Strait must be resolved peacefully. War is not an option. Any unilateral attempt from either side to change the status quo through non-peaceful means is unacceptable. However, the People's Republic of China has not renounced the use of force against Taiwan. On August 4th last year, April 8th and August 24th this year, the PRC held military exercises in the Taiwan Strait and escalated their air and naval incursions around Taiwan. They've also employed gray zone tactics to shape a so-called "new normal" across the Strait and create a new pattern of military standoff in decades as well as new challenges for the ROC Armed Forces.

Preventing conflicts, I believe, is a shared responsibility of both sides of the Strait. It is also an expectation of regional countries and democratic nations. Taiwan's democracy is hard earned, so will peace be. Capitulation will not bring you peace. To ensure national security and regional stability, the Republic of China on Taiwan continues to refine its military strategies and its direction of force build-up to strengthen both conventional and asymmetric military capabilities. We will continue strengthening our defense resilience by decentralizing our C2, and incorporate the whole-of-society defense, so as to ensure peace in the Taiwan Strait.

Today, the topic of my speech is "To Maintain Peace, We Must Cultivate Strength; to Defend Freedom, We Resort to Solid Capabilities. I will elaborate on Taiwan's commitment to enhancing its self-defense capabilities as well as preserving peace and stability in the Taiwan Strait. Taiwan aims to become a key force for regional security, ensuring the stable and prosperous development of a free and open Indo-Pacific region.

In response to then House Speaker Pelosi's visit to Taiwan in August last year, the PRC launched military exercises around Taiwan. Since then, cross-Strait military status quo has been completely disrupted; certain military advantages of Taiwan have been compromised; and the existing Taiwan Strait median line has been eroded. After the exercises, the PRC stated that they would conduct routine military patrols around Taiwan based on situational changes in the region. These are resulting in a new military standoff between the two sides of the strait.

In April this year, with the meeting between President Tsai and House Speaker McCarthy as an excuse, the PLA Eastern Theater Command once again conducted targeted exercises against Taiwan, including the "Island Encirclement Patrol" and "Joint Sword" exercise. The PLA gathered a large number of ships and aircraft in the vicinity of Taiwan; their newly commissioned CV-17 Shandong carrier strike group sailed through the waters east of Taiwan for the first time; and its carrier-borne aircraft J-15 conducted takeoff and landing drills. The PLA attempted to approach our eastern contiguous zone as a preliminary exercise for potential comprehensive offensives. All of these actions posed troubles, and they were every one's concern in the region. In the face of the pressure and intimidation from the PRC's irresponsible military threats and their clear ambition of reunification by force, Taiwan will not back down, but will continue our readiness training in a pragmatic manner to maintain the status quo and peaceful cross-Strait situation.

In addition, the PRC has used civil aviation, UAVs, and sounding balloons to monitor and harass Taiwan proper and outlying islands. Their gray zone operations by militia fishing vessels and research vessels have strengthened their battlefield management in the Taiwan Strait. PRC maritime militia also joined the PLA Navy and Coast Guard in their joint training. These collective measures are placing a bigger burden on Taiwan Coast Guard and encroaching on Taiwan's defense space, while squeezing our early warning time. Together with economic and cognitive warfare, the PRC is posing multi-dimensional threats to Taiwan.

Following Xi Jinping's reappointment as the President at the 20th National Congress, he appointed military leaders with experience in real combat and Taiwan affairs to the Central Military Commission, a move that shows Xi still sees Taiwan as the PRC's core national interests and a goal for its military

preparation. To meet Xi's requirements of "comprehensively strengthen military training in preparation for war," the PLA continues to develop their new weapons and equipment based on the "Military-Civil Fusion" strategy.

