SECURE INDO-PACIFIC, RESILIENT TAIWAN

BUILDING DEMOCRATIC SUPPLY CHAINS AND A FOUNDATION FOR REGIONAL PEACE



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2026 U.S.-TAIWAN DEFENSE INDUSTRY CONFERENCE

A High-Level Cross-Border Dialogue and a Practical Industry Cooperation Platform: Building a Resilient and Mutually Beneficial Supply Chain Network



2025 U.S.-Taiwan
Defense Industry Conference



Presidential Office
Policy Dialogue



Signing of a Substantive
Economic Cooperation MOU



2025 U.S.-Taiwan
Defense Industry Conference



Executive Yuan
Economic Policy Dialogue



Building Mutual Trust
Through Two-Way Engagement

US TAIWAN
BUSINESS COUNCIL

SECURE INDO-PACIFIC, RESILIENT TAIWAN

1. The Importance of the Indo-Pacific to the World and the United States
2. Taiwan's Strategic Value to the Indo-Pacific
3. China's Impact on the Global and Indo-Pacific Economy and Order
4. China's Multi-Domain Threats to Taiwan
5. Building a Resilient Taiwan: Nation's Initiatives



THE IMPORTANCE OF THE INDO-PACIFIC TO GLOBAL PEACE AND PROSPERITY



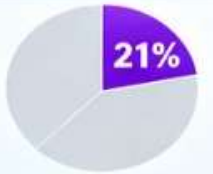
Covers more than **50%** of the world's land area

Home to **three-fourth** of the world's population

Generates **60%** of the world's GDP

More than **US$ 3.5 trillion** in trade passes through the Indo-Pacific each year

Accounts for **21%** of global trade



The Indo-Pacific is the lifeline of the global energy supply chain. Security and stability in the Indo-Pacific are not merely regional issues, but will directly impact the global economy and the interests of the United States.

KEY CHOKEPOINTS | CONNECTING GLOBAL ENERGY, MANUFACTURING, AND TECHNOLOGY SUPPLY CHAINS

Strait of Hormuz



Linking energy supplies between the Middle East and the world

Malacca Strait



Connecting the Indian Ocean and East Asia

South China Sea



Connecting regional trade and resource transportation

Miyako Strait



A key gateway to the Western Pacific

Taiwan Strait



Connecting East Asia and the Western Pacific Ocean

THE IMPORTANCE OF THE INDO-PACIFIC REGION TO THE UNITED STATES' STRATEGY



SECURITY STRATEGY

- Bilateral Alliances
- Expanded Security Cooperation
- Co-constructing Indo-Pacific Security

ECONOMIC STRATEGY

- Vast Market and Trade Connection **US$ 4.1 TRILLION**
- Creating Job Opportunities **5.2 MILLION JOBS**
- Key Supply Chain and Technology Cooperation

