

**House Armed Services Committee
Hearing: Defense Cooperation with Taiwan**

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Chairman Rogers, Ranking Member Smith, distinguished members of the Committee: thank you for the opportunity to testify on U.S. security cooperation with Taiwan, and for your strong, bipartisan efforts to maintain peace and security in the Taiwan Strait.

Taiwan, a leading democracy with one of the most innovative economies in the world, is a key U.S. partner in the Indo-Pacific. The United States and Taiwan share similar values, deep economic links, and strong people-to-people ties that form the bedrock of our friendship and serve as the driving force of our unofficial relationship with Taiwan.

Our approach to Taiwan has been consistent across more than four decades and eight presidencies. As Secretary Blinken has said time and again, we remain committed to our one China policy, as guided by the Taiwan Relations Act, the Three Joint Communiques, and the Six Assurances. Our longstanding policy is central to our overarching goal of peace and stability in the Taiwan Strait. This policy also anchors our robust defense and security relationship, which is crucial for ensuring cross-Strait differences are resolved *peacefully*, free from coercion.

Peace and stability in the Taiwan Strait are of critical importance for the United States and the world. Before I begin, I would like to take a moment to explain why Taiwan is important for our country and the international community.

Why Taiwan Matters

Geographically, the Taiwan Strait is a key international waterway. Taiwan's shipping lanes are the arteries of global commerce, with half of the world's trade going through the Taiwan Strait every year. Any disruption would be acutely felt around the world, threatening more than 180,000 American jobs and snarling critical supply chains in Alabama, in Washington, and beyond.

Economically, Taiwan is a technological powerhouse and a key player in the global supply chain. Taiwan's cutting-edge semiconductors are the beating heart of the world's economy, and they are used in everything from vehicles and iPhones to computers and pacemakers. These advanced chips are also necessary for American defense – our next-generation fighter jets, satellite radars, and missile defenses.

Moreover, Taiwan is a leading democracy. Taiwan's movement from autocracy to a vibrant democratic society is an inspiration for us all, and it stands as a beacon of our shared values and inclusion in the region.

Whether it is shipping lanes, semiconductors, or democracy, our partnership with Taiwan is important for American workers, families, and our national security. This is possible because of our longstanding and bipartisan one China policy, which has promoted peace and prosperity for nearly half a century.

It is important to emphasize that while our one China policy has not changed, what has changed is Beijing's growing coercion. We continue to see the People's Republic of China increase its intimidation of Taiwan through military, economic, and diplomatic pressure – deploying destabilizing gray-zone tactics through its increased military actions around Taiwan, spreading misinformation, launching ballistic missiles over and around Taiwan, engaging in malicious cyber activity and economic coercion, and more. Many of these provocative actions are not new. However, it is clear that the PRC is taking this coercion to a new level.

This is important to all of us because maintaining peace and stability across the Taiwan Strait is a global issue. As Secretary Blinken has said, a crisis in the Strait

would have disastrous consequences, and this message is being increasingly echoed by countries around the globe, including every member of the G7.

As our Department of Defense colleagues have noted, we do not believe an invasion of Taiwan by the PRC is imminent or inevitable. However, we also do not take peace for granted. We will continue to urge Beijing to cease its provocative behavior while simultaneously continuing to work with Taiwan to bolster deterrence and encourage a peaceful resolution of cross-Strait issues.

What We Are Doing

One of the keys to peace and stability in the Taiwan Strait is credible deterrence. Consistent with our longstanding policy, we are laser-focused on strengthening our cooperation to bolster Taiwan's defense and deterrence capabilities in the months and years ahead. America's policy has not changed, but Taiwan's defense capabilities must.

Our commitment to Taiwan is rock-solid and contributes to the maintenance of peace and stability across the Taiwan Strait and within the broader region. The National Defense Strategy identifies the PRC as our pacing challenge, and our cooperation with Taiwan is front and center for deterring PRC aggression. Thanks to the steadfast and bipartisan support of Congress, we have made significant progress strengthening our security cooperation with Taiwan.