The PLA Army continues equipping itself with Z-20 helicopters and long-range MLRS among other weapons, aiming to enhance its joint firepower strike capabilities against Taiwan's critical infrastructure. The PLA Navy is improving its maritime mobility and joint operations capabilities. Their CV-16 Liaoning CSG formation includes Type 055 destroyers. Liaoning's operational range has extended beyond the second island chain and is able to sail to the West Pacific for cross-regional training. The PLA Navy's CSG combat and A2/AD capabilities are apparently improving. Additionally, it conducted ASW exercises with its Y-8 anti-submarine aircraft and ship-borne Ka-28 helicopters in the waters southwest of Taiwan. The PLA Air Force is accelerating the deployment of J-20, long-range precision munitions, and YU-20. With all of these assets and H-6K strategic bombers, the PLA Air Force attempts to build long-range strike, strategic projection, air-refueling capabilities, which are posing multi-aspect military threats to Taiwan and the West Pacific.

Recently, the PLA has routinely conducted exercises in the Bohai Sea, the Yellow Sea, and the South China Sea. They also set no-fly zones around Taiwan and, in a realistic manner, turned a training event into combat preparation operations. Their aim is to build operational capabilities within the 2nd Island Chain and to control the Tsushima Strait, Miyako Strait, the Bashi Channel, and other critical strategic passageways to prevent 3rd party intervention. All of these actions not only seriously threatened Taiwan's security, but also complicated the situation in the Indo-Pacific to a higher risk of regional military conflicts.

Taiwan is facing new types of threats from the PRC, which include coercive military exercises, intensified gray zone actions, information warfare, and cognitive warfare. By spreading skepticism about the US and rumors about Taiwan becoming the next Ukraine, the PRC tries to sap our morale, and forces Taiwan to capitulate. Taiwan can never rely on the goodwill of the enemy. Maintaining our combat readiness at all times is the most effective way to maintain peace. With that in mind, Taiwan needs to enhance the defense preparation in the following aspects, and many of them need US assistance.

First, Taiwan will continue to increase defense budgets to demonstrate the resolve to defend our sovereignty, democracy, and freedom. We will continue to acquire weapons and equipment from the US that fit the operational environment of the Taiwan Strait. Not long ago, honoring the Taiwan Relations Act and the Six Assurances, the US government agreed on a 500 million dollars arms sale to Taiwan. The sale included infrared tracking system, and is the 11th FMS package, under the Biden Administration. In addition, the White House announced a 345-million-dollar military aid to Taiwan under a Presidential Drawdown Authority. These are showing US attention on Taiwan's defense needs and how the US has assisted us in obtaining necessary defense equipment to enhance our defense capabilities, to which I would like to express my gratitude.

Other arms sale items to Taiwan include shore-based Harpoon missile, Volcano Mine System, M1A2T Tank, HIMARS, F-16V Fighter Jets, MQ-9B, and Stinger Missile. We are looking forward to prompt delivery

of these items to enhance our joint operations effectiveness.

Second, we will never forget our responsibility to take charge of our own country's defense. The current goal of our force build-up programs is to build key deterrent capabilities and indigenously develop mobile, long-range, precision-guided, unmanned, and AI weapon systems to quickly increase our asymmetric capabilities. Taiwan has developed indigenous anti-ship missiles; precision weapons such as HF-2E and Wan Chien missile; air defense missiles TK-3, land-based and ship-based Sky Sword II; anti-radiation loitering munition Chien Hsaing; and defensive naval mines. These systems can surpass the enemy at the source, weaken their combat power through joint fire strikes, disrupt their offensive efforts, and fail their mission to invade Taiwan. We are also prioritizing R&D on surveillance and reconnaissance UAV and the planning to acquire counter UAV systems so as to deal with UAV threats in the future.

As technologies and military tactics evolve over time, we have to update our defense capabilities accordingly. It is crucial to build a sustainable, credible, and fundamental self-reliant defense, so we focus on laying a solid foundation for and investing in defense technology advancement. Our self-reliant defense effort aims to improve weapons performance and consistently update defense requirements to sustain Taiwan's military strength.