TAIWAN'S STRATEGIC VALUE TO THE INDO-PACIFIC REGION



MILITARY STRATEGIC VALUE



First Island Chain
Key Strategic Position

Strategic Crossroads in the Indo-Pacific

Gateway to the Western Pacific

Maintaining the Balance of Power in the Indo-Pacific



ECONOMIC STRATEGIC VALUE

Global Energy and Trade Supply Chains
20%+
of the World's Total Trade

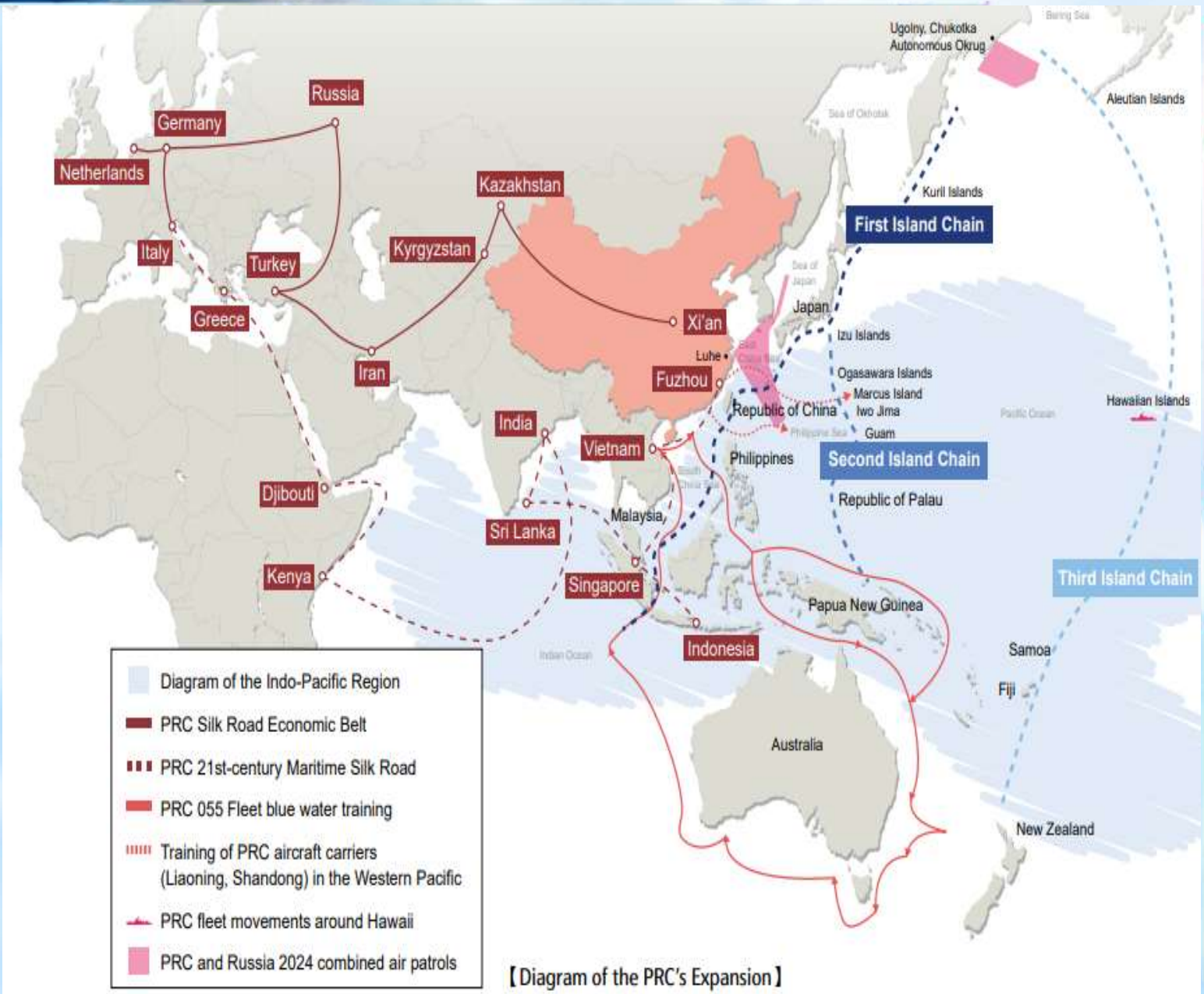
Reliance on Energy Imports
96%–70%

Global Advanced Semiconductor Manufacturing
over **90%**

Key Supply Chain Partner for U.S. High-Tech Industries



CHINA'S IMPACT ON GLOBAL AND INDO-PACIFIC SECURITY AND THE ECONOMY



【Diagram of the PRC's Expansion】

How China's Expansion Threatens the Indo-Pacific

- Continued military modernization extends PLA forces toward the First and Second Island Chains, seeking regional dominance across the Western Pacific and South China Sea.
- Through carrier strike groups, long-range training, and maritime force deployments, China expands its military presence in the Indo-Pacific.
- Combined exercises and gray-zone activities continue to pressure neighboring countries and challenge the rules-based international order.

