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Taiwan: Major U.S. Arms Sales Since 1990

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Summary

This report, updated as warranted, discusses U.S. security assistance to Taiwan, or Republic of China (ROC), including policy issues for Congress and legislation. The Taiwan Relations Act (TRA), P.L. 96-8, has governed U.S. arms sales to Taiwan since 1979, when the United States recognized the People's Republic of China (PRC) instead of the ROC. Two other relevant parts of the "one China" policy are the August 17, 1982 U.S.-PRC Joint Communiqué and the "Six Assurances" made to Taiwan. (Also see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy — Key Statements from Washington, Beijing, and Taipei*, by Shirley Kan.) Despite the absence of diplomatic relations or a defense treaty, U.S. arms sales to Taiwan have been significant. In addition, the United States has expanded military ties with Taiwan after the PRC's missile firings in 1995-1996.

At the U.S.-Taiwan arms sales talks on April 24, 2001, President George W. Bush approved for possible sale: diesel-electric submarines, P-3 anti-submarine warfare (ASW) aircraft (linked to the submarine sale), four decommissioned U.S. Kidd-class destroyers, and other items. Bush also deferred decisions on Aegis-equipped destroyers and other items, while denying other requests. Since then, attention has turned to Taiwan, where the military, civilian officials, and legislators from competing political parties have debated contentious issues about how much to spend on defense and which U.S. weapons systems to acquire, despite the increasing threat (including a missile buildup) from the People's Liberation Army (PLA), as described in the Pentagon's reports to Congress on PRC military power. In February 2003, the Administration pointed Taiwan to three priorities for defense: command and control, missile defense, and ASW. The Administration and others have increasingly questioned Taiwan's seriousness about its self-defense, level of defense spending, and protection of secrets. Despite the repeated urging of the Administration and Congress, it has become increasingly doubtful in 2005 that Taiwan's legislature would pass a Special Budget (about US\$15.5 billion) for PAC-3 missile defense systems, P-3C ASW aircraft, and submarines.

Several policy issues are of concern to Congress for legislation, oversight, or other action. One issue concerns the effectiveness of the Administration in applying leverage to improve Taiwan's self-defense as well as to maintain peace and stability. Another issue is the role of Congress in determining security assistance, defense commitments, or policy reviews. A third issue concerns whether trends in the Taiwan Strait are stabilizing or destabilizing and how the Administration's management of policy has affected these trends. The fundamental issue is whether the United States would go to war with China and how conflict should be avoided.

On May 25, 2005, the House passed its National Defense Authorization Act for FY2006 (**H.R. 1815**), which would change policy to allow U.S. flag and general officers and senior defense officials to visit Taiwan, reciprocating visits by Taiwan's senior officers and officials that already take place in the United States. The bill added new language that would ensure that Capstone classes at the National Defense University (for new general and flag officers) conduct trips to the PRC and Taiwan.

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Taiwan: Major U.S. Arms Sales Since 1990

U.S. Policy

This report discusses U.S. security assistance for Taiwan, formally called the Republic of China (ROC), including policy issues for Congress. It also lists sales of major defense articles and services to Taiwan, as approved by the Administration, proposed in Letters of Offer and Acceptance, and notified to Congress since 1990.

Policy Statements

The Taiwan Relations Act (TRA), P.L. 96-8, has governed U.S. arms sales to Taiwan since 1979, when the United States recognized the People's Republic of China (PRC) instead of the ROC.¹ The TRA specifies that it is U.S. policy, among the stipulations: to consider any non-peaceful means to determine Taiwan's future of "grave concern" to the United States; "to provide Taiwan with arms of a defensive character;" and "to maintain the capacity of the United States to resist any resort to force or other forms of coercion" jeopardizing the security, or social or economic system of Taiwan's people. Section 3(a) states that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." The TRA also specifies a congressional role in decision-making on security assistance for Taiwan. Section 3(b) stipulates that both the President and the Congress shall determine the nature and quantity of such defense articles and services based solely upon their judgment of the needs of Taiwan. Section 3(b) also says that "such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress." The TRA set up the American Institute in Taiwan (AIT), a nonprofit corporation, to handle the relationship with Taiwan. AIT implements policy as directed by the Departments of Defense and State, and the National Security Council (NSC) of the White House.

There are two other elements of the "one China" policy relevant to the issue of arms sales to Taiwan. In 1982, President Reagan issued the August 17 Joint Communiqué on reducing arms sales to Taiwan, but he also stated that those sales will continue in accordance with the TRA and with the full expectation that the PRC's approach to the resolution of the Taiwan issue will be peaceful. In referring to what have been known as the "Six Assurances" made to Taipei, U.S. policy-makers have said that, in 1982, Washington did not agree to set a date for ending

¹ For more on this policy, see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy — Key Statements From Washington, Beijing, and Taipei*, by Shirley Kan.

arms sales to Taiwan nor to consult with Beijing on arms sales to Taiwan. The “Six Assurances” also included the assurance of not revising the TRA.

Broad Indicators of Arms Transfers

As for U.S. arms transfers to Taiwan, they have been significant despite the absence of diplomatic relations or a treaty alliance. The value of deliveries of U.S. defense articles and services to Taiwan totaled \$7.2 billion in the 1996-1999 period and \$4.5 billion in 2000-2003, ranking first among Asian recipients. Worldwide, Taiwan ranked second (behind Saudi Arabia) in 1996-1999, and third (behind Saudi Arabia and Egypt) in 2000-2003. In 2003 alone, Taiwan ranked 8th among worldwide recipients, receiving \$540 million in U.S. defense articles and services.² Values for U.S. agreements with and deliveries to Taiwan are summarized below.

	1996-1999 period	2000-2003 period	2003
Agreements	\$1,700 million	\$820 million	\$390 million
Deliveries	\$7,200 million	\$4,500 million	\$540 million

From worldwide sources, including the United States, Taiwan received \$19.4 billion in arms *deliveries* in the eight-year period from 1996 to 2003 — with Taiwan ranked second behind Saudi Arabia among leading recipients in the developing world. Of that total, Taiwan received \$15.3 billion in arms in 1996-1999, and \$4.1 billion in 2000-2003. (The PRC, ranked third, receiving \$10.2 billion in arms during the same eight-year period.) However, in 2003 alone, Taiwan received \$500 million in arms deliveries, while the PRC received arms deliveries valued at \$1.0 billion.³

Moreover, as an indication of future arms acquisitions, China ranked first among developing nations in arms purchase *agreements* during 2000-2003, with a total value of \$9.3 billion, while Taiwan’s agreements did not place it among the top 10 recipients. China ranked second in arms purchase agreements in 2003 alone, with a total value of \$1.6 billion. Taiwan was in 10th place with \$400 million.

Military Relationship

“Software Initiative”. In addition to transfers of hardware, beginning after tensions in the Taiwan Strait in 1995-1996 during which President Clinton deployed two aircraft carrier battle groups near Taiwan, the Clinton Administration quietly expanded the sensitive military relationship with Taiwan to levels unprecedented

² CRS Report RL32689, *U.S. Arms Sales: Agreements with and Deliveries to Major Clients, 1996-2003*, December 8, 2004, by Richard Grimmett, compiled from U.S. official, unclassified data as reported by the Defense Security Cooperation Agency (DSCA).

³ CRS Report RL32547, *Conventional Arms Transfers to Developing Nations, 1996-2003*, August 26, 2004, by Richard Grimmett, compiled from unclassified data from DSCA.

since 1979.⁴ The broader exchanges have increased attention to “software,” including discussions over strategy, training, logistics, command and control, and plans in the event of an attack from the PRC. These increased exchanges were prompted by U.S. concerns about Taiwan’s self-defense capabilities. At a conference on Taiwan’s defense in March 2002, Deputy Secretary of Defense Paul Wolfowitz said that the United States wanted to help Taiwan’s military to strengthen civilian control, enhance jointness, and rationalize arms acquisitions.⁵ In April 2004, Assistant Secretary of Defense for International Security Affairs Peter Rodman told Congress that the Pentagon believed Taiwan’s military needed to improve readiness, planning, and interoperability among its services.⁶

Assessments. The Pentagon has also conducted its own assessments of Taiwan’s defense needs, with over a dozen studies from 1997 to early 2004.⁷ Congress could inquire about these assessments and any other reports. In September 1999, to enhance cooperation, a Pentagon team was said to have visited Taiwan to assess its air defense capability.⁸ The Pentagon reportedly completed its classified assessment in January 2000, finding a number of problems in the Taiwan military’s ability to defend against aircraft, ballistic missiles, and cruise missiles, and those problems included international isolation, inadequate security, and sharp inter-service rivalries.⁹ In September 2000, the Pentagon reportedly conducted a classified assessment of Taiwan’s naval defense needs — as the Clinton Administration had promised in April 2000 while deferring a sale of Aegis-equipped destroyers. The report, “Taiwan Naval Modernization,” was said to have found that Taiwan’s navy needed the Aegis radar system, Kidd-class destroyers, submarines, an anti-submarine underwater sonar array, and P-3 anti-submarine aircraft.¹⁰ In January 2001, a Pentagon team reportedly examined Taiwan’s command and control, air force

⁴ Mann, Jim, “U.S. Has Secretly Expanded Military Ties with Taiwan,” *LA Times*, July 24, 1999; Kurt M. Campbell (former Deputy Assistant Secretary of Defense for Asian and Pacific Affairs) and Derek J. Mitchell, “Crisis in the Taiwan Strait?,” *Foreign Affairs*, July/August 2001.

⁵ Deputy Secretary of Defense Paul Wolfowitz, “Remarks to the U.S.-Taiwan Business Council,” March 11, 2002.

⁶ Testimony before the House International Relations Committee, hearing on “The Taiwan Relations Act: The Next 25 Years,” April 21, 2004.

⁷ Statement of Assistant Secretary of Defense for International Security Affairs Peter Rodman at a hearing on “The Taiwan Relations Act: The Next 25 Years” held by the House International Relations Committee on April 21, 2004.

⁸ “U.S. Military Team Arrives in Taiwan for Visit,” *Lien-ho Pao [United Daily News]*, Sept. 19, 1999, in *FBIS*.

