

**“China-Taiwan: Recent Economic, Political, and Military Developments
across the Strait, and Implications for the United States”**

Prepared Statement of

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Mr. Chairman, Madame Vice Chairman, and Members of the Commission, I would like to thank you for the opportunity to appear before you today to offer testimony from the Administration on recent economic, political, and military developments in the Taiwan Strait and their implications for the United States. I will focus my remarks on the military dimensions. From our perspective at Defense, the 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 Commission’s continued interest in these matters.

The Obama Administration is firmly committed to our One-China policy 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 has served as a cornerstone of our approach to Asia for over three decades. President Obama was very clear on this point during his trip to China last November in saying that we will not change this policy and approach.

Within the Department of Defense we have a special responsibility to monitor China’s military developments and deter conflict. And, under the Taiwan Relations Act, not only are we charged with maintaining the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security or the social or economic system of the people of Taiwan, we are also charged with working with our interagency partners to make available to Taiwan defense articles and services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.

We take this responsibility seriously. A Taiwan that is strong, confident, and free from threats or intimidation, in our view, would be best postured to discuss and adhere to whatever future arrangements the two sides of the Taiwan Strait may peaceably agree upon. In fact, this policy serves as an important enabler of improvements in the cross-Strait relationship because it helps to create the

conditions within which the two sides can engage in peaceful dialogue. Moreover, the preservation of peace and stability in the Taiwan Strait is fundamental to our larger interests of promoting peace and prosperity in the Asia-Pacific writ large. In contrast, a Taiwan that is vulnerable, isolated, and under threat would not be in a position to reliably discuss its future with the mainland and may invite the very aggression we would seek to deter, jeopardizing our interests in regional peace and prosperity.

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. Although we are in the process of finalizing and coordinating this document, the core trends with respect to the military balance across the Strait that have persisted in recent years remain unchanged.

The People's Republic of China is pursuing a long-term comprehensive transformation of its armed forces from a mass army designed for attrition warfare on its own territory to one capable of fighting and winning short duration, high intensity conflict along its periphery against high tech adversaries. The pace and scope of China's military developments has increased in recent years; however, the transparency and openness 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 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 People's Liberation Army's (PLA) modernization has progressed, the improved capabilities have given Beijing's military and civilian leaders increased confidence in surveying the broader strategic landscape for applications of military force in defense of the PRC's expanding interests. However, even as the PLA explores new roles and mission sets that go beyond immediate territorial considerations, we believe that the primary focus of the PLA build-up remains oriented on 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 threat to attack the island if events are moving in what Beijing sees as the wrong direction. Beijing appears prepared to defer the use of force for

as long as it believes long-term unification remains possible. However, it firmly believes that a credible threat is essential to maintain conditions for political progress, and in this regard we continue to see the military balance as shifting in Beijing's favor. This unrelenting military buildup continues irrespective of the reductions in tensions due to President Ma'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 in the Taiwan Strait region, 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 air superiority over the Taiwan Strait, and 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 long-range land attack cruise missiles to garrisons opposite the island to enable stand-off 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 elect to use military force against Taiwan, the PLA would be tasked to rapidly degrade Taiwan's will to resist while simultaneously dealing with any third party intervention on Taiwan's behalf in a crisis. As a part of this effort, the PLA is building the military capability to execute multiple courses of action in any future Taiwan Strait crisis. Courses of action could include:

Quarantine or Blockade. Traditional maritime quarantine or blockade operations would have the greatest impact on Taiwan, at least in the near-term. However, the PLA Navy would have great difficulty imposing and probably today could not enforce either in the face of resistance or outside intervention. In response, the PLA has discussed in military academic literature potential lower cost alternatives such as air blockades, missile attacks, and mining to obstruct harbors and approaches. Beijing could also attempt the equivalent of a blockade by declaring exercise or missile closure areas in the approaches to ports, to achieve the effect of a blockade by diverting merchant traffic. In any of these cases, however, there is 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 lethal military actions in a limited campaign 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 on Taiwan and degrade the populace's confidence in the Taiwan leadership.

Air and Missile Campaign. Beijing may also consider limited 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 while showing some measure of restraint. However, this kind of operation includes significant, if not 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 materiel 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 buildup 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 attrition 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 authorities on Taiwan 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 a significant move last year, 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. This 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 monumental undertaking, involving organizational adjustments in personnel recruitment, troop training, logistics preparations, benefits and rights, mobilization mechanisms and retirement plans. At the conclusion of this process by 2014, 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. By developing this approach, 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 unique political status yields few options for foreign sources of defense technologies and weapons systems.

In addition to organizational and process reforms to optimize Taiwan's acquisition process, the increasing sophistication of the threat to Taiwan posed by the forces arrayed across from it on the mainland calls for greater attention and consideration of asymmetric concepts and technologies to maximize Taiwan's enduring strengths and advantages. Lasting security cannot be achieved simply by purchasing advanced hardware. Deploying maneuverable weapons systems, taking full advantage of Taiwan's geographical advantages, and making use of camouflage are ways Taiwan can degrade PRC targeting. Furthermore, increased hardening of Taiwan's defense infrastructure will make it more costly for the PRC to attack it. These and other asymmetric approaches can serve to complicate the PRC decision-calculus and enhance deterrence of conflict.

The Role of U.S. Policy

As Secretary Gates has stated, “American engagement in Asia remains a top priority for us. Our alliances and partnerships are stronger, and our relationships are always maturing and evolving to reflect changing times. Far from frozen in a Cold War paradigm, our presence in Asia is designed to meet our mutual challenges in the 21st century.” 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 responses to a variety of contingencies, whether they are natural or man-made.

As stated at the beginning of this testimony, the United States is committed to fulfilling its obligations under the Taiwan Relations Act, and on January 29, the Obama Administration announced its intent to sell Taiwan \$6.4B worth of defense article and services. This decision was based solely on our judgment of Taiwan’s defense needs:

- 60 UH-60 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 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.

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 Department of Defense leads strategic level discussions with the Taiwan Ministry of National Defense on defense modernization, PACOM leads operational and strategic level discussions with the Taiwan Ministry of National Defense, and PACOM's component commands lead tactical level discussions with their counterpart services to improve Taiwan's defensive capability.

Conclusion

Following the March 2008 elections on Taiwan, the security situation in the Taiwan Strait entered a period of relaxing tensions. Both Beijing and Taipei have 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 trends as they contribute to a greater and more durable stability in a region that has a history of volatility. Despite these positive developments, however, 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, longstanding U.S. policy, as enshrined in the Taiwan Relations Act, continues to play an important role in maintaining stability and deterrence of conflict in the Taiwan Strait by demonstrating to Beijing that it cannot achieve its unification goals 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 over the long-term. As this process moves forward, this Administration is equally committed, and consistent with the Taiwan Relations Act, to consult with Congress appropriately if and when we move forward with additional support and assistance to Taiwan.

Mr. Chairman, Madame Vice Chairman, and Members of the Commission, I would like to thank you for opportunity to appear before you today.