China's Impact on the Global Economy

- Through the Belt and Road Initiative, China seeks control over key ports and expands its geopolitical influence.
- Control of critical minerals and rare earths, together with processing and manufacturing advantages, affects global industry through export controls and supply-chain weaponization.
- Investment, infrastructure development, equity acquisitions, and long-term contracts deepen economic dependence and turn economic advantages into strategic leverage, creating geopolitical risks.

CHINA'S THREAT TO TAIWAN IS INCREASING



PRC Military Affairs and Gray-Zone Activities Continue to Increase



PLA Aircraft

849 Sorties

Crossing the Taiwan Strait Median Line and Entering Taiwan's ADIZ

(Jan–Sep 2026)



PLA Navy Ships

1,662 Sorties

Crossing the Taiwan Strait Median Line and Entering Taiwan's ADIZ

(Jan–Sep 2026)



China Coast Guard Ships

23 Times

Entering the Restricted Waters Around Offshore Islands

(Jan–Sep 2026)

Increased from 18 during the same period last year



China Coast Guard Ships

First visit to waters east of Taiwan in June 2026 to conduct a "special law enforcement" operation

PRC Uses Multiple Domains to Maintain Sustained Pressure on Taiwan

Military Threat



Coast Guard and Gray-Zone Activities



Cognitive Warfare



Cyberattacks



Electronic Warfare



Legal, Economic, and United Front Infiltration



TAIWAN'S SECURITY THREATS AND THEIR IMPACT ON THE INDO-PACIFIC AND THE UNITED STATES

1 FIRST ISLAND CHAIN REGIONAL SECURITY



- If the PRC takes military action against Taiwan, it would breach the **First Island Chain** and further expand its military presence across the Western Pacific.
- Threatening the security of neighboring countries such as Japan and the Philippines would alter the military balance in the Indo-Pacific.
- Forcing the United States and its allies to commit more forces and **resources** to the response would weaken their strategic posture in other regions.

IMPACT ON THE INDO-PACIFIC AND THE UNITED STATES

- Deterioration of regional security in the Indo-Pacific
- The United States needs greater military deployment and allied coordination
- Global strategic focus is forced to shift

2 MARITIME TRANSPORTATION SECURITY



- The Taiwan Strait is an important maritime transportation route connecting Japan, South Korea, and Southeast Asia to the Indian Ocean.
- A conflict in the Taiwan Strait would affect freedom of international navigation and increase shipping costs and insurance premiums.
- Transportation of energy, raw materials, and various commodities would be affected, disrupting the Indo-Pacific and global trading order.

IMPACT ON THE INDO-PACIFIC AND THE UNITED STATES

- International maritime security would be severely affected
- Global trade costs would rise and supply chains would be disrupted
- Energy and raw-material supplies would be affected

3 SEMICONDUCTOR SUPPLY CHAIN



- Taiwan's advanced semiconductor manufacturing capabilities support the development of AI and high-tech industries.
- A major crisis in the Taiwan Strait could disrupt the global semiconductor supply chain, affecting key industries such as electronics, automobiles, defense, and AI.
- The high-tech industries and national security of the United States and its allies would also be severely affected.

IMPACT ON THE INDO-PACIFIC AND THE UNITED STATES

- Disruption of the global semiconductor supply chain
- Impact on AI and high-tech industry development
- Impact on the economies and national security of the United States and its allies

Stability in the Taiwan Strait is not only a security issue for Taiwan; it is also closely linked to the security of the Western Pacific and Indian Ocean, global trade, and the United States' global strategic posture.

BUILDING A RESILIENT TAIWAN: GOVERNMENT ACTIONS

GOVERNMENT POLICY

In response to the CCP's military ambitions toward Taiwan, President Lai has proposed the "Four Pillars of Peace Action Plan," strengthening Taiwan's security across national defense, the economy, diplomacy, and whole-of-society resilience.