⁹ Ricks, Thomas, “Taiwan Seen as Vulnerable to Attack,” *Washington Post*, March 31, 2000.

¹⁰ Tsao, Nadia, “Pentagon Report Says Taiwan Can Handle AEGIS,” *Taipei Times*, Sept. 27, 2000; Michael Gordon, “Secret U.S. Study Concludes Taiwan Needs New Arms,” *New York Times*, April 1, 2001.

equipment, and air defense against a first strike.¹¹ In September 2001, a Defense Department team reportedly visited Taiwan to assess its army, as the Bush Administration promised in the April 2001 round of arms sales talks.¹² In August 2002, a U.S. military team studied Taiwan's Po Sheng command, control, communication, computers, intelligence, surveillance, and reconnaissance (C4ISR) program.¹³ In November 2002, another U.S. team visited Taiwan to assess its marine corps and security at ports and harbors, and reported positive findings.¹⁴ In November 2003, a U.S. defense team visited Taiwan to assess its anti-submarine warfare (ASW) capability and rated the overall capability as poor.¹⁵

Normalized Relations and "Major Non-NATO Ally". The George W. Bush Administration has continued and expanded the closer military ties at different levels. In April 2001, President Bush announced he would drop the 20-year-old annual arms talks process used to discuss arms sales to Taiwan's military in favor of normal, routine considerations of Taiwan's requests on an as-needed basis — similar to interactions with other governments.¹⁶ In July 2001, after U.S. and Taiwan media reported on a U.S.-Taiwan military meeting in Monterey, CA, the Pentagon revealed it was the seventh meeting (since 1997) held with Taiwan's national security authorities "to discuss issues of interaction and means by which to provide for the defense of Taiwan."¹⁷ Another round of such strategic talks took place in July 2002.¹⁸ U.S. military officers observed Taiwan's Hankuang-17 annual military exercise in 2001, the first time since 1979.¹⁹ The Pacific Command's Asia-Pacific Center for Security Studies accepted fellows from Taiwan in its Executive Course for the first time in the summer of 2002.²⁰ By the summer of 2002, the U.S. and Taiwan militaries reportedly discussed setting up an undersea ASW link to monitor

¹¹ *China Times* (Taiwan), January 14, 2001; *Taipei Times*, January 15, 2001.

¹² *Taipei Times* (Taiwan), September 10, 2001.

¹³ *Taiwan Defense Review* (Taiwan), August 27, 2002.

¹⁴ *Taipei Times*, November 21, 2002; January 1, 2003; *Tzu-Yu Shih-Pao [Liberty Times]* (Taipei), April 14, 2003; *Taipei Times*, August 22, 2003.

¹⁵ *Jane's Defense Weekly*, December 3, 2003; *Taiwan Defense Review*, January 12, 2004; *Jane's Defense Weekly*, June 30, 2004.

¹⁶ On the annual arms talks, see CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, updated June 5, 2001, by Shirley Kan.

¹⁷ *China Times* (Taiwan), July 18, 2001; *Washington Times*, July 18, 2001; Department of Defense News Briefing, July 19, 2001.

¹⁸ *Central News Agency*, Taipei, July 17, 2002.

¹⁹ *Chung-Kuo Shih-Pao [China Times]*, Taipei, July 18, 2001. The *China Times* (May 27, 2004) quotes Defense Minister Lee Jye confirming that U.S. military personnel observed Hankuang-17, Hankuang-18, and Hankuang-19 exercises to evaluate Taiwan's military.

²⁰ *CNN.com*, March 18, 2002; Author's discussions in Hawaii in July 2002.

the PLA Navy's submarines.²¹ The U.S. and Taiwan militaries set up a hotline in 2002 to deal with possible crises.²²

In addition, in 2002, the Administration asked Congress to pass legislation to authorize the assignment of personnel from U.S. departments (including the Defense Department) to AIT, with implications for the assignment of active-duty military personnel to Taiwan for the first time since 1979. Also, the Acting Under Secretary of Defense for Acquisition, Technology, and Logistics, Michael Wynne, submitted a letter to Congress on August 29, 2003, that designated Taiwan as a "major non-NATO ally." (See **107th Congress**.) The assignment of the first active-duty Army officer has been scheduled to begin in mid-2005,²³ similar to duty in Hong Kong.

Senior-Level Exchanges. The United States and Taiwan have held high-level defense-related meetings in the United States. The Bush Administration granted a visa for Defense Minister Tang Yiau-ming to visit the United States to attend a private conference held by the U.S.-Taiwan Business Council on March 10-12, 2002, in St. Petersburg, FL, making him the first ROC defense minister to come to the United States on a non-transit purpose since 1979.²⁴ Tang met with Deputy Secretary of Defense Paul Wolfowitz, who also spoke at the conference.²⁵ However, after this visit, Taiwan's Defense Minister Lee Jye has declined to travel to the United States. In September 2002, a deputy defense minister, Kang Ning-hsiang, visited Washington and was the first senior Taiwan defense official to have meetings inside the Pentagon since U.S.-ROC diplomatic ties severed in 1979, although a meeting with Wolfowitz took place outside the Pentagon.²⁶

In January 2003, a Taiwanese newspaper leaked information that a U.S. military team planned to participate in — beyond observe — the Hankuang-19 military exercise and be present at Taiwan's Hengshan Command Center for the first time since 1979.²⁷ On the same day, General Chen Chao-min, a deputy defense minister, confirmed to Taiwan's legislature a U.S. plan for a non-combatant evacuation operation (NEO). However, the leak and confirmation reportedly prompted annoyance in Washington and contributed to a U.S. decision to limit General Chen's visit to the United States in February 2003 to attendance at a private sector conference on Taiwan's defense in San Antonio, TX (without a visit to Washington).²⁸ Deputy Assistant Secretary of Defense Richard Lawless and Deputy

²¹ *Tzu-Yu Shih-Pao* [Liberty Times], Taipei, July 20, 2002.

²² *Jane's Defense Weekly*, October 29, 2003.

²³ *Jane's Defense Weekly*, December 22, 2004.

²⁴ In December 2001, the previous ROC Defense Minister, Wu Shih-wen, made a U.S. transit on his way to the Dominican Republic.

²⁵ Deputy Secretary of Defense Paul Wolfowitz, "Remarks to the U.S.-Taiwan Business Council," March 11, 2002.

²⁶ *Reuters*, September 10, 2002.

²⁷ *Chung-Kuo Shih-Pao* [China Times], January 2, 2003.

²⁸ *Taiwan Defense Review*, January 18, 2003; *Straits Times* (Singapore), January 21, 2003.

Assistant Secretary of State Randall Schriver met with General Chen. The Hankuang-19 exercise reportedly took place in April-May 2003, with about 20 U.S. military personnel participating. The exercise reportedly raised questions about Taiwan's ability to sustain defense before potential U.S. support and the military's will to fight.²⁹ Deputy Defense Minister Lin Chong-pin visited Washington in June 2003 to respond to concerns about Taiwan's commitment to self-defense. The Hankuang-20 exercise included a reportedly U.S.-provided computer simulation in August 2004 that resulted in the PLA invading and capturing the capital, Taipei, within six days.³⁰ In October 2004, Taiwan's Deputy Minister for Armaments, General Huoh Shou-yeh, attended a private U.S.-Taiwan defense conference in Scottsdale, Arizona. In May 2005, the Chief of General Staff, General Lee Tien-yu, visited the United States, but he was the first Chief of General Staff from Taiwan willing to make the biennial visit since General Tang Fei's visit in 1998.³¹

April 2001 Arms Requests and Status of Arms Sales

In 2001, arms sales talks took place on April 24 in Washington, DC, and Taiwan was represented by its Vice Chief of General Staff, General Huoh Shou-yeh. According to the Administration and news reports,³² President Bush *approved* Taiwan's request for: 8 diesel-electric submarines, 12 P-3C Orion anti-submarine warfare (ASW) aircraft (linked to the submarine sale), 54 Mark-48 ASW torpedoes, 44 Harpoon submarine-launched anti-ship cruise missiles, 144 M109A6 Paladin self-propelled howitzers, 54 AAV7A1 amphibious assault vehicles, AN/ALE-50 electronic countermeasure (ECM) systems for F-16s, and 12 MH-53 mine-sweeping helicopters. Also approved for sale were four decommissioned Kidd-class destroyers, offered as Excess Defense Articles (EDA), not FMS. The Administration also decided to brief Taiwan's military on the PAC-3 missile defense missile.³³

President Bush *deferred* decisions on destroyers equipped with the Aegis combat system. Bush also deferred decisions on M1A2 Abrams main battle tanks and AH-64D Apache Longbow attack helicopters, pending a U.S. assessment of Taiwan's army.

²⁹ *Lien-Ho Pao [United Daily News]* (Taipei), April 16, 2003; *China Times* (Taipei), April 19, 2003; *Taipei Times*, April 25, 2003; *Central News Agency* (Taipei), May 9, 2003.

³⁰ *AFP*, August 11, 2004; *Taiwan News*, August 12, 2004.

³¹ *Lien-Ho Pao [United Daily News]* (Taipei), May 26, 2005.

³² White House, press briefing, April 24, 2001; Department of Defense, news briefing, April 24, 2001; David Sanger, "Bush is Offering Taiwanese Some Arms, But Not the Best," *New York Times*, April 24, 2001; Steven Mufson and Dana Milbank, "Taiwan to Get Variety of Arms," *Washington Post*, April 24, 2001; Neil King Jr., "Bush Defers Sale of Aegis to Taiwan, Will Offer Four Kidd-Class Destroyers," *Wall Street Journal*, April 24, 2001; "U.S. Refuses Taiwan Request for JDAM, HARM, and PAC-3 Missiles," *Aerospace Daily*, April 25, 2001; and "U.S. Formally Informs ROC of Arms Sales Decision," *Central News Agency* (Taiwan), April 25, 2001.

³³ *Taiwan Defense Review*, January 18, 2003, reported the briefing took place in late 2001.

