



# Reinforcing the U.S.-Taiwan Defense Alliance

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## TRANSCRIPT

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**SETH CROUSEY:** Well, thank you all for joining us at Hudson Institute this afternoon. It's necessary to note that today is the 18th anniversary of the terrorist attack against the United States that took the lives of nearly 3,000 souls. The U.S. brought justice to the mastermind of the attack. This may offer a measure of solace to the victims' families but only a measure. Let us pray that the passage of time and the happy recollections of loved ones will soften what must surely be a lifelong sadness, and may the memory of the victims be a blessing. We're here this afternoon to examine the future of U.S.-Taiwan defense relations. We're fortunate to have with us today two experts on the topic, Michael Tsai...

(APPLAUSE)

**CROUSEY:** ...A former defense minister of Taiwan and deputy representative to the U.S. for Taiwan, and former member of the Legislative Yuan Dr. Mike Kuo, president of the Formosan Association for Public Affairs.

(APPLAUSE)

**CROUSEY:** I hope that you have the bios of - the full bios of both speakers in the handouts. We have a lot of matters to discuss today, so I'd like to offer some very brief remarks in advance. Oh, and I should point out that, on the table at the reception desk as you exit, there will be an outline of Minister Tsai's remarks, so feel free to pick up a copy. After years of neglect and in accordance with the Taiwan Relations Act, whose 40th anniversary we observe this year, the U.S. has finally started to take consistent and meaningful action to fulfill the United States' defense commitments to Taiwan as prescribed by the Taiwan Relations Act. The United States will provide Taiwan with arms of a defensive character and shall maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security or social or economic system of the people of Taiwan, says the TRA.

Since September 2018, the State Department and Defense Department have approved arms sales to Taiwan, including \$330 million for aircraft parts, including F-16 C-130, F-5 and Indigenous Aircraft, another \$223 million in Stinger missiles, \$2 billion in Abrams tanks, \$500 million in the F-16 training program and, most significant, last month, the U.S. Defense Department announced approval for the sale of 66 F-16Vs, consisting of around - costing around 8 billion U.S. dollars. These are - there are excellent reasons for these sales. The U.S.-Taiwan relationship is supported by three pillars - mutual security, shared values and the Taiwan Relations Act. The U.S. and Taiwan have a common interest in the region's peace, stability and prosperity. The first pillar, mutual and regional security, is the U.S. commitment to protect Taiwan's autonomy from external armed aggression and coercion. To support this, Taiwan has become an important regional partner and actor that helps safeguard U.S. interests in the Indo-Pacific. Not only is this strategic relationship important, but there is a geographic element at the same time. Taiwan's centrality within the first island chain is vital to the U.S.'s presence in the western Pacific.

Securing the first island chain allows for a sustained U.S. presence in the region to respond to crises, assist our treaty allies and regional partners and protect our interests. China and its military know the strategic value of the first island chain and seek to undermine the U.S.'s access and control of it. Taiwan serves as the anchor within the first island chain. Without it, the PRC's access to the Central Pacific is greatly problematic. Historically, the strategic importance of Taiwan for regional projection has been well understood by those who occupied it in the past. During the Sino-Japanese War, Japan realized that

Taiwan was an important strategic objective for their war effort. Ultimately, taking control of the island is part of the terms that ended the conflict. In World War II, Japan used Taiwan as a major base of operations for both the Navy as well as aviation forces. Japan also used Taiwan as a springboard for their incursions into Southeast Asia. Today Taiwan's position and geography in the center of the first island chain continues to hold significant strategic advantage. Geography doesn't change. Its successful defense denies the PRC the opportunity to seize the middle and roll up the flanks of the first island chain.

A second pillar of the U.S.-Taiwan relationship is shared values. Taiwan and the U.S. are committed to democracy. As skeptics of democracy grow around the world, the stability and perseverance of the Taiwanese democratic system offers an excellent model for others in the region. Over the post-war years, South Korea and Taiwan have both made the successful transition to full-fledged and robust democracies and, when coupled with Japan, serve as Democratic successes in the region. In the face of increased Chinese pressure in the Indo-Pacific and around the world, the importance of building strong relationships with democratic partners and allies has never been important than it is today. Working with Taiwan and our other regional partners, we can ensure that the U.S. remains an active participant in the Indo-Pacific and one that is committed to the support of shared political values.

The third pillar is the TRA itself. The Taiwan Relations Act has served as the guiding principle which has defined the U.S.-Taiwan relationship since Jimmy Carter normalized the U.S.'s diplomatic ties with the mainland in 1979. The TRA defines the political and military relationship between the U.S. and Taiwan but also American commitments. The TRA reflects Congress's commitment to support Taiwan. The TRA called for equipping Taiwan to protect itself from aggression. That means China. In the face of a more assertive China, the U.S.-Taiwan relationship has become more important. While in the past the defense commitment under the TRA has been inconsistent and sporadic, recent defense pledges from the Trump administration are encouraging. Expanding Taiwan's ability to defend itself on land with new Abrams tanks and its skies and waters with F-16 fighters is good. It's timely. It shows that the U.S. is as good as its word and strengthens Taiwan's ability to defend itself. The U.S.-Taiwan relationship is better than it has been for years, but there is more to be done.

