Testimony of Fu S. Mei
Director, Taiwan Security Analysis Center (TAISAC)

Before the U.S.-China Economic and Security Review Commission
"Taiwan Straits Issues and Chinese Military-Defense Budget"
September 15, 2005

Good afternoon, my name is Fu S. Mei. I am the Director of Taiwan Security Analysis Center (TAISAC), an independent research and consulting organization which focuses on Taiwan security and defense issues. The organization also publishes Taiwan Defense Review (http://www.TDReview.com), an online publication that reports on Taiwan military programs.

Risks to the United States

The primary risk to the United States if Taiwan should further delay or fail to acquire sufficient defense capability would be a change in the status quo where the balance of power further tilts toward the People's Republic of China (PRC) and effective deterrence for conflict across the Taiwan Strait is lost. When that happens and the PRC decides to take advantage of it, the U.S. could be drawn in to a war with no winners. While the U.S. can be expected to defeat China in a conventional force-on-force war within the intermediate future, the risk of escalations, both vertical (e.g. nuclear weapons use) as well as horizontal (into a regional conflict) would be incalculable.

A key concern here is that the likelihood will increase significantly of Taiwan not surviving a Chinese military attack. Even if the U.S. leadership decides to go to Taiwan's defense in the face of PRC military actions, Taiwan will not have the defense capabilities necessary to survive long enough for U.S. intervention forces to flow into the Taiwan Straits theatre.

Secondly, with a militarily weak Taiwan, U.S. could be faced with a far narrower range of response options and much more compressed response time in a future crisis. The U.S. could be forced into a situation whereby it must choose between either responding with high-intensity military actions or accept strategically catastrophic results in the Taiwan Straits. That could present the risk of rapid escalation of any such future crisis. The scenario would be particularly challenging for the U.S. if a China-Taiwan crisis occurred concurrent with another major theatre conflict elsewhere.

Thirdly, a credible Taiwan defense posture represents not only a deterrent to PRC adventurism, but will, in the long run, be convertible to important bargaining chips at the peace talks table with China. Without proper investment in systems that could provide long-run capabilities, Taiwan would find itself at a decidedly disadvantageous negotiating position with regard to finding either an ultimate resolution or even just an interim agreement on terms that Taiwan might find palatable. A militarily vulnerable Taiwan would, therefore, prove highly subversive to U.S. efforts to eventually broker a peaceful resolution to the Taiwan problem. Other regional players (particularly Japan) could have misgivings about Beijing's ability to dictate the terms of a settlement to Taiwan.

The fourth risk is that a weak Taiwan allows China to asymmetrically impose strategic costs on the U.S., not only regionally, but also on the global competitive theater. For example, it could erode and limit U.S. ability to advance foreign policy objectives in places ranging from the Korean Peninsula to the Middle East; on issues ranging from regional security to weapons proliferation. By maintaining a critical military edge over Taiwan (and, hence, the option to threaten strategic relationships that are geopolitically important to the U.S. and her allies), China can force U.S. to set aside assets and make costly operational allowances to adequately cover a possible Taiwan contingency. This will ultimately constrain U.S. ability to respond to challenges elsewhere in the world, thereby paying a strategic penalty disproportionate to the cost China is investing by pursuing such a posture vis-à-vis Taiwan and the U.S.

What Constitutes "Sufficient Defense"

Having described the aforementioned risk factors, I want to emphasize that, central to any discussion of risks that Taiwan's defense posture could pose to the United States is how one defines "sufficient defense systems" and from which perspective one considers the problem.

Much will depend on what the different perspectives deem as "sufficient" or "necessary". That is, whether we look at it from the U.S. vantage point or from Taiwan's perspective; from a strictly military stand-point or also considering the political dimension. We must also keep in mind that the threat to Taiwan is growing at such a rapid pace across the board that many are beginning to question whether a viable defense of the island for any significant period of time is becoming increasingly untenable.

The United States and Taiwan, therefore, appear to approach the question of an appropriate defense strategy from quite different angles.

U.S. Perspective

The U.S. (particularly the U.S. Pacific Command/PACOM) seems to want Taiwan to focus on systems and defensive operational capabilities that would lengthen the amount of time Taiwan could deny the PRC from gaining air superiority, sea control, and physical occupation of Taiwan's leadership core (namely Taipei). The idea is to permit sufficient time to bring U.S. forces to bear. The amount of time needed is understood to be at least 5 days, presumably after credible warning that hostilities either are imminent or are already underway.