President Bush *denied* Taiwan's requests for Joint Direct Attack Munitions (JDAM) and High-speed Anti-radiation Missiles (HARM) that target radar-equipped air defense systems. At the U.S.-Taiwan Business Council's conference in February 2003, however, Deputy Under Secretary of the Air Force Willard Mitchell indicated that these requests were under review. A possible basis for reviewing any renewed requests from Taiwan was found in the Pentagon's report on PRC Military Power submitted in July 2003 to Congress, which confirmed that the PLA procured from Israel "a significant number of HARPY anti-radiation systems." The press first reported on the PLA's acquisition of the HARPY drones in 2002.³⁴ By the second half of 2004, the Administration reportedly considered a new request for HARM missiles (submitted in August 2004), while a decision on JDAM guidance kits also remained pending.³⁵

Amphibious Assault Vehicles. Taiwan agreed to purchase the AAV7A1 amphibious assault vehicles, under a program administered by the U.S. Marine Corps. The Administration notified Congress in September 2002. United Defense Industries obtained a contract in June 2003, and deliveries began in March 2005.³⁶

Attack Helicopters. After deferring a decision on Taiwan's request, the Bush Administration, in May 2002, approved the request for attack helicopters, and Taiwan began negotiations on 30 Apache helicopters sold by Boeing.³⁷ Later, Taiwan also has considered the AH-1Z Cobra helicopter sold by Bell.³⁸

Kidd-Class Destroyers. In October 2002, the Defense Committee of Taiwan's legislature engaged in a sharp partisan debate over whether to approve funding (about \$800 million) to buy the U.S. Navy's four currently available Kidd-class destroyers, ending with 18 lawmakers from the ruling Democratic Progressive Party (DPP) and Taiwan Solidarity Union (TSU) voting in favor, against 16 legislators from the opposition Kuomintang (KMT) and People's First Party (PFP).³⁹ Then, legislators conditioned funding on bargaining with the U.S. Navy on a 15% price reduction. On May 30, 2003, Taiwan's legislature finally voted to release the funding. The U.S. Navy began reactivation and upgrade of the Kidds in July 2003, and VSE Corp. is expected to deliver the Kidds ahead of schedule in 2005-2007.⁴⁰

³⁴ *Washington Times*, July 2, 2002; *Guangzhou Daily* (via FBIS), July 4, 2002; *Ha'aretz*, Tel Aviv, July 25, 2002; *Flight International*, November 5-11, 2002.

³⁵ *Taiwan News*, October 6, 2004; *Washington Times*, October 8, 2004; *Taiwan Defense Review*, November 26, 2004.

³⁶ *Jane's International Defense Review*, September 2003; *Taiwan Defense Review*, March 4, 2005.

³⁷ *Taipei Times*, May 26, 2002; *Jane's Defense Weekly*, June 5, 2002.

³⁸ *Jane's Defense Weekly*, March 10 and 24, 2004.

³⁹ *Taipei Times* and *China Post* (Taiwan), November 1, 2002.

⁴⁰ *Taipei Times*, September 5, 2003; *Taiwan Defense Review*, March 10, 2004; *Taipei Times*, September 15, 2004; *Jane's Defense Weekly*, November 10, 2004.

Aegis-Equipped Destroyers. The Department of Defense considered the Kidds as platforms to provide Taiwan's navy with the necessary operational experience before any possible acquisition of more advanced Aegis-equipped ships.⁴¹ The U.S. Navy deploys the Aegis combat system (e.g., on the Arleigh Burke-class destroyer) for air defense and applies it in development of a future Navy missile defense system (using SM-3 missiles). An alternative to the Arleigh Burke that retains the Aegis Spy-1D radar, called the Evolved Advanced Combat System (EACS) has been considered. The Aegis combat system has the capability to track over 100 targets and to conduct simultaneous anti-air, anti-surface, and anti-submarine operations. During the U.S. war in Iraq in 2003, the Aegis combat system helped the Patriot missile defense system to detect and intercept Iraqi missiles.⁴² In 2003, Taiwan requested four new Arleigh Burke-class, Aegis-equipped destroyers, for delivery in 2010 and at an estimated cost of about \$4.8 billion.⁴³

Submarines. Despite initial press reports skeptical about the sale of submarines (because the United States no longer manufactures diesel-electric submarines), the Department of Defense has discussed options for the program with U.S. and foreign companies and Taiwan. In November 2001, seven companies submitted bids and concept papers to the Department of the Navy. Companies interested in the contract reportedly include U.S. manufacturers, Northrop Grumman (with its Ingalls Shipbuilding shipyard) and General Dynamics (with its Electric Boat shipyard); Germany's HDW; the Netherlands' RDM (which sold its Zwaardvis-class submarine design to Taiwan in the 1980s for two Hai Lung [Sea Dragon]-class submarines); France's DCN; and Spain's IZAR. Although the Administration promised to help Taiwan buy submarines, not build them, Taiwan's China Shipbuilding Corporation also became interested in a part of the contract, with support from some of Taiwan's legislators. The Department of Navy discussed options with Taiwan's Navy in July 2002 and initially planned to select the manufacturer(s) to design and build the submarines in the latter half of 2003.⁴⁴ The U.S. Navy held a second Industry Day on December 17, 2002, with General Dynamics, Lockheed Martin, Northrop Grumman, and Raytheon interested in being the prime contractor.⁴⁵

However, by April 2003, the sale became at risk, when the United States and Taiwan reached an impasse over the program start-up costs estimated by the U.S. Navy at \$333 million, but offered at \$28.5 million by Taiwan. On May 20-23, 2003, Taiwan's Navy sent a delegation led by Vice Admiral Kao Yang to Washington to

⁴¹ Consultations; and Wendell Minnick, "What Those Systems are All About," *Topics*, November 2004.

⁴² Discussion with Lockheed Martin executive, June 10, 2004; and U.S. Army, 32nd Army Air and Missile Defense Command, Fort Bliss, TX, "Operation Iraqi Freedom: Theater Air and Missile Defense," September 2003.

⁴³ *Lien-Ho Pao*, September 1, 2004; *Taiwan Defense Review*, December 19, 2004.

⁴⁴ *Central News Agency* (Taiwan), July 30, 2002; *Taipei Times*, July 31, 2002; *Defense Daily*, September 16, 2002.

⁴⁵ *Knight-Ridder/Tribune Business News*, December 17, 2002.

discuss the issue, but the differences reportedly remained unresolved.⁴⁶ Facing the delays in Taiwan's commitment of funds (although it first requested submarines in 1995) and a long acquisition process, the Administration then viewed the program as a long-term solution for Taiwan that would not meet the near-term blockade and submarine threats posed by the PLA Navy.⁴⁷ Defense Minister Tang Yiau-ming told visiting AIT Chairwoman Therese Shaheen on October 16, 2003, that Taiwan still placed a high priority on acquiring the submarines.⁴⁸ Meanwhile, in 2003, the Bush Administration inquired with Italy about buying eight decommissioning Sauro-class diesel-electric submarines for the estimated cost of about \$2 billion for delivery starting in 2006, but Taiwan's military opted for newly built submarines.⁴⁹

A team from the U.S. Navy's International Program Office arrived in Taipei in October 2003, for further talks on whether Taiwan will procure submarines.⁵⁰ The U.S. team also met with some of Taiwan's legislators, including Lin Yu-fang of the opposition People First Party.⁵¹ Lin was one of the sponsors of legislation passed in May 2002, requiring Taiwan's navy to arrange for six of the eight submarines to be built in Taiwan using technology transfers.⁵² The total cost of new submarines could reach \$9-12 billion,⁵³ requiring Taiwan's legislature to consider a controversial Special Budget.⁵⁴ (See **Taiwan's Commitment to Self-Defense and Budgets.**)

Taiwan's new demand for domestic industrial participation added another issue and greater potential costs to the program (about \$2.5 billion), which U.S. Navy officials discussed with potential prime contractors at the 3rd Industry Day meeting on December 15, 2003, in Washington.⁵⁵ However, Deputy Secretary of Defense Wolfowitz told Taiwan's visiting legislative delegation on June 21, 2004, that the Bush Administration approved Taiwan's request for assistance in purchasing submarines but is opposed to Taiwan's new proposal to build them in Taiwan.⁵⁶ With U.S. opposition to Taiwan's domestic production of submarines conveyed in

⁴⁶ *United Daily News* (Taipei), April 21, 2003 and April 22, 2003; *Taiwan Defense Review*, May 17, 2003 and May 30, 2003.

⁴⁷ U.S.-Taiwan Business Council, *Defense and Aerospace Report*, Second Quarter 2003; *Bloomberg*, July 10, 2003; *Defense Daily*, July 11, 2003; *TDReview*, September 19, 2003.

⁴⁸ *Central News Agency*, Taipei, October 16, 2003.

⁴⁹ Wendell Minnick, "Submarine Decisions Show Lack of Creativity," *Taipei Times*, October 16, 2004.

⁵⁰ *Lien-ho Pao* [United Daily News], Taipei, October 23, 2003; *Central News Agency*, Taipei, October 26, 2003.

⁵¹ *Taipei Times*, October 31, 2003; *Central News Agency*, November 2, 2003.

⁵² Author's discussion with Lin Yu-fang in Taipei in December 2003.

⁵³ *Lien-ho Pao* [United Daily News], August 25, 2003.

⁵⁴ *Taiwan Defense Review*, April 30, 2004.

⁵⁵ *Taiwan Defense Review*, February 6, 2004 and April 30, 2004.

⁵⁶ *United Daily News* (Taipei), June 23, 2004.

an official letter in September 2004, Minister of Defense Lee Jye estimated that the cost of the submarine program could be reduced.⁵⁷

Thus, with delays in Taiwan's decision-making after 2001, Taiwan's request for and the Bush Administration's approval of a sale of submarines have met with mixed opinions in Taipei and Washington. Retired Admiral Michael McDevitt asserted in late 2004 that if Taiwan now decided to withdraw its request for submarines, "you would hear quiet applause all over the Department of Defense."⁵⁸

In addition to the military and political implications of selling submarines to Taiwan's navy, issues for Congress include potential technology transfers to Taiwan and Europeans, and leaks of secrets from Taiwan to the PRC, that could involve U.S. submarine secrets and implications for the U.S. military.⁵⁹ In a report to Congress, as required by the National Defense Authorization Act for FYs 1992-1993, the Secretary of the Navy reported in May 1992 that "to the extent that a potential diesel submarine construction project would draw on U.S. resources, it has the potential to tap into the state-of-the-art technology used in U.S. nuclear powered submarines." The report also noted "the fact that the diesel submarine is not a viable asset in the U.S. Navy" and that "construction of diesel submarines for export in U.S. shipyards would not support the U.S. submarine shipbuilding base and could encourage future development and operation of diesel submarines to the detriment of our own forces." The report also said that "it may be possible to control the release of the most important information and specific technologies of concern, but an effective system would also have significant costs. The problem will be more difficult, however, if a foreign entity is present in the shipyards during submarine construction."

