

The U.S.-Taiwan Defense Industry Conference Heralds A Brighter Future

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The U.S.-Taiwan Defense Industry Conference, organized by the U.S.-Taiwan Business Council once a year, is an important track 1.5 diplomacy event for bilateral exchanges on national defense. The conference's precursor is the U.S.-Taiwan Defense Summit, which was launched in 2002. Not long after George W. Bush assumed the U.S. presidency, Washington agreed in 2001 to sell Taiwan eight diesel-powered submarines, P-3C Orion anti-submarine and maritime surveillance aircraft and MIM-104F Patriot (PAC-3) missiles. At the time, Taiwan's defense minister was not able to visit the United States in an official capacity. In order to circumvent this restriction, the Bush administration acquiesced to have the U.S.-Taiwan Business Council organize the U.S.-Taiwan Defense Summit as a 1.5 track intermediary, successfully arranging a landmark meeting between then Taiwan Minister of National Defense Tang Yao-ming and U.S. Deputy Secretary of Defense Paul Wolfowitz (now chairman of the U.S.-Taiwan Business Council) in Washington in March 2002.

Since China strongly objected to the U.S.-Taiwan Defense Summit, the body changed its name to U.S.-Taiwan Defense Industry Conference with its second meeting in 2003. Back then, U.S. officials were keen on strengthening Taiwan's military capability. In private, the two sides even began to discuss the possibility of a follow-up package once Taiwan had taken delivery of the weaponry listed as part of the 2001 procurement deal. However, in 2004

Taiwan's Ministry of National Defense decided to earmark a special budget for the 2001 arms package. The special budget, which was prone to criticism in the first place, immediately became the focus of political wrangling between the then ruling Democratic Progressive Party (DPP) and the opposition parties. It stood absolutely no chance of getting substantive deliberation in the legislature given that the then major opposition Kuomintang (KMT) and its allies controlled the majority of seats. As a result, the U.S.-Taiwan Defense Industry Conference held over the following years had no concrete issues to discuss because there was no cooperation with regard to the execution of arms procurement packages. At the same time, the U.S. side began to voice its discontent publicly over Taiwan's continued inability to finalize the 2001 arms deal through this conference.

From 2005, the U.S.-Taiwan Defense Industry Conference began to invite KMT figures to participate as well. Subsequently, meetings with the opposition parties became a routine at the conference. When the KMT returned to power in 2008 it began to pick up where the DPP had left off, gradually lifting the freeze on the 2001 arms package. However, the golden opportunity had slipped away. Except for an agreement to upgrade Taiwan's existing fleet of F-16 A/B Block20 fighter jets and an order for AH-64E Apache attack helicopters, no new arms procurement deals were struck.

Although this depressed atmosphere still overshadowed the 13th U.S.-Taiwan Defense Industry Conference held in Williamsburg, Virginia, in October 2014, the discussions at the conference were lively and heated to an extent not seen for many years. This can be attributed to the following reasons:

First, the Rebalance to Asia strategy that the Obama administration adopted from 2011 has begun to make an impact on U.S.-Taiwan arms sales. In its early days, the Obama administration kept postponing its approval for selling advanced F-16 C/D fighter jets to Taiwan. Since the China-friendly government of Taiwan President Ma Ying-jeou was not strongly interested in arms procurement either, the U.S.-Taiwan Defense Industry Conference had nothing to discuss on its agenda. The strategic imbalance in the Taiwan Strait receives heightened attention as China's emergence as a major power becomes increasingly obvious and the United States continues to complete its strategic deployments in Australia, Japan, the Philippines and Vietnam as part of its rebalancing strategy. In 2012 and 2013, the U.S.-Taiwan Defense Industry Conference focused on the fighter jet deal. Then, the conference shifted its focus to the submarine issue this year. No matter whether Taiwan eventually chooses to procure the said two items of military equipment from other countries or opts to build them itself, the very fact that they were discussed is significant, since they had once been considered too sensitive to be on the agenda.

Second, Taiwan can hardly evade military modernization with third-generation weapons technology. As debate over the submarine issue gradually gained steam, Taiwan's Navy proposed a plan for significantly modernizing its surface

vessels, while the Army floated the idea of replacing its aging main battle tank fleet. As far as U.S. arms manufacturers are concerned, Taiwan provides huge potential business opportunities. At the conference, they were, of course, keen on gaining a better understanding of Taiwan's intentions to get a head start in marketing their products.

Third, participants expressed great interest in the DPP's defense policy. Since the KMT's approval ratings keep slipping, it seems increasingly likely that the DPP will win the 2016 presidential election. Now that the DPP think tank has published a series of blue papers on defense over the past year, U.S. officials and industry begin to trust that the DPP has done its homework on defense policy. During the two-day U.S.-Taiwan Defense Industry Conference, the DPP presented its defense policy blue paper No. 7, titled Bolstering Taiwan's Core Defense Industries. The report advocates adopting a new model of transnational industrial cooperation to upgrade Taiwan's national defense industry, an idea that perfectly fits one of the conference themes – Expanding Models for Security Cooperation.

After languishing for years, the U.S.-Taiwan Defense Industry Conference was reinvigorated thanks to these three factors. Its new-won vitality created a decisive moment for deepening U.S.-Taiwan exchanges on defense cooperation and laid a solid foundation for the DPP in Washington ahead of its possible return to power. **BT**

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