

November 17, 2025

Featuring Kenan Arkan, RADM (Ret.) Mark Montgomery, and Craig Singleton

Moderated by Phelim Kine

Introductory remarks by Clifford D. May

MAY: Well, welcome, and thank you for joining us today for today's event hosted by the Foundation for Defense of Democracies. I'm Cliff May. I'm the founder and president of FDD. It's Monday, November 17th, and today's panel will discuss "Energy Siege," the second in a series of FDD tabletop exercises aimed at analyzing the Chinese Communist Party's efforts to slowly engineer the conditions for Taiwan's capitulation without launching an all-out conflict.

Today, Taiwan imports roughly 98 percent of its energy, a critical vulnerability. A successful Chinese energy blockade would force the island into difficult choices between powering its hospitals, schools, homes, and powering its industrial capacity, including advanced ship manufacturing and hundreds of associated supply chain companies.

To examine these contingencies, FDD and the Taipei-based Center for Innovative Democracy and Sustainability conducted a tabletop exercise in Taipei this past summer to test how the CCP might escalate from diplomatic and economic pressure to an energy quarantine, interrupting and potentially preventing Taiwan's energy imports.

FDD experts also conducted follow-on tabletop exercises in the United Kingdom with European government officials and various industry stakeholders, as well as on Capitol Hill with members of the Senate Foreign Relations Committee. The results were sobering.

Here to discuss key findings and recommendations from this year's exercises are three of its engineers.

Kenan Arkan is a managing director of commodities origination at J.P. Morgan. He's spent more than 20 years at Goldman Sachs in various leadership roles across natural gas, power, LNG, and he's worked with multinational corporations, public sector entities, and sovereigns on physical and financial commodity transactions.

Admiral Mark Montgomery is senior director of FDD's Center on Cyber and Technology Innovation. He previously served as policy director for the Senate Armed Services Committee, and he served 32 years in the U.S. Navy as a nuclear-trained surface warfare officer, retiring as a rear admiral in 2017.

Craig Singleton is senior director of FDD's China program and he's a senior fellow here at FDD, as well. He's previously served more than a decade in a series of sensitive national security roles with the U.S. government, primarily focusing on East Asia.

And moderating today's conversation is Phelim Kine, China correspondent at *Politico*. Phelim has more than two decades of experience reporting in and on China in roles ranging from features editor at Taiwan's *China News* to a managing editor at the Cambodia-based *Phnom Penh Post* and researching China and Hong Kong for Human Rights Watch.

Before we dive in, just a few words about FDD. For almost 25 years, FDD has operated as a fiercely independent, nonpartisan research institute exclusively focused on national security and foreign policy. As a point of pride and principle, we do not accept foreign government funding. For more on our work, visit [FDD.org](https://www.fdd.org), follow us on X and Instagram and subscribe to our YouTube channel.

And with that, Phelim, the floor is yours.

KINE: Thank you very much, Cliff. This is a really remarkable report, and we have, like, a really stellar panel to unpack it, so I want to dive right in.

So, we all know that reports about Chinese coercion against Taiwan are pretty frequent. They come out throughout the think tank segments here in Washington pretty frequently. I guess what I'd like to know is, what sets this report apart in terms of its focus, in terms of its methodology, in terms of its findings, that make it different from other reports about Taiwan under the gun of the Chinese?

I'd like to open that to either to Craig or to Mark, whoever wants to step forward.

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MONTGOMERY: All right.

SINGLETON: You want to start?

MONTGOMERY: Yeah, I'll go ahead. So, look, what's neat is that first, Craig and I have worked very closely over a couple years on these types of reports and I, I really respect his knowledge of China, and he plays a wicked secretary-general, Chairman/President Xi.

What makes this unique, Phelim, is the, is that we don't concentrate on the most dangerous scenario. The most dangerous scenario is the one that when I was the INDOPACOM J3, I concentrated on that, so how do you do a cross-strait invasion? How do you counter that? How do you counter a massive blockade?

People need to study that. But I will tell you, the Department of Defense has that block checked. They're studying it. They're doing it. It drives our requirements. I think we do a pretty good job. That doesn't mean we everything we need to do to prevent those kinds of things, but we've actually studied them, and we understand them.

This is the most likely scenario. It's the one that we think is going on right now, and Craig and I'll probably go into that quite a bit over the next hour. But it's the one that we think the Chinese Communist Party is conducting today; a cyber-enabled economic warfare campaign that targets specific sectors in Taiwan with diplomatic, economic, administrative – which is kind of like lawfare – tools, and then supported or enabled by cyber – malicious cyber activity, influence operations, and then probably most – and then military feints, as well. So, all that kind of stuff together is what creates, with the goal of trying to create, like, societal – a breakdown in societal resilience in Taiwan. And so, I think that makes it unique.

You know, if I had to say one other thing: This characteriza- – these types of tabletop exercises are underappreciated and under-resourced. So, when we come back and go to Department of Energy or Department of, you know, Commerce or Treasury and say, "We've done these tabletops," what we don't hear back is, "Oh, we've already done that. We've got it. We've got the answers to that." It tends to be, "We have no idea why you're doing that." And to me, that's probably what makes these unique.

Craig?

SINGLETON: No. It's wonderful to be here. Thank you all.

I agree with Mark. I mean, most of these wargames – and we've been a part of many of them – are focused on analyzing missiles, but we were analyzing margins, right? The legal, the cyber, the market considerations that keep the lights on, that keep ships sailing through the strait.

I think we entered this, sort of, last year thinking that energy was a core or critical vulnerability, but I think I walked away thinking it is the critical vulnerability.

I think what made our methodology unique was that we ran this series of games around the world. We started in Taiwan with a multi-move, multi-day exercise involving Taiwanese government stakeholders and private industry stakeholders, including from Taipower, to really get in the weeds on what the power grid looks like and distribution looks like. Then we ran it in Europe with European government officials and stakeholders and tech officials from American and U.S. firms, Lloyd's of London and elsewhere, to really understand, what is the concern about insurance markets in the event of a contingency?

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And then we ran it here, most importantly on Capitol Hill, with members and staffers from both parties and both chambers to understand how they see this challenge unfolding. And while most war games focus so much on the hardware side of the equation, we focused on software and signaling. We were thinking about war risk insurance backstopping and re-flagging, another paper that we have out today, really thinking about cyber defense and resilience.

And it's – while hardware is absolutely important, and we focus on that issue so much, it's critical to tomorrow's fight – I would probably say that software and signaling are the key determinants today. And so, I think that's what made our exercise pretty unique.

KINE: Yeah. I think what's really remarkable about the report is the focus on energy and how China could essentially try to bring Taiwan to its knees by cutting off its supplies of liquid natural gas.

Now, Kenan, this is your world. You are the commodities guy at J.P. Morgan. Can you help us understand the energy math? How reliant is Taiwan on LNG versus coal or renewables? And where did they come from? And how vulnerable are they to potential Chinese interference?

ARKAN: Sure. Thank you for having me. Thank you, everyone, for coming.

I mean, in a word, well, two words: extremely reliant. Right now, natural gas makes up right around 50 percent of the total power generation in Taiwan. Because there's no indigenous production, essentially all of that is imported and imported in the form of LNG. Coal's just over 30 percent. Renewables are around 12 percent.

I think what's interesting and something that definitely came up during both the tabletop, and obviously it's in the paper, if you rewind 10 years back nuclear was close to 20 percent and gas was about 30 percent. So, they've essentially gone a very different direction for both economies globally and economies in the region.

And because all gas is imported, it essentially puts them at the whims of their various suppliers. Now, Australia is almost 40 percent – it's 38 percent to be exact. Qatar is 25 percent. That came up a lot during the tabletop exercise. And the U.S. is around 10 percent.

