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

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(Remarks as prepared for delivery)

Secretary Cohen, Vice Minister Chen, distinguished guests, I am honored to speak to you today. I want to thank the U.S.-Taiwan Business Council for giving me this opportunity to address you and comment on issues that are of great interest to both the U.S. and Taiwan.

When this council met last year, we were in the early stages of our campaign against global terrorism. From then to now, we remain united in the fight against terrorism. We have had support from friends around the world. And I say with sincere gratitude, that includes our friends in Taiwan. Taiwan President Chen Shui-bian was among the first world leaders to express his support for the United States after September 11. On behalf of A/S Kelly, I would like to express once again our thanks to President Chen and his representatives here, Vice Minister Chen and Representative C.J. Chen, for Taiwan's continuing and steadfast support to our country in these challenging times.

Taiwan has taken important steps in its commitment to the global war against terrorism. Terrorism is a worldwide problem which will continue to require a response from nations on every continent. There are many dangers still facing us. Last week, Secretary of State Powell laid out our case against Iraq's ongoing efforts to develop weapons of mass destruction and continued violations of United Nations Security Council Resolution 1441. On the Korean Peninsula, we continue to work with our allies and regional neighbors for a diplomatic solution to North Korea's nuclear weapons development. We appreciate Taiwan's support on these issues and its acknowledgement that weapons of mass destruction are a grave threat to the peace and stability of the world as well as Taiwan's commitment to support the U.S.-led global war on terrorism operations.

Taiwan is also, as our colleagues in private industry know well, a key economic power in the region and the world. It is the U.S.' eighth-largest trading partner. As of November 2002, the U.S. exported \$16.9 billion worth of goods to Taiwan, and imported \$29.4 billion. Taiwan is a world leader in several key IT areas such as notebook computers, LCD displays, and associated technologies. Taiwan is also positioning itself to be a player in emerging fields like biotechnology.

While there are many variables in the global environment as we work to bring together cooperative efforts to achieve our common purpose, a constant in this environment continues to be the mutual friendship between the people of the United States and Taiwan. Our policy toward Taiwan and the P.R.C. has not changed. Our policy has been consistent for more than 20 years. It is articulated in the Taiwan Relations Act, the Three U.S.-China joint communiques, and the Six Assurances. It has not changed. It will not change.

America's best interests and those of people on both sides of the Taiwan Strait are advanced by a candid, constructive, and cooperative relationship between the United States and the P.R.C. We have some continuing differences with the P.R.C. Our interaction with the P.R.C. on these matters serves global interests. We believe that it also strengthens mutual understanding between our two countries and supports U.S. and Taiwan interests in security, stability, and prosperity.



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But let me reiterate what A/S Kelly has said many times: we will not improve our relations with China at Taiwan's expense. We seek the reduction of cross-Strait tensions. We have called on the P.R.C. to renounce the use of force and reduce military deployments targeted against Taiwan. We encourage the P.R.C. to show more transparency in this area to build trust and reduce tensions across the Taiwan Strait. We are convinced we can do this as we pursue with the P.R.C. a broad range of U.S. strategic interests ranging from human rights, counterterrorism, and non-proliferation to regional stability and trade.

The U.S. has an abiding interest, above all else, in the peaceful resolution of cross-Strait differences. It is our fundamental objective in our relations with Taiwan and the P.R.C. To that end, we are very encouraged by the expansion of peaceful, mutually beneficial cross-Strait interactions in the areas of trade, investment, culture, and education.

Our position continues to be embodied in the so-called "six assurances" offered to Taiwan by President Reagan. We will neither seek to mediate between the P.R.C. and Taiwan, nor will we exert pressure on Taiwan to come to the bargaining table. Of course, the United States is also committed to make available defensive arms and defensive services to Taiwan in order to help Taiwan meet its self-defense needs. A secure and self-confident Taiwan is a Taiwan that is more capable of engaging in political interaction and dialogue with the P.R.C.

The United States has provided Taiwan with a significant quantity of defensive weapons over the last 20 years, and during that period has been Taiwan's most reliable supplier of weapons. We continue to fulfill our commitment under the Taiwan Relations Act to provide for Taiwan's legitimate defensive needs. We have assisted Taiwan's military modernization program. In doing so, the United States is careful to provide weapons that are defensive in nature and which would not destabilize the cross-Strait situation.

The U.S. Government remains committed to maintaining our dialogue with Taiwan about its national security. The process through which we review Taiwan's defensive requirements has evolved from the annual Arms Sales Talks to a more normal process.