Accelerating defense trade

We are expediting arm transfers to Taiwan to the greatest extent possible, in line with our longstanding policy of maintaining peace and stability across the Strait. Our swift provision of defensive weaponry and sustainment through Foreign Military Sales (FMS) and Direct Commercial Sales (DCS) is essential for helping Taiwan maintain its self-defense capability, and we will continue to work with industry to achieve this goal.

We are prioritizing Taiwan's defense capabilities with unprecedented speed and urgency. Last year, we authorized the highest single-year number of FMS

notifications to Taiwan in at least 30 years. Since 2010, we have notified Congress of more than \$37 billion in arms sales, including more than \$5 billion during this Administration. Our arms sales to Taiwan are commensurate with the threat posed; since 2019, we have authorized more than \$21 billion in Taiwan arms sales to Congress. We have made significant progress, but there remains much more to do.

With thanks to Congress for the new Presidential Drawdown Authority (PDA) for Taiwan, the Secretary of State, under delegated authority from the President, recently exercised this authority by directing a drawdown for Taiwan. This drawdown will directly transfer DoD stock to Taiwan, avoiding industrial delays and fast-tracking the delivery of \$345 million in defense articles and services for Taiwan's self-defense capability. This provision will contribute to cross-Strait peace and stability in line with longstanding policy.

We are working hand-in-glove to strengthen Taiwan's self-defense capabilities, and that includes security assistance to build partner capacity.

We recently notified Congress of our first-ever provision of Foreign Military Financing (FMF) to Taiwan. This \$80 million in FY 2023 grant funding will prioritize capabilities that Taiwan needs now, while supplementing Taiwan's own defense budget. This security assistance is a vote of confidence in our partnership with Taiwan and is another way we are demonstrating our commitment to Taiwan's self-defense capability and cross-Strait deterrence.

In FY 2024, we requested \$113 million in global FMF for emerging priorities, including Taiwan. We recognize that this is a marathon, not a sprint, so the Administration put forward a larger FMF request in the supplemental now before Congress.

This year, we also provided our first-ever International Military Education and Training funds, or IMET, to Taiwan. While the amount we provided is nominal, for Taiwan to receive IMET also helps unlock significant discounts across DoD's entire education enterprise. We estimate that the provision of IMET will save Taiwan millions every year that can be reallocated and reinvested in its defense budget.

Finally, let me highlight one additional change we made in this fiscal year regarding security assistance. For the first time, we identified and notified Congress that Taiwan is eligible to receive Excess Defense Articles as grant assistance, not only for purchase. This provides another mechanism to support Taiwan's self-defense capabilities.

This security assistance is a start, but it's not the finish line. We appreciate your leadership and steadfast support, and I would like to add that the State Department welcomes Congress's support to help Taiwan maintain its self-defense capabilities and bolster cross-Strait deterrence. Reducing Congressional earmarks on FMF would significantly increase our flexibility in reprogramming funds to Taiwan. In FY 2023, security cooperation with Indo-Pacific partners was 17% of base FMF. There was no FY 2023 FMF appropriation for Taiwan and the earmarks on FMF inhibited our ability to reprogram funding to Taiwan. This does not match our shifting global priorities.

What We Need

Our security cooperation is not just about systems, it's also about strategy. It's important that Taiwan's defense planning fits the ever-evolving threat. Taiwan must prioritize capabilities that best support an asymmetric defense strategy to strengthen its resilience against coercion and take its defense to the next level. The most effective way to deter aggression is by investing in capabilities that are lethal, resilient, mobile, distributed, cost-effective, and capable of operating in a contested environment. Taiwan needs to do more, but it is making admirable progress as it increases its defense budget and implements important defense reforms.

While we have made important strides, there is much more we need to do to meet this challenge.