The U.S. must continue to champion Taiwan and its interests in international fora, pushing for membership in international institutions. We should invite Taiwan to participate in the annual naval exercise RIMPAC and improve their interoperability with the U.S. and other Pacific partners. We should encourage senior military-to-military exchanges and visits as well as other practical measures to improve military interoperability. Earlier this month, the U.S. research vessel made a call to the port of Keelung. Such visits should be encouraged and expanded so that American vessels make frequent visits to Taiwanese ports and vice versa. For its own - our own sake, the U.S. should continue to engage with Taiwan at all levels of society and leverage their cooperative - their competitive advantages to improve our own capabilities, as well. Taiwan is a world leader in IT systems and defense. Working together, we can shore up the relationship and learn from some of the world's best cyber practitioners. And by the way, the representative of Taiwan should be allowed to live in his house here in Washington - just might add that. And now I'd like to turn the floor over to our guests whose thoughts on these and related subjects are the result of years of experience as well as an advanced understanding of the challenges that both the U.S. and Taiwan face in the West Pacific. The floor is yours. The podium, if you wish.

**MICHAEL TSAI:** Can I walk in here?

**CROPSEY:** Of course.

**TSAI:** I like freedom.

: (LAUGHTER)

**TSAI:** So I can walk in here freely, and I can see you better. And you can see my smiling face better, too. Also, my good friend Seth Cropsey of the Hudson Institute, he - they are so kindly to arrange this kind of meeting. And I asked my good friend Dr. Michael Kuo of the hope (ph) I would come together just share with you some of the idea we might present to you how - the reason why we should, Taiwan and the United States, should working together. Today, in the memory of the 9/11 18 years ago - I feel sorry for that happened 18 years ago. When I was in Taiwan, I heard the twin - the World Trade Tower was falling down. I saw the TV. I cannot believe that happened, but it happened 18 years ago. In a memory of this 9/11 tragedy, I think we should do something to prevent that happening again. This morning, I went to the One - and also my delegation from Taiwan in a mission to promote Taiwan's membership at the United Nations, we come together. We are invited to see the Congressperson Mr. Steve Chabot from Ohio state. And also, we had a tour at the Capitol Hill. There's a flower, big flower. They show that in memory of 9/11 18 years ago. And then, quote, unquote, "we shall never forget." "We shall never forget." We should learn something from that happening.

Today, I would like to share the idea why the United States and Taiwan should work together better, closer with a benefit of respective national interest as well as peace and stability in the Asian Pacific. You may ask why Taiwan should work together with the United States and also with Japan in that region of the world - Asian Pacific, AP. The first, just like my good friend Seth just mentioned, United States and Taiwan, we share the same common value - i.e., democracy, freedom and respect of human rights. Is that correct? And the second, Taiwan is seeking for peace and stability across the Taiwan Strait and in this part of the world. I personally believe maintaining the peace and stability for Taiwan not only fits into our - Taiwan's national interest but also will be compatible with the United States' national interest. Both nations, Taiwan and United States, we are seeking for peace and stability, not only in their part of world but also peace and stability in the world in general.

So for those two reasons, I will like to share you today why we come here. I come here to present idea how Taiwan like to work with the United States to maintain peace and stability. Recently, the regional security cooperation together - for the last two years, the People's Liberation Army, PLA, of China, they're very, very aggressive. PLA's jet fighters cross over the middle line on Taiwan Strait not only one time, not only two time, many times. It's never happened before. So their oil ships, frigates, even their destroyers, they're not only cruise through the Taiwan Strait many times but also they're cruise into the - our backyard, east side of Taiwan in the Pacific Ocean. We don't like it. To Taiwan, to many of us - myself - China such kind of aggressive intimidate military actions. Their jet fighter fly over the Taiwan surrounding area, so their frigates - their oil ships. I thought, this is the Samite War (ph) against Taiwan. We don't like it. What should we do? Not only that - China, they're also, through the soft powers or sharp powers, they interfere our Taiwan national, political and social order. In Taiwan, we say (foreign language spoken). Their soft powers penetrated Taiwan in calling for order and political order, social order altogether, try to divide our Taiwan society. And on the other hand, they use military powers aggressively against Taiwan.