P-3C ASW Aircraft. After the United States approved Taiwan's request for 12 P-3C planes, the two sides have negotiated the proposed sale. But Taiwan questioned the estimated cost of \$300 million per plane (in part due to Lockheed Martin's need to reopen the production line) for a total cost of \$4.1 billion (including parts and training) and sought alternatives, such as surplus P-3Cs reduced from the U.S. Navy's fleet. A longer-term option is the Multi-Mission Maritime Aircraft (MMA) under development by Boeing's subsidiary, McDonnell Douglas, for the U.S. Navy. Taiwan's legislature has to pass a Special Budget to include funds for modified P-3C ASW planes (sold as Excess Defense Articles) with possible delivery in 2008-2011.⁶⁰ (See discussion on budgets below.)

PAC-3 Missile Defense. After U.S. approval in 1992, Taiwan in 1997 acquired three Patriot missile defense fire units with PAC-2 Guidance Enhanced Missiles. After the Bush Administration in 2001 decided to brief Taiwan on the advanced PAC-3 hit-to-kill missile, Taiwan has considered a deal on the PAC-3

⁵⁷ *Lien-Ho Pao*, September 8, 2004; *Central News Agency*, October 19, 2004.

⁵⁸ *Taipei Times*, December 18, 2004.

⁵⁹ As for U.S. counter-espionage concerns, the FBI sent agents to Taipei to investigate alleged compromises of security on the PRC's behalf at Taiwan military's Chungshan Institute of Science and Technology, reported the *Central News Agency*, August 13, 2003.

⁶⁰ *Taiwan Defense Review*, April 30, 2004.

system. (The U.S. Army completed developmental testing of the PAC-3 in October 2001 and conducted operational tests in 2002. The PAC-3 has been deployed with the U.S. Army, as seen in Operation Iraqi Freedom during March-April 2003. Raytheon describes its Patriot system as the world's most advanced ground-based system for defense against aircraft, theater ballistic missiles, and cruise missiles.)

In late 2002, the Pentagon reportedly was disappointed with Taiwan's delay in acquiring the PAC-3 system.⁶¹ At a private sector conference on Taiwan's defense in February 2003, Bush Administration officials openly stressed to Taiwan's visiting Deputy Defense Minister Chen Chao-min the imperative of acquiring advanced missile defense systems. (See **Policy Issues for Congress** below.) In March 2003, Mary Tighe, the Director of Asian and Pacific Affairs, led a Defense Department delegation to Taiwan to urge its acquisition of missile defense systems, including the PAC-3.⁶² After Chen criticized the Patriot's performance in Operation Iraqi Freedom in 2003, a Pentagon spokesperson, Jeff Davis, publicly corrected Chen to Taiwan's media on March 27, 2003.⁶³ According to the U.S. Army, the Patriot missile defense system (with Guidance Enhanced Missiles and PAC-3) intercepted nine Iraqi missiles out of nine engagements.⁶⁴ In April 2003, Taiwan submitted to the United States a request for pricing and availability data in a step towards a contract, and in May 2004, the new Defense Minister Lee Jye requested six PAC-3 units and upgrade of three PAC-2 Plus units to the PAC-3 standard.⁶⁵

Despite the failure of a referendum to pass in March 2004, Taiwan reportedly is looking to buy PAC-3 units, which would be part of a Special Budget that is under consideration (see discussion on budgets below).⁶⁶ Acquisition of missile defense systems has been controversial in Taiwan, with some legislators supporting the development of offensive missiles instead. Missile defense has also become politicized, as shown in President Chen Shui-bian's push for a referendum on buying more missile defense systems that was held on election day on March 20, 2004, and the failure of that referendum to be considered valid when only 45% of eligible voters cast ballots (with 50% needed). (Out of the valid ballots cast, 92% agreed with the proposal.)

Meanwhile, China's buildup of short-range ballistic missiles with "adequate precision guidance" could destroy key leadership facilities, military bases, and communication and transportation nodes with "minimal advanced warning,"

⁶¹ *Taiwan Defense Review*, December 6, 2002.

⁶² *Central News Agency* (Taiwan), March 11, 2003.

⁶³ *Taipei Times*, March 29, 2003.

⁶⁴ U.S. Army, 32nd Army Air and Missile Defense Command, Fort Bliss, TX, "Operation Iraqi Freedom: Theater Air and Missile Defense," September 2003. For a skeptical view, see Randy Barrett, "Pentagon Releases Candid Glimpse of Missile Defense During Iraq War," *Space News*, November 10, 2003.

⁶⁵ *Far Eastern Economic Review*, May 15, 2003; *Jane's*, July 23, 2003; *Taiwan Defense Review*, June 15, 2004.

⁶⁶ *Central News Agency*, March 3, 2004; *China Times*, April 13, 2004; *Taiwan Defense Review*, April 30, 2004.

according to the Pentagon's 2004 report to Congress on PRC military power.⁶⁷ In March 2005, Defense Minister Lee Jye said that the PLA has an estimated 700 ballistic missiles that could be used to bomb Taiwan for 10 hours.⁶⁸

Early Warning Radars. In 1999, some in Congress encouraged the Clinton Administration to approve a sale of early warning radars (see **106th Congress** below), approval that was given in 2000. The Pentagon has stressed the importance of long-range early warning and tracking of ballistic and cruise missile attacks against Taiwan. Taiwan reportedly has considered two options: a radar similar to AN/FPS-115 Pave Paws sold by Raytheon and the LM Digital UHF Radar proposed by Lockheed Martin.⁶⁹ Despite divided opinions among lawmakers, in November 2003, Taiwan's legislature approved the Defense Ministry's request for about \$800 million to fund one radar site (rather than an option for two).⁷⁰ Nonetheless, on March 30, 2004, the Defense Department notified Congress of the potential sale of two ultra high frequency long range early warning radars, with the potential value of \$1.8 billion, that would enhance Taiwan's ability to identify and detect ballistic missiles as well as cruise missiles, and other threats from the air, and improve the early warning capability of Taiwan's C4ISR architecture. The formal notification pointed out that there will not be U.S. personnel assigned to the radar(s). By early 2005, Taiwan had not contracted for the controversial program, and Lockheed Martin withdrew its bid.⁷¹ In June 2005, Raytheon concluded a contract worth \$752 million to provide one Early Warning Surveillance Radar System to Taiwan in 2009.⁷²

C4ISR. In addition, after approval in 1999, the United States reportedly has assisted Taiwan's C4ISR program (named Po Sheng), involving sales of datalink systems and integration of the services into a joint command and control system.⁷³ In July 2001, the Bush Administration notified Congress of a proposed sale of Joint Tactical Information Distribution Systems (JTIDS)/Link 16 terminals, a basis for an expanded program. In early 2003, the Administration signaled to Taiwan that this FMS program (managed by the U.S. Navy's SPAWAR command) should be given top priority. Taiwan opted for a program costing a total of about \$1.4 billion, rather than a more comprehensive option costing about \$3.9 billion.⁷⁴ In September 2003,

⁶⁷ Department of Defense, "Annual Report on the Military Power of the People's Republic of China," May 29, 2004.

⁶⁸ *Central News Agency*, Taipei, March 9, 2005.

⁶⁹ *Jane's Defense Weekly*, March 26, 2003 and February 11, 2004.

⁷⁰ *Taiwan Defense Review*, November 26, 2003; *Jane's Defense Review*, December 3, 2003.

⁷¹ *Jane's Defense Weekly*, February 9, 2005.

⁷² Raytheon, June 23, 2005; *Wall Street Journal*, June 24, 2005; *CNA*, June 25, 2005.

⁷³ *Chung-Kuo Shih-Pao [China Times]* (Taiwan), July 18, 2001; *Defense and Aerospace* (U.S.-Taiwan Business Council), 2001; *Taiwan Defense Review*, August 27, 2002.

⁷⁴ SPAWAR briefing at U.S.-Taiwan Defense Industry Conference, February 12-14, 2003; *Taiwan Defense Review*, July 17, 2003; *Tzu-Yu Shih Pao [Liberty Times]*, July 14, 2003.

Lockheed Martin obtained a contract with the initial value of \$27.6 million.⁷⁵ The notification to Congress submitted on September 24, 2003, indicated that the total value could reach \$775 million. Taiwan's Defense Ministry also decided not to integrate U.S. communications security (COMSEC) equipment that could facilitate crisis-management and interoperability.⁷⁶

AMRAAM and SLAMRAAM. In April 2000, the Clinton Administration approved the sale of AIM-120 Advanced Medium-Range Air-to-Air Missiles (AMRAAMs) to Taiwan, with the understanding that the missiles would be kept in storage on U.S. territory and transferred later to Taiwan, if/when the People's Liberation Army (PLA) acquires a similar Russian missile, like the R-77 (AA-12) air-to-air missile, or threatens to attack Taiwan. In September 2000, the Administration notified Congress of a potential sale of 200 AMRAAMs.

