

**Principal Deputy Assistant Secretary of Defense, Mr. Jed Royal**

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

**September 23, 2024**

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 for a third year, and to our partners from Taiwan and across industry for making the trip to Philadelphia for this occasion.

When I spoke last year, I discussed ambitious initiatives the Administration was taking to strengthen Taiwan's self-defense — from using existing and new authorities in creative ways, to working with partners in the Indo-Pacific to enhance our defense industrial bases. Tonight, I'm proud to report on the important progress we are making on these fronts. I will cover how our security cooperation activities align with broader efforts from allies and partners across the globe to bolster Taiwan's deterrence.

What I said last year continues to be true. The Administration remains committed to providing capabilities critical to Taiwan's self-defense — and at levels commensurate with the evolving threat posed by the PRC — in line with our

commitments under the TRA. This year, the PLA's multi-day Joint Sword 2024A exercise, which the PLA publicly messaged as a "punishment" for Taiwan's democratic election, again exposed the hollowness behind the PRC's commitment to so-called "peaceful unification." It was also another reminder of how the PRC is increasingly relying on the PLA and military coercion to change the status quo in the Taiwan Strait. The United States and Taiwan — alongside industry — must continue to move forward with a shared sense of urgency to bolster deterrence.

Yet, despite PRC efforts to use intimidation and coercion to change the status quo, we have been encouraged by how, in just a short period of time, the Lai administration has taken meaningful steps to drive defense reforms and prioritize whole-of-society resilience. The Lai administration's creation of a Defense Innovation Office (DIO) to leverage commercial technologies for asymmetric capabilities, as well as an interagency task force focused on improving whole-of-society resilience, are impressive steps that build upon previous reform efforts during the Tsai administration. At DoD, we have already built a strong partnership with our Taiwan counterparts, and we are confident that the United States and Taiwan will continue to deepen industry collaboration in the coming years.

As you have heard and will hear from my interagency colleagues, our support for Taiwan is rock solid. Just as U.S. support to Taiwan has remained unchanged following Taiwan's elections, I expect the same regardless of any electoral changes ahead. This is because Taiwan continues to enjoy deep bipartisan U.S. support. For the past 45 years, consistent U.S. policy on Taiwan has contributed to the maintenance of peace and stability across the Taiwan Strait and within the region. Today, Taiwan is a global leader in public health, advanced manufacturing, and democratic governance. And the global values that underpin the rules-based international order continue to flourish among the Taiwan people who seek peace and prosperity, just as we do in the United States.

We at DoD are taking significant steps to preserve this peace and prevent a crisis that would be tremendously costly for people on both sides of the Strait, and deeply affect global peace and prosperity. To ensure Taiwan has a holistic self-defense capability suited for a range of threats, the Department has taken important steps to utilize all security assistance tools at our disposal to accelerate the provision of critical capabilities, including support provided via the Presidential Drawdown Authority and Foreign Military Financing.

This reflects the importance the Administration and the Congress have placed on Taiwan's self-defense, which matters for our own security. This support to Taiwan also complements DoD security cooperation support for Taiwan, which is the largest recipient of Building Partner Capacity funds. I am confident that these major investments will have a significant impact on Taiwan's defense readiness.

Even with these additional tools and resources, however, we must ensure every dollar invested in Taiwan's self-defense is informed by the threat and meets a validated requirement identified through careful analysis. As I said last year, pairing U.S. efforts with Taiwan's own investments in its capabilities results in a multi-pronged approach to force development that requires ever-closer coordination among the United States, Taiwan, and key industry stakeholders.

It's also important to view our efforts with Taiwan within the broader context of what Secretary Austin called the "New Convergence" in the Indo-Pacific at the Shangri-La Dialogue in June. This New Convergence is not a single alliance or coalition; we're driving the emergence of a set of overlapping, complementary, and fit-for-purpose initiatives in the Indo-Pacific, all propelled by a shared vision for the region and the world. This looks like sharing early-warning data on North Korean missiles with Japan and South Korea; partnering with Australia, Japan, and

the Philippines in a new grouping to advance maritime cooperation in the South China Sea; and conducting multilateral exercises at unprecedented levels of scope and scale that drive increasing levels of interoperability. Ultimately, our initiatives with allies and partners across the Indo-Pacific directly support our longstanding commitment to our shared vision of a free and open Indo-Pacific.

More broadly, the Department of Defense, alongside our partners throughout the U.S. Government, is making long-term bets that will take collaboration to entirely new levels. Next month, I'm excited to announce that DoD will be chairing the inaugural meeting of the Partnership for Indo-Pacific Industrial Resilience in Hawaii. We call this initiative "PIPIR." Our theory of the case is that while it's important for the United States to make generational investments in our own DIB — which we are — fully addressing our DIB vulnerabilities requires fast-tracking collaboration and accelerating new projects with our Indo-Pacific partners. This is why the Department is doing more than ever in the DIB space, both bilaterally and multilaterally, from co-producing missiles with Japan and fighter-jet engines with India, to our PIPIR initiative that will jumpstart collaboration with 12 other allies and partners in the Indo-Pacific and in Europe to reduce barriers to production, create new sustainment hubs, and address supply chain constraints.

Beyond PIPIR, with its own impressive indigenous production capacity, Taiwan will continue to be an important player in regional security industrial initiatives. Taiwan has a tremendous amount of expertise, innovation & manufacturing capacity that will undoubtedly propel forward global defense industrial progress.

Collective DIB resilience — including our ability to pursue co-sustainment, maintenance, repair, and overhaul — will ultimately translate to enhanced U.S. readiness. It will mean more interoperability, increased availability of advanced platforms, and more security all around. The New Convergence, including through a more robust & cooperative industrial base globally is a vital & inextricable element to strengthening deterrence across the Indo-Pacific.

As we continue to work together, I encourage you to continue to explore increased industry-to-industry partnership as Taiwan continues to develop its indigenous defense capacity. I know there is a U.S. trade mission consisting of 20 companies currently in Taiwan to explore UAS and Counter-UAS business opportunities. That's a welcomed first step in helping Taiwan develop its indigenous capacity for UAS and Counter-UAS capabilities. It's critically important that we take every measure possible to support Taiwan's domestic production capacity, and the UAV space is one area where industry can play a role.

And while these are important and ambitious initiatives, there's a lot more progress that we need to make. I'm looking to all of our industry partners to lean into this challenge. I'm also looking to our legislative colleagues from Taiwan to ensure Taiwan's defense reforms are backed by sustained resources. It's important that Taiwan continue to invest in its own defense requirements. The LY's approval of a record-high \$18.8 billion for defense last December was extremely welcome, and I hope we can count on the LY for continued increases in Taiwan's defense budget in the future.

We see the challenge clearly and are pursuing every avenue and breaking new ground to address it. The task ahead is urgent and requires sustained attention and increased resources in the years ahead. The American people, the people on Taiwan, and the people across the Indo-Pacific region and around the world deserve nothing less than the peace and deterrence we seek to strengthen.

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