What shall we do? We bought a lot of military apparatus from the United States, just like I said - just, say, for the last year or two. Just recently, U.S. government approved the F-16. We bought 66 jet fighter to us and assaults from (ph) a tank to us. We appreciate the United States support, military. But we also need U.S. support morally for Taiwan, not only for Taiwan self-defense - military self-defense but also need the United States, Japan and other good-mind democratic nations. We can all come together to deter aggression - i.e., to deter China from taking further very aggressive military, political, economical action in the Asian Pacific. How we can working together? Just a while, I'll share with you. We should work together on the regional security cooperation, just like after end of World War II. European nations, under the shadow of Soviet Union's gigantic military powers - 10, 15, 20, almost 25 nations, first European countries - working together, forming NATO powers after end of World War II. They're working together not only militarily but also politically, strategically, economically working together as a very powerful bloc to deter former Soviet Union.

Therefore, I propose - how can working together? At least start from Taiwan and United States, probably Japan. And we can expand to the Southeastern Asian nations. They're also facing China's aggressive action, particularly in South China Seas. China militarized the South China Sea. They built a airbase, missile power base. So Vietnam, Philippines, Singapore, Australia, we are facing the Chinese threat together. Therefore, because of time limit here, I only proposed several points, my talking points, and I would like to share with you what I would recommend. I think, as Seth just mentioned, three points I'd like to share with you, too. The first, in accordance with the United States National Defense Authorization Act, passed both by the House and Senate, undersigned by the president, become a U.S. law - under this National Defense Authorization Act, United States and Taiwan, we can have a joint military exercise together like a RIMPAC - Pacific RIMPAC nations together. Now, I think 24 nations are invited. Every other year - every two years, there's joint military exercise in the Asian Pacific. And China was invited four years ago. But this year, because of - they are too aggressive. So China decides - not to invite China. So I propose a first.

We'd like to join multilateral or bilateral military exercise with China, not only increase our self-defense capability but also deter China from taking further aggression or aggressive actions against Taiwan, against Japan, against Vietnam, Philippines, so on, so forth. Second, likewise, I'm appealing to the United States government to upgrade and expand the existing bilateral political military dialogue we had for the past 10, 15 years. United States and Taiwan, we held annual monitory talk together in the United States every year. I led Taiwan's team twice to attend this annual monitory talk - talking about political situation, talking about military situation across Taiwan, how two nations can work together. I propose we can expand that structure of bilateral talk into the two-plus-two Pompeo political military dialogue so ministers of national defense and ministers of foreign affairs from both Taiwan and United States can meet together every year or every other year, come together, talking about national or international political, military or strategic relations.

This can be done. Simply, we invite more high-ranking officer together for two-plus-two Pompeo dialogue to deal with the peace, security, working together. The third - we, Taiwan, purchased substantial money apparatus from the United States. Before, we also purchased - procured a jet fighter and oil ships from France. When I served in the National Defense in Taiwan, almost 70% of our military apparatus are procured from United States or from France. Last is very important for Taiwan's self-defense capability. But more important is we should work together through the dialogue, formation of collective security cooperation with the United States, with Japan particularly. Japan, I understand, I

want to talk to the Japanese friends. They are very, very concerned about aggression, expansion of military from China. Therefore, I propose we should set up a mechanism for the emergency - military emergency mechanism together among United States, Taiwan, Japan together. Even at peacetime, we can dialogue together to see how to work together, particularly toward China.

That kind of soft power, that kind of mechanism would help peace and stability in the Asian Pacific because China would understand we, Taiwan, are not standing alone. We are working together with the United States and Japan and also some other nation in Southeast Asia. Four, I would recommend, to materialize this kind of regional security cooperation, we set up an actual task for the emergency management. So when anything happen in - across Taiwan Strait or South China Sea or either in Okinawa, East China Sea area, this task force can working together right away instead of waiting for a week or two weeks or even month. This I suggest to the United States before. I know United States like to consider that but didn't materialize it because of China. United States did not tell me that China - but I know because China factor Chinese against Taiwan - become a partner with the United States or Japan because this will beat the grid line. They don't like to see Taiwan cross the grid line. Fifth point - in order to - Taiwan would like to talk with the United States and Japan and some other nations for the cost-sharing to maintain this kind of task force. Let's task force not only in a military sense but also at the peacetime. We can working together to deal with the terrorism - anti-terrorism, anti-piracy - in the international open seas. And (unintelligible) task force can working together for help for the humanitarian relief.

For instance, the last 10, 15 years, I know for a fact when there's a sea disasters because of rainstorm or typhoon, so many fishing boat, they think - or for some other reason they need the support to rescue them. Taiwan - we send - we dispatch our naval force - coast guard, even helicopter - to rescue those fishermen or oil tankers. We can working together. We'd have to share the cost just like the United States in the 2004, 2009 in Afghanistan. Now Taiwan, along with many country, we shared cost in operation in the Afghanistan War to help - to the relief to help the civilian for the medical support and so on, so forth. We know we can help to share the expenses. The sixth point is I like to see United States revise its outdated - outdated - their guideline to deal with Taiwan situation - since 1994, almost 25 years ago. Under this guideline, the U.S. State Department guideline, the ministers of defense, foreign affairs, our president, vice president and premier cannot come to Washington, D.C., to pay a visit. We cannot come here. We can only - our president can only stop up in New York, Miami for - but cannot come to D.C. to have substantive talk with the U.S. ranking officers.