In this (U.S. perspective) context, one may ask the question as to how much of a difference, at least from a military operational perspective, PAC-3 missile systems, P-3C anti-submarine patrol aircraft, and submarines would make to Taiwan's defense when viewed from the perspective of lengthening the number of days that Taiwan could maintain a viable defense in the face a major military campaign. In other words, can the current arms package, by itself, provide Taiwan with "sufficient defense" capabilities?

For example, Patriot Advanced Capabilities-3 (PAC-3) missile systems certainly could provide vital protection to the transportation infrastructure (such as airfields and seaports) necessary for U.S. shipments coming into Taiwan or access by intervention forces (such as those tasked to carry out Non-combatant Evacuation Operations/N.E.O.), but by the time U.S. contingents arrive, it is debatable if these defenses would remain intact. So, "necessary" may not always be "sufficient".

Some in the U.S. would argue that an additional key priority should be C^4ISR (command, control, communications, computers, intelligence, surveillance and reconnaissance) systems that can ensure continued command and control in a crisis situation (i.e. someone the U.S. could talk with); maximizing situational awareness (space-based, airborne, ground-based); and early-warning.

Taiwan Perspective

It is not clear if Taiwan's military views the problem in the same way. Contrary to popular belief among many in this country, Taiwan's military still assumes, to a large extent, independent operations without U.S. intervention, and this continues to dominate their strategic thinking and shape their views on priorities. In the absence of formal bilateral treaty obligations, even the Joint Work Plan (JWP) document could only serve as war planning guidelines and likely course of U.S. action, not declaratory policy commitment that Taiwan defense planners could take to the bank.

As such, there are those in Taiwan who believe the only way to ensure Taiwan's security in light of PRC modernization and Taiwanese budget realities is to invest in a deterrent capability. That is, the ability to hold at risk key Chinese Mainland targets that would make Beijing think twice about using force against Taiwan. Here we are talking about a strictly conventional, predominantly counter-force (rather than counter-value) strike capability that does NOT involve a WMD (weapons of mass destruction) dimension.

Irrespective of the way we look at the problem, there are certainly major symbolic implications for the U.S. if Taiwan should fail to pass the special military procurement bill and/or reversing negative defense spending trends. In particular, procurement of at least some missile defenses and anti-blockade capabilities would carry a significant symbolic and political benefit that perhaps outweighs the purely military utility of such an investment. Doing something to undercut the coercive utility of China's growing conventional ballistic and cruise missile arsenal and maritime interdiction capabilities will be crucial.

Efforts Made by Taiwan

What is often ignored is that Taiwan is actually dedicating significant resources to modernizing its forces. Military capital investment (which covers both weapons procurement and facilities construction) amounted to US$2.03 billion (NT$67 billion) in 2004 and to US$1.94 billion (NT$63 billion) in 2005. These figures were up from the decade-low levels of FY2002-03, when military capital expenditures accounted for only around 21% of total defense outlays or US$1.6-1.66 billion (NT$53-54.8 billion).

This year, so-called "classified" spending items (which generally translate into weapons procurement) alone totaled US$1.58 billion (NT$52.1 billion). Just in terms of major new defense purchases from the U.S. alone, current-year funding amounts to over US$775 million, up from at least US$688 million in FY2004.

Moreover, under-appreciated are the positive steps that Taiwan has taken to shift their joint command structure, to reform their military organization, to improve training, and to procure items useful to improving its defense that fall beneath the radar screen of high-level U.S. policy community. These include the significant force rationalization that are currently underway to create a much leaner force structure; establishment of a Strategic Planning Division (SPD) and an Integrated Assessment Office (IAO) under the Defense Ministry to increase civilian input in planning and to move towards a more rational decision-making process; plans to create an International Affairs Office to coordinate defense cooperation with the U.S.; efforts to reduce wasteful logistical practices.