STRENGTHEN NATIONAL DEFENSE CAPABILITIES

- Enhance self-defense capabilities
- Build a multi-layered defense system
- Increase the defense budget and strengthen deterrence capabilities

BUILD ECONOMIC RESILIENCE

- Ensure the stability of critical materials, energy, and supply chains
- Strengthen industrial diversification and reduce dependence on a single market
- Enhance economic resilience to respond to external shocks

STRENGTHEN OUR PARTNERSHIPS WITH DEMOCRATIC COUNTRIES

- Strengthen security cooperation with the United States and other democratic partners
- Strengthen partnerships with Japan, Europe, and like-minded countries
- Participate in international cooperation mechanisms to enhance Taiwan's international visibility and support

STABLE AND PRINCIPLED CROSS-STRAIT LEADERSHIP

- Uphold a policy of peace, parity, and dignity on both sides of the Taiwan Strait
- Maintain the status quo across the Taiwan Strait and prevent escalation
- Work with the international community to uphold the rules-based international order

These four pillars reinforce one another, expanding resilience from military defense to national defense, the economy, diplomacy, and whole-of-society resilience, and together building a more resilient Taiwan.

BUILDING A RESILIENT TAIWAN: ACTIONS

MILITARY FORCE DEVELOPMENT AND READINESS

1 MILITARY STRATEGIC GUIDANCE
HOW WE FIGHT

DEFENSE AND RESOLUTE DETERRENCE

Strengthen self-defense capabilities, establish effective deterrence, and prevent conflict.

2 OPERATIONAL READINESS DIRECTION
WHAT CAPABILITIES WE NEED TO BUILD

MULTI-DOMAIN DENIAL AND RESILIENT DEFENSE

Not just adding weapons and equipment, but establishing denial, force preservation, rapid mobilization, and sustained whole-of-society defense operational capabilities.

3 COMBAT-ORIENTED TRAINING AND VALIDATION
HAN KUANG EXERCISE KEY VALIDATION

- DECENTRALIZED DEPLOYMENT
- COMMAND REDUNDANCY
- UNMANNED SYSTEMS
- COUNTER-UAS
- INTELLIGENCE SHARING
- WHOLE-BRIGADE MOBILIZATION
- LOGISTICS RESUPPLY
- WARTIME DEFENSE PRODUCTION

4 CORE FORCE DEVELOPMENT GOALS
DESIRED OUTCOMES

FROM 'INCREASING WEAPONS AND EQUIPMENT' → 'BUILDING SUSTAINED COMBAT CAPABILITY'

Under high pressure and sustained attrition, maintain command, replenish combat power, and sustain operations, while building industrial capabilities in key technologies, maintenance support, ammunition production, critical components, and defense applications to support sustained operations and advance defense self-reliance.

BUILDING A RESILIENT TAIWAN: ACTIONS

STEADY DEFENSE BUDGETING

Gradually Increase Defense Spending with a Target of 3%+ of GDP



KEY BUDGET PRIORITIES

PROCURE CRITICAL WEAPONS
Accelerate acquisition of key combat capabilities

PROCUREMENT AND INDIGENOUS PRODUCTION
Expand domestic self-reliance

BUILD NON-RED SUPPLY CHAINS
Ensure security of critical components and supply chains

PROMOTE DEFENSE INDUSTRY DEVELOPMENT
Strengthen both combat capability and industrial capacity

» **With a target of 3%+ of GDP, steadily increase defense spending to reach 5%+ by 2030, accelerate procurement and indigenous production, enhance combat capability, and strengthen the defense industrial base.**

TAIWAN-U.S. DEFENSE INDUSTRY CONCRETE COOPERATION STRATEGY

THREE DIRECTIONS × FOUR CHANNELS → BUILD A NON-RED SUPPLY CHAIN

THREE FORCE DEVELOPMENT DIRECTIONS

1 UNMANNED SYSTEMS
DEVELOP ASYMMETRIC COMBAT POWER

- Procure maritime surveillance and attack UAVs and small unmanned surface vessels
- Integrate R&D, manufacturing, and testing resources; establish a defense unmanned-systems industrial cluster
- Expand international markets and build a non-Red supply chain





2 AI / ARTIFICIAL INTELLIGENCE
ENHANCE COMBAT EFFECTIVENESS THROUGH TECHNOLOGY

- Establish a Defense AI Office
- Introduce AI technologies and mature commercial technologies
- Develop AI-enabled command, smart decision-making, and intelligence fusion
- Use technology to augment manpower and enhance combat effectiveness