So I'm suggesting, State Department - this afternoon, I'm going to see friends from the State Department. I would like to propose for them to consider whether they are willing to revise such kind of guideline. And also, I would suggest that United States change or revise their so-called One-China - U.S. One-China policy. This has happened for the last 30 years. U.S. One-China policy - to many of Taiwan - the Taiwanese people, including myself - that U.S. One-China policy, that's disservice to Taiwan and hurt Taiwan to participate in the international community, like U.N., like WHO, like EKO (ph). Of course, we'd like to see Taiwan be recognized by the United States as a nation - and also by other countries. That's why the U.S. One-China policy hurt Taiwan so much because the U.S. wouldn't recognize Taiwan as a nation. Therefore, so many nations, including Japan, Canada and several other nation - it would not follow to recognize Taiwan as a sovereign state. That's hurt Taiwan, our effort to join international community. It hurt our effort to contribute our economical power to the world.

We did contribute 6.6 billion U.S. dollars in the last 25 years to help to provide to the African, to the Mediterranean friends, medical support. We can help. We are more than happy, willing to help, but we are not a member of the U.N. We are not a member of (unintelligible). Therefore, we are asking for your support to change the U.S. so-called guideline - State Department guideline in dealing with Taiwan. So this was my talking point. I don't know whether I miss anything. Oh, finally, in accordance with U.S. law or legislations, we'd like to see - we welcome the U.S. warship or jet fighter to visit Taiwan's airfields or ports - vice versa - for the military joint training or mutual exercise together at peace time. Of course, during wartime, we can work together for peace and stability. That's my talking point. If you like them, I'd like you to please - that's on one page you can have in the back. So that's what I have to say. Can I step down?

**CROPSEY:** Step up.

**TSAI:** Step up. Thank you.

(APPLAUSE)

**CROPSEY:** Thank you. So, Dr. Kuo, what is yours?

**MIKE KUO:** Good afternoon, ladies and gentlemen. Thank you very much for your coming, and thanks, Seth, for this opportunity to speak in the very prodigious institute, Hudson Institute. And today is not an advertisement for FAPA - actually, introduction of FAPA - what FAPA has done in the last 35 years for the Taiwan and U.S. relationship. And before I start my talk, let me ask you, how many of you know this organization, called Formosan Association for Public Affairs located in Washington, D.C.? Pretty good - that's about one-third of them. That means I have more - I need to do better advertisement for it this afternoon. I have been the president of this organization since last February, so it's about one and a half years. Before that...

**TSAI:** Can see better?

**KUO:** Before that, I worked for a government agency, Johnson Space Center in Houston. You know what I do for this, for Johnson Space Center? I took care of astronauts' health by providing them quick, high-quality space food and space waters and space air system. That's what I did for the last 38 years. I retired last year, and now, I'm the full-time president for this nonprofit organization. Let me give you a very brief history of this organization. It's established in 1982 with very few people - less than hundred - and only five chapter. The background of this - the forming of this organization - because at that time, during the 1980s, Taiwan was still under dictatorship of Chinese government - escaped from China. They ruled the islands from 1948 all the way till 1996. 1996 became finally democratic country with pretty much freedom. So that time, when we formed this organization, our purpose was very easy, very simple - to promote freedom, human rights and democracy of the people of Taiwan. Current state of FAPA - after 35 years, the government of Taiwan has been changed. United States changed. Our member has changed a lot.

So nowadays, we have 47 chapter in 35 state. We have more than 3,000 member around this 35 state, and with a lot of donor, too. Our total budget was very, very limited - probably \$700,000, probably less than one director's salary here, right? (Laughter) I'm sorry. I'm joking. Yeah, with this amount - with such a tiny amount of budget, we have - we are able to hire full-time staff. And constantly, we have two to three intern working our office. They are paid intern. And our office is located in - not too far away from

Capitol Hill. The reason we can operate this office with such a small, tiny budget because we have very passionate young-generation Taiwanese American. They are willing to sacrifice their career. They stay with us. They don't ask for overtime pay. Nowadays, after certain year, we finally have a very clear mission - the first mission with a remote international support for the right of people of Taiwan to establish an independent democratic and - democratic country and join the international community.

