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

October 3, 2022

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, and to our partners across industry and from Taiwan for all making the trip to Richmond for this occasion.

I assumed my current role only a few weeks ago, but I have had the opportunity to work with many here in the room in my former role as Deputy Director of the Defense Security Cooperation Agency. I consider the job swap to be in fact a natural extension with respect to Taiwan – it was a priority for me at DSCA and remains a priority now. Indeed, a significant portion of my portfolio is focused on Taiwan, which reflects the steps we are taking inside Policy and across the Department to increase the attention and resources we are devoting to the Taiwan account. This focus is echoed across the interagency, as this Administration remains committed to the provision of capabilities critical to Taiwan’s self-defense – and commensurate with the evolving threat Taiwan faces.

I'm looking forward to engaging all of you, longstanding and new friends alike, as we move forward together in deepening our shared priority of strengthening Taiwan's deterrence. This year's conference could not come at a more critical time given how much has changed – both on the global stage and across the Taiwan Strait – since the US-Taiwan Business Council last convened in this format. In light of these recent developments, this evening I'll focus my remarks on three topics: First, I'll discuss how the Department is strengthening our focus on support for Taiwan. Second, I'll share more on the lessons we are drawing from Ukraine – and the effects of our support in Ukraine on the defense industrial base and foreign military sales (FMS) globally. Third, I'll discuss the imperative of deepening government and industry collaboration in support of this shared priority.

Over the last several years, PRC pressure and coercion against Taiwan has continued to mount. And, over the last few months, we have seen the PRC take additional substantial steps in its ongoing attempts to coerce Taiwan and undermine its resilience, including through more centerline crossings and other PLA activity and presence operations in the waters around Taiwan. This steady drumbeat reminds us that the PRC has not, and may not ever, give up the right to use force against Taiwan. These activities – which are matched by the PRC's effort to diminish Taiwan's international space and pressure Taiwan's domestic

economy – could be a harbinger for increased, and potentially unprecedented, coercive measures. The Department is deeply concerned by these destabilizing military actions and the effects these operations have upon Taiwan’s armed forces, Taiwan’s ability to prepare for a future crisis, and on our own Joint Force operations in the region.

This is why our commitment to peace and stability in the Taiwan Strait remains so critical. Indeed, this peace and stability is not only in the interests of those on both sides of the Strait, but also the broader Indo-Pacific and global community, as recent statements made by the G7, Australia, the UK, the EU, and ASEAN all attest to.

I want to be clear how the Department views our commitments under the Taiwan Relations Act, especially in light of the increased threat facing Taiwan and our recent experience supporting Ukraine. We see our commitment as ensuring Taiwan has a holistic self-defense capability, in line with Taiwan’s own planning and reforms, and suited for a range of contingencies across multiple domains. Our commitment to Taiwan also includes ongoing efforts across the Department to maintain the capacity of our own Joint Force to resist the use of force or any other form of coercion that jeopardizes the security of the people of Taiwan.

Ensuring Taiwan has the means to defend itself increases the likelihood that any cross-Strait issues are resolved peacefully, without coercion, and in a manner acceptable to people on both sides of the Strait. Moreover, doing so empowers Taiwan's democracy and enables it to contribute to our common objective of a free and open Indo-Pacific.

However, a holistic self-defense capability can only be achieved if defense articles and services are aligned to broader reforms with how Taiwan organizes, trains, and equips its military against the evolving threat. We therefore must reorient our security cooperation efforts around fundamental capability and capacity building, modernization, and sustainment so Taiwan is prepared for a range of potential contingencies. This means building out a full "kill chain" of integrated systems and capabilities that interoperate across Taiwan's joint force and which are best suited for an island defense against an aggressor with conventional overmatch. I can report to you that this work is well underway within the Department and will continue to benefit from regular senior leader oversight.

A holistic self-defense capability also requires strengthening Taiwan's resilience across the military and civilian domains to ensure Taiwan can mount a sustained defense.

This includes everything from sufficient stockpiling of food, medical supplies, and energy to hardening key infrastructure nodes to employing command and control capabilities that can function in a contested environment. It also includes increasing Taiwan's defense-in-depth capacity through reserve reforms and institutional mechanisms required for effective mobilization.