Third, drawing lessons from the war between Russia and Ukraine and the PRC's military exercises in August last year, we realized both the advantage and disadvantage as an island nation. The Taiwan Strait is a natural obstacle that favors the defender. However, Taiwan does not border any countries as Ukraine does. The US and other allies cannot provide weapons and equipment to Taiwan by land as they did for Ukraine. When the PRC implements a naval blockade against Taiwan, our defense effort will be compromised if there is a shortage of the essentials of food, fuel, and ammunition. To enhance defense resilience and operational sustainability, we will stockpile strategic resources, increase precision ammunition stock, and ensure the sufficiency of food, fuel, and medical resources. To this purpose, we hope the US can assist Taiwan in promoting co-production through the FMS program. Not only will it improve logistics and maintenance efficiency, but also expand Taiwan's asymmetric capabilities.

Fourth, communications and target acquisition are critical in wartime. We are building resilient C2 and ISR capabilities in support of joint operations. I believe that Taiwan, the US, friends, and allies can work together on communications and target acquisition in a collective defense by the democratic alliance. It will also facilitate our intelligence sharing with the US to maintain Taiwan's wartime the intelligence transmission, communications, and military C2.

Moreover, the extent of digitalization and informatization could decide how effective we coordinate and employ our forces. Hence, we will enhance sensor-to-shooter capabilities, continue investing in our C4ISR, and build a better Common Operational Picture in order to prepare ourselves against shorter early warning time and faster operational rhythm, and to effectively counter PRC's multi-domain threats.

Fifth, a stronger reserve force, people's willpower to resist the enemy, and a clear resolve to defend our homeland constitute the strength of Taiwan to counter PRC's military threats. To effectively

utilize the whole-of-society capacity and build a resilient national defense, Taiwan established the All-out Defense Mobilization Agency, which is dedicated to enhancing reserve forces, closely linking the society with the military, and working on the coordination and integration between the central and local governments. The ADMA is responsible for building a robust all-out defense system to better coordinate standing and reserve capabilities as well as peacetime and wartime practices. Furthermore, our conscription service term reverted to one year. This extension will enable a regular garrison defense force to support our primary troops and assist in civil defense work. In order for the reservists to be combat effective, they will be mobilized and assigned missions in their hometowns. They will be trained accordingly for them to be ready upon being mobilized and become Taiwan's strongest line of homeland defense.

Sixth, cognitive warfare is a challenge to Taiwan's survival. For the PRC, it is a low-cost and highly effective warfare. Taiwan, a democratic society, is attacked by a high volume of disinformation by the PRC's cyber army with increasing frequency, intensity, scope, and resources. Their goal is to shift the general public's opinion, demoralize our people, and isolate Taiwan from the international community.

In the war with Russia, Ukraine managed to retain civilian communications channels with the world thanks to foreign assistance. Ukraine gained advantages in information and cognitive warfare, successfully summoned a strong civil and military will to resist the enemy, won international recognition and support, created favorable conditions for transmitting battlefield information, and secured their say in the world. Taiwan can draw lessons from this experience. In addition to enhancing information security, we should proactively clarify disinformation in a timely manner, and explain the government's policies so that we expose the PRC's manipulative tactics. We are building a national-level cyber defense network and also hope to work with the US in a digital connectivity and cybersecurity partnership to jointly combat the spread of disinformation by the PRC.

Seventh, if the PRC goes down the path of military invasion, one of their priorities is to hack into Taiwan's communications and cyber network, submarine cables, and other critical infrastructure. A disruption to those services could create panic in our society, cut off our communication with the international community, and hinder our ability to seek foreign support. In early February this year, two submarine cables connecting Taiwan proper and Matsu, our outlying island, were severed. This incident pointed to the seriousness of Taiwan's information security and how important it is that Taiwan strengthens its critical infrastructure protection. A functioning network of electricity system, internet, satellites, and marine cables will secure Taiwan's communication with the outside world, keep our operational command working, sustain our forces, and gain international support.

Learning from the war in Ukraine, both Taiwan and the US realized the critical importance to accelerate the process of building Taiwan's self-defense, expedite weapon deliveries, and safeguard supply chains due to Taiwan's geographic environment. The dire cross-Strait situation actually presented an opportunity for US and Taiwan defense industries to collaborate in helping Taiwan enhance its defense technology base as a form of deterrence.