**KUO:** OK, you can promote a relationship between the corporation being the United States and Taiwan. That's what we do the most in our office to protect the right of self-determination of the people of Taiwan. So I don't want to repeat that much. Let me just give you a very brief introduction about what we do daily. We provide - we use email system where you have Taiwan communicate every other - every week or sometimes twice a week. We use Taiwan communicate to send our message of any Taiwan-related issue, updating all these congressmen, congressmen aide, think tank and media. And we work with Congress to introduce the resolution of a bill that benefit both U.S. and Taiwan. And we're trying to help our member to do grassroots advocacy so that the congressmen will feel the pressure for our members. They have to support this bill so that they can get these people's vote. That's because we have the - we are their constituents, so we have the voting power, so they need to pay attention to our demand. That's why we can get some of the resolution passed. I know you all know that's the so-called grassroots advocacy technique, right?

In addition to the grassroots work, we - our staff in headquarter will visit congressmen office, senator's office to talk to them about the issue that relate to Taiwan-U.S. relationship and both mutual interest to both the U.S. and Taiwan. If we just promote issue that benefit Taiwan, then a congressman would not be interested. We always promote issue that's benefit to both country so that the congressman will support us. And another - we have three reasons why the congressman must always take note what we say - because we share American values. Everybody always say that - democracy, human rights and freedom. That's what - first thing. The second is all the congressmen recognize that all these people that come talk to them are not selfish people. They visit congressmen; they promote issues that help their home country. They don't talk to them for their own benefit. See, like me, I sacrificed my vacation. I paid my (unintelligible) - pay a lot of my money to come to Washington, D.C., to do the work. We do it for our homeland. We don't work for ourselves, so they appreciate what we did.

And the third thing that we - well, we're always talking about this issue that's mutual - that have a mutual benefit to both country. That's why when - they support us. The last thing we do a lot is a name ratification of Taiwan. Nowadays, you've probably heard that all the airline company had to list Taiwan as province of China, Taiwan - either Taiwan, China or - anyway, Taipei or - anyway, always have China behind. Our organization have to always write to the company and say, hey, you got it wrong. You were wrong. You shouldn't put China behind Taiwan. Before two years ago, we - our successful rate is probably 50%. But nowadays, there - China's hand is pretty heavy. If you don't change Taiwan and province of China, most companies get penalized. So our successful rate has dropped a little bit. So that we did - what we do. And this - I'm going to give you some highlights of accomplishment in this 35 years.

Our first accomplishment is 1982. We separate Taiwan's immigration quota from China. You know, before that, Taiwanese can only have 700 people immigrant to United State because we were under China's quota, 20,000 people a year, the whole China area. But in '82, we separate Taiwan from China. Taiwan itself got 20,000 immigrants, and Hong Kong has 700, too. We sought the U.S. support to lifting the martial law in 1987. This is a very - that's why Taiwanese appreciate FAPA a lot. This FAPA did a lot

for the democracy and freedom of Taiwanese, and we use congressmen's voice to change the Taiwan political system. We play a very crucial law in lifting the black list of Taiwanese American to return and visit Taiwan. Before 1992, about 300 Taiwanese American are not allowed to visit Taiwan, even their parents passed away, even they have a special need to go back to visit China, including myself. I was not allowed to return to Taiwan until 1992, but before that, I personally changed my face, changed my name, changed my identity. I sneak into Taiwan. I successfully returned to Taiwan and visit my family. I become a fugitive in newspaper for three days.

So I'm very proud of what FAPA has done for lifting this black list. And that piece of legislation allow Taiwanese Americans write Taiwan as a place of birth. Before this revolution, all our passport has to list our birth as China. But nowadays, our people, Taiwanese American or people in Taiwan can list their birthplace as Taiwan. And we initiate - well, we have TAIUNA group here. Their job is to try to promote Taiwan to enter United Nation. But since year 2000, we start to promote to help Taiwan to join WHA, WHO since the year 2000. We - some of the year, we pass a resolution in the House but never be able to until year 2005. We finally passed an act signed by the president that means United States government must help Taiwan to get into WHA. That - first act of FAPA ever succeed that say to try to ask United States government to help Taiwan to get into WHA, and that time the - Department of Health and - what the department?

**KUO:** Yeah, Health and Human Service Department - he did openly speak in the WHA to promote the right of Taiwanese to join this organization - and a lot other accomplishments. I don't want to repeat it. I don't want to waste my time, and the most important, probably most of you know the most is Taiwan - I mean, Taiwan Travel Act passed last year in March, right? That act's kind of very easy to do, but it took us almost 15 years to accomplish it. We first introduced 2004, but it was not passed until last year. And it's very easy but so difficult to achieve because it's only - we only ask for the five people, five Taiwanese official who are not allowed to visit Washington, D.C. Now, this law passed, these are five people - our president, vice president and premier and defense department head and the foreign service department head - these five people were not allowed to enter United States. Now, with this act, they - legally, they allowed - they should be able to visit United State but Washington, D.C. But so far, they are still - none of them are allowed to visit Washington, D.C., yet. That's why we are still working on this issue. Current issue we are working on - OK, I have a few minutes left.