All of the terminals are on the strait-facing side, so on the west side of the country, which I think is an incremental fragility in the system. And then all of these cargoes have to go through either – we'll call it a geopolitical chokepoint, when I think about Malacca, Hormuz, South China Sea – or a major logistical chokepoint, Panama Canal being an obvious one.

Because these cargoes come on average about one a day, and industry standard resources – frankly, you know, a Bloomberg terminal lets you track these in almost real-time – they're very visible, very easy to intercept, and with nuclear gone and obviously a desire for economic growth, the reality is that there's just going to be more LNG coming in over time.

KINE: Right.

MONTGOMERY: Hey, one other thing I'd add to that is, and I learned this working with Kenan cause he's real- one of the global experts on this, is that their engineering grid – their electrical grid operates at a very high level. And what I mean by that is it's one of the most fragile in the OECD, with no casualties going on, that more than – in a high-use day, more than 70 percent of the grid is in use.

Now, this is a compliment to Taiwan, that their economy is growing faster than their grid can support, but it's also a crisis for Taiwan 'cause it's one more issue that puts them at risk. And there's not a big – you know, like, we're in the low 60s, they're in the, you know, low to mid 70s.

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But what that means is that if they have, you know, an LNG plant having maintenance, a coal plant having maintenance, that comes down off their top line and they're getting closer to it. Now if you have a cyber-attack, it takes it down. And now if you start to have, you know, a disruption in LNG delivery, you're very quickly in a crisis, much more so than other highly developed countries.

And again, they got into this problem because of a good thing, the growth of their – really, the unrestrained growth of their economy over three decades, but it is creating a crisis. It does amplify the crisis that Kenan referred to.

KINE: Right. Craig, your report looks at how energy is this pressure point, and you've got this great turn of phrase about how that pressure point turns China's "patience into power."

SINGLETON: I'll be here all day, folks.

(LAUGHTER)

KINE: How does Beijing do that? How does China do that? What are the tools they have at their disposal to do that? And isn't Taiwan all ready for this? Haven't they been preparing for decades for potential attack? They have this societal resistance plan. How can they be so vulnerable? Or are they vulnerable?

SINGLETON: It's a great question. And I think as we were exploring quarantine versus blockade, we recognized that whether it's a quarantine or a blockade, they don't need something that firm, that legalistic, to bite, that Beijing could make Taiwan bleed through bureaucracy.

So as the PRC player, I was able to leverage only sub-threshold tools to accomplish my political objectives. In other words, I couldn't blow anything up. And so, what I had to do was I had to think through how could I disrupt these LNG flows? How could I mandate, through lawfare, mandatory port safety inspections? How could I apply domestic and diplomatic pressure on countries like Qatar to throttle these shipments?

Kenan mentioned, you know, there's, like, one every few days...

ARKAN: Right.

SINGLETON: ...a shipment. One a day. If you were to just knock off one a week, right, you could really seriously degrade Taiwan's stowage, which is about 10 days of LNG. It wouldn't take much pressure. Add on top of that disinformation, which I used quite liberally throughout each of the scenarios, and I was able to achieve a lot of my diplomatic objectives.

The reason that sort of the outlast strategy doesn't work here is the stowage just doesn't exist, and the grid can't handle it. So, we had to start to really think about what – where does this get us? And I think the, the net effect of all of my coercion was very serious. We saw price increases, we saw panic buying, we saw obviously power instability. But the real net effect was political and psychological pressure on the population to achieve my political goals.

And I think the clear takeaway for me was that while tremendous work has been done to enhance societal resilience in Taiwan and they're starting to wrap their heads around the worst case scenario that Mark and I talk a lot about, this most likely scenario is now starting to come to the, to the fore more or less.

And I think what they'll – the Taiwanese will realize quickly, and what we are realizing, is that paperwork can be more damaging than projectiles. How can you use lawfare as a tool? How can you use these administrative restrictions in cyber as tools to achieve your objectives short of war?

And I would just say that in our scenario planning, not once did we – did I as the PRC player cross a U.S. red line, yet I was able to achieve my objectives. I wouldn't say easily, but certainly in ways that didn't require kinetic force.

KINE: Right.

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MONTGOMERY: Yeah, and if I could jump in, that's exactly the key. I mean, Craig played China in a calculating way. And what worries me is that if China plays China in a calculating way, they're going to keep this below the level of a response from the United States.

You know, what I thought Craig did is – every time he saw us get excited, he toned it down just enough to keep the United States – and Japan and Australia are wonderful countries, and they will be good partners in this event. They are not going to take the lead. The lead supporter to Taiwan is the United States, full stop. So, the United States has to take action based on Chinese actions that don't break a red line. That's the hardest part.

What we have to do is establish that this kind of pressure warrants a response, whether it's an energy response, a maritime response, or a cyber response. So, that's the key to China, to China playing it that way made it hard.

And I'd be honestly with you, we had Matt Pottinger play U.S. leadership. And if he played it straight, we'd have never responded. Now, we asked him at some point, play this a little looser than, a little different than Donald Trump might play it, and we began to get a response. You know, we learned a few lessons of how the U.S. could respond.

KINE: Craig, in your response, you referenced psychological pressure and disinformation.

Mark, the report sort of drills down on this idea of these types of actions would involve an ever-evolving cyber-enabled economic war. Taiwan is already, you know, targeted with thousands of sort of cyber intrusions and attacks on the system every day.

What would be different here? And could you impact what it would look like, and what they – and what kind of disruptions might occur?

MONTGOMERY: So, I think that you're right. Every day, China is conducting an unremitting malicious cyber-attack on Taiwan, even more than they do on, maybe not quantitatively but, you know, per capita much more significant than the United States.

What's different is the level of influence operation. There are Chinese influence operations in the United States. We have a team here led by Max Lesser that exposes some of them, and other people do as well in the United States. But the level of influence operations against Taiwan is unremitting as well. And it's constant.

It's about the United States. They started stories that the United States was drawing blood samples of Taiwan rep- you know, Taiwan was drawing blood samples to give the United States so we could develop a weapon that genetically targeted Han Chinese, you know.

This is the kind of nuttiness that China spreads. But every little story like that, that leaves a kernel of doubt in people's minds. So, the whole idea is to create the perception of the United States as an unreliable or a dangerous ally for Taiwan. I think most of the influence operations would be, "the United States is not coming to help you, and your leadership is taking you into an unsafe place."

You know, Craig always wants to run the exercise right before a Taiwan election. I think he's probably right, because the whole goal here would be to make President Lai unelectable in a second term. I mean, that would be a terrific achievement for the Chinese Communist Party to have done an influence operation that did that.

So, those influence operations are much more significant than any other country sees from China. And so, yeah, we reference in there. And, you know, we definitely study this as part of our cyber-enabled economic warfare research.

KINE: Right. And can you just remind us when is President Lai up for re-election so we can put on our calendar what might happen?

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MONTGOMERY: Go ahead. Craig?

SINGLETON: Everyone talks about 2027 in this town, but I think it's actually – 2028 is the year that matters. So, he'll be – the second term would start in 2028. Early 2028.

KINE: You heard it here at FDD first, 2028. So...

(CROSSTALK)

MONTGOMERY: Craig's like the Phil Davidson of cyber-enabled economic warfare.

SINGLETON: I know, I just did it to myself. I just did it to myself and I'm regretting it already.

(LAUGHTER)

But I'm going to stick to it. 2028's my year.

KINE: So, worst-case scenario, or semi worst-case scenario, there's a disruption of LNG cargoes to Taiwan. Taiwan begins to be starved for energy resources. Its electrical generation capacity is reduced. And, again, in a report, this memorable turn of phrase, Taiwan's leaders are faced with a quote-unquote, "Sophie's Choice" between keeping homes lit and factories, including semiconductor hubs, think TSMC [Taiwan Semiconductor Manufacturing Company] running.