On July 1, 2002, the *Washington Times* reported that, in June, two SU-30 fighters of the PLA Air Force test-fired AA-12 medium-range air-to-air missiles acquired from Russia. The report raised questions as to whether the PLA already deployed the missiles. According to *Reuters* (July 10, 2002), Raytheon planned to finalize production of the AMRAAMs for Taiwan by the fall of 2003. Some in Congress urged the Bush Administration to transfer the AMRAAMs to Taiwan after production. (See **107th Congress.**)

By the end of 2002, the Bush Administration authorized delivery of the AMRAAMs to Taiwan and briefed its air force on ground-launched AMRAAMs.⁷⁷ (The U.S. Army has developed the Surface Launched Advanced Medium Range Air-to-Air Missile, or SLAMRAAM, for cruise missile defense.) By November 2003, Taiwan received its first delivery of AMRAAMs, and a pilot of Taiwan's air force test-fired an AMRAAM at Tyndall Air Force Base in Florida on November 10, 2003.⁷⁸ However, although the Clinton Administration agreed to Taiwan's request for 200 AMRAAMs for Taiwan's 150 F-16 fighters, Taiwan's Air Force actually purchased only 120 AMRAAMs (although some U.S. observers think Taiwan needs at least 350 AMRAAMs).⁷⁹ By April 2004, the Defense Department reportedly encouraged Taiwan to acquire the SLAMRAAM to help counter the PLA's expected deployment of land attack cruise missiles.⁸⁰

Taiwan's Decisions. Since the U.S. response to Taiwan's requests in 2001, attention has turned to Taiwan, where the military, civilian officials, and competing

⁷⁵ *Taiwan Defense Review*, September 17, 2003; *Jane's Defense Weekly*, October 1, 2003.

⁷⁶ U.S.-Taiwan Business Council, "Defense & Security Report," Third Quarter 2004.

⁷⁷ *Lien-Ho Pao [United Daily News]*, Taipei, January 5, 2003; Remarks of Deputy Under Secretary of the Air Force Willard Mitchell at the U.S.-Taiwan Business Council's conference in February 2003.

⁷⁸ *Taiwan Defense Review*, November 15, 2003; *Central News Agency*, November 18, 2003.

⁷⁹ Wendell Minnick, op-ed, "Taiwan's Military will Fire Blanks," *Taipei Times*, May 25, 2005.

⁸⁰ *Jane's Defense Weekly*, April 7, 2004.

political parties in a newly assertive legislature (Lifa Yuan, or LY) have debated contentious issues. These issues include the urgency of a possible PLA attack, how much to spend on defense, which U.S. weapons systems to buy, whether to respond to perceived U.S. pressure, and what the defense strategy should be. The debate has taken place as the Pentagon has warned of the PLA's accelerated buildup in a coercive strategy targeting Taiwan. In early 2003, the Bush Administration stressed to Taiwan the imperatives of missile defense, C4ISR, and anti-submarine warfare. In March 2003, Taiwan's Ministry of Defense issued a new procurement plan emphasizing those priorities.⁸¹ However, getting a political consensus and funding from the legislature has remained questionable in the politicized debate over defense.

Other Possible Future Sales. In addition to the major weapon systems discussed above, possible future arms sales to Taiwan's military include:

- signals intelligence (SIGINT) aircraft (perhaps sold by Gulfstream, Raytheon, or Cessna) for which Taiwan reportedly requested price and availability data in 2002;
- C-27J Spartan medium transport aircraft (sold by Lockheed Martin);
- F-35 Joint Strike Fighters (JSF), particularly the short take-off/vertical landing (STOVL) version, under development by Lockheed Martin and foreign partners (including Singapore);
- Stryker armored wheeled vehicles (sold by General Dynamics);
- upgraded engines for F-16 fighters (sold by Pratt & Whitney or General Electric);
- new or surplus F-16 fighters;
- CH-53X minesweeping helicopters (developed by Sikorsky)
- search-and-rescue helicopters (Sikorsky or Bell)
- trainer aircraft.⁸²

Policy Issues for Congress

Since the early 1990s, and accelerated after 1999,⁸³ the PLA has modernized with a missile buildup and foreign arms acquisitions, primarily from Russia.⁸⁴ As a result of the PLA's provocative exercises and missile test-firings in 1995 and 1996 that were directed against Taiwan, Congress has increasingly asserted its role vis-a-

⁸¹ *Taiwan Defense Review*, March 12, 2003.

⁸² *Flight International*, November 25-December 1, 2003; *Jane's Defense Review*, January 14, 2004; U.S.-Taiwan Business Council, *Defense and Aerospace Report*, First Quarter 2004; *Taiwan Defense Review*, May 7, 2004; *Central News Agency*, June 21, 2004; *Flight International*, July 13-19, 2004; *Flight International*, September 7-13, 2004; *Flight International*, December 7-13, 2004; *Taiwan Defense Review*, December 30, 2004; *AFP*, Hong Kong, March 8, 2005; *Jane's Defense Weekly*, May 4, 2005.

⁸³ 1999 as an important decision point for PRC leaders is cited in the testimony of Assistant Secretary of State James Kelly, at the hearing of the House International Relations Committee, "The Taiwan Relations Act: The Next 25 Years," April 21, 2004.

⁸⁴ See the Defense Department's reports to Congress on PRC Military Power; CRS Report 97-391, *China: Ballistic and Cruise Missiles*, by Shirley Kan, and CRS Report RL30700, *China's Foreign Conventional Arms Acquisitions*, by Shirley Kan, Christopher Bolkom, and Ronald O'Rourke.

vis the Administration in determining security assistance for Taiwan, as stipulated by Section 3(b) of the TRA, as well as in exercising its oversight of Section 2(b)(6) of the TRA on the U.S. capacity to resist any resort to force or other forms of coercion against Taiwan. Congress has increasingly asserted its role in determining arms sales to Taiwan *before* sales are decided. Policy issues center on how effectively the Administration is helping Taiwan's self-defense, the role of Congress in determining arms sales to Taiwan, and whether aspects of U.S. security assistance are stabilizing or destabilizing, and should be adjusted based on changed conditions.

Extent of U.S. Commitment on Defense. The persistent question for U.S. decision-makers in the military, Administration, and Congress is whether the United States would go to war with the PRC over Taiwan and the purpose of any conflict. The TRA did not replace the Mutual Defense Treaty of 1954 that ended in 1979. Nonetheless, some have called for a clear commitment (to shore up deterrence and help Taiwan's self-defense), advanced arms sales, interoperability with Taiwan's military, combined operational training and planning, high-level meetings, and visits by U.S. flag and general officers to Taiwan. Others have argued that the United States should avoid a war with China and needs a cooperative China in a number of global problems, that trends in the Taiwan Strait are destabilizing, and that the United States should limit security assistance as leverage to prevent provocative moves by Taiwan's leaders.

In March 1996, President Clinton deployed two aircraft carrier battle groups near Taiwan in response to the PLA's provocative missile test-firings and exercises. Another question arose in April 2001 when President Bush said that he would do "whatever it took to help Taiwan defend herself" if China attacked.

Supporters have viewed such clarity as needed to prevent miscalculations in Beijing and deter attacks against Taiwan. However, critics have argued that Bush encouraged provocations from Taipei, even if the message was not meant for Taiwan, and weakened willingness in Taiwan to strengthen its own defense. Later, when Taiwan's President Chen Shui-bian advocated referendums and a new constitution, President Bush said that "the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose," in appearing with PRC Premier Wen Jiabao in the Oval Office on December 9, 2003.

At a hearing in April 2004, in answer to Representative Gary Ackerman's questions about whether President Bush's phrase on "whatever it took to help Taiwan defend herself" means that the United States would go to war with China if Taiwan makes unilateral moves toward independence, Assistant Secretary James Kelly stated that what the president said has a meaning "at the time he says it to those listeners," we intend to fulfill the defense responsibilities under the TRA "to the extent necessary," "we oppose actions that would unilaterally alter Taiwan's status," leaders in Taiwan "misunderstood" if they believe that President Bush supports whatever they do, and "decisions of war and peace are made by the president with consultation with Congress." Assistant Secretary of Defense Peter Rodman replied that President Bush's phrase was a reaffirmation of the TRA, which leaves a certain ambiguity.

Rodman also warned Beijing that its use of force would “inevitably” involve the United States.⁸⁵

In an interview with *Fox News* on June 8, 2005, President Bush qualified U.S. assistance for Taiwan’s self-defense if it is invaded by saying that: “If China were to invade unilaterally, we would rise up in the spirit of the Taiwan Relations Act. If Taiwan were to declare independence unilaterally, it would be a unilateral decision, that would then change the U.S. equation, the U.S. look at ... the decision-making process.”⁸⁶

Jiang Zemin’s Offer on Missiles. Moreover, there has been much interest among U.S. academic circles and think tanks for Washington to pursue talks with Beijing on its military buildup and U.S. arms sales to Taiwan (instead of simply enhancing security assistance to Taiwan).⁸⁷ A catalyst for this debate among policymakers arose out of the U.S.-PRC summit in Crawford, TX, on October 25, 2002. As confirmed to Taiwan’s legislature by its envoy to Washington, C.J. Chen, and reported in Taiwan’s media, PRC ruler Jiang Zemin offered in vague terms a freeze or reduction in China’s deployment of missiles targeted at Taiwan, in return for restraint in U.S. arms sales to Taiwan.⁸⁸ President Bush reportedly did not respond directly to Jiang’s linkage. Editorials in Taiwan were divided on whether to pursue Jiang’s offer.

Some argued that confidence building measures, such as a freeze or reduction in PLA missile and other military deployments, would improve the chances for cross-strait political dialogue and lead to greater stability. They said that the United States could explore how the PRC might reduce the threat against Taiwan, such as dismantling missile brigades in a verifiable manner, since sales of U.S. systems are based on Taiwan’s defense needs. They argued that Jiang’s offer represented the first time that the PRC offered meaningfully to discuss its forces opposite Taiwan. Others said that a freeze or redeployment of missiles would not eliminate the PRC’s continuing and broader military threat against Taiwan (including mobile missiles that can be re-deployed) and that the PRC should hold direct talks with leaders in Taipei instead. They argued that Jiang did not seek to reduce the PLA’s coercive threat but to undermine the relationship between Washington and Taipei, including sales and

⁸⁵ House International Relations Committee, hearing on “The Taiwan Relations Act: The Next 25 Years,” April 21, 2004.

⁸⁶ President George W. Bush, “Your World with Neil Cavuto,” *Fox News*, June 8, 2005.

