

Reviewing the Implementation of the Taiwan Enhanced Resilience Act and Future Opportunities for U.S.-Taiwan Cooperation

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Statement for the Record
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Chairman Risch, Ranking Member Shaheen, and distinguished members of the Committee: Thank you for the opportunity to testify on the implementation of the Taiwan Enhanced Resilience Act (TERA) and future opportunities for U.S.-Taiwan cooperation. For more than four decades, support for peace and stability in the Taiwan Strait has remained one of America's most durable bipartisan commitments. Since Congress passed the Taiwan Relations Act (TRA) in 1979, successive administrations and Congresses have recognized a core truth: Taiwan's security is essential to U.S. interests, values, and the stability of the Indo-Pacific. At stake are nothing less than global supply chains, the digital economy, and the prosperity of U.S. industries and workers.

That bipartisan support matters more than ever today as Taiwan faces growing military, economic, and political pressure from the People's Republic of China (PRC). Congress has responded by expanding the tools available to the Executive Branch, including through TERA. These authorities help ensure that U.S. policy remains credible and aligned with the scale and urgency of the challenge posed by Beijing.

Taiwan's Strategic Importance to U.S. Interests

Taiwan's value to U.S. strategic interests lies in both its identity as a vibrant, self-governing democracy that stands in stark contrast to the PRC's authoritarian model and its role in shaping the regional security order. How the United States engages Taiwan is viewed across the Indo-Pacific as a direct measure of American reliability.

Economically, Taiwan anchors the world's most advanced semiconductor supply chain, producing the overwhelming majority of leading-edge chips, which power U.S. defense systems, cloud computing, artificial intelligence, medical devices, and automobiles. Taiwanese firms are deeply integrated with American companies, supporting U.S. jobs nationwide. A conflict or blockade in the Taiwan Strait would ripple across global markets, disrupt U.S. military readiness, and increase costs for American households and businesses. Taiwan's ability to credibly deter aggression reduces the likelihood of a major regional conflict, but it does not remove entirely the risks of continued gray zone coercion from China.

Implementing the Taiwan Enhanced Resilience Act (TERA)

The inclusion of TERA in the Fiscal Year 2023 National Defense Authorization Act (NDAA) laid critical groundwork for the Taiwan Security Cooperation Initiative (TSCI) subsequently enacted

in the Fiscal Year 2025 NDAA. TERA and TSCI are complementary; together they provide the full range of authorities necessary to meaningfully advance the U.S.-Taiwan defense relationship and buy down the risk of a cross-Strait conflict to U.S. forces. However, several critical challenges remain in fully implementing TERA.

- *Presidential Drawdown Authority (PDA)*: Congressional authorization of PDA for Taiwan has helped diversify the tools available to support Taiwan's defensive needs and prioritize more urgent capabilities. Despite Congressional support, PDA has not delivered the scale or speed of capability that the situation requires. During my time in the Department of Defense (DoD), DoD moved slowly on implementing PDA for Taiwan for two reasons: (1) the war in Ukraine took precedence, and (2) Services held concerns about whether the defense industrial base would be able to sufficiently backfill their stocks. While we have since seen multiple tranches of PDA proceed, Taiwan still lacks enough asymmetric capabilities to deter Chinese actions; without these capabilities, U.S. forces will face higher operational risks in a crisis or conflict.
- *Regional Contingency Stockpile*: TERA authorized DoD to establish a regional contingency stockpile for Taiwan comprised of forward-positioned munitions and other appropriate defense articles, but specific funding for this activity is lacking. Furthermore, during my time in the Department there were questions about whether DoD or Taiwan could build the storage facilities for these munitions and whether the operation of any such stockpile needed to resemble the Israel model of a war reserves stock for allies (e.g., WRSA-I). Without forward-positioned munitions and sustainment, or clarity on how stockpiles would be managed in crisis, U.S. and/or allied forces would be forced to fight from a position of delay, thereby increasing risk to our servicemembers and decreasing the likelihood that deterrence will hold. Dedicated DoD appropriations – likely via Military Construction (MILCON) or Operations and Maintenance (O&M) budget lines – and statutory flexibility to facilitate partner contributions to overseas construction are still needed to meet Congressional intent of building a regional contingency stockpile.
- *Prioritizing foreign military sales (FMS) requests*: TERA directed State and DoD to expedite FMS requests from Taiwan. Despite efforts by State and DoD, bottlenecks in the defense industrial base and complex bureaucratic processes routinely put many FMS cases behind schedule and/or over budget. FMS delays undercut Executive Branch efforts to encourage Taiwan to enact critical reforms and sustain defense spending growth – including using special budgets – and offer an easy justification for Taiwan's legislature to avoid support for President Lai's defense agenda. For the U.S., FMS delays ultimately increase the risk U.S. forces would face if deterrence fails.