Now, keep in mind that those TSMC supplies the chips that we need here and throughout the world, so it has worldwide impact. So, can you unpack that? What are the strategic implications of that dilemma? And for those who aren't Gen X or Boomers, "Sophie's Choice," a great movie, great book, and it's worth checking into. Go ahead.

MONTGOMERY: Thanks. So, I was slightly disappointed when my fellow panelists didn't know what Sophie's Choice was, but you know, for you...

KINE: I was too young. I was still too young.

MONTGOMERY: ...the movie with Meryl Streep, very good movie.

Listen, what I was talking about is that China gives Taiwan a really difficult choice of which, you know, which child to keep. Do you keep your own people powered or do you inflict on the world economy a significant disruption by taking TSMC and UMC [United Microelectronics Corporation] – we all know TSMC.

We talk about it a lot. It's key to high-end chips that may be on your phones or gaming systems, things like that. But TSMC and UMC together are also the world powerhouse in legacy chips. And then there's thousands of small companies in Taiwan that support both of those companies. And they are a significant load on the Taiwan power grid.

So, the choice you've – the dilemma you face is, do I continue to internalize this problem? If you're President Lai, do I continue to absorb this problem in Taiwan alone by putting it on my hospitals, powering down hospitals, homes, schools, ministry to, you know, government sites? Or do I do the other choice, which is power down the industrial capacity?

And I think wisely, he would choose number two. He would take our – his crisis, and I think we say in the paper, and make it the world's maelstrom, economic maelstrom.

If we stop delivering – if Taiwan stops delivering chips, it doesn't happen the next morning. But after everything that's inside the United States on a truck, and everything that's at Oakland ports, and everything that's in a ship on the way to Oakland, after that's all been delivered, you're going to have a lot of trouble building an F-150 or Whirlpool washing machine without the chips that come from TSMC and UMC.

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So, this is not – this TTX is not to be ignored. Taiwan is not to be ignored. They are a key ally and partner that has to be supported. So, it made my number one lesson that: we have got to lower whatever we call our red lines, our constraints, to more actively and aggressively work with Taiwan ahead of time.

By the way, the best thing you do here is deter China from this specific path by doing preparations ahead of time that make Craig – or Chairman Xi – go, “Well, that is not the path. I'm going to try something besides energy.” But we're not at that point yet. The lessons have not been learned. They haven't been absorbed. And the actions haven't – the preparatory actions haven't been taken.

So, the Sophie's Choice is: do I keep it as my problem, or do I make it the world's problem? And I'm with a Taiwan president, a President Lai, or any other leader of Taiwan, that says, “I need to make this a world problem.”

SINGLETON: Yeah, I would just add on to that briefly. As the PRC player, I had in front of me, sort of like, I always call it like my dictator's playbook. Like in front of me, I write how I think Chairman Xi Jinping would play this scenario. And the number one thing I write up top in bold and highlighted is “keep Washington out of the game.” And this point of the game drew me in.

It was a second order of fact, maybe unanticipated effect of what the constraints I was putting on Taiwan's energy sector. And maybe I wasn't expecting it when it happened in the game. But when it did happen, my first thought was, “Oh, God, like now Washington's going to get involved. Now, the Europeans are going to get involved.”

And I was, in my mind, artfully constraining through this slow-motion strangulation strategy the island with the pressure. But the second, this decision was made in the game – and I think it was – we articulated in our – the second move of the game – my risk calculus changed entirely. And from there I was faced with some pretty serious trade-offs.

ARKAN: I would just add on from an energy market perspective, what's interesting is because of the way their market's set up, you're basically making existential decisions within two weeks about how you're going to run your country, how you're going to run your economy, what you're going to tell the people. The U.S. obviously also uses a lot of natural gas, but the U.S. has a lot of storage and the U.S. exports gas. So those are relief valves right there, that you can turn on and turn off. Taiwan doesn't have that, it just consumes.

Mark made the point that they have something called a reserve margin which is very tight and the utilization for their energy infrastructure generally is incredibly high. And because they don't have nuclear, they need baseload generation. Because if you look at a profile of how the photonic plants and the TSMC plants run, it's basically flat.

Obviously human demand has peaks and valleys, but because it's completely flat you have to have commensurate, what we call “baseload,” dispatchable generation. They don't have that if they start to lose natural gas, and there's only so much coal they can stockpile as well.

KINE: Right. Mark?

MONTGOMERY: And that two-week number is important because one of the things that when we play this game, when we play any Taiwan war game, one of the fallacies is the decision-making pace of the U.S. White House. Both Craig and I have worked in a White House – in different White Houses, with different parties. And there is one consistency, which is a deliberate decision-making approach.

And so, I just think, you know, in any kind of war game with Taiwan, the three, four, five day delay in the White House to get to a final decision where the president's like, are you sure my personally calling this other person won't impact and make a change? And you're like, well sir, we'll set the phone call up for you when the hours are right and you lose another 12 hours.

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That three, four days is killer in this game, in this scenario, as it is in a kinetic scenario as well, the Cross-Strait invasion one. So, and we have to – let's say your plan is to get Navy ships there to convoys. We don't just have Navy ships sitting outside Kaohsiung Harbor just randomly. If we did, we'd have another problem with the Chinese.

But you know, you know, they got to be by – you know, if you have to work with the Japanese, their decision making process slightly even slower, you know, I mean, unless you have a prearranged agreement. The Australians are an even farther – they're farther away than Yokosuka, Japan, the U.S. Navy port. What I'm saying is time is a commodity in this. Craig knew that when he played it. And what Kenan is saying is, is that when the end game's 14 days, you're at a crisis decision making point three to four days into this event when you still just think, what are the Chinese up to?

KINE: Right. So going with that concept of time and referencing what from this day forward will be known as the Singleton Window, 2028, it's marked on the calendar, and they'll let you know if President Lai – and I mean just, Kenan, this is your world in terms of energy supplies.

In practical terms, how feasible is it for Taiwan to diversify supply through expanding their, you know, their storage capacity, regas units or long-term contracts with their main suppliers? How do they do that?

ARKAN: Sure, I'd say feasible, not fast. None of it's easy, obviously. And you know, if I'm just bottom lining it, they need to start on everything at once, essentially. So, because the regasification utilization, so they have these three terminals I mentioned on the strait facing side, because the utilization is so high right now, more cargoes doesn't mean more energy. There's still this bottleneck.

Now there are plans to build a lot more of them. We heard from various representatives – that's all public – that they plan on having a lot more of them. Potentially some on the east side of the country, but those take a very long time to get built. I think you're talking three years potentially. There's all sorts of domestic political issues from what I understand around...

SINGLETON: It's before my window.

ARKAN: ... permitting – some might take five years, some are 2031, and so it's not fast. But that's a big point, frankly because more cargoes obviously means more economic growth and more cargo means resiliency as well.

Storage, there's two types. There's, you know, big above ground tanks, which there's plenty of military talent in this room, are just really big, fixed targets. And they're expensive and they take at least a year. And they're expensive because, to nerd out a little bit, LNG is super cooled, which means that it has to be kept in a pressurized tank. And there's still this concept of boil off, which means that over time each day you lose a little bit, but it adds up over time. So, you don't want to have storage at all times and rely on that.

Underground storage is logical. The U.S. has a lot of underground storage. From what we heard and what I would imagine, geology is a problem. Certain types of geology. We heard that they're concerned about seismic activity, which is a logical concern. And so, it's not fast.

We did talk, and I think it's in the paper as well – third party storage is an option. There's a commercial precedent for this. Japan and South Korea have leased out oil storage to third parties. It doesn't eliminate the maritime choke point, but it just buys you days of endurance. And it's more commercial entanglement as well.

Before I get off on the supply side, there's something called an FSRU, floating storage and regasification unit. Does everything a port is supposed to do, but it's basically a big ship that, instead of building a purpose-built port, you bring the ship close to shore and then you hook the ship into the grid, and it lets you do what an import terminal does.