The partnership between US and Taiwan defense industries is built on decades of mutual trust. On the

existing foundation laid by many projects, such as F-5 fighter jets, Perry-class frigates, and the CM-11 Brave Tiger Tanks, we should continue to expand our cooperation.

In the past few years, Taiwan's self-reliant defense focused on the development of main systems. For the subsystems or critical modules, Taiwan turned to the market to seek participation of domestic and international suppliers. The need for cooperation with foreign contractors was not decreased but rather diversified, and created more business opportunities. It can be a win-win situation for both of our industries when international companies participate in Taiwan's self-reliant defense efforts.

Many friends at this conference today also attended the "Taiwan-US Defense Business Forum" in May and witnessed Taiwan's manufacturing capacity and its commitment to protecting confidential information regarding critical technologies and intellectual property rights. I hope that with your support and assistance, Taiwan can participate in the global defense supply chain.

We hope that the US can assist Taiwan in achieving self-sufficiency throughout the lifecycle of certain weapons self-sufficiency and promoting localized production, so as to expedite the delivery of arms sales equipment. Taiwan and the US can work on integrating our defense supply chains, localizing logistics and maintenance to facilitate Taiwan's self-reliant defense, and enhancing our defense resilience. This will not only benefit our industries, but also further deepen our mutual trust.

In the face of severe threats to cross-Strait and regional security, all democratic countries must stand together to counter the PRC. Taiwan looks forward to broader cooperation with the US and other friendly countries in the region. Taiwan is grateful that the Taiwan Enhanced Resilience Act was passed as part of the 2023 NDAA. We hope to work with the US to build bilateral cyber platforms, Common Operational Picture, training programs at various levels, mobilization exercises, and exchanges among scientific research institutions so that we bring the US-Taiwan cooperation to a higher level.

Taiwan is a democracy and is a responsible member of the Indo-Pacific region. We are willing to devote ourselves and work with like-minded Western partners to jointly confront challenges and expansion from authoritarian regimes and maintain a rule-based international order.

Ladies and gentlemen, the continuous PRC military expansion is altering the geopolitical environment of the West Pacific and seriously challenging international security order. The Republic of China on Taiwan is standing at the frontline of this challenge. Our strategic location is of paramount importance. When Xi Jinping repeatedly stated that the PRC will not renounce forceful reunification with Taiwan and sent military aircraft and vessels to disrupt regional stability, we remembered the reminder by General Douglas MacArthur in his famous statement to the US Congress 70 years ago. He said, "We practically lose the Pacific Ocean if we give up or lose Formosa."

The ROC Armed Forces is the guardian of Taiwan. Our duty is to protect our people and homeland, to stay loyal to the country, and to defend freedom and democracy so our people can live and prosper in peace, freedom, and democracy. Taiwan will actively align ourselves with the Indo-Pacific Strategy, adapt to

the trend of integrated deterrence, and join our allies in constructing a democratic bulwark to deter our adversaries.

The lessons of war are paid for in blood. We know there is no mercy and no winner in war, so we will never be the provocateur. On the contrary, the PRC has intensified military threats against Taiwan, repeatedly refused to renounce the use of force, and attempted to sabotage the democracy of Taiwan and peace in the region. However, Taiwan's strength and readiness will let them think twice about the risk and the cost of military operations and deter their attempts of invasion.

Just as President Reagan said "I am determined that everything was negotiable except two things: our freedom and our future." Taiwan would like the world to know that we want peace, not war; we believe in democracy, not dictatorship; but in the face of PRC's verbal intimidation and saber rattling, we remain fearless against the prospects of war.

The late British Prime Minister Winston Churchill delivered a famous speech "Blood, Toil, Tears, and Sweat" to ask his fellow countrymen to rise up during the World War II. He stated: "Victory at all cost, victory in spite of all terror, victory however long the road may be." Today, we are confronted by the deliberate escalation of military threats by the PRC. Only by making full preparations can the Republic of China, a beacon of democracy and freedom, live and shine. Ladies and gentlemen, let me close by thanking the US-Taiwan Business Council for inviting me here. I wish the conference a great success. Thank you all very much.