The first thing is we wanted to change TECRO's name. TECRO, it means Taipei Economic and Cultural Representative Office, and this whole long name does not have any Taiwan in there. We want to change the name. We changed the TECRO into Taiwan Representative Office. It showed Taiwan, and it's not a real embassy name because Taiwan should be Taiwan Embassy - no, we want to change it Taiwan Representative Office. We want to make AIT director be an ambassador through the Senate confirmation, and so the most important thing (unintelligible) say that we want to challenge the One-China policy - U.S. One-China policy and China's One-China principle. And the last one - we are also pushing is Taiwan Assurance Act. Taiwan Assurance Act is almost the - is a higher level of the Taiwan Relation Act, has a stronger protection, have a stronger assurance about Taiwan's future. So that's what we are doing right now. In my conclusion - I will ask all the - well, in any opportunity, any people I met in foreign - I met, I will ask them the free and democratic country in the world should band together to stop China's aggression toward Taiwan and South East Asia and maybe to the whole world.

Without Trump administration help and all the Congress and Senate help, Taiwan's self - or the Taiwan government self I won't be able to have all this support from the United States. We appreciate this opportunity. We never have this good relationship during the last 30-some year until this - Trump's administration become the - Trump become the president and all the staff - his staff behind him working for this administration has such a strong support for Taiwan. And FAPA was one of the strongest force behind Taiwan. And we will continue our strongest force - we still want be the stronger - one of the strongest force behind Taiwan to promote Taiwan freedom, democracy and the self-determination until Taiwan become a free and independent and a normal country. Thank you very much. If you have a question...

(APPLAUSE)

**CROPSEY:** Thank you, Dr. Kuo. So we have time for some questions from the floor, and I would appreciate it if, when you're recognized, you would tell us your name and what organization you represent, if in fact you do - and also to whom you are addressing the question. And finally, if you could pose the question in the form of a question as opposed to a speech, that would be especially appreciated. Rick? The mic will be here in a moment.

**AUDIENCE MEMBER:** The question is for former Defense Minister Tsai, who gave some very forward-looking and positive suggestions befitting the first civilian minister of national defense. Michael, I'd like to ask you - Taiwan has a very important national resource - the Chung-Shan Institute - which is responsible for having developed a number of advanced weapons systems. And Taiwan, for a number of years, has been marketing many of these advanced weapons systems. But my specific question to you is, what might the Chung-Shan Institute be working on that would offer opportunities to American companies for co-development? Are there technologies that the institute is working on that you think would be of interest and would advance the mutual defense of our countries or perhaps even your other neighbors and future defense partners? Of course, I wouldn't want you to fall into betraying any classified information, but the Chung-Shan Institute is a real resource for Taiwan. And I believe that there are opportunities there that can be had. Thank you.

**TSAI:** Can we another question we answer together?

**CROPSEY:** Go ahead. The question - the floor is yours. Please.

**TSAI:** Thank you, Rick Fisher. I should be recognized - you should be recognizing - also, I have the - recognize my good friends - Professor Herbert Reginbodin of American Catholic University - here. To answer the - Rick, for the past 10, 15 years when I was - have a chance to serve in the National Defense Taiwan, Zhongshan Kexue Yanjiuyuan (ph). Chung-Shan assigned the research center. We're working very hard. I support the national indigenous research and development program for the military products such as a missile, such as a submarine, such as our frigates, such as some others. We call them deterrent military weapons. We are capable to research and develop that kind of weapon. And we had done this particularly in the short-range and medium-range missile, and we also design and manufacturing our frigates, the ships, military ship our self instead of buying from the United States. We also design it and develop our (unintelligible) tank ourselves.

But to your question, sir, whether Taiwan can work together to cooperate with other nations, including the United States, my personal view, my personal answer is we will be more than happy to work

together with the United States, with Japan. I think last few weeks, Japanese retired general come to us through our dialogue. Taiwan and Japan, we can work together through the weapon research or intelligence sharing together. But I'm not active. I'm not the - I'm the retired old soldier now. I cannot promise, say, at this kind of - at events sign technology can be shared or work together with other nations. But if I had a chance to advise the government, I will do. I will do. I don't know if I answer your questions, but some other very sensitive data, I cannot talk openly. Even I'm retired, but I think I'm still bounded by the National Defense Law. I'm sorry for that. Privately, I would more than happy to talk to you. Thank you.

**CROPSEY:** Another question here, and then we'll go to the corner of the room over there.

**AUDIENCE MEMBER:** My question, I guess, would be directed both at Michael and/or Seth. We talk about Taiwan acquiring, you know, the M1 Abrams main battle tanks and missiles and F-16s. What I'm wondering about is how do Taiwan's capability stack up against the PRC's in terms of special operations forces, submarines and anti-submarine warfare capability? Thank you.