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That is certainly viable, certainly something that should be done and should be done fast. Still probably going to take at least a year for it to happen. And there's only about 50 of them that exist in the world. And most of those are meant to be utilized heavily and under contract for a long period. So, there's a commercial aspect of, how do you get ahold of one, as well? On the supply side, and we spent a lot of time on this, getting your hands on more, we'll call it allied non coercive respondent supply, is important. Australia, just its market function, probably not growing its LNG exports anytime soon. So, we consider that out.

The U.S. is the obvious choice. The U.S. is going through – it's already a dominant market player – it's going through an incredible boom right now of building out more terminals. It makes a lot of sense to do that and get your hands on as much as possible, and I think, and we'll talk about it more, I'm sure.

There's this concept of – the Japanese have done it; the Chinese are doing it now – having a marketing function. The Japanese go out right now and, in the winter, they buy one excess cargo a month just to have floating around in case they need it. I think a concept of doing that here and having a trading function that lets you say, "I'm going to buy more than I need just in case something happens with one of them. Worst case, my liquidation cost me selling it to someone else. I might lose money on that. But I always have extra cargoes floating around just in case something goes wrong with one."

So, I think, you know, in summary, doing all of those, and starting all of those now, will add days of endurance and really important – and frankly just takes, you know, incremental pieces of the coercive playbook off the table.

MONTGOMERY: If they do that – you know how the U.S. leans on our allies to spend some amount on defense? And it's – I'm going to ignore the 10 percent idea with Taiwan, but you know we're legitimately talking about growing from 3.3 percent now to five percent. But in addition, we like our allies to spend about 1.5 percent on defense-related kind of expenditures. I would consider these LNG investments; every one that Kenan mentioned is a legitimate one where they could, they could show the United States, "we are a valuable ally who invests in the things that we both need us to invest in."

Their investments in these kind of things, floating refrigerant units, a deal for stowage in Japan, these are all things that make the United States less vulnerable to being drawn into a conflict. They're doing us a favor here as well as obviously doing themselves a favor. So, I'd like all of these.

I think unfortunately for Taiwan, I think you're mentioning short-term ones, medium-term ones, there's probably long-term ones in terms of being involved in the LNG in Alaska; that's probably more a 2032, 2033 kind of solution. All of those – they're going to have to do all of them at once, and that's going to have a bill. But I think that's how you deter China. You show China, nothing's off the table to me. I want to do all of these things, and I'm going to make these investments.

And there's ones they could probably do outside LNG with nuclear power as well. Particularly, I think, over time, small modular reactors are going to have a very happy customer in President Lai. I think he thinks a lot of them. I think a lot of us do. I think we're a little ways away from the size of small modular reactors that we're going to need to get what he wants done in Taiwan. And he could consider that there's been some recent votes in the Yuan about restarting not all of their nuclear power plants, but some of their nuclear power plants. So, in my mind, there's a lot on the table and they really have to do, as Kenan said, all of it.

But I also think they'll get credit with the United States, and they'll get support from Japan once the United States acknowledges this is the right thing to do. And as long as it's done ahead of a crisis – you can't go to Japan in the middle of the crisis and say, "Can you be our excess stowage capacity?" The Japanese are going to be like, "Thanks for nothing," right? But if you go to them ahead of time, you make a contractual arrangement with the United States' support, I think the Japanese will acknowledge that and adhere to it during a crisis.

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ARKAN: I think one thing that – we've talked about nuclear, you know everyone had to become a nuclear expert to some degree on what was going on and, you know, the viability of bringing some of these plants back online. Craig and Mark know far more about the domestic politics and, you know, they should opine.

But I think what's interesting is really only the one that was decommissioned recently can get brought back online in what I would call a reasonable timeframe; obviously tied up in a ton of domestic politics. As the energy person I get to sort of wave my hand and say, "It's domestic politics, it's not my thing."

But when you start looking at just, again, you know, the thermodynamics, the numbers of if they bring the nukes back online in a scenario where they're rationing at 75 percent, you know, just keeping the chips open or just doing human needs, it's 10 percent at that point at a 75 percent rationing scenario. So, it's pretty substantial, and I think that also is a really powerful signaling mechanism as well, if we are serious about buying days of endurance, about doing hard things in order to harden our electrical grid.

KINE: Yeah. I want to get to the nuclear part in a second. I think that's really important. But I want to go back in terms of, I mean, what you have unpacked, the three of you in terms of preparation.

Why are we here now? I mean, this is like the most obvious sort of glaring Achilles' heel. Why, at the end of 2025, don't we have, like, these massive storage – why has the Taiwanese government, which has seen a clear and present danger for decades, but particularly over the last decade, taken action to be able to address this?

MONTGOMERY: And let me approach from two points...

KINE: Yeah.

MONTGOMERY: ... one to us and one's them.

KINE: Yeah.

MONTGOMERY: From us, it's the nice, warm blanket of the Taiwan Relations Act and the idea that, you know, we have to have strategic ambiguity. So, we have not leaned into this at all. I'll be honest, I mean, I just – when we were doing research for this, we actually had to write the re-flagging paper. We have a couple – Ike Harris, who's now on the China Select Committee but was independent when he wrote it, a British commodore named Pete Olive, that actually wrote this with the three of us so that we could just prepare for the exercises because it just isn't being studied.

The United States is – we haven't done a good job. I don't want to get into all the kinetic problems, but we literally aren't properly integrating with their military. We're talking about fighting alongside them, sacrificing seven- to 30,000 Americans. But in the meantime, out of fear of not provoking – out of fear of provoking China, we don't do comprehensive exercises with the Taiwan Navy.

So, take that to this same – you know, the same thing here, that we just aren't – this was not an issue to be done, and I don't think the Department of Energy or Commerce or Treasury focused on, what do we need to do to make Taiwan more resilient? I don't think those are words that have flowed out of every, any cabinet member's mouth in the last 30 years. So that's us.

With Taiwan, part of it's that growth of the econo- – I mean, this is like one of those good news/bad news things. When your economy grows this fast and you're on a constrained island like that, this – I mean, you can very quickly get yourself in a bad place. I think the decision-making on nuclear power runs counter to the logic of resilience so that's a, but that's a – that's a political decision.

But the LNG, and the coal issue, I think, is driven much more by just, you know, the government not recognizing the pace at which the economic growth was putting them in extremis.

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SINGLETON: Yeah. I would just add. I mean, here in Washington, we are – there is a cottage industry of wargaming, and it's focused on the kinetic scenario. People think the hardware solution is maybe the easiest one. Can't we just make more harpoon missiles? Like, why can't we just build these things out, these structures out?

And I think President Lai has been very smart, and one of his first acts was to establish a whole-of-society resilience commission because we've often forget not only that Taiwan has agency, but they're at the tip of the spear. They're experiencing the gray-zone coercion every single day.

And I think they were very smart early on to recognize that there was a coercive and a corrosive component to these gray-zone activities to undermine popular political support just for faith in the government. And so, they started to think through, how do we sensitize our population in a way that isn't rooted in fearmongering, but is rooted in preparation to get ready for what we hope will never come? How do we buy time and slow them down? How do we make ourselves a less-attractive target? And I think that the government in Taiwan has devoted ample resources to this, but they can't do it alone, obviously. And as Mark mentioned, they're diplomatically isolated.

I think one of the things that made our tabletop scenarios unique, again, is that we had participants from around the world there: U.S. allies and partners, private-sector stakeholders, and everyone was in the room, and our sort of key takeaway is, not everyone has to do the same thing, but everyone has to do something. And so, by having these conversations now and sort of telegraphing our moves, I think we complicate China's calculus, but we also open up opportunity space for all of us to sort of, again, buy time, enhance resiliency, and start to plug some of these holes that are beyond just missiles and munitions.

