

Prepared Statement of
Dr. Peter Lavoy
Acting Assistant Secretary of Defense for Asian and Pacific Security Affairs
Testimony before House Foreign Affairs Committee
October 4, 2011

Madame Chairwoman, Ranking Member Berman, and Members of the Committee, I would like to thank you for the opportunity to appear before you today to offer testimony from the Administration on our perspectives and policies toward Taiwan, including our responsibilities under the Taiwan Relations Act, how these responsibilities support our one-China policy, military developments in the Taiwan Strait, and their implications for the United States. Balance in the Taiwan Strait is a critically important topic that has a strong bearing on our enduring interests in, and commitments to, peace and stability in the Asia-Pacific region, and I commend the Committee's continued interest in these matters.

The Obama Administration is firmly committed to our one-China policy, which is based on the three joint U.S.-China communiqués and the Taiwan Relations Act. This is a policy that has endured across eight Administrations, transcended political parties, and served as a central element of our approach to Asia for over three decades. The Administration's strong commitment to the TRA is evident in our actions, which included the September 21 notification to Congress of our intent to sell Taiwan \$5.85B worth of new defense articles and services—including an upgrade package for Taiwan's 145 F-16 A/B fighters, spare parts for its F-16, F-5 and C-130 aircraft, and training for F-16 pilots at Luke Air Force Base in Arizona. This decision follows the January 29, 2010 decision to sell Taiwan \$6.4B in defensive arms, including 60 UH-60M Blackhawk helicopters, Patriot PAC-III firing units and missiles (three firing units, one training unit, and 114 missiles), Harpoon missiles, two Osprey-class mine hunters, and follow-on support for command and control systems. In addition, in August 2011, the Obama Administration submitted a \$310M direct commercial sales notification to Congress for the approval of export licenses in support of radar equipment for Taiwan Indigenous Defense Fighters and Hughes air defense radars. These collective sales of over \$12.5 billion in arms to Taiwan are an important indication of our commitment to our obligations under the TRA and to Taiwan's defense.

Since becoming President of Taiwan in 2008, Ma Ying-jeou has launched a series of initiatives designed to improve cross-Strait trade and investment, people-to-people contacts, and cultural exchanges. We welcome these initiatives and the relaxation of tensions in the Taiwan Strait that has accompanied the improvement of cross-Strait relations. Through this process, our military-to-military relationship with Taiwan has strengthened, and we will continue to build on this relationship to ensure Taiwan has the ability to defend itself today, and in the future. This is an important element of our strategy, and indeed is an enabler of the cross-Strait warming trend we have witnessed in

recent years. Despite the progress both sides have made to reduce tensions and increase stability by improving the non-military elements of the cross-Strait relationship, we have yet to see any efforts on the part of the mainland to reduce the military threat that its forces pose to the people on Taiwan.

At the Department of Defense, we have a special responsibility to monitor China's military developments and to deter aggression and conflict. Under the Taiwan Relations Act, which has served our country and the region well and has helped guarantee peace and stability in Northeast Asia for over 30 years, we are charged with maintaining the capacity of the United States to take appropriate actions, as determined by the President and Congress in accordance with U.S. constitutional processes, in response to threats to the security or the social or economic system of the people on Taiwan. We work closely with our interagency partners to make available to Taiwan defense articles and services in such quantity to enable Taiwan to maintain a sufficient self-defense capability. This is consistent with our long-standing policy that has provided a basis for maintaining security and stability across the Taiwan Strait. We believe that the Taiwan Relations Act is a good law that makes for good policy.

We take seriously our responsibility as laid out in the Taiwan Relations Act. This policy helps to create the conditions under which the two sides can engage in peaceful dialogue. The fact that cross-Strait stability has progressed to the point that it has today underscores the positive effects of our approach to Taiwan. The preservation of stability in the Taiwan Strait is fundamental to our interests of promoting peace and prosperity in the Asia-Pacific writ large. A Taiwan that is strong, confident, and free from threats or intimidation, in our view, is best postured to discuss and adhere to whatever future arrangements the two sides of the Taiwan Strait may peaceably agree upon. In contrast, a Taiwan that is vulnerable, isolated, and under threat would not be in a position to discuss its future with the mainland and might invite the very aggression we would seek to deter, jeopardizing both our interests in regional peace and prosperity, and the interests of the people on Taiwan.

Assessing the Military Balance

The Secretary of Defense is required to report to Congress annually his assessment of military and security developments involving the People's Republic of China. An important part of this assessment involves our perspectives on Beijing's strategy toward Taiwan, the military capabilities China is deploying opposite the island, and any challenges to Taiwan's operational capabilities for deterrence. The Department provided its latest assessment in August, and I can report to you today that the military balance across the Strait continues to shift in the PRC's favor.