⁸⁷ See David Lampton and Richard Daniel Ewing, “U.S.-China Relations in a Post-September 11th World,” Nixon Center, August 2002; David Shambaugh’s arguments at conference by Carnegie Endowment, Stanford University, Center for Strategic and International Studies, and National Committee on U.S.-China Relations, on “Taiwan and U.S. Policy: Toward Stability or Crisis?,” October 9, 2002; Michael Swaine, “Reverse Course? The Fragile Turnaround in U.S.-China Relations,” Carnegie Endowment Policy Brief, February 2003; and David Lampton, “The Stealth Normalization of U.S.-China Relations,” *National Interest*, Fall 2003.

⁸⁸ *Chung-Kuo Shih-Pao [China Times]*, Taipei, November 22, 2002; *Taipei Times*, November 23, 2002.

deliveries of weapons systems which take years to complete. They pointed out that the PLA's missile buildup has continued.

One issue for congressional oversight has concerned whether and how the Administration might deal with Beijing on the question of U.S. arms sales to Taiwan. Policy considerations include the TRA, the 1982 Joint Communiqué (which discussed reductions in U.S. arms sales to Taiwan premised on the PRC's peaceful unification policy), and the 1982 "Six Assurances" to Taiwan (including one of not holding prior consultations with the PRC on U.S. arms sales to Taiwan). At a hearing in March 2001, Secretary of State Colin Powell assured Senator Helms that the "Six Assurances" would remain U.S. policy and that the Administration would not favor consulting the PRC on arms sales to Taiwan.⁸⁹ The Bush Administration reportedly did not counter Jiang's verbal offer, noting the accelerated missile buildup, continued military threats against Taiwan, the need for the PRC to talk directly to Taiwan, the TRA, and the "Six Assurances" to Taiwan. Nonetheless, in April 2004, Assistant Secretary of State James Kelly testified that if the PRC meets its stated obligations to pursue a peaceful resolution of the Taiwan issue and matches its rhetoric with a military posture that bolsters and supports peaceful approaches to Taiwan, "it follows logically that Taiwan's defense requirements will change."⁹⁰ In May 2005, an official PRC newspaper reported that the PLA continues to debate the question of whether to "withdraw" missiles opposite Taiwan.⁹¹

Taiwan's Commitment to Self-Defense and Budgets. Congress has oversight of the Administration's dialogue with Taiwan about its self-defense and military budgets. Congress also has discussed with Taiwan these responsibilities. Since 2002, some have expressed increasing concerns about Taiwan's commitment to its self-defense and lack of national consensus on national security. The Pentagon's report on PRC Military Power submitted to Congress in July 2002 said that reforms in Taiwan's military were needed to achieve a joint service capability to meet the growing challenge from the PLA's modernizing air, naval, and missile forces, but warned that "the defense budget's steady decline as a percentage of total government spending will challenge Taiwan's force modernization."⁹² The Pentagon's report issued in July 2003 further stressed that the relative decline in Taiwan's defense budget "increasingly" will challenge its force modernization.⁹³ In 2003, supporters of Taiwan at the Heritage Foundation urged civilian and military leaders in Taiwan to be "serious" about its own defense.⁹⁴

⁸⁹ Senate Foreign Relations Committee, Hearing on U.S. Foreign Policy, March 8, 2001.

⁹⁰ House International Relations Committee, Hearing on "The Taiwan Relations Act: The Next 25 Years," April 21, 2004.

⁹¹ *Qingnian Cankao* [Youth Reference News], Beijing, May 26, 2005.

⁹² Department of Defense, "Annual Report on the Military Power of the People's Republic of China," July 12, 2002.

⁹³ Department of Defense, "Report on PRC Military Power," July 30, 2003.

⁹⁴ Peter Brookes, "The Challenges and Imperatives in Taiwan's Defense," Heritage Lectures, January 9, 2003; John Tkacik, "Taiwan Must Get Serious About Defense," *Defense News*, (continued...)

Taiwan's Defense Budget

Fiscal Year	Military Budget (NT\$ bil.)	Military Budget (US\$ bil.)	% of GDP	% of total government spending
1994	258.5	9.8	3.8	24.3
1995	252.3	9.5	3.5	24.5
1996	258.3	9.5	3.4	22.8
1997	268.8	9.4	3.3	22.5
1998	274.8	8.2	3.2	22.4
1999	284.5	8.8	3.2	21.6
2000	402.9	12.9	2.9	17.4
2001	269.8	8.0	2.9	16.5
2002	260.4	7.5	2.7	16.4
2003	257.2	7.6	2.6	15.5
2004	264.1	7.9	2.5	16.6
2005	258.6	8.3	2.4	16.1

Notes: This table was compiled using data on the regular defense budgets provided by the ROC's Ministry of National Defense, supplemented with data on GDP and exchange rates reported by Global Insight and other reports. The currency is the New Taiwan Dollar (NT\$). The FY2000 budget covered the 18-month period from July 1999 to December 2000.

Taiwan's regular defense budget for 2004 was about US\$8 billion, which accounted for 2.5% of GDP and 16.6% of the total government budget, as compared with 3.8% of GDP and 24.3% of total spending in 1994. These relative declines took place even as the Pentagon has warned of an increased threat posed by the PLA to Taiwan, U.S. support for Taiwan has increased after the 1995-1996 crisis, and the PLA has obtained higher budgets. For 2005, Taiwan's Ministry of Defense requested a defense budget of NT\$260.7 billion, a reduction of NT\$3.1 billion from 2004, and the final defense budget is NT\$258.6 billion (about US\$8.3 billion).⁹⁵ In May 2005, even as Taiwan's Defense Minister Lee Jye requested that the defense budget increase from 2.4 percent of GDP to 3.0 percent of GDP in the next five years, an official in charge of the government's budget failed to express support.⁹⁶

⁹⁴ (...continued)

January 27, 2003; John Tkacik, "Taiwan Must Grasp on True Defense Needs," *Defense News*, December 1, 2003.

⁹⁵ Consultations in Taipei and Washington; and FBIS report, October 22, 2004.

⁹⁶ *Taipei Times*, May 24, 2005.

Meanwhile, the Department of Defense assessed that the PRC's public military budget "markedly understates" actual defense-related expenditures (excluding categories such as weapons research and foreign arms purchases), and the Pentagon's report to Congress on PRC military power estimated that China's total defense spending for 2003 was between \$50 billion and \$70 billion.⁹⁷ At that level, China had the third highest level of defense spending in the world (after the United States and Russia) and the highest level of defense spending in Asia (followed by Japan). Still, according to China, its announced military budget projected for 2004 was about US\$25 billion, which was a doubling of the official budget of about US\$12.6 billion for 1999. On March 5, 2005, China announced a projected defense budget for 2005 of almost US\$30 billion. China has announced double-digit percentage increases in its nominal defense budget every year since 1989. After 1996 (the second year of the Taiwan Strait Crisis of 1995-1996), China's announced military budget has increased in real terms (accounting for inflation) every year, including real double-digit percentage increases in consecutive years since 1998.

Some legislators in Taiwan have argued that Taiwan's defense spending has been significant, that the legislature in the newly consolidated democracy has the right to scrutinize the defense budget, and that economic challenges have constrained defense spending. Taiwan's officials and legislators have pointed out that Taiwan has funded defense out of separate Special Budgets in addition to the regular (annual) defense budgets. Taiwan's Special Budgets for defense in 1994-2003 totaled US\$22.6 billion and funded procurement of fighter aircraft and military housing construction.⁹⁸ By 2003, anti-American complaints appeared in news articles in Taiwan about perceived U.S. "pressure," "extortion," and untrustworthiness.⁹⁹ In June 2003, Deputy Defense Minister Lin Chong-pin and a Defense Committee delegation led by Legislative Yuan President Wang Jin-pyng visited Washington to reassure the Bush Administration and Congress that the government in Taipei remained committed to self-defense.¹⁰⁰

In 2002, Taiwan's Ministry of National Defense said that it needed the legislature to approve NT\$700 billion (about US\$21 billion) over the next 10 years for arms procurement.¹⁰¹ Taiwan's defense ministry has requested a Special Budget of \$15-20 billion to procure the PAC-3 missile defense system, submarines, and P-3 ASW aircraft over the next 10-15 years.

⁹⁷ The Defense Department estimates China's total military spending at 3.5 to 5 percent of gross domestic product (GDP). See Secretary of Defense, *Proliferation: Threat and Response*, 2001.

⁹⁸ Taiwan's official defense budgets and special budgets were provided by Taiwan's representative office in Washington, DC.

⁹⁹ *United Daily News*, April 21, 2003; *China Times*, May 8, 2003 and August 18, 2003.

¹⁰⁰ Meeting at CRS with Lin Chong-pin and congressional staff, June 5, 2003; Luncheon at the Heritage Foundation with Taiwan's legislative delegation led by Wang Jin-pyng, June 24, 2003; TECRO, *Taipei Update*, July 22, 2003.

¹⁰¹ *Chung-Kuo Shih-Pao [China Times]* (Taipei), May 17, 2002; *Taiwan Defense Review*, August 30, 2002.

In April 2004, Assistant Secretary of Defense for International Security Affairs Peter Rodman testified to Congress that “we have made clear to our friends on Taiwan that we expect them to reverse this budget decline. Though our commitments to Taiwan are enduring, the American people and both the Executive Branch and Congress expect the people of Taiwan to make their own appropriate commitment to their freedom and security.” Rodman also stressed that “we expect Taiwan to go forward with its plan to pass a Special Budget *this summer* to fund essential missile defense and anti-submarine warfare systems and programs” [emphasis added].¹⁰² On May 29, 2004, the Defense Department issued the 2004 report to Congress on PRC Military Power, stressing that “the principal indicator of Taiwan’s commitment to addressing its shortfalls will be the fate of its annual defense budget” and that “the island’s apparent lack of political consensus over addressing [its military challenges] with substantially increased defense spending is undoubtedly seen as an encouraging trend in Beijing.” U.S. statements appeared as Taiwan considered a Special Budget.