KINE: Right, right. So, I want to get into the nuclear part. That's really important. I was a reporter in Taiwan during the '90s, and one of the most visceral political issues of the time was the move to – a mass movement in Taiwan – it was widely, sort of, bipartisan – to close Taiwan's nuclear power plants for reasons of safety. Taiwan has a lot of earthquakes, seismic activity, but there was also that hangover from the Chernobyl disaster in Russia that really spooked people, caused that mass movement across Europe and happened to occur in Taiwan, too.

So, Craig, your report says, look, Taiwan needs to revisit this. That Taiwan needs nuclear.

SINGLETON: Yeah.

KINE: If they're going to live through this, they need nuclear. But if you are President Lai, who's coming up on that 2028 election, this could be a potential third-rail poison pill for a populace that feels, perhaps, safer that now there is no nuclear power plants on the island.

SINGLETON: Sure. I mean, I think we should be clear that politics, and not physics, drove Taiwan's nuclear exit. This is not a safety issue so much as a green strategy gone awry in Taiwan. It's great to have solar panels across your country if they're not sourced from the PRC, and I would say in every wargame we've ever participated in, as the PRC player, they make really great target practice for me. They represent almost no significant part of the load on the grid, and I think it's a real mistake.

Other countries in the region with massive seismic challenges, like South Korea and Japan, have re-embraced nuclear, and that was after Fukushima. They did so for a few reasons. One of the most recent is that the Russia-Ukraine war has signaled the weaponization of energy markets and they didn't want to be reliant on Russian oil.

So, a lot of work has been done in strengthening and in enhancing the security around the civilian nuclear power industry writ large. And I think if we step back and recognize that this risk is real, the scenario that we're describing is real, it's a critical, core vulnerability in a country that has a longstanding history of relying on nuclear power. At one point, Kenan mentioned, it's almost 20 percent of their grid not that long ago. What can we do here as a stopgap measure?

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We have talked a little bit about a few of the solutions. One is of course the last reactor was just recently shut down in the last few months. I think there should be a strong push to restart that facility. SMR, or small modular reactors, we're not there yet, but could you pilot some of these emerging technologies, just try to sustain government operations in a crisis? Again, that's a key aspect of societal resilience.

I think Kenan's solutions are masterful here too, of thinking about more U.S. LNG. How do we harden their grid against cyber coercion? But nuclear has to be a part of this conversation. And increasingly, whether there is a holdover from Fukushima and some of the sort of the ghosts of the 1990s, the reality is that it has to be part of the solution.

The sooner that the people of Taiwan and, I think, the legislature there can demonstrate that political bravery and lean into it and make the case clear that the island will not survive grey zone coercion against LNG, then I think people may change their views on whether they're willing to embrace different types of nuclear, and that's an education campaign as much as it is an investment campaign.

KINE: Mark?

MONTGOMERY: I would just say yeah, I'm a nuclear power operator for the Navy for years, slept on top of, or within, you know, a couple hundred yards of a – or a couple hundred feet of a nuclear reactor for...

SINGLETON: That explains a lot, Mark.

KINE: And you're doing fine.

SINGLETON: I did not know that.

MONTGOMERY: You know, my family slept, you know, lived, like, 500 yards from the aircraft carrier. So, I feel very comfortable when we were in port. I feel very comfortable with nuclear power. I think there is – you know, if I could go back 30 years, I'd attempt to help the Taiwanese people see this correctly.

Having said that, we're in the position we're in now. The hardest part they're going to have is – I'd be surprised if even the first reactor complex, couple reactors in the first reactor complex, can be up by 2027 or 2028 because of the back order, because the reality is the rest of the world is embracing the same fuel rods that they need to go buy and the same modernization equipment. So, they're going to have to, just like with – same thing's true, by the way, for the floating stowage units; the same thing's true for LNG tankers, which mysteriously Taiwan doesn't own any of, and we'd like them – we think they should, make it easier to re-flag, things like that.

So, I think there's opportunity here. I think most of it kicks in in 2027, 2028, but you have to make the decision...

SINGLETON: The Singleton Window.

MONTGOMERY: Say again?

SINGLETON: The Singleton Window.

MONTGOMERY: The Singleton Window, yeah. Thanks. And – but I think it starts – those investments have to be made today. You've got to make the decision today...

KINE: Yeah.

MONTGOMERY: ... fund it over the next year or two. And look, they have another challenge – they're a democracy.

KINE: Yep.

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MONTGOMERY: President Lai is a great leader. His societal resilience thinking has been fantastic. But his budgets go through a legislature run by the opposition. And we have to remind ourselves, we have to embrace, that because they're a democracy and they have elections, and elections have consequences, and one of them is that they've got to work as a team to get this done.

Now, I think on the defense – watching how they've done the defense budget and I think won over the opposition to the appropriate defense budget – it's not done. I know that the president can do, and that Vice President Bi-khim can do that again, but they're going to have to do it in energy as well. And they're going to have to treat it like defense, which is, this is a national security issue, not a domestic political issue, and we have to work to get, we each have to give – we have to reach a consensus to a compromise that allows Taiwan's energy grid to be the winner.

KINE: Yep.

SINGLETON: I just want to add onto that, we talk so much about a potential Silicon Shield for Taiwan, but my view is that I do believe the PRC would be hesitant to engage in aggressive cyber operations against an electric grid that included nuclear for the potential fallout consequences that occur.

I think my assessment, and most people would agree, is that China is seeking to subjugate Taiwan. They don't want Chernobyl.

KINE: Yeah.

SINGLETON: The potential fallout scenario of them meddling with aggressive cyber operations in their grid and the fallout cloud on the United States and what would happen on the island, not only would it puncture this bubble that the Chinese have presented as being responsible global stakeholders, but it would actually make it impossible to retake the island in their mind, right?

And so, I think that it provides a deterrent effect to have some nuc- – again, diversified power pathways – but nuclear does provide a deterrent shield in maybe a way that I think is even more enhanced than the Silicon Shield argument.

KINE: OK. So, the three of you have really beautifully unpacked the fact that there are political challenges, there are economic challenges, there are technical challenges to fending off and dealing with this scenario.

So, I want to take a step back and ask you: what is the mix of deterrence and resilient measures that could dissuade Beijing from ever making that move, to make sure that we don't have that zero day?

Mark, do you want to go with military first?

MONTGOMERY: Yeah. OK, military. Yeah, so in there – and this is both the papers we're releasing today: one is very much on this tabletop; another is on the very specific maritime issues associated with this.

There's a lot we need to do in the military. Our Navy needs to be conducting maritime convoy operation exercises, right now, between Guam and Taiwan, between Singapore and Taiwan, between Taiwan and Japan, demonstrating that we're committed to patrolling these routes, assigning ships to do this.

We then, after doing a few of our own, need to reach out to the Taiwan in a bilateral exercise – by the way, these kind of exercises ordered by Congress in the 2023 NDAA and broadly ignored by both the Biden and Trump administrations. So very aggressively do bilateral exercises with the two countries. You get a ship that looks like an LNG ship, and you escort it, and you practice doing it, in full, you know, vision of the Chinese.

Then, the hard part. We reach out to Australia and Japan and say, "Do bilateral with us leading into trilateral with the Taiwan Navy." And that – so you set up a process, a habit, a capacity, and capability to conduct these convoy operations.

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As part of that, you look at establishing maritime transit routes for LNG ships in a crisis. So, you show exactly how you're going to take them in so there's no doubt, because what you want to do is – is force Craig, as Chairman Xi, to confront the idea that if you're going to escalate this and block these ships, we're going to escort them with the U.S. Navy. What's your next escalation? To sink a U.S. Navy ship? I don't think you have the game in you to do that. And, you know, we need to bring that up.