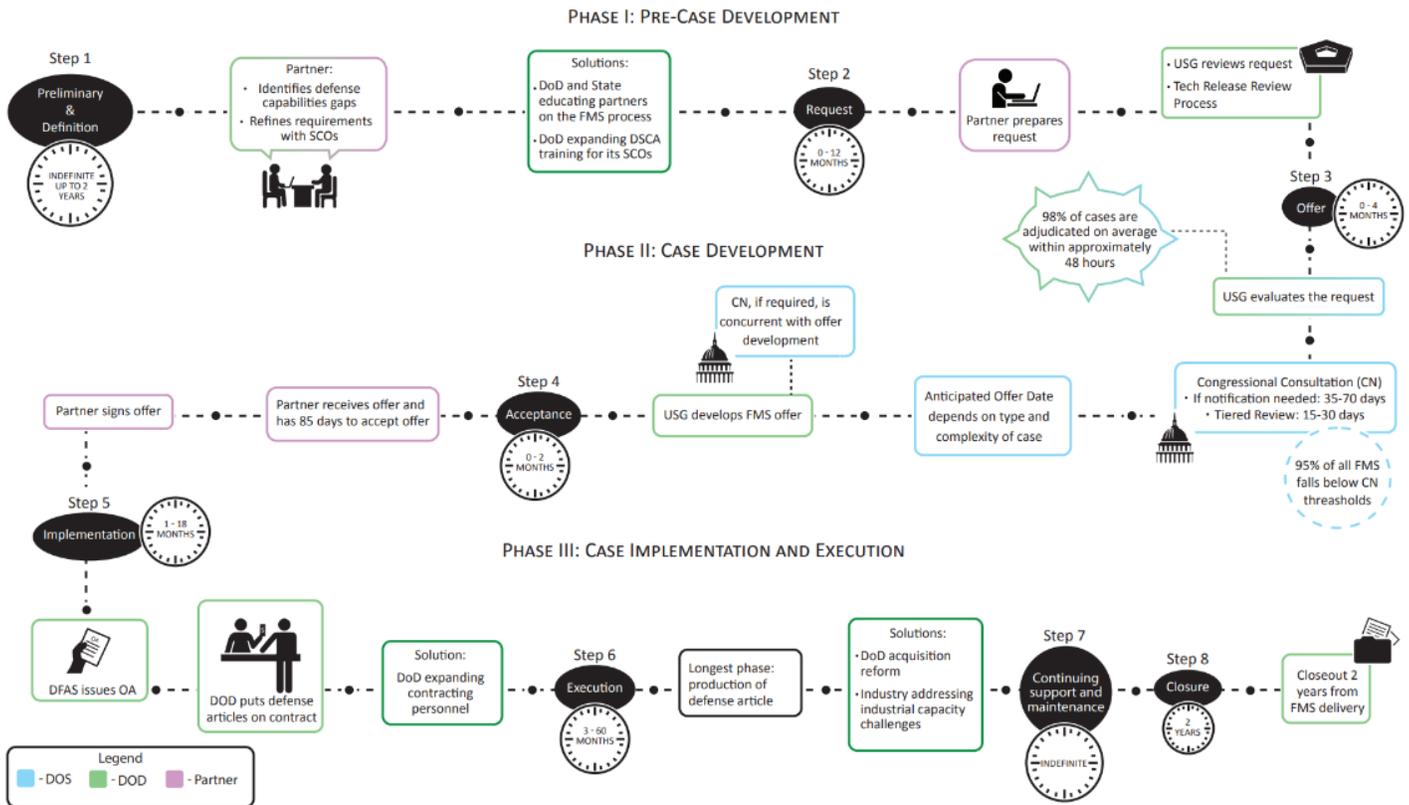
Ramping up the defense industrial base

Our arms sales to Taiwan, as with every other partner, are currently experiencing production issues and delivery delays. We need to quickly expand production capacity to strengthen our security relationships, including with Taiwan, but there is no silver bullet. We have urgently communicated to the defense industry the need to quickly manufacture defense articles, and global military demand and spending have increased significantly since Russia's full-scale invasion of Ukraine. We face a window of opportunity to shore up our alliances and partnerships, defend our democratic values, and invest in American workers and industry, but we need to meet this moment. It's not enough to promise arms to Taiwan if they take many years to arrive.

We have heard your calls to do more, and we are doing all we can to help ramp up industrial capacity, speed up production, and reduce long lead times. The U.S. government takes the issue of long production timelines seriously, and we are taking a close look at our systems to identify pressure points, speed up our processes, and streamline the rules governing defense trade and production.