PRC coercion and the PLA's ever-evolving quantitative and qualitative military capabilities present a growing challenge for Taiwan, for the U.S., and for our closest allies and partners in the region. And addressing this growing threat will require significant thrust from industry and a great sense of urgency to support our Taiwan partners and bolster the preparedness and capabilities of our own Joint Force.

This brings me to my second topic, because while the geographies, militaries, and operational environments differ significantly between Ukraine and Taiwan, recent events still offer very relevant lessons. Russia has taken a shot at the international

order with its unprovoked invasion in February. Yet so far it has fallen far short of its objectives, thanks not only to the remarkable bravery and tenacity of the Ukrainian forces and political leadership, but also to the extraordinary support that the United States has provided, alongside a sweeping international coalition of Allies and Partners. Indeed, Ukraine's rapid mobilization and efforts to equip, organize, and train citizens in support of its defense have been employed to stunning effect. So too has its employment of mobile, distributed capabilities that can be fielded with minimal manpower and logistics support. Our global network of partners has stepped up to meet the increasing demand for supporting Ukraine's self-defense, with the most recent meeting in Brussels centering upon the global production issues necessary to manage sustained support for Ukraine against requirements for our own military preparedness.

Yet even as global support for Ukraine has strengthened its ability to deny Russian victory, the challenges experienced throughout this crisis – including industrial base readiness, supply chain management, and obsolescence issues – are focusing our efforts to ensure we are prepared for future crises.

Both the Department and industry share responsibility in surmounting these challenges and developing creative solutions that meet partner requirements and

prioritize the health of our defense industrial base, particularly when the strategic environment demands urgency and action. But this requires close partnership with industry, which is why this conference and our continued conversations are so vital. Together we must sustain our focus on the requirements for future crises, which may require industry to surge production and capacity to align more closely with the pacing challenge and pacing scenario set by the Department. And we should look to leverage mechanisms and resources to help build production and capacity, or create innovative opportunities to support Taiwan – much as the security mechanisms introduced during the Ukraine crisis have provided additional options for supporting our Ukrainian partners.

It is also for this reason that the Department is taking an increasingly global approach to building resilience, flexibility, and adaptability with industry. Among other measures, we are adopting greater anticipatory policies that convey to industry what is important to us early, and making smart bets with government resources in areas that we know will be increasingly important for our collective security interests and, again, align with the pacing scenario of Taiwan. It also means striking the best possible balance between making available critical capabilities to allies and partners while maintaining robust technology security practices—a balance that our industry partners must continue to support.

But tackling this issue in full, and building back the health of our defense industrial base to ensure we can fulfil our commitments under the Taiwan Relations Act requires industry leadership and prioritization to address the full spectrum of issues currently impacting the on-time, on-budget delivery of capabilities.

Ultimately, a close partnership between the Department, U.S. industry, and our Taiwan partners is required to identify creative solutions – whether they are reconfiguring existing capabilities to meet a particular operational requirement or wholly new technology through a non-program of record – that can be delivered on faster timelines. We’ve already begun much of this work within the Department, but require industry partners to take more risk to realize faster progress on critical Taiwan capabilities.

I’ll conclude by noting the months ahead present both challenges and opportunities for our efforts with Taiwan. The U.S. Government and industry must urgently advance our collaboration to set the foundation for a defense industrial base that can meet the needs of our Joint Force and those of our allies and partners, particularly Taiwan’s. It is a shared responsibility in service of our national security interests.

We'll continue to work with Taiwan to understand how new capabilities fit in its defense plans. And we'll do so with an appreciation of Taiwan's budget cycle to ensure we maximize the speed with which we develop, finalize, and execute arms sales cases to Taiwan.

Should Congress provide them, we will explore how additional funding for initiatives like the Critical Munitions Acquisition Fund and Defense Exportability Transfer Account may advance opportunities for us to develop defense capabilities – including for key allies and partners. Additionally, as our colleagues on the Hill continue to develop this year's NDAA, we will also look to see how any new authorities and resources could provide the Department with innovative solutions to address defense industrial base issues or other constraints effecting FMS solutions for Taiwan. Ultimately, this past year has demonstrated why we must work now to build and maintain deterrence that is so fundamental to peace and stability in the Indo-Pacific.

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