As we have noted before, China's economic rise has enabled it to pursue a long-term comprehensive transformation of its armed forces from a mass army designed for wars of attrition on its own territory to one capable of fighting and winning short duration, high-intensity conflict along its periphery against high-tech adversaries. In this respect, China's military buildup is natural and expected. However, the pace and scope of China's military developments have increased in recent years, and the transparency with

which Beijing is pursuing this build-up continues to lag. Although we assess that China's ability to sustain military power at a distance remains limited, its armed forces continue to develop and field ever-more advanced military technologies to support anti-access and area-denial strategies, as well as those for nuclear, space, and cyber warfare. These developments are changing regional military balances and have implications beyond the Asia-Pacific region.

As the modernization of the People's Liberation Army has progressed, the improved capabilities have given Beijing's military and civilian leaders increased confidence in their military forces' ability to support China's growing national interests – ranging from its need for resources and access to international markets, to support for PRC nationals overseas. However, even as the PLA explores new roles and missions that go beyond immediate territorial considerations, we believe that the primary focus of the PLA build-up remains preparing for contingencies in the Taiwan Strait.

It appears that Beijing's long-term strategy is to use political, diplomatic, economic, and cultural levers to pursue unification with Taiwan, while building a credible military capability to attack the island if it perceives events as moving in the wrong direction. Beijing appears prepared to defer the use of force for as long as it believes long-term unification remains possible. However, we assess that Beijing firmly believes that a credible threat of force is essential to maintain conditions for political progress, and in this regard, we continue to see the military balance shifting in Beijing's favor. As indicated, this military build-up continues despite the reductions in tensions that have accompanied Ma Ying-jeou's cross-Strait initiatives.

In assessing the cross-Strait military balance, it is important to consider Beijing's capabilities to conduct offensive operations and Taiwan's defensive military capability.

In terms of Beijing's capacity for offensive operations against Taiwan, we continue to see the majority of the PLA's advanced equipment being deployed to the military regions opposite Taiwan. In this context, Beijing continues to field advanced surface combatants and submarines to increase its capabilities for anti-surface and anti-air warfare in the waters surrounding Taiwan. Similarly, advanced fighter aircraft and integrated air defense systems deployed to bases and garrisons in the coastal regions increase Beijing's ability to gain and maintain air superiority over the Taiwan Strait. Additionally, these systems, as deployed, allow Beijing to conduct offensive counter-air and land attack missions against Taiwan forces and critical infrastructure. Beijing has also deployed over 1,000 short-range ballistic missiles and growing numbers of medium-range ballistic missiles and land attack cruise missiles to garrisons opposite the island to enable stand-off conventional attacks with precision or near-precision accuracy. These capabilities are being supplemented by a growing capability for asymmetric warfare, including special operations forces, space and counter-space systems, and computer network operations.

We have limited insights into Beijing's actual contingency planning for military operations in the Taiwan Strait, but based on observed capability investments, we believe that if the mainland were to use military force against Taiwan, the PLA would rapidly degrade Taiwan's ability to resist while simultaneously dealing with any third-party

intervention on Taiwan's behalf. As a part of this effort, the PLA is building the military capability to execute multiple courses of action, all of which we must consider:

Quarantine or Blockade. Traditional maritime quarantine or blockade operations would have the greatest effect on Taiwan, at least in the near-term. However, the PLA Navy would have great difficulty imposing a quarantine or blockade and, at present, probably could not enforce either in the face of resistance or outside intervention. In military academic literature, the PLA has discussed potential lower cost alternatives such as air blockades, missile attacks, and mining to obstruct harbors and approaches. Beijing could also declare exercise or missile closure areas in the approaches to ports which would achieve the same effects as would a formal blockade by diverting merchant traffic. In these cases, however, there is the risk that Beijing would underestimate the degree to which any attempt to limit maritime traffic to and from Taiwan would trigger countervailing international pressure and military escalation.

Limited Force or Coercive Options. Beijing may also consider a variety of disruptive, punitive, or limited military actions against Taiwan, likely in conjunction with overt and clandestine economic and political activities. Such a campaign could include computer network or limited kinetic attacks, including by special operations forces, against Taiwan's political, military, and economic infrastructure to induce fear and degrade public confidence in Taiwan's leadership.

Air and Missile Campaign. Beijing may also consider ballistic and cruise missile attacks against air defense systems, including air bases, radar sites, missiles, space assets, and communications facilities. These attacks could support a campaign to degrade Taiwan's defenses, neutralize Taiwan's military and political leadership, and possibly break the Taiwan people's will to fight.