And then the other thing is we'd set up a maritime information-sharing regime, you know, with a coordinating center in the Philippines or Taiwan or Japan – you can pick your choice – or Guam, if that has to be the U.S., where you're sharing information about what's going on. And then finally, some kind of security center there, where you talk about the security threats and put that out.

There's all these things you can do to kind of set the ligature in place that says, if you do this, we're going to come full scale in the military, in the maritime realm to – to prevent you from blocking these ships, 'cause in the end, that's the key. Of all Craig's trick- trickery, the one that was the most effective was the one where they blocked ships from transiting.

And then I think if they were to do, like, a missile closure area, and we said – you know, over Kaohsiung, the LNG facility – we would then literally just say, "Nope, we are going to – we're announcing an escort. We're going through. Are you willing to fire an IRBM or SRBM in the vicinity of a U.S. Navy ship? We don't think so, we're going in."

KINE: Right, thank you. Economic deterrence.

ARKAN: Sure.

KINE: We're running short on time.

ARKAN: Yeah, I'll be fast.

KINE: Thank you.

ARKAN: I think there's a couple of ways to look at it. The things we talked about, storage, it's incredibly thin already. It gives you a sense their goal in 2027 is 14 days. So, four days of added storage and a couple of years. Obviously, more supply changes, which we've talked about as well. And I think there's an economic mechanism to make, you know, a trading function work.

My big takeaway from this is, you know, further commercial entanglement with the U.S. and other allied countries, especially on energy. It's not just a soft power play. It's also, it's a course of limiting mechanism for the country as a whole.

Just having more energy, called interoperability, with allied countries. Owning ships, we talked about. And then I also think the energy mix improvement. You know, we've talked a lot about what it does from a political situation and how it can help. But just down to thermodynamics, if you look at countries that have phased out nuclear, they've had to backfill that with coal. And so, there is an environmental argument to be made as well of, you need base load generation, it's the way the world works. It's nuclear or coal because you're maxed out on gas.

KINE: Craig, Taiwan is sort of like the orphan of Asia in terms of not having many diplomatic, formal diplomatic partners. What's the diplomatic angle on this?

SINGLETON: Yeah. I mean, deterrence by resilience is a coalition sport. So, I think Mark mentioned, and he's right, how do you have enhanced maritime transparency? Thinking about supplier alignment, I think is key here. Whether you have a quiet energy contact group where it consists of all the parties that are providing energy and making those pre-commitments to continue to provide the energy in the event of a crisis, I think sends a signal to Wall Street and Main Street that we are in this and we're willing to be committed here to ensuring energy flows and the free flow of goods in the Taiwan Strait.

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I think another signal though is sanction signaling. And I think it was last month that the Senate Foreign Relations Committee hosted a hearing, and they talked about how do we address this gray zone behavior?

And it was Chairman Ricketts and Ranking Member Coons introduced bipartisan legislation that would think about how do you – how do you make clear that if Taiwan, or rather China, crosses particular red lines on energy or quarantine scenarios, you would have sanctions blocks put in place on certain Chinese banks and entities. And that is certainly a major complication for the Chinese as their economy faces significant headwinds. And it was certainly going to be a major complicating factor to me as the PRC.

MONTGOMERY: I should mention that as part of that, before the hearing, Craig led a tabletop exercise that looked at this exact same thing with that committee. So, I think that contributed pretty heavily to their decision-making. But that's how you have to do it, is one entity at a time, convince them to take this issue seriously.

KINE: So, I want to switch geographically to another part of the Pacific. I want to think about Alaska. And the Trump administration has made a big push for energy dominance and major LNG export projects, including the Alaska LNG project. And Taiwan's been, I think, at the very least, assigned an MOU for investment there, as has Japan. I just wonder how Alaska LNG – how do these efforts fit into the broader deterrence picture? Kenan?

ARKAN: It's more U.S. flow, obviously.

KINE: Yeah.

ARKAN: Sort of lacks all other chokepoints, except for the strait, which we've already talked about, because it's on the west coast of the U.S. And I think it's more commercial entanglement, obviously, just any U.S. exports.

U.S. is unique as a very investable upstream sector, which the Japanese and the South Koreans have done to great effect. They're very well-versed in U.S. upstream energy. They have marketing arms based out of Houston, and they trade energy already in the U.S. And so, I think it's further, it's further commercial entanglement.

And also, the U.S. is at this moment in time where its LNG exports from last year to the end of the decade are going to effectively double and it already is the world leader in this. And so, it's something that the U.S. has on offer that's a very unique product, I think, when you look at the world of LNG exporters, because it's a transparent market, it's underpinned by capital markets, it's underpinned by a very transparent commodities market, and so there's a lot that can be done that the U.S. can underpin.

KINE: And quick follow-up, just focusing on the Alaska project. Where is that? That's pretty – that's years from actually delivering LNG. Have you got a sense of where we are with that?

ARKAN: Correct. In the 2030s at the earliest is what the public comment.

MONTGOMERY: And I think on occasion, you or others have said that it's going to be one of the hardest pipelines ever built.

ARKAN: That is – that is certainly what they've said, and it's an expensive project. And to make a statement, one of the obvious, relatively inhospitable territory.

MONTGOMERY: But to everyone's credit, I mean the governor of Alaska has been to Taiwan, met with President Lai. I mean they're working hard on this. I think this is part of the long-term solution.

KINE: Yeah.

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MONTGOMERY: Look, a long-term solution where they're getting 40 percent of their LNG from us and 45 percent from Australia is a world I can live in. And it's a world where I can envision U.S. Navy ships and Australian Navy ships ensuring LNG makes it to the port of a destination.

ARKAN: And, obviously, all of this means, just to put it bluntly, more U.S. stuff transiting places where we probably want more U.S. stuff to transit.

SINGLETON: Yeah, I would just add on to that. My first call in our scenario, and the first move, was to Doha, because they're a major supplier of LNG. And so, as the PRC player, I said, "I'm going to exert diplomatic pressure on the Qataris to cut Taiwan off." And I don't have any doubts that the Qataris would follow through on that pressure campaign.

So, whatever Taiwan can do to reduce their reliance on Qatari energy and think about this diversification with allied scale, I mean, again, reduces my ability to, at the front end of this coercion campaign, accomplish my objectives.

KINE: So, Congress is starting to recognize energy as a national security issue, not just an economic issue. And we've seen hearings and legislation come up in the Senate Foreign Relations Committee kind of reflecting that. So, I just wonder, how do the findings of this report kind of reflect what lawmakers here in the U.S. are proposing?

SINGLETON: I think members of Congress – we often joke that China makes for very strange bipartisan bedfellows. And it's very true. And I think on this issue in particular, members of Congress of both political parties in both chambers are zeroing in on the same scenes. And its energy intersecting with commerce.

And they are seeing a signal from the White House about the importance of energy dominance and energy exports and powering our future. And then they're looking through the geopolitical lens of Taiwan, and they start to see maybe there's some opportunity space here.

So, it was at that interesting hearing that I thought, again, both sides actually getting along, which is a great signal. Not just to the PRC, but I think domestically, to say, what do we need to do here to diversify LNG supply? How do we signal some of the sanctions against Chinese targets today? And there's multiple bills, again, all bipartisan, advancing in Congress that address this very fact.

I think you start to think about mandated contingency planning. Mark mentioned it earlier, and he's exactly right. The Defense Department, or Department of War, is mandated by Congress to conduct lots of contingency planning on lots of different issues.

One that they aren't required to look at is an energy quarantine scenario. So, can – through a legislation in the National Defense Authorization Act, can you mandate different parts of the interagency to work together to problem solve this very issue? And so, I think that's where Congress is sort of eyeing opportunity space, not just because there's potential to advance domestic renewal, but also to enhance deterrence in the Taiwan Strait. We'll see.

I think, what are we, five days out of a shutdown? Maybe I'm overly optimistic. But I think on this one, this issue in particular, there's a lot of opportunity space and members are getting more up to speed about what are the benefits, not just for their districts and their states, but for the United States and our economy as well.