Taiwan's investment in defense acquisitions include everything from night-vision devices and digital tactical radios to new air and naval munitions; improved MOUT (military operations in urban terrain) and special-operations forces (SOF) equipment; greatly expanded use of computerized training simulators; a major air defense system modernization program (ROCC); a UHF-band long-range missile warning radar; four Kidd-class guided-missile destroyers; a baseline C^4ISR system based on the Link-16 tactical data link infostructure.

Unfortunately, many of the improvements that Taiwan's defense establishment has made over the past few years have tended to go unnoticed here in Washington and, sometimes, the issues are over-simplified.

If Taiwan does complete U.S. recommended defense purchases

The risks to the U.S. would be significantly reduced if Taiwan maintains a strong defensive posture. It would deter PRC from the use of non-peaceful means to coerce political objectives or force a capitulation of Taiwan in a crisis. It will also buy time for dialogue and possible peaceful resolution of the Taiwan problem.

Funding and acquiring critical defense capabilities, even over such a long term as the arms package currently under consideration by Taiwan, demonstrate a "will to fight". As demonstrated in Britain in WWII, in Bosnia in the face of a massive U.S./allied bombing campaign, and perhaps even in places like Iraq, the will to fight can make up for many military shortfalls. The acquisition of these systems would serve as a deterrent to the PRC since approving these programs will also involve closer U.S.-Taiwan defense planning, in terms of the operation and employment of these systems, coordination over capabilities to be acquired, etc.

A Taiwan that tangibly demonstrates commitment to its own defense and exhibits a profound understanding of its strategic relationship with the United States will be much more of an asset to U.S. interests in the region. Taiwan can make itself a valued partner to the U.S. Indeed, Taiwan can be a plus not only to the United States, but also to U.S. friends and allies in the region.

There are a number of perceived risks that warrant some examination:

Risk of Arms Race?

Some critics have tried to argue that Taiwan's increased investment in defense could lead to an arms race or create a relative balance vis-a-vis PRC that China might find provoking. However, the risks this might present to the U.S. (or for that matter, to Taiwan) are minimal. It is debatable whether Taiwan would be causing an arms race or is merely responding in a measured, sensible fashion to a rapidly broadening gap in military imbalance attributable to Beijing's aggressive military posture. In any case, such risks, even if in some sense real, would be far less threatening and more manageable than the alternative, for Washington as well as Taipei.

It is also not true that an increase in Taiwan's defense budget would significantly displace other public spending areas, thus further exacerbating Taiwan's fiscal situation. The fact is, defense budget accounted only 16.59% of Taiwan's total government spending in 2004 or about 2.5% of GNP. Social welfare spending has significantly outstripped defense in recent years, both in absolute amount and in growth rates. In FY2004, welfare spending exceeded defense budget by 12% and, in FY2005, is expanding at a rate five times that of defense spending! Even if the annual allotment of the proposed Special Budget were added to the annual budget over the next 15 years, defense spending would still be lower than either social welfare or culture/education/technology-related outlays.

Risk of Emboldening Taiwan Independence?

There are concerns that a militarily confident Taiwan could be emboldened to move towards de jure independence, thus upsetting the status quo and precipitating a crisis. That risk is largely more imagined (and likely product of partisan spite) than real, given Taiwan's repeatedly demonstrated popular disposition to maintain the political status quo. Moreover, it is conceivable that a far less pro-independence government could be elected in the future. But even then, Chinese military pressure on Taiwan could not be expected to ease, because Beijing's ultimate objective is to absorb Taiwan into the fold and use-of-force options will continue to be an important instrument for influencing the status quo.

One couldn't help but notice the scent of PRC political propaganda in these types of arguments. That such themes are increasingly embraced by prominent elements of Taiwan's society should be a significant concern to the U.S.

Risk of "Offensive" Capabilities for Taiwan?

Then there are those who oppose Taiwan's acquisition of certain capabilities. Here, I am specifically talking about systems with potential for counter-force applications or otherwise could be construed as provocative by Beijing. These opponents argue that allowing Taiwan such capabilities could complicate U.S. strategy in a Taiwan crisis scenario, by ceding some of the important initiative to Taiwan. They are also concerned that selling Taiwan so-called "offensive" weapon systems could provoke China, thus presenting a risk to the U.S. Unfortunately, these views also seem to have become the focus of several U.S. government jurisdictions, including more recently the Joint Chiefs of Staff (JCS) and the U.S. Pacific Command (PACOM).