Amphibious Invasion. The PLA today is capable of accomplishing various amphibious operations short of a full-scale invasion of Taiwan. With few overt military preparations beyond routine training, the PLA could launch an invasion of small Taiwan-held islands such as the Pratas, or Itu Aba. An invasion of a medium-sized, defended offshore island, such as Mazu or Jinmen is also within the PLA's capabilities. Such an invasion would demonstrate military capability and political resolve, and achieve tangible territorial gain, without the launch of a full-scale attack on the island of Taiwan. However, this kind of operation includes significant, and perhaps prohibitive, political risk because it could galvanize the Taiwan populace and generate international opposition.

In terms of a larger scale amphibious operation, the most prominent among the PLA's options is a Joint Island Landing Campaign, which envisions coordinated, interlocking campaigns for logistics, air and naval support, and electronic warfare. The objective would be to break through or circumvent shore defenses, establish or build a beachhead, transport personnel and material to designated landing sites in the north or south of Taiwan's western coastline, and launch attacks to split, seize, and occupy key targets and/or the entire island. Success would depend upon air and sea supremacy, rapid build-up and sustainment of supplies on shore, and uninterrupted support. An invasion of Taiwan would strain the untested PLA and almost certainly invite international

intervention. These stresses, combined with the attrition of military equipment and personnel and the complexity of urban warfare and counterinsurgency (assuming a successful landing and breakout), make amphibious invasion of Taiwan a significant political and military risk for China.

Taiwan's Defense Priorities

In response to these changing dynamics in the Taiwan Strait, the Taiwan authorities have undertaken a series of reforms designed to improve the island's capacity to deter and defend against an attack by the mainland. These include investments to harden infrastructure, build up war reserve stocks, and improve the industrial base, joint operations capabilities, crisis response mechanisms, and the officer and non-commissioned officer corps. These improvements, on the whole, have reinforced the natural advantages of island defense.

In 2009, Taiwan became the first military outside of the United States to publish a Quadrennial Defense Review (QDR). Taiwan's QDR, as well as Taiwan's Defense White Paper, outlines a road map of investments for the future, particularly in the areas of organizational reforms, force structure adjustments, transitioning to an all-volunteer force, and advancing joint operations across the spectrum of defensive operations. Taiwan's approach transcends traditional service rivalries to develop an integrated force that takes advantage of Taiwan's strengths and uses innovative approaches as force multipliers.

With respect to the personnel reforms, President Ma's commitment to transition to an all-volunteer force is a transformational initiative, involving organizational adjustments in personnel recruitment, troop training, logistics preparations, benefits and rights, mobilization mechanisms, and retirement plans. At the conclusion of this process, Taiwan envisions an elite, professional force capable of undertaking major readiness and combat missions.

Taiwan also has begun to implement a long range acquisition planning and management process designed to ensure an efficient procurement process that delivers real joint military capability. Through this process, Taiwan will be able to prioritize investments in its domestic defense industries and forecast a better plan for future acquisitions from external sources – which is particularly challenging for Taiwan given that its political international status yields few options for foreign sources of defense technologies and weapon systems.

Taiwan's defense reforms, to date, are important and necessary - and further efforts are needed. We are working closely with Taiwan on such steps, related to both planning and procurement. A key conclusion of the Report to Congress on Taiwan's Air Defense Force is that Taiwan's approach to defense cannot match the mainland one-for-one. For example, Taiwan defense spending cannot match the Mainland's, nor can it develop the same type of military the Mainland is developing. Taiwan needs to focus its planning and procurement efforts on non-traditional innovative and asymmetric approaches – there

is no single solution. Given this context, we believe the F-16 A/B upgrade make a significant contribution to Taiwan's airpower.

The increasing complexity and sophistication of the military threat to Taiwan posed by the forces arrayed across from it on the mainland demands a more holistic approach by Taiwan. Given the limits on its defense resources, Taiwan needs to think in a different way about its defense procurement plans and priorities. Lasting security cannot be achieved simply by purchasing limited numbers of advanced weapons systems. Taiwan must also devote greater attention to asymmetric concepts and technologies to maximize Taiwan's enduring strengths and advantages. For example, we see value in investing in maneuverable weapon systems to increase agility and survivability, taking full advantage of Taiwan's geographical advantages to better protect high-value assets and render mainland attacks more costly, and making greater use of camouflage, concealment, deception, and decoys to degrade PRC targeting.

Furthermore, increased hardening of Taiwan's defense and other critical infrastructure will improve Taiwan's ability to resist attacks and rapidly re-constitute in a crisis after an attack. These and other asymmetric approaches can serve to complicate the PRC decision calculus and enhance deterrence of conflict by enabling the Taiwan military to more effectively deny to the PRC its operational objectives in a Taiwan campaign. The Department of Defense has and will continue to work with Taiwan to assist its Ministry of National Defense with its transformation and to identify the right procurement priorities.