3 TAIWAN DOME
BUILD A LAYERED AIR-DEFENSE NETWORK

- Reference U.S. Golden Dome and Israeli Iron Dome concepts
- Use AI battlefield management systems to sense and understand threat information
- Integrate U.S.-made and indigenous weapons and equipment
- Build a layered, highly aware, and effective defense network



FOUR SPECIFIC COOPERATION CHANNELS

1 DEFENSE INNOVATION OFFICE (DIO)

- Track national defense technology trends
- Engage in exchanges with domestic and international innovative technology companies
- Apply mature commercial technologies
- Develop a range of feasible combat-capability solutions

2 NATIONAL CHUNG-SHAN INSTITUTE OF SCIENCE & TECHNOLOGY (NCSIST)

- Leverage weapon-system R&D, production, and maintenance experience
- Integrate advanced foreign technologies
- Focus cooperation on USVs, AI-enabled command platforms, and intelligent unmanned-system swarm technologies

3 DEFENSE PROCUREMENT COOPERATION

- Leverage U.S. government procurement to introduce new weapons and equipment across all three services
- Acquire key combat capabilities and advanced technologies

4 INDUSTRIAL LOCALIZATION

- Taiwan-U.S. industry cooperation
- Expand production capacity and improve low-cost, high-quality non-Red critical components
- Address capacity shortfalls and establish local supply chains
- Jointly enter the Indo-Pacific defense industrial supply chain



FROM MILITARY PROCUREMENT → TECHNOLOGY COOPERATION → LOCAL PRODUCTION IN TAIWAN → JOINTLY ESTABLISH THE INDO-PACIFIC SUPPLY CHAIN

TAIWAN-U.S. COOPERATION, ENHANCE DEFENSE RESILIENCE, BUILD A RELIABLE NON-RED DEFENSE SUPPLY CHAIN.

DEFENSE INNOVATION OFFICE (DIO)

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(02)85099400、85099402、85099405

NATIONAL CHUNG-SHAN INSTITUTE OF SCIENCE AND TECHNOLOGY (NCSIST)

https://www.NCSIST.org.tw/

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We sincerely invite advanced defense industry partners worldwide to engage with the **Defense Innovation Office (DIO)** and **NCSIST** through the communication platform established by the Taiwan-U.S. Chamber of Commerce.