On May 21, 2004, Taiwan’s Defense Minister Lee Jye submitted to the Executive Yuan (Cabinet) a request for a Special Budget for defense totaling about US\$20 billion.¹⁰³ On June 2, the Executive Yuan of the ruling Democratic Progressive Party (DPP) then passed a Special Budget of NT\$610.8 billion (about US\$18.2 billion), with about \$4.3 billion for PAC-3 missile defense systems, \$12.3 billion for submarines, and \$1.6 billion for P-3 aircraft.¹⁰⁴

However, politicians in Taiwan made the Special Budget into a controversial political issue in gearing up for elections for the Legislative Yuan (LY) on December 11, 2004. Opposition parties of the “blue coalition,” the Kuomintang (KMT) and People’s First Party (PFP), called for drastic cuts in the Special Budget and retained their majority in the LY.

The Special Budget was not passed in 2004, although the United States urged passage and welcomed the LY’s president, Wang Jin-pyng of the KMT, who led a delegation to the United States on June 17-27, 2004, to gain direct information on the weapons programs. Under Wang’s leadership, legislators from different political parties reached a preliminary consensus in support of the Special Budget during their visit. They said they would seek a new cost estimate for the submarines, with the options of a construction or maintenance role for Taiwan’s shipbuilding industry and delivery in ten (not 15) years (after Deputy Secretary of Defense Wolfowitz personally expressed to the delegation U.S. opposition to Taiwan’s more expensive proposal to build submarines domestically); and that they would consider splitting up the Special Budget to approve funds for the P-3C aircraft and PAC-3 missile defense systems, ahead of voting for subs.¹⁰⁵ Taiwan also has the option of not procuring all three systems.

¹⁰² Statement before the House International Relations Committee, hearing on “The Taiwan Relations Act: the Next 25 Years,” April 21, 2004.

¹⁰³ *Central News Agency*, Taipei, May 26, 2004; *China Times*, Taipei, May 27, 2004.

¹⁰⁴ *Central News Agency*, Taipei, June 2, 2004.

¹⁰⁵ Discussion with CRS and Congress on June 22, 2004; *United Daily News*, June 23, 2004.

In a speech in October 2004, Deputy Undersecretary of Defense Richard Lawless strongly urged Taiwan's legislature to "vote in favor of Taiwan's national security."¹⁰⁶ He warned that the Special Budget is a "litmus test" of Taiwan's commitment to its self-defense and that "inability" to pass the Special Budget would have "serious long-term consequences" (for foreign support, further intimidation from Beijing, and perceptions of Taiwan as a "liability"). Lawless also called for Taiwan to expand its efforts from "national defense" to "national security," including countering coercion and managing crises by protecting critical infrastructure (national command facilities, telecommunications, utilities, media, computer networks, etc.).

Raising frustrations in the Bush Administration and Congress, it has become increasingly doubtful in 2005 that the LY would vote on the Special Budget and fund it at the full level, even if it is considered. Meanwhile, the United States has increased concerns about Taiwan's regular defense budget.

In January 2005, President Chen Shui-bian told visiting Representative Tom Lantos that PFP Chairman James Soong changed his position on the Special Budget after visiting Washington where he reportedly met with Deputy Under Secretary of Defense Richard Lawless and Deputy Assistant Secretary of State Randy Schriver.¹⁰⁷ The following month, Lawless warned that Taiwan's failure to approve the Special Budget signaled that it lacked seriousness about its own security, raising questions about whether U.S. support has been necessary or not.¹⁰⁸ In February 2005, the Defense Ministry announced that the Special Budget's figure dropped to NT\$590 billion (after appreciation of the NT dollar relative to the U.S. dollar) and that the request would be reduced to NT\$480 billion (US\$15.5 billion) (after removing certain costs, including an estimated US\$2.3 billion associated with producing submarines domestically in Taiwan).¹⁰⁹ The reduced figure also factored in moving some infrastructure costs to the annual defense budget, but that budget has faced cuts. The Cabinet approved the new request on March 16 and submitted it to the LY.¹¹⁰ Two days earlier, China's National People's Congress adopted its "anti-secession" law, warning that the government in Beijing may use force against Taiwan.

However, Chen and Soong issued a "Ten-Point Consensus" on February 24, 2005, that did not mention the Special Budget. Indeed, the PFP raised another objection, saying that the major items should be funded out of the annual defense budget instead of a Special Budget.¹¹¹ The Defense Ministry began to consider

¹⁰⁶ Richard Lawless, Deputy Undersecretary of Defense for Asian and Pacific Affairs, Keynote Address, U.S.-Taiwan Defense Industry Conference, U.S.-Taiwan Business Council, October 4, 2004, Scottsdale, AZ. One of the ROC's Deputy Ministers of Defense, General Huoh Shou-Yeh, attended the conference.

¹⁰⁷ *Agence France Presse*, Hong Kong, January 17, 2005.

¹⁰⁸ *Taipei Times*, February 26, 2005; Lawless gave a speech that was not publicly released, apparently at a meeting in Washington of the U.S.-Taiwan Business Council.

¹⁰⁹ *Taipei Times*, February 16, 2005; February 23, 2005.

¹¹⁰ *Ettoday*, Taipei, March 16, 2005 (via FBIS).

¹¹¹ *Lien-ho Pao [United Daily News]*, Taipei, March 21, 2005.

asking for funds for the PAC-3 missile defense systems out of the annual defense budget, with submarines as the top priority rather than missile defense stressed by the Bush Administration.¹¹² In April-May 2005, the chairmen of the opposition parties, KMT's Lien Chan and PFP's James Soong, made historic visits of reconciliation to mainland China, meeting with Hu Jintao, head of the Communist Party of China and PRC President. These visits further dampened prospects that the Special Budget would be passed.

On May 24, 2005, the LY's Procedures Committee failed to place the Special Budget on the legislative calendar, blocking consideration before the session's end on May 31. Unless there is a special session in July or August as the ruling Democratic Progressive Party (DPP) requested, the LY's next session is scheduled to begin in September. On May 27, Representative Simmons and 32 other House Members wrote to KMT chairman Lien Chan, urging him to help expedite passage of the Special Budget in May. They warned that "failure to pass the special budget has raised concerns in the United States about Taiwan's ability to defend itself against potential aggression."¹¹³ However, Lien responded in a three-page letter by making partisan attacks on the DPP and President Chen Shui-bian, and criticisms of the Special Budget although the KMT used special budgets in the 1990s.¹¹⁴ Moreover, KMT and PFP members of the LY's Defense Committee refused to attend a luncheon on June 9 with the top U.S. representative, AIT's Director Doug Paal, while his strained relationship with the DPP apparently required Deputy Director Dave Keegan to host the DPP lawmakers who showed up to discuss the arms sales.¹¹⁵

Meanwhile, a former Pentagon official warned that if Taiwan does not pass the Special Budget and there are not expected improvements in Taiwan's self-defense, the United States would be more hesitant to approve future requests from Taiwan for weapons systems and possibly conduct a review of policy toward Taiwan.¹¹⁶

Policy Reviews and U.S. Objectives. Congress has a role in oversight of any reviews of policy toward Taiwan. In September 1994, the Clinton Administration explicitly and publicly testified to Congress about a major Taiwan Policy Review.¹¹⁷ Defense ties would likely be included in any policy reviews of how to enhance leverage over Taiwan and affect the cross-strait situation, including whether to limit defense ties, apply conditions, or strengthen ties. Policy seeks to achieve the U.S. objectives of assisting Taiwan's self-defense capability, preventing

¹¹² Tzu-yu Shih-pao [*Liberty Times*], Taipei, March 21, 2005; *China Post*, March 22, 2005.

¹¹³ Rep. Rob Simmons, et al, letter to Chairman Lien Chan, Kuomintang, May 27, 2005.

¹¹⁴ Lien Chan, Chairman of the KMT, letter to Rep. Simmons, et al, June 8, 2005.

¹¹⁵ *Taipei Times*, June 10, 2005.

¹¹⁶ Interview with Mark Stokes, retired Air Force Lieutenant Colonel and Country Director in the Office of the Secretary of Defense, in *Taipei Times*, April 24, 2005.

¹¹⁷ Testimony of Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord, "Taiwan Policy Review," before the Senate Foreign Relations Committee on September 27, 1994. See CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy* — Key Statements from Washington, Beijing, and Taipei, by Shirley Kan.

conflict, minimizing the chance of U.S. intervention, and promoting cross-strait dialogue. While U.S. objectives have been consistent, developments in China and Taiwan since the 1970s have required U.S. re-assessments and responses.

In late 2002, the Pentagon reportedly conducted a policy review of cooperation with Taiwan that examined whether its leaders have taken defense seriously, whether defense cooperation with Taiwan has been effective, and whether U.S. policy should change.¹¹⁸ (The NSC, State Department, and AIT would have input into any review by the Administration of policy toward Taiwan.¹¹⁹) At the U.S.-Taiwan Business Council's conference on Taiwan's defense in February 2003, in San Antonio, TX, Deputy Assistant Secretary of Defense Richard Lawless told Taiwan's Vice Defense Minister Chen Chao-min and others that, while the President said that we will do whatever it takes to help Taiwan defend itself, Taiwan "should not view America's resolute commitment to peace and stability in the Taiwan Strait as a substitute for investing the necessary resources in its own defense." At the same occasion, Deputy Assistant Secretary of State Randall Schriver indicated a new proactive U.S. approach to Taiwan's defense modernization, pointing Taiwan to three priorities: missile defense, C4ISR, and ASW.

Taiwan's election in March 2004 brought the re-election of President Chen Shui-bian and his continued advocacy of a new constitution for Taiwan by 2008. In April 2004, the Departments of State and Defense testified to the House International Relations Committee, indicating a readjustment in the Bush Administration's policy toward Taiwan.¹²⁰ Assistant Secretary of State James Kelly clarified U.S. policy by stating that:

- The United States "does not support" independence for Taiwan or unilateral moves that would change the status quo "as we define it" and opposes statements or actions from either side that would unilaterally alter Taiwan's "status."
- U.S. efforts at deterring PRC coercion "might fail" if Beijing ever becomes convinced Taiwan is embarked upon a course toward independence and permanent separation from China, and concludes that Taiwan must be stopped.
- It would be "irresponsible" of us or of Taiwan's leaders to treat the PRC's statements as "empty threats."
- The United States looks to President Chen to exercise the kind of responsible, democratic, and restrained leadership that will be necessary to ensure a peaceful and prosperous future for Taiwan.
- There are "limitations" with respect to what the United States will support as Taiwan considers possible changes to its constitution.
- We urge Beijing and Taipei to pursue dialogue "as soon as possible" through any available channels "without preconditions."