**TSAI:** You want to answer first?

**CROPSEY:** Well, on submarines, there's a lot of work to be done, and despite the agreements that the George W. Bush administration made on submarines, Taiwan is basically thrown back on one choice at this point, which is to build an indigenous submarine. It's very difficult, and it requires even more - it requires a great deal of assistance from the outside, vital systems like torpedo tubes, periscopes, sophisticated stuff, combat integration systems. Those are all things that the United States could help with and I hope will. But otherwise, Taiwan's submarine fleet, such as it is, is old, and there's a good reason for replacing it as soon as possible. And the resources, especially financial ones, are as necessary as the technology. I mean, the technology's impossible without buying it. On the special operations side, I don't know, and I'm happy to defer to Michael on that.

**TSAI:** There are two major vital threat against Taiwan from PLA - one, submarine underwater warfare systems. The second is missile. That's two of the vital threat against Taiwan. The submarine's development program, we are far behind. Although 15 years ago when I was served in the MND in Taiwan, I strongly recommend we have to develop the indigenous development for Taiwan for the submarine but did not materialized, and the U.S. - the government under the George Bush instruction, the U.S. was planning to sell the eight diesel-powered submarine to us, but that did not materialize either. Therefore, now under the current government three years ago, we start to undertake in the submarine project.

But because of the sophistication of the submarine systems, we needed technical support from the United States, probably also from Japan and other nations, as well. If this indigenous submarine project can be materialized, I think, in next five to seven years, we should first, our nation, build that submarine while coming to service. But in the interim - in this period, the next five or seven years, we're still seeking for the alternative if we can purchase new submarine of - used submarine for Taiwan. This what - I personally believe submarine warfare is very important to ensure we are capable to deter China from taking this submarine systems attack against Taiwan. This is what - my personal view.

**CROPSEY:** We have a question in the back.

**AUDIENCE MEMBER:** Our job is to use Taiwan's name to go to the U.N. And because the couple years we have been working - even couple of days ago, we working around the 42 Street, New York, to the China Embassy, we wanted peaceful to say - use Taiwan's name into the U.N. And my question is for Mr. Seth is, if American wanted to enforce U.S. and Taiwan defense and sell Taiwan so many weapons, we can defend ourselves. But if we can use Taiwan's name, then the world know Taiwan is Taiwan. So it doesn't defend the policy - American policy because American policy is One-China policy or China policy is One-China policy. So that doesn't conflict this One Taiwan, One China. So if that - we can use Taiwan's name to go to U.N. two-country views (ph) our duty for the world or into the WHA (ph) - like in 2004, SARS, that disease - because from China, the disease stop in Taiwan. So other country doesn't know that. Other country, they don't - they didn't know there's SARS. So so many medical person - nurse, doctors - die of that. So Mr. Seth, is that Taiwan's name into the U.N. help to defend the Pacific safety? Thank you.

**CROPSEY:** If I understand the question correctly, you're asking, what are the possibilities for American policy to change so that it recognizes - so that it changes the One-China policy, basically?

**AUDIENCE MEMBER:** I won't ask to change American policy but ask the Taiwan's name. You just use Taiwan's name. Isn't have the same goal (ph)? Like, it's One China, One Taiwan. So we are just - OK, that's the American policy. You can really use One-China policy, but we still can use Taiwan's name into the U.N. because we don't have the seat. We don't have the right to speak to the world. Like a - anywhere, I cannot go. Even I can - last year, I was the Fulbrighter. I cannot go to the U.N., because my passport, that's the Chinese something - Taiwan of China. And people are saying, no, you cannot come because you are Chinese. I said, no, this is Taiwan. But that's the China there. I know that's the Taiwan government. We should do that. But the things is TAIUNA wanted to use Taiwan's name to go to U.N. Is this also the same benefit as American because you use Taiwan's name then? Know the world to know Taiwan, not just - they say Chinese - Taiwan of Chinese, Chinese of Taiwan. No, we don't want, oh, Chinese Taipei. No, we don't want that. We want Taiwan. It's clear, easy and...

**CROPSEY:** Well, that's largely up to the U.N. And it's - in that the United States is a significant player because of the amount of money that the United States gives to the U.N. But it also requires a change in American policy. And I think that the only reasonable answer to that question now is - comes an observation that I am not the first to make, which is that as the understanding in the United States of what China is up to increases - in other words, as Americans realize that this is not only a question of trade and tariffs and intellectual property but also a question of Chinese influence and power projection and the size of their military and their aggressiveness and the consequences, both economic and political, and military of the One Belt, One Road - as understanding of that increases, I think that the chances for the change that you're talking about also increase. A more specific answer than that, I can't give.

**AUDIENCE MEMBER:** My question is for Mr. Tsai from Taiwan. We understand that the Chinese have rendered the strategic positioning, geographically, of Taiwan obsolete by their construction of man-made islands, one of these islands being crafted in the dimensions of the Beltway here in Washington. And in our awareness of that, I would like to ask you - what are your thoughts on the role that the president of Taiwan should play in Chinese and American diplomatic relations in terms of her being one of the only - if not the only - or one of the only women leading an Asian nation? So in the event that you would deny, like, an F-16 or in the event that you would deny something that's very late-model that may

be, like, a disrespectful offer to you militarily because of your strategic positioning, what kind of role do you see the president of Taiwan playing juxtaposed to what China might do in response? Thank you very much.