Taiwan is faced with a particularly difficult military problem. Its adversary is a vast country with numerically superior (and now qualitatively gaining, if not surpassing in certain areas) forces boasting a very broad range of capabilities and operational flexibilities. Taiwan's proximity to the Mainland makes it essentially surrounded on three sides (west, north, and south), with multiple threat axes to have to defend, very short warning time, and effectively no strategic depth. What has become increasingly clear is that it will not be feasible to defend Taiwan without resorting to active counter-force operations against PLA air, naval, Second Artillery (missile), air defense, logistics, and command & control sites on the Chinese mainland. Interdiction of PRC's oil shipping and maritime trade routes would be another possible option to threaten Beijing's center of gravity. However, who should actually carry out the missions? The risks of escalation would be immeasurably more controlled and acceptable if Taiwan forces were equipped to carry out the strikes to neutralize Chinese targets than if U.S. forces were required to attack targets on Chinese territory.

Thus, the judicious sale of such items such as submarines, Joint Direct Attack Munition (JDAM), AGM-88 High-speed Anti-Radiation Missile (HARM), and other precision-guided weapons, could actually reduce both the mission burden and the escalation risks to the U.S., provided that some meaningful level of U.S. control over the operational employment of such weapons could be ensured, possibly through technical means.

Risks to U.S. allies and alliances in the region

The principal dangers to U.S. allies and alliances in the Asia-Pacific region if Taiwan does not possess a sufficient defense capability will be the threat of a Taiwan Strait conflict spreading and long-term instability within the region.

Horizontal escalation of a Taiwan Strait conflict is a real possibility. If the U.S. is involved, some of its forces might come from bases in the region such as Japan and Korea. The U.S. might request access to bases in the Philippines. It will need logistics support from its friends in the region. China knows it is impossible to achieve victory unless it denies the U.S. use of these facilities. Other than risks involving military attack, there are also risk to their economy as sea lanes of communication (SLOCs) could be severed and critical supplies such as oil and other raw materials interrupted.

A militarily weak Taiwan will be more susceptible to PRC intimidation (such as threat of maritime blockade or missile attacks), vulnerability increasingly compounded by PRC political offensive, as well as possibly PRC infiltration of Taiwan society. Taiwan is a U.S. ally with the worst to fear of (as well as the most to lose from) Chinese ambitions in the Western Pacific. The inability of such a U.S. client to stand up to PRC coercion, could severely undermine U.S. efforts to align the will of allies in the region to counteract (and, if necessarily, contain) Beijing's increasing strategic assertiveness. That, in turn, could only have a significant detrimental effect on U.S. leadership in East Asia.

The Taiwan issue could also have a serious long-term impact on U.S. alliances in the region, because the credibility of the U.S. is at stake. A perceived "failure" by the United States to come to Taiwan's aid in a PRC aggression scenario could bankrupt future U.S. influence in the region. That would leave China and Japan to vie for dominance, while other countries in the theater may feel compelled to seriously contemplate their own WMD-based deterrent. The stability in the region as we know it today would be jeopardized.

Lessening the Risks

What the U.S. Can Do

Unilaterally, the U.S. must maintain a strong military posture to ensure there is no misperception that the U.S. is retrenching from the Asia-Pacific region. Strategic ambiguity is probably not a good thing to have in the Taiwan situation.

The United States should help Taiwan "harden" itself, by providing those defense material and training that can help Taiwan defend against PRC coercion and aggression; by helping Taiwan develop protection for its critical infrastructure; and by helping Taiwan implement a viable continuity of government plan.

Interoperability will be critical to increasing the efficiency, effectiveness, and safety of U.S. forces if called upon to intervene in a Taiwan Strait crisis scenario. From the US perspective, ensuring sufficient, survivable and robust intelligence, surveillance & reconnaissance (ISR) capabilities to augment those of Taiwan will also be essential.

The U.S. should continue to engage China, to make its leaders understand its commitment to Taiwan's security and to help bring about the conditions that are more conducive to the initiation of talks between Beijing and Taipei. This should include efforts to promote Chinese cooperation in terms of moderating its military threat to and persistent attempts at coercion against Taiwan. U.S. must also pay much greater attention to the nature and extent of Beijing's highly effective political offensive against Taiwan.