Though the Department of State approves 95% of FMS cases within 48 hours, we have sought to speed up the remaining 5% of cases, which often involve complex policy issues or extensive interagency coordination. Our answer to these delays is "FMS 2023." This initiative identified 10 recommendations across the FMS process (see chart below) for further action – which we are now taking – in three broad areas: a new approach to FMS strategic planning; improving FMS adjudication; and providing forward-looking support to FMS implementation and future cases. Specific recommendations include developing a regional approach to arms transfers, prioritizing FMS cases based on National Security Strategy goals, and streamlining internal processes.

FOREIGN MILITARY SALES (FMS) PROCESS AND ESTIMATED TIMELINES



Together with the Department of Defense, we will modernize our FMS system to make it faster, better, and stronger.

The U.S. government is also working closely with the defense industry to expand production capacity. The root cause of delays is insufficient industrial capacity and long production timelines, so industry must also step up and play a key role in these efforts. When it takes over half a decade for Taiwan to receive a PATRIOT missile system or an F-16, the key problem is certainly not the 48-hour FMS review process nor a 15-day window for Congressional Notification.

We need to work together to encourage our partners in industry to take more risks, be more flexible, diversify their supply chains, and act with deliberate speed to expand production capacity without compromising quality. To speed up deliveries, we need to build more and build faster – *there are no shortcuts*.

Taiwan cannot wait years for these critical capabilities. Now is the time for a robust U.S. investment to raise industrial capacity – from both government and industry. Long lead times are already endangering our competitiveness, and if we don't act, your districts will lose jobs, our partners will lose patience, and our country will fall behind. We need to encourage long-term investments in our defense industrial base, including multi-year procurement schedules and co-production to give greater certainty to industry.

The U.S. government is committed to supporting industry as it scales up to meet growing global demand for allies and partners, including for Taiwan, and we have made progress in the past several months, including investments to deepen industrial capacity, restarting production lines, and investing in critical industries such as microchips to strengthen supply-chain resilience. We can, we must, and we will reinvigorate the arsenal of democracy.

Increasing security assistance for Taiwan

Our security assistance for Taiwan demonstrates American resolve, our commitment to Taiwan's self-defense capabilities, and our commitment to maintaining peace and stability across the Strait. As you are aware, the Administration recently put forward a supplemental budget request to fund additional security assistance globally, including potentially for Taiwan. We urge your support for this measure.

Managing the U.S.-PRC relationship

I'd like to finish with a few brief words about our broader relationship with the PRC. We will continue to stand up for our interests. Both the United States and the PRC have an obligation to responsibly manage the bilateral relationship. This is in the interest of the United States, the interest of China, and the interest of the world.

We are clear-eyed about the pacing challenge posed by the PRC, and we are committed to healthy competition that strengthens our respective countries, while cooperating where our interests align.

As Secretary Blinken has emphasized, disagreement between our countries does not undermine the need for diplomacy – it underscores it. We remain fully committed to maintaining open channels of communication across the full range of issues to reduce the chance of miscalculation or misunderstanding, from the President on down. This is crucial for ensuring tensions do not boil over into conflict, and as Secretaries Blinken, Yellen, and Raimondo have stated, guardrails are an essential part of responsibly managing our bilateral relationship.

Conclusion

The National Security Strategy and Indo-Pacific Strategy provide a comprehensive approach to maintain peace and stability across the Taiwan Strait, and credible deterrence is the centerpiece of these strategies. Our one China policy continues to provide the framework we need to maintain peace and stability across the Taiwan Strait. But while our policy has not changed, PRC pressure against Taiwan has increased, and therefore Taiwan’s capabilities must also increase to match the threat. We are fully committed to strengthening deterrence in the Taiwan Strait, both in words and in action. While we have taken several steps forward, we have more work to do to expand America’s industrial capacity, invest in our partnership through additional security assistance and authorities, and make it clear to the world that we will stand on the side of democracy and a free, open, resilient, and secure international order. Thank you, and I look forward to your questions.