

DAS Resnick's Closing Remarks
U.S.-Taiwan Business Council Defense Industry Conference
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Good afternoon. Let me start by offering my sincere thanks to Rupert, the members of the U.S. – Taiwan Business Council, Taiwan delegates, my government colleagues, and all other conference participants for the honor of providing closing remarks today. It is a pleasure to see so many of you again.

There were some moments over the weekend where I was unsure if I would be coming. A government shutdown loomed, which could have had a number of implications for those concerned here, not least of which the lack of capacity of the US government to process new sales or licenses, the furlough of staff working on existing cases, and the inability to respond in a crisis. I'm glad we've averted a shutdown today, understanding that our next deadline is 43 days away. These crises undermine our national security, creates needless uncertainty, and has damaging consequences for The U.S. and our partners, including Taiwan.

This administration is prioritizing our efforts to help Taiwan increase its self-defense capabilities, consistent with our longstanding one China policy, which is guided by the Taiwan Relations Act, the Three Joint Communiques, and the Six Assurances.

Over the past year, we exercised two never-before-used authorities. First, Secretary Blinken directed a \$345 million drawdown from Pentagon stocks for Taiwan. Second, the State Department allocated Foreign Military Financing grant assistance to Taiwan. On top of these authorities, we've also made Taiwan eligible for grant Excess Defense Articles and given Taiwan a token amount of International Military Education and Training Assistance, which unlocked millions of dollars in training, allowing Taiwan to reprioritize its defense dollars. We are finding new and creative tools to support this partnership because we recognize the importance of deterring PRC aggression.

However, we cannot do this alone. The United States, along with our allies and partners, has helped maintain peace and security in the Indo-Pacific region since the end of World War Two, fostering a stability that has enabled economic prosperity and development. We need our partners and allies to join us by reaffirming their support for the international order and respect for international trade and prosperity. We also need support from industry.

We see the U.S. defense industry as a vital partner in foreign policy and national defense. We all share an interest in developing creative solutions that meet both U.S. strategic objectives and partner requirements. The demand for American-made defense articles is only growing and, though Taiwan is a major focus, this demand is global. If you are looking for a demand signal, note that State publicly notified more than \$100 billion in Foreign Military Sales in Fiscal Year 2023. This represents a steady increase over the last three years—two to three times what we have seen in recent years. And yet, we are not seeing commensurate levels of production.

As this Administration has noted on multiple occasions, government and industry need to work together to figure out how to produce more defense materiel on a faster timeline. This may mean proactively identifying and mitigating key supply chain constraints, addressing obsolescence, and factoring in exportability to allies and partners early in the research and development phase. It may mean expanding production lines and the workforce; reconfiguring existing capabilities; or developing a wholly new technology through a non-program of record that can be delivered on a faster timeline. It may also mean taking more risk to increase production in anticipation of partner needs. I am hearing great ideas, just in the corridor conversations here. I look forward to seeing what we can accomplish in the next year.

For our part, the Department of State has undertaken a comprehensive review of its oversight of FMS, complementing the Department of Defense's parallel review of its own FMS implementation mechanisms through their tiger team. We took lessons learned from the conflict in Ukraine and how we were able to speed transfers, and looked to apply them globally.

Through our FMS 2023 comprehensive review, the Department identified ten recommendations to ensure that our FMS system is fit for an age of heightened strategic competition. Our collective efforts with DoD will make our FMS system faster, better, and stronger at all phases – from strategic planning to adjudication and implementation.

This will not be easy. There are real risks, and we recognize that. Budget limitations will continue to result in hard tradeoffs. Technology and threats will continue to evolve. Old assumptions must be challenged, and hard choices will have to be made on future force development. Communicating openly with our partners on how capabilities fit into their defense plans will be critical as we develop, finalize, and execute arms sales cases.

Together, we must compete with the PRC to defend our values and build a vision for the future. We see a future where no allies or partners are denied the freedom to fly or sail in the Western Pacific under the umbrella of international law. We see a future where free trade promotes fair economic partnership and the opportunity to compete in the international

marketplace. We see a future where peace and stability are preserved in the Taiwan Strait.

Realizing this future will have challenges, but it will also provide us new opportunities. The U.S. Government and U.S. industry can capitalize on these opportunities. We can use our partnership to build a rock-solid foundation for our collective defense. Together, we can maintain peace and stability in the Taiwan Strait.

Thank you very much for your time and attention and your partnership.