Role of the Department of State and the American Institute in Taiwan (AIT)

The Department of State plays a central role in implementing U.S. Taiwan policy. However, the TRA authorities delegated to State by Executive Order 13014 have not been updated since 1996.¹ As a result, the Department's authorities and processes no longer match the scale, tempo, or complexity of the modern U.S.-Taiwan relationship.

- *Inconsistent Criteria for Permitted Defense Engagements:* The State Department's criteria for approving Taiwan-related defense engagements are opaque, frequently inconsistent, and subject to late revisions. This can create operational uncertainty for DoD, undermine long-term bilateral engagements, and result in missed opportunities to strengthen Taiwan's defensive readiness.
- *AIT Capacity Limitations:* AIT manages one of the most consequential and operationally demanding portfolios of any U.S. mission, yet its staffing levels and facility capacity have not grown in line with the expanding security agenda. AIT-Taipei faces space constraints that limit its ability to host additional personnel. Similarly, the absence of a Senate-confirmed AIT Director in Taipei and an AIT Chairperson in Washington risks misalignment between AIT operations and broader U.S. policy.

Modernizing the State Department's delegated authorities and ensuring AIT is properly resourced are both long overdue steps toward advancing U.S.-Taiwan defense cooperation.

Recommendations for Congress

I offer the following recommendations to accelerate U.S. security cooperation with Taiwan:

- *Accelerate initiatives to strengthen Taiwan's self-defense.*
 - Continue to fully resource all security assistance authorities relevant to Taiwan's self-defense (i.e., FMS, DCS, FMF, and PDA) and ensure that these tools are clearly linked to a multi-year DoD plan to meet Taiwan's defensive requirements.
 - Direct DoD, in partnership with State, to provide Congress with a quarterly report on security assistance – including procurement timelines, contracting milestones, and delivery forecasts for systems provisioned under each type of authority.
 - Continue to accelerate the delivery of FMS capabilities to Taiwan by directing DoD and State to create a “fast lane” list of platforms, munitions, and other capabilities that are pre-approved for export, technology release, and accelerated contracting processes.
 - Provide DoD with sufficient appropriations and authority to use either MILCON or O&M funds for the construction and sustainment of a regional contingency stockpile, including storage depots and the materiel necessary to fill them.

¹ William J. Clinton, “Maintaining Unofficial Relations with the People on Taiwan,” Federal Register, 19 August 1996, <https://www.govinfo.gov/content/pkg/FR-1996-08-19/pdf/96-13014.pdf>.

- *Modernize the State Department's oversight of Taiwan policy.*
 - Conduct a 120-day review of the TRA authorities delegated through Executive Order 13014 and direct State to identify common-sense updates to modernize routine Executive Branch business with Taiwan.
 - Require State to record, track, and annually report to Congress all Taiwan-related engagements submitted by the Executive Branch that State disapproves, including rationale for disapproval and operational impact.
- *Reassess AIT's footprint and resourcing strategy.*
 - Direct State to review AIT's facility and staffing requirements to ensure it can support the expanded tempo of security cooperation activities. This should include a review of staffing (e.g., NSDD-38 processes²) and consideration of additional facility requirements.
 - Require Senate confirmation of the AIT-Taipei Director and mandate the appointment of an AIT Chairperson to ensure accountability and alignment with broader U.S. policy.
- *Deepen Congressional engagement with Taiwan's legislature.*
 - Strengthen interparliamentary ties with Taiwan's Legislative Yuan.
 - Encourage sustained annual defense budget increases, robust use of the special budget for priority defense investments, and bipartisan U.S. support for the reforms necessary to strengthen Taiwan's deterrence posture.

Conclusion

The United States has long recognized that a secure and confident Taiwan is vital to peace and stability in the Indo-Pacific. TERA, and subsequently, TSCI, provide Congress and the Executive Branch with powerful tools to strengthen deterrence. Ensuring these authorities deliver meaningful results will also require process modernization, adequate resourcing, and sustained bipartisan commitment.

Taiwan's future will shape the region's future. Ensuring Taiwan's security is central to protecting economic prosperity, regional security, and the credibility of America's commitment to the Indo-Pacific. I thank the Committee for its continued leadership on this important issue, and I look forward to your questions.

² The NSDD-38 process is the procedure for managing staffing at diplomatic missions overseas. Executive Branch agencies must seek Chief of Mission approval before making staffing changes; requests are managed via the Department of State.

Dr. Lauren Dickey served from 2020-2024 as the senior advisor and acting director for Taiwan policy in the U.S. Department of Defense. Before her position in DoD, Lauren was a research scientist focused on Chinese military issues at the Center for Naval Analyses (CNA). Lauren earned a Ph.D. in War Studies from King's College London, an M.A. in International Studies and Diplomacy from the School of Oriental and African Studies, and a B.A. in Asian Studies and Chinese from the University of Oregon. The views represented herein are her own.