The U.S. should provide continued assurances to Taipei that any attempt by China at altering the status quo in the Taiwan Strait theatre by non-peaceful means will be met with American resolve. The U.S. Government should also continue to support Taiwan through expanded military cooperation and exchanges. These could include the dispatch of U.S. military personnel to Taiwan for Chinese language or other training; U.S.-Taiwan low-level combined exercises; increased opportunities for Taiwan officers to observe major U.S. and allied exercises; allowing U.S. general officer visits to Taiwan on selective basis; and a Taiwan version of the Military Maritime Consultative Agreement (MMCA) that exists between U.S. and China.

At the same time, however, U.S. should clearly communicate to all the major political parties in Taiwan the serious practical implications of Taiwan's further delays in demonstrating a tangible commitment to its own defense. It needs to be explained to the opposition pan-Blue coalition that damages to US-Taiwan relations arising from continued irrational political boycott of important national defense initiatives increasing the risks to U.S. strategic interests in East Asia will be significant and long-term. The most important message ought to be that the long-term penalties in US-Taiwan relations can not be readily reversed or moderated even if the pan-Blue coalition is to regain power by winning a future election.

The U.S. Government should also continue to support Taiwan in terms of timely and positive review of Taiwan's requests for major defense equipment or software assistance. This would help ensure continuity of long-term force structure and procurement planning, helping Taiwan's defense authorities to plan for costly investment programs and carry out some of the time-consuming analysis and staff work in advance. This would not only shorten the program review process (which now typically takes 20-24 months and took about 36 months on the submarine/P-3C/PAC-3 package), but also allow Taiwan to spend its defense acquisition dollars more intelligently, rather than always being faced with difficult (and costly) solution choices very late in the program cycle of a U.S. system. For example, Congress should urge the U.S. Government to move forward with a positive review on Taiwan's request (submitted in the summer of 2002) for Arleigh Burke Flight IIA-class Aegis destroyers, which are critical not only to Taiwan's future fleet air defense (AAW) and anti-submarine needs, but will also be central to the development of an effective, multi-tiered missile defense capability. The U.S. Government should also assist Taiwan with its requirements for a possible interim fighter solution and the follow-on, next-generation combat aircraft.

What Taiwan Can Do

In the end, it is still all up to Taiwan. The politicians and the people on Taiwan need to recognize that national defense is not a political football to be kicked around or held hostage for partisan or personal gains. Taiwan must help itself and not place its survival in the hands of others, especially not at the well-calculated goodwill and largess of the PRC.

Taiwan must develop defensive capabilities and staying power to provide the U.S. sufficient time to render a reasonably deliberate policy response decision (given the strategic warning time likely to be available in future conflict scenarios) and to mobilize the assets necessary to carry out the contingency plans. Taiwan should also acquire capabilities that would protect the transportation and other critical infrastructure essential to access by U.S. intervention forces, including defense against ballistic missiles and cruise missiles. For Taiwan, to reduce risks to the U.S. intervening in a crisis, it will also be necessary to maximize interoperability with US forces (i.e., reducing risks of fratricide and making ad hoc coalition operations more effective and efficient).

In addition to high-profile defense systems purchases that have long lead times, Taiwan also needs to fund lower-cost programs, in such areas as training, logistics, and C4ISR. Perhaps even more important in the near term are acquisitions that will enable Taiwan to more effectively fight a war in the nearer term with what it has on hand, such as beefing up existing war stock of munitions like the beyond-visual range (BVR) air-to-air missiles, precision-guided anti-surface munitions, and other expendables (such as electronic warfare decoys) and critical spare parts.

Taiwan will also need to gain the ability to effectively identify operational centers of gravity in China's theater operational structure and to neutralize them through counterforce strike operations. As discussed earlier, Taiwan's having this ability provides more options to U.S. policymakers. Someone would have to attack targets on the Chinese mainland. From the angle of escalation control and conflict, which would the U.S. prefer to do that? Taiwan forces or U.S. forces?

Ultimately, helping Taiwan build up a robust, credible self-defense capability at the most economic cost will one day pay off by helping to save the lives of American men and women in uniform, who may be called upon to help defend Taiwan, as well as by protecting fundamental U.S. national security interests.