**TSAI:** Should I answer this question?

**CROPSEY:** Yes.

**TSAI:** China is going to expand their national territory through the building up the artificial islands, isolate in South China Seas. And they also militarize these artificial islands into military bases. There are three (ph) should take off air field in this artificial, man-made islands in South China Sea - 3,000 meters - so their China's jet can land in, and they'll take off from this island, see? And also, China cram this this homemade, artificial, man-made island is their territory, and they expand the territorial water, as well. So this is what we don't like it from Taiwan's point of view - and also from the Philippines, from Vietnam and from other nations. Therefore, the United States is challenging this, China's kind of military action by building the military bases in this artificial man-made islands. By the United States sending the frigate, destroyers, goes through this area to China, China is - to me, it's illegal under international law. Because the - two years ago, the International Marine Court rendered a judgment saying that China is spending - crammed the islands on their national territory is illegal and against international law. But China would not listen. They're still doing that.

Therefore, I think, and this is why I'm saying, that regional security cooperation is very important because - because the Vietnam government complained a lot to China but China would not listen. So the Philippine government complained against China for this territorial expansion. China would not listen. Only the United States - if the United States can work together with the surrounding nations, including Taiwan, that would serve as an effective deterring power against China from expanding their territory water and stop them by the working together, collective security cooperation. This is my personal view.

**CROPSEY:** I think we have time for one more question. Jan?

**AUDIENCE MEMBER:** Quick question - it's a simple one and a complex one for both you gentlemen. Taiwanese defense spending is basically flat in real terms. Why is it that Taiwan, as the Chinese threat mounts so steadily, doesn't increase the level of defense spending, which may convince certain skeptical American audiences that Taiwan is serious about defending itself?

**TSAI:** You ask me?

**CROPSEY:** Both.

**KUO:** Both. OK. Yeah. Taiwan's defense budget, in the last 10 years, is below 3% for a long time. During President Chen's time, President Chen tried to increase to 3%, but all the military budget was slashed down by - was either stopped or totally voted down by the KMT's legislator. So during those eight years, President Chen - we cannot get any advanced weapons system from United State, even though President George Bush promised to survive - to provide eight submarines to Taiwan at that time, but all the budget was voted down - was slashed. This year, I saw the Taiwan's budget - Taiwanese military budget increase to two-point-something, 2.6-something - it's 2.8, but it's still below the 3% target. And the reason we could not reach that 3% is we are so-called mandate payment to those so-called retired officer - military, teacher and those government officer. It took almost - the current salary - current

officer salary almost 60% percent of total budget. So slashing - I mean, reduce of payment to the retirement officer, that would save about six - let me see, \$2 billion a year. And also increase the export, the industrial production and also we'll try to produce some of the weapons systems ourselves. So the budget - we're all kind of - I know they are doing - the way to reach the 3%. And also they always try to use the so-called special budget that exceed the original budget. So a special budget, that means they borrow money from the future and pay for the weapons systems. So - although I think that the real budget is over 3%.

**TSAI:** All right. I simply tell the - this friends, I'm the one who supported Taiwan's national defense budget increase substantially up to the 3% of GDP - or Taiwan's national GDP. Therefore, when I was serve in the MND Taiwan as a vice minister and then become minister - 2.07 - 2.08 - our national budget has reached a 2.86% of our GDP - then across to this 3%. But then since then, for the last 10 years or so, our national defense budget is decreasing. Now, I think last year, we have only 1.86 even only - less than 2% of our national GDP. But as Dr. Kuo has mentioned, that - we are prepared to have a special budget for the particularly military procurements program - like the United States promise to sell the 66 F-16V jet fighters.

Then I understand, last week our - legislative - our - the Executive Yuan - Xingzheng Yuan (ph) had passed a special budget for 32 billion - (unintelligible) - special budget just for particularly jet procurement program from the United States. So if that add into the national regular annual budget, then our total defense budget would increase to 2.5 or 2.6. But even that was still less. That's the reason why, I agree with you, we should increase. I urge the government, not only the now DPP government, but also former - the KMT government. Several years ago, I thought our national defense budget should increase substantially to show our determination to assure that our self-defense capability. This what I would eventually say.

**CROPSEY:** Well, Mr. Tsai, Dr. Kuo, all of you who came out this afternoon, I'd like to thank you very much for your presentations, for joining us today - very useful discussion and presentations. And if you, as they say, stay tuned to the Hudson channel, you will see that there will be more in the future. And I look forward to those and to seeing you all here again. And bring a friend. Thank you very much.

(APPLAUSE)