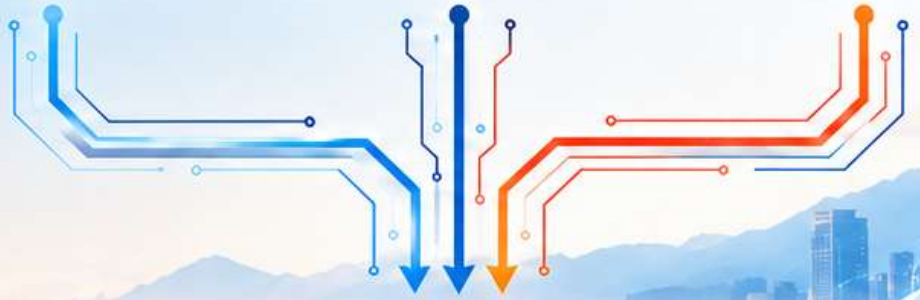
KEY MODULAR R&D



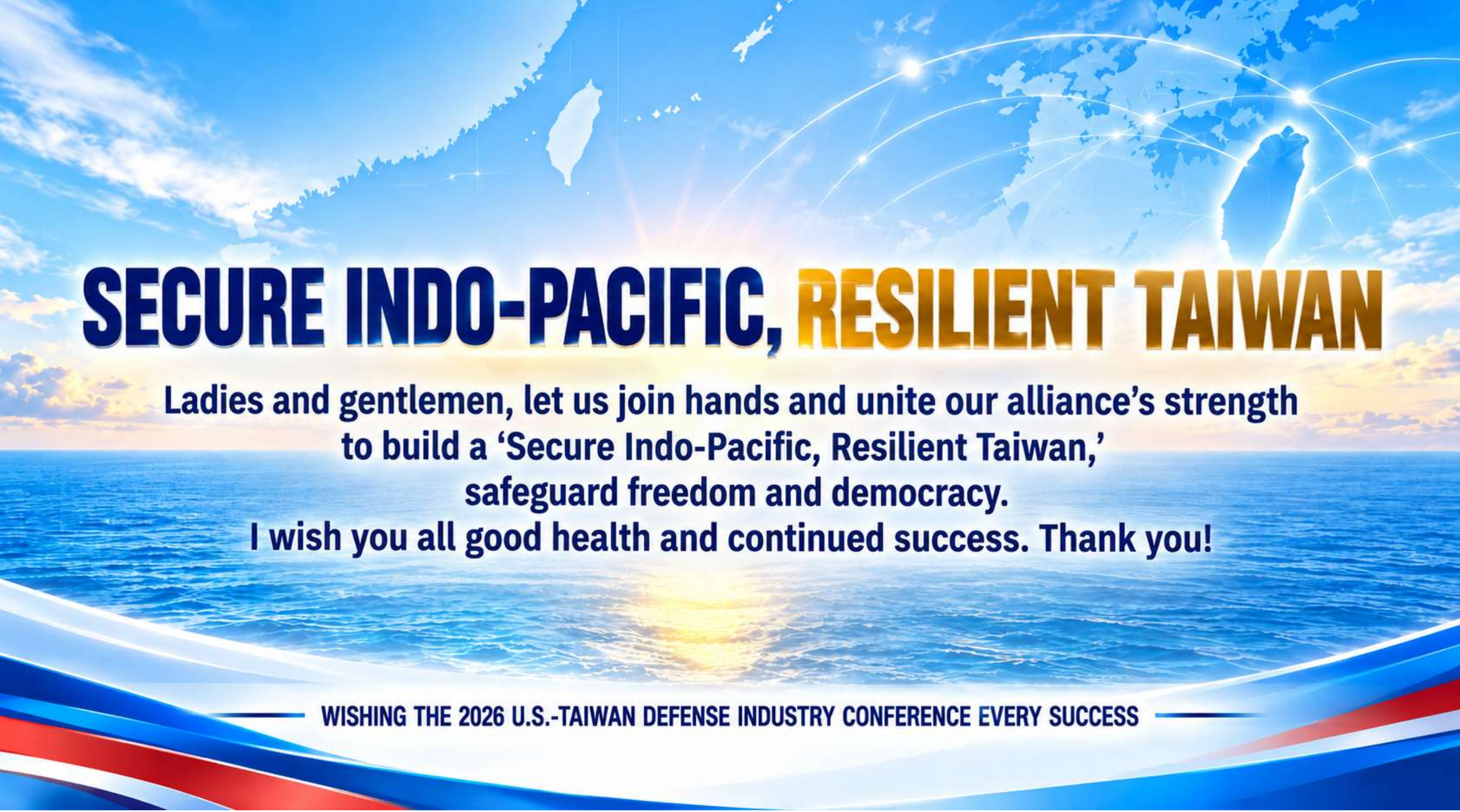
COMMERCIAL PROCUREMENT / OFF-THE-SHELF PROCUREMENT



JOINT DEVELOPMENT AND LOCAL PRODUCTION



RAPIDLY INTEGRATE NEW AND MATURE TECHNOLOGIES INTO DEFENSE APPLICATIONS,
ENHANCING TAIWAN'S DEFENSE RESILIENCE.


SECURE INDO-PACIFIC, RESILIENT TAIWAN
Ladies and gentlemen, let us join hands and unite our alliance's strength
to build a 'Secure Indo-Pacific, Resilient Taiwan,'
safeguard freedom and democracy.
I wish you all good health and continued success. Thank you!
WISHING THE 2026 U.S.-TAIWAN DEFENSE INDUSTRY CONFERENCE EVERY SUCCESS