KINE: OK, we're rapidly heading into Q&A, so tee up those questions. I want to go one more question here. And this is outside the remit of your report because it's fairly new, but we have a situation in Taiwan where – what your report says Taiwan's got to do stuff, the government's got to do stuff in order to fend off aggression from China across the strait. We have seen how the fact that the opposition KMT party is refusing to approve necessary increases in the defense budget. Essentially, we have this stalemate, political stalemate, between the KMT and the ruling DPP of President Lai.

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You're asking, or recommending, that the government take these actions that would probably be perceived by China as provocative. We have a new leader of the officers in KMT who is very China friendly, who actually is Putin friendly, which suggests this could be a pretty heavy lift politically in Taiwan. I wonder, jump ball for this, if anybody wants to speak to this, because even in the best worlds, the political situation in Taiwan might work against the recommendations of your report.

SINGLETON: I would just say in our interactions in Taiwan, and we meet with everybody and anyone, our interactions with KMT legislators, particularly those focused on national security and defense, has been overwhelmingly positive in terms of enhancing defense spending and thinking about plugging holes. The new KMT chairman, I mean, obviously is representing her own views and she's allowed to do that. And elections have consequences. And we'll see where things go, in terms of the upcoming elections, both at the municipal level and, I think, at the national level.

But at the end of the day, there's a broad, I think, recognition that more needs to be done. But a debate over how to spend this new money. For example, do we spend – do they spend more on submarines, which is a key priority of former President Tsai Ing-wen. Or should we spend that money perhaps better on enhanced wages for Taiwanese military officers? Both as a sort of incentive for people to join Taiwan's military. These are important and very healthy conversations for the people of Taiwan to have. Taiwan, we often sort of fail to recognize in some of our discourse, has tremendous agency over its future.

And I think on this front, I don't hear much talk in Taiwan about reducing defense spending. There are just spirited debates about what to spend money on. And again, those are decisions that they should make. They are best assessed, I think, to determine their general operational risk. But at the end of the day, it does require a domestic political environment and relationships, where you focus on bridge building. And after a very difficult year in domestic political politics in Taiwan, here's hoping that they can sort of bridge those gaps.

KINE: Go ahead.

MONTGOMERY: I'd say quickly, I don't know that their domestic political politics are any worse than our domestic political politics. And that's the beauty, obviously, of democracy. But what I would say is I agree with Craig. You know, we meet with the KMT regularly. Admiral Chen, one of their senior national security members, is a friend, and I think very committed to the defense of Taiwan. What I would say is their eventual budget is going to be five percent on defense, and so they're going to get everything both sides wants and then some more.

The biggest challenge they're going to have in getting defense spending right is the fact that only the United States sells weapons to them. And U.S. foreign military sales is a broken, lethargic, you know, cluster of a system. And if we can't fix that, they're going to have trouble getting to even five percent. And I'll tell you; I am shocked at the low level.

There's been one \$385 million package during the Trump administration. This would be the lowest year in FMS [Foreign Military Sales] sales in decades if we don't get off of that. And I have a sneaking suspicion there's no FMS sales to Taiwan out of a false sense of fear of provoking China with FMS sales while we're doing trade negotiations with China.

At some point, we have to recognize the actual challenge to Taiwan defense spending is U.S. inability to sell them weapons fast enough, and to get the FMS, foreign military sales, approvals teed up fast and executed rapidly.

KINE: Right, thank you. All right; we're going to go to Q&A now. I'm going to stop monopolizing the conversation. We would love to get questions from you. We have people who are moving through the audience with microphones, and we're going to go to Mr. Ken Moriyasu from Nikkei. Thank you.

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MORIYASU: Hi. Thank you. Ken Moriyasu from Nikkei Asia. I have three questions. First on LNG – Alaska LNG. Do you think that there is more incentive for Taiwan, above economic reasons, to invest in this pipeline? Like Japan, South Korea is a little hesitant to invest in this 44 billion pipeline. Do you think Taiwan should go even more ahead of those two countries because of this reason?

Second, still on LNG, why do you think Qatar would adhere to Beijing's pressure not to sell to Taiwan? I think President Trump just signed an executive order promising an Article V kind of protection to Qatar. Why would they rip that up and help China?

What I'm most interested in, taking a step back, what makes you think that China is in a hurry to go this scenario? You said it's the most likely scenario compared to kinetic. I understand the kinetic scenario if Taiwan were to declare independence; I could understand China taking action. I could also understand a peaceful unification down the road, 2050, when China is the world's number one economy, and it makes economic sense for Taiwan to maybe choose that.

If in this scenario, of strangling Taiwan, you say the Taiwanese people will be exhausted, fatigued. They will surrender, and then China probably would be really hated by the international community. What is in it for China to have this accelerated scenario?

KINE: Thank you. Who wants to go for that first?

MONTGOMERY: He'll do the LNG and then we'll do the politics.

ARKAN: Sure. So, Alaska LNG, its U.S. LNG. It's – I can't speak specifics on the project, but if it's U.S. LNG, it means it lacks destination restrictions. If it's coming from the U.S., its underpinning investment in the U.S. And I think just big picture, there's a lot going on politically, where there's interest in having more outside investment in U.S. things, energy being a big one, and energy being a place that's right for development.

On the Qatar question, I'd say again, just looking at the actual statistics around, you know, who are Qatar's customers? We didn't really talk about it. China also happens to be the world's largest LNG consumer, and so it's the world's largest LNG buyer. And so, there's a commercial incentive potentially. China takes much less U.S. LNG. It takes a lot of Australian LNG, just obviously given geographic proximity. I'll let Craig and Mark talk more about the knock-on effects of that. But it's a major customer. There's a lot of existing investment by China into the Qatari upstream sector. I think there was a 27-year contract signed quite recently and so there's a lot of commercial entanglement between those two countries.

KINE: Thank you. Oh, Ken, we have a lot of –. Yeah.

SINGLETON: I'll just chime in on my side of the equation. Kenan's right in that China is Taiwan's number one customer. And so, with that there's a...

ARKAN: Qatar.

SINGLETON: Qatar, sorry. There's a market mover advantage for sure. But the Qatari emir has made quite clear in public engagements with the PRC that he sees the Taiwan issue as Xi Jinping does. And to ask the Qataris to again slow roll or disrupt potential LNG shipments would be a sub-threshold pressure tactic that I think Qatar would be quite amenable to.

Even as parts of the United States government have reached out to the Qataris in various capacities, most recently during the Trump administration, none of those security guarantees were ever linked to things like Taiwan. It would be interesting to see whether Qatar would agree to those types of security backstops or requirements, I think, in that space.

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And then on the speed up question, why? I firmly believe that, again, it would be very difficult for the Chinese Communist Party to accept four additional years of DPP rule, in total 16 consecutive years. I think it would be a signal to the PRC, and the CCP in particular, that their strategy of slow motion strangulation has failed, and that would force them to start to consider more aggressive, more potentially kinetic options.

And so, there is an urgency between now and 2028 to accelerate this coercion campaign, the self-reinforcing campaign, of military exercises and encirclement with economic pressure and leverage to undermine domestic political confidence in the current government. And so, time is the test, and they don't have that much time left.

KINE: All right. A question here, the front? Could you please identify yourself and please be concise? We are running out of time. Thank you.

HENNESSEY-NILAND: Sure. Ambassador John Hennessey-Niland, retired, now Scowcroft director of Texas A&M. Thank you for pointing out the vulnerability of energy supply to Taiwan. Obviously, the PRC faces a dilemma: if they push too hard, they may force a reaction from the United States or even force a decision for President Lai to make, which is either to keep the apartments warm for the elderly or to take the option of making it difficult for the United States and forcing the U.S. to take action.