¹¹⁸ *Taiwan Defense Review*, January 18, 2003.

¹¹⁹ *The Nelson Report* (January 31, 2003) reported there was an interagency East Asia Policy Review.

¹²⁰ House International Relations Committee, hearing on "The Taiwan Relations Act: The Next 25 Years," April 21, 2004.

At that same hearing, Assistant Secretary of Defense Peter Rodman also warned PRC leaders that any attempt by China to use force against Taiwan would “inevitably” involve the United States.

Moreover, Assistant Secretary of State Kelly argued that a premise of arms sales to Taiwan has been that “a secure and self-confident Taiwan is a Taiwan that is more capable of engaging in political interaction and dialogue with the PRC, and we expect Taiwan will not interpret our support as a blank check to resist such dialogue.” However, some observers have begun to question the continued validity of this premise. James Lilley, former ambassador in Beijing and representative in Taipei, warned in April 2004 that:

The implicit American premise was that a secure and stable Taiwan would be a more willing and successful partner in dealing with China. Judicious arms sales to Taiwan were part of this formula and in the past it has worked. ... If elements of this broader formula are disregarded by the current Taiwan authorities, however, then the successful historic pattern has been broken. U.S. military support and arms sales cannot be used by Taiwan to move away from China — they were meant to make Taiwan feel secure enough to move toward accommodation with China. Our support should be conditional on upholding our successful pattern.¹²¹

Visits by Generals to Taiwan. As for senior-level contacts, the United States and Taiwan have held high-level defense-related meetings in the United States, as discussed above. U.S. policy previously restricted high-level military contacts but changed to welcome Taiwan’s senior military officers and defense officials to visit the United States, shifting the question to their willingness to make the visits. At the same time, the State Department’s policy has avoided sending to Taiwan U.S. flag and general officers or officials at or above the level of deputy assistant secretary of defense. For a hearing in 1999, Assistant Secretary of State Stanley Roth responded to a submitted question on this issue by writing that “following the 1994 policy review, the Administration authorized travel by high-level officials, including cabinet officers, from economic and technical agencies. However, restrictions remained at the same level for visitors from military or national security agencies at or above the position of Deputy Assistant Secretary and at the rank of one-star flag officer or above. This policy is based on the determination that visits of such officials would be inconsistent with maintaining an unofficial relationship.”¹²²

Under the Bush Administration, the Pentagon and some in Congress have sought to lift this restriction in order to advance U.S. interests in boosting Taiwan’s deterrence capability and U.S. leverage in Taiwan. Senior-level exchanges could help to understand Taiwan’s crisis-management capabilities and limitations. Some

¹²¹ James Lilley, “Strait Talk,” *Wall Street Journal*, April 19, 2004.

¹²² Senate Foreign Relations Committee, hearing on “United States-Taiwan Relations: the 20th Anniversary of the Taiwan Relations Act,” March 25, 1999.

have cited the NSC's record of sending senior officials to Taipei.¹²³ The NSC, State Department, and some in Congress have opposed sending senior military officers and defense officials to Taiwan as an unnecessary change to a potentially dangerous situation in the Taiwan Strait. (See **108th and 109th Congress** below.)

Major Congressional Action

105th Congress. In the 105th Congress, the FY1999 National Defense Authorization Act (P.L. 105-261) required the Secretary of Defense to study the U.S. missile defense systems that could protect and could be transferred to “key regional allies,” defined as Japan, South Korea, and Taiwan.¹²⁴ In addition, the conference report (H.Rept. 105-746 of the FY1999 Defense Appropriations Act, P.L. 105-262) required a report from the Pentagon on the security situation in the Taiwan Strait, in both classified and unclassified forms.¹²⁵

106th Congress. In the 106th Congress, Representative Gilman, Chairman of the House International Relations Committee, wrote President Clinton on April 19, 1999, urging approval for the sale of long-range early warning radars to Taiwan. He also wrote Secretary of State Madeleine Albright on April 22, 1999, saying that if the Administration did not approve the sale, he would introduce legislation to do so. In the end, the Clinton Administration decided in principle to sell early warning radars to Taiwan. The State Department spokesperson confirmed that the United States agreed on the request in principle and acknowledged that under the TRA, “the President and Congress determined which defense articles and services Taiwan needs.”¹²⁶ The Pentagon spokesperson also confirmed that the United States “agreed to work with the Taiwanese to evaluate their early warning radar needs, and that will take place over the next year or so, but there is no specific agreement on a specific type of radar, specific sale, or specific terms of sale at this time.”¹²⁷

Also, Members debated whether the “Taiwan Security Enhancement Act (TSEA)” (S. 693, Helms; H.R. 1838, DeLay) was needed to better assist Taiwan or was unnecessary and counterproductive in a delicate situation, as the Clinton Administration maintained. The TSEA also increased attention to U.S.-Taiwan

¹²³ The National Security Council has sent the Senior Director for Asian Affairs (James Moriarty and Michael Green) to Taiwan (*Far Eastern Economic Review*, May 20, 2004).

¹²⁴ Department of Defense, “Report to Congress on Theater Missile Defense Architecture Options for the Asia-Pacific Region,” unclassified version, May 1999; CRS Report RL30379, *Missile Defense Options for Japan, South Korea, and Taiwan: A Review of the Defense Department Report to Congress*, November 30, 1999, by Robert D. Shuey and Shirley A. Kan.

¹²⁵ Department of Defense, “Report to Congress Pursuant to the FY99 Appropriations Bill, The Security Situation in the Taiwan Strait,” unclassified version, February 1, 1999; CRS Report RS20187, *Taiwan's Defense: Assessing the U.S. Department of Defense Report, “The Security Situation in the Taiwan Strait,”* April 30, 1999, by Robert Sutter.

¹²⁶ Shenon, Philip, “U.S. Plans to Sell Radar to Taiwan to Monitor China,” *New York Times*, April 30, 1999; Department of State, Daily Press Briefing, April 29, 1999.

¹²⁷ Defense Department News Briefing, April 30, 1999.

military exchanges, including that on communication and training. The Pentagon was said to have supported the spirit of the bill, although not its passage.¹²⁸ The TSEA was not enacted, although the House passed H.R. 1838 on February 1, 2000, by 341-70.

Seeking more information from the Pentagon on which to base its considerations, Congress passed the FY2000 National Defense Authorization Act (P.L. 106-65), requiring annual reports on PRC military power and the security situation in the Taiwan Strait.¹²⁹ Also, in consolidated appropriations legislation for FY2000 (P.L. 106-113), Congress required a report on the operational planning of the Department of Defense to implement the TRA and any gaps in knowledge about PRC capabilities and intentions affecting the military balance in the Taiwan Strait.¹³⁰

Concerning Congress' role *before* the Administration's decisions on arms sales and formal notifications, the 106th Congress passed language, introduced by Senator Lott, in the FY2000 Foreign Operations Appropriations Act (in Div. B of P.L. 106-113), requiring the Secretary of State to consult with Congress to devise a mechanism for congressional input in determining arms sales to Taiwan. Again, in the FY2001 Foreign Operations Appropriations Act (P.L. 106-429), Congress passed the Taiwan Reporting Requirement, requiring the President to consult on a classified basis with Congress 30 days prior to the next round of arms sales talks. (Those required consultations took place on March 16, 2001.)

107th Congress. In the 107th Congress, some Members opposed the sale of Aegis-equipped destroyers, because they could be interpreted as offensive rather than defensive sales and could involve significant interaction with the U.S. military, as Senators Feinstein and Thomas (chairman of the Foreign Relations Subcommittee on East Asian and Pacific Affairs) wrote in the *Washington Times* on March 28, 2001. Other Members — 83 in the House (led by Representatives Cox and Wu) and 20 in the Senate (led by Senators Helms and Torricelli) — wrote letters to President Bush on April 3, 2001, urging approval of the sale of those destroyers. A March 2001 staff report to Senator Helms of the Foreign Relations Committee called for meeting Taiwan's defense needs, particularly for submarines and destroyers.¹³¹

In addition, some in Congress urged the Administration to deliver AMRAAMs to Taiwan after the *Washington Times* on July 1, 2002, reported that, in June, two SU-30 fighters of the PLA Air Force test-fired AA-12 medium-range air-to-air

¹²⁸ Steven M. Goldstein and Randall Schriver (former official in the Office of the Assistant Secretary of Defense for International Security Affairs), "An Uncertain Relationship: The United States, Taiwan, and the Taiwan Relations Act," *China Quarterly*, March 2001.

¹²⁹ Department of Defense, "Annual Report on the Military Power of the People's Republic of China," unclassified version, June 2000 and July 2002.

¹³⁰ Department of Defense, "Report to Congress on Implementation of the Taiwan Relations Act," unclassified version, December 2000.

¹³¹ Senate Foreign Relations Committee, "U.S. Defense Policy Toward Taiwan: In Need of an Overhaul," a Staff Trip Report to the Committee on Foreign Relations, S. Prt. 107-26, by James Doran, printed April 2001.

missiles acquired from Russia. The report raised questions as to whether the PLA already deployed the missiles, meeting one of the conditions by which the United States would deliver the AMRAAMs to Taiwan — rather than keep them in storage — as approved for sale by the Clinton Administration in 2000. On July 16, 2002, Senators Kyl, Helms, Bob Smith, and Torricelli wrote Secretary of State Colin Powell, urging the Bush Administration to allow the transfer of AMRAAMS to Taiwan “as soon as they are produced” rather than “quibble over whether the AA-12 tests mean that China has an ‘operational’ capability.”

The National Defense Authorization Act for FY2002 (P.L. 107-107), enacted on December 28, 2001, authorized the President to transfer (by sale) the four Kidd-class destroyers to Taiwan (Sec. 1011), under Section 21 of the AECA. Also, Section 1221 of the act required a new section in the annual report on PRC military power (as required by P.L. 106-65) to assess the PLA’s military acquisitions and any implications for the security of the United States and its friends and allies. The scope of arms transfers to be covered was not limited to those from Russia and other former Soviet states, as in the original House language (H