U.S. Defense Policy in Asia

As a resident Asia-Pacific power, the United States' has an unwavering commitment to Asia's continued growth, security, and stability. Growing U.S. military engagement and presence, modernization of our force posture, and focused investments in military capabilities relevant to preserving the security, sovereignty, and freedom of our allies and partners in the region demonstrates the depth of this commitment. In this context, U.S. policy with respect to Taiwan is a subset of our larger policy within the Asia-Pacific region, which is rooted in our network of alliances and partnerships combined with a force presence that is designed to enable effective responses to a variety of contingencies.

As stated at the beginning of this testimony, the United States is committed to fulfilling its obligations under the Taiwan Relations Act. In January 2010 and again in September of this year, the Obama Administration announced its intent to sell Taiwan defense articles and services totaling over \$12 billion. These decisions were based solely on our judgment of Taiwan's defense needs and are conducive to stability in the Taiwan Strait:

January 2010

- 60 UH-60M Blackhawk Utility Helicopters. Utility helicopters fill an immediate need for Taiwan's military to respond to humanitarian assistance and disaster relief operations. In wartime, the UH-60 would provide essential mobility capabilities to move troops and equipment around the island.

- 2 PAC-3 firing units, one training unit, and 114 missiles. Delivering this system completes Taiwan's request for upgraded PAC-3 missile defense systems. These systems will be integrated into Taiwan's missile defense grid.
- Technical support for Taiwan's C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) System. This support will help Taiwan develop improved battlefield awareness through an integrated air, sea, and ground defense picture.
- 2 OSPREY-class mine-hunters. Mine-hunting vessels will enable Taiwan to keep key ports and shipping lanes open in the event of blockade by mining.
- 12 Harpoon telemetry missiles. These training missiles will improve Taiwan's ability to meet current and future threats of hostile surface ship operations.

September 2011

- Retrofit for 145 of Taiwan's F-16A/B fighter jets, including radars, weapons and structural upgrades.
- Five-year extension of F-16 pilot training at Luke Air Force Base.
- Aircraft spare parts for sustaining Taiwan's F-16's, F-5's, and C-130's.

The F-16 retrofit reflects a smart defense policy that provides real and immediate contributions to Taiwan's security. The retrofitted F-16 A/Bs will provide a more reliable, survivable, and capable aircraft—comparable to the F-16 C/D, but at a lower cost—and Taiwan will have 145 of them.

However, the extent of our obligation does not end with arms sales. As part of our defense and security assistance to Taiwan, we are constantly engaged in evaluating, assessing, and reviewing Taiwan's defense needs, and in this regard, we continue to work with our partners on Taiwan to advise and assist their modernization efforts. The range of our engagements is truly comprehensive. At the Office of the Secretary of Defense leads strategic discussions on defense modernization with the Taiwan Ministry of National Defense and senior civilian leaders. At the operational-level, the United States Pacific Command leads discussions with the Taiwan Ministry of National Defense, while the United States Pacific Fleet, Pacific Air Forces, and the U.S. Army Pacific each lead tactical-level discussions with their counterpart services to improve Taiwan's defensive capabilities.

Conclusion

Following the March 2008 elections on Taiwan, both Beijing and Taipei embarked on a program of cross-Strait exchanges intended to expand trade and other economic links, as well as people-to-people contacts. The United States welcomes these steps as they contribute to stability in the Strait. Despite these positive political and economic developments, the security situation in the Strait remains tenuous. Beijing's sustained investment in an increasingly capable armed force across from Taiwan continues to shift the military balance in its favor. In light of these dynamics, long-standing U.S. policy, as enshrined in the Taiwan Relations Act, continues to play an important role in maintaining stability and deterrence in the Taiwan Strait by demonstrating to Beijing that it cannot achieve its goal of unification by coercion and force.

The Department of Defense will continue to monitor military trends in the Taiwan Strait and is committed to working with the authorities on Taiwan as they pursue defense reform and modernization to improve the island's ability to defend against an attack from the mainland. Organizational reforms, joint operations, hardening, and long-term acquisition management are all significant steps that will enhance Taiwan's security. This Administration is committed to the Taiwan Relations Act and plans to consult with Congress as appropriate, if and when we move forward with additional support and assistance to Taiwan. Just as in the past, our consideration of any future arms sales will be based on our judgment of Taiwan's defense needs.

Madame Chairwoman, Ranking Member Berman, and Members of the Committee, I would like to thank you for the opportunity to appear before you today and look forward to your questions.