This new framework for dialogue more effectively meets our respective practical requirements. We continue to work with Taiwan on determining the defensive capabilities it will need in the medium- to long-term.

The U.S.-Taiwan relationship, although not formal, has succeeded in enhancing Taiwan's security and regional stability. Our military cooperation is healthy and robust. We both have a fundamental interest in the stability of the Taiwan Strait and the peaceful resolution of differences. Taiwan's ability to defend itself is essential to create the conditions that are conducive to peaceful dialogue, which contributes to regional stability as a whole. President Bush has stated U.S. intent with regard to the P.R.C.'s use of force against Taiwan. At the same time, we expect that there will be no surprises and no attempt to unilaterally change the status quo in the Taiwan Strait.

Taiwan's leaders have made it clear that it is committed to a strong defense, but that Taiwan's security in the long term requires reaching out to the other side to begin moving toward a peaceful resolution of cross-Strait differences. The United States supports you in both efforts.

Taiwan's implementation of the National Defense Law and the revised Ministry of National Defense Organization Law has brought Taiwan's military command and administrative structures more clearly under civilian control. As Taiwan's political and military leaders have recognized, Taiwan's military needs to reform. There are several elements of this reform program that are underway and we realize you are still adjusting to this reorganization as your military carries out ongoing transitions. But much still needs to be done.



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Today's military challenges require coordination across military service lines and a joint perspective of military operations. This perspective must be tied into the realities of deterring and defending Taiwan against modern air and sea forces. The P.R.C. is engaged in an accelerated force modernization program. Taiwan is vulnerable to air and missile threats from the P.R.C. Taiwan's lack of an integrated Anti-Submarine Warfare (ASW) capability is another vulnerability.

We urge Taiwan to take the steps needed to acquire defensive weapons and systems sufficient to address the ever increasing threat posed by the P.R.C. Modernization of Taiwan's command and control architecture continues to be a key priority to achieve this capability. Additionally, acquiring modern systems for air and missile defense, and integrated ASW are essential for Taiwan's self-defense as well as to provide an effective deterrence to potential adversaries. They also fill critical gaps in your self-defense that would make the difference in giving you time and preserving your options.

Taiwan's efforts to offset the PLA's increasing capabilities will depend on the vision and leadership of its civilian and military leaders. Decisions to ensure Taiwan's deterrent capability will require an effective national security structure of professional civilians and military officers prepared to make the right acquisition choices and implement them.

In the area of acquisition and armaments, Taiwan's Ministry of National Defense is in the process of developing the expertise and organization, including a cadre of civilian leaders, that will help to prioritize weapons acquisitions in an atmosphere of declining budgets. In support of these efforts we are engaged in a range of interactions with MND. We want to see Taiwan build a self-defense capability that is flexible, joint, and responsive to civilian control. Through our dialogue, our two sides are coming to understand better each other's way of thinking about security issues.

We are greatly interested in the progress of Taiwan's current defense reforms. This reform program is essential for Taiwan's military to achieve greater efficiency in joint operations, ensure a modernized force structure, and strengthen civilian control. The challenge is to continue to make progress along this path. Taiwan's military doctrine should enable its forces to be able to respond effectively to the new and emerging challenges facing Taiwan's security. It must demonstrate that its armed services can work jointly to counter threats such as integrated precision air strikes, ballistic and cruise missile attacks, blockade, information warfare, special operations forces actions, and electronic warfare. As Taiwan implements reorganization and reform, we must remember that the full benefits are still years away. We encourage our friends to implement the actions in the near term that you need to improve your joint operations capabilities and readiness.

The differences between the P.R.C and Taiwan are fundamentally political, not social, economic, or military. However, Taiwan must be prepared for military contingencies as a last resort. The United States has a long term interest in the peaceful resolution of cross-strait relationships. We are committed to help create the conditions for security that are conducive to political freedom and economic growth. We hope for renewal of cross-Strait dialogue so that Taiwan and the P.R.C. move closer to their ultimate peaceful resolution of the differences that separate them.

It is the responsibility of people on both sides of the Taiwan Strait to make that happen. Taiwan's military can help create and ensure the conditions for security and stability that foster cooperation and dialogue over coercion and conflict.

To the leaders of Taiwan's defense community gathered here today, your participation in this conference is an important sign of your commitment to achieve this goal. Once again, I am honored to have this opportunity to address you and look forward to the rest of the sessions today.

<http://www.state.gov/p/eap/rls/rm/2003/17796.htm>

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