Question is, as we're here in Washington on the Washington part of the tabletop exercise, we could, I suppose, do the convoy operations. I suppose it would be one ship a week. A question, whether we can actually do that and maintain that tempo, or whether we would take perhaps an easier option, which is to protect the U.S. economy and pressure Taipei, not Beijing, to come to an arrangement with the PRC on energy?

Appreciate your thoughts on that and whether that was teased out in the tabletop exercise.

MONTGOMERY: So, I'll, I'll go first and say there is not a problem – I mean, I commanded all of those units out there. There's more than enough units to do convoy operations. That's not – that's not going to be an issue.

But there's a political will issue, and I would say, you know, it's – if a president of the United States makes that political decision, I would just caution him that the next pressure point's Japan, and the next one's Korea, and how do you, like, you know – and while you may like South – you know, dealing with South America, it's four percent of the world's GDP and you just walked away from 43 percent of the world's GDP.

So, I would caution an American president to see Taiwan as anything other than a key ally and partner to the United States, one that has to be protected in this. It's not about a Silicon Shield, it's about the country in – it's a country in East Asia that is, you know, Chinese – ethnic Chinese, and democratic, and, you know, capitalist, and it is the example that the Chinese Communist Party hates to look at every day.

So, from my point of view, there's a national security interest in supporting Taipei that goes well beyond the Silicon Shield. The Silicon Shield is legit. We need that to power our economy.

And I think one other thing I'll tell you, the CHIPS Act demonstrated that \$50 billion in U.S. money got us about two percent off of high-end TSMC. You know, by the way, that assumes that we can ever train the workforce in Arizona to actually man the TSMC site there.

We are not going to get off of Taiwan. Taiwan is a critical part of our economy; they're a critical ally and partner, and we need to start treating them like that. And, you know, for me, a large portion of the Taiwan Relations Act needs to be reviewed in that kind of light.

I would go the exact opposite way of abandoning Taiwan and instead begin to embrace them as the true ally and partner they are and the true democracy that they represent in East Asia.

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KINE: OK. Do you want to speak to cutting a deal with Taiwan to cut a deal with China...

SINGLETON: I don't think we should do that. As fellow A&M – fellow A&M alumni over here, I don't, I don't think that would happen. I think the biggest X factor is, in fact, Washington, right? I think the lack of clarity on some of our commitments there is a major issue. I do believe strategic ambiguity continues to pay massive dividends, not just cause it serves a dual deterrent function, of course, to Taiwan to continue to invest in its defense but also it complicates the Chinese calculus.

But on some of these issues, I suspect we need to be clearer about our potential red lines, such that if China takes actions that will impact our economy and our bottom line, if I had to predict, that would be the first order of triggering effect on this current president to get involved and to get in the game. And as the Chinese, that's the last thing I want.

So, I think we always say we would like Chairman Xi Jinping to wake up, every day, second-guessing whether today is the day. Can we buy time and slow them down? And I think by deepening economic ties with Taiwan, particularly in the energy space, in a way that's actually mutually beneficial, we can do that, we can achieve that objective.

And it's just something that the United States hasn't really effectively thought through recently, but now we're at the moment where I think we have to start asking those questions.

KINE: Thank you. Any other questions from the audience? Yeah, at the very back? Hi. Could you identify yourself, please?

CHUNG: Yu-Chen Chung from Taiwan's Central News Agency. I suppose you are doing this tabletop – sorry, table exercise in Taipei. Did you present the idea to Taiwanese officials? What were their response? Will they – did they just nod? Or were there any feedback?

(LAUGHTER)

MONTGOMERY: Look, on our own, Craig and I sat down two years ago and looked at and said the – we both were doing tons of these most dangerous scenarios, and you know, and Brad Bowman as well, who runs our military center. And it's like, after a while, you're like, "Do we want to do these ourselves?" And we thought about it and said, "No, it's being done." Plus, I think the real ones are being done at DOD.

So, we looked at what are the sectors that matter? And we came up with financial services, energy, and communications. And we've run two of those, financial services, and energy. Financial services was bad but not near as bad as this. Energy was – Craig early on kind of figured it was bad. I think the rest of us – as soon as we met Kenan, we realized it was going to be bad. We, you know, and we started to really see it. Communications, I have a suspicion is going to be somewhere in between, but still bad.

In terms of – you know, so we go find our Taiwan partner, usually a think tank, and do the exercise. And then, we do out-briefing. And if they take the out-briefing as they see fit. I think our out-brief with the president is more a discussion. The vice president is a very detail-oriented individual, so it's more of an interrogation. And then you get farther down and farther down.

My opinion is – is that Taiwan government doesn't need us to tell them this. President Lai's – within two or three days of taking the oath was pushing hard on the task force on societal resilience. So, he has embraced this from his time as vice president. I think President Tsai understood this perfectly as well and Vice President Bi-khim understands it. So, you know, I think they're interested in our results. They're not depending on them in any way, shape, or form. I wouldn't – I doubt they agree with all of our recommendations, but I suspect they agree with a lot of them.

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And I certainly think they appreciate us talking to American, European, Japanese, and Australian leadership about this, 'cause those four sets of countries did not set up a task force on Taiwan societal resilience a year ago, and they have a lot of work to do. So, thanks for the question.

KINE: Great. Any other questions from the audience? You have a stellar panel.

OK, I have one other. I'm going to go for my own privilege here. And that is: riffing off of the news. We have the new prime minister of Japan, Sanae Takaichi, in recent days making statements that appear to be steering the country away from its traditional policy on Taiwan, saying that if there was a Taiwan – I'm paraphrasing – something in the Taiwan Strait, that this would implicate Japan's security and possibly require its involvement.

So, I guess – but going back to energy, I'm just wondering – diplomacy – does this suggest to you that Taiwan's arguably most – second-most important neighbor is changing, and may be more up for the task?

MONTGOMERY: Can I re-riff that?

KINE: Sure.

MONTGOMERY: And say Xi didn't drive change in Japan's policy towards Taiwan. China's actions over the last five years have driven a change. And look, Prime Minister Abe, who was her mentor, hinted at this aggressively. He said, I mean, I think quietly, that a Chinese attack on Taiwan would be an existential threat to Japan.

What's happened is China has, you know, signaled through every possible way, their desire to continue to isolate Taiwan from every international organization, to try to isolate Taiwan and make – economically – and make them diplomatically a pariah. They scream and yell at any country that tries to be nice to Taiwan, and cer- — and the U.S. military every time they try to do something with Taiwan.

So my take is, it's China's aberrant behavior that has forced the Japanese prime minister to say out loud what her predecessors, going back to Prime Minister Abe have known, which is that a successful Chinese coercive effort against Taiwan will inevitably lead to an existential challenge to Japan, and therefore, Japan, the United States, and Australia and others need to appropriately support Taiwan to make sure that coercive event doesn't occur.

SINGLETON: Right. She did. She said the quiet part out loud. She committed the cardinal sin of geopolitics, right? The reality is that China sees a window closing. This 2028 window is real. The sense that a major Northeast Asian ally could publicly state that Taiwan's future is directly linked to that of Japan is an earthquake for the Chinese, one that they are ill-prepared to handle and manage well, which is why I think you're seeing the rhetorical contortions out of Beijing this week.

And it's not entirely clear to me whether level – cooler heads will prevail, or whether there's an offramp here for the Chinese, but I think we should have no confusion that Chinese overconfidence today will lead to miscalculation tomorrow. And so, I suspect the world will see quite clearly that China is overreacting, and that the prime minister said the quiet part out loud.

KINE: Thank you.

It's time for our offramp. Thank you. This has been an excellent discussion. Thank you so much to our panelists for a great conversation.

Thank you all for joining us here in person and online. For more information on FDD and the latest analysis on these issues, we encourage you to visit [FDD.org](https://www.fdd.org). We hope to see you again soon. Thank you.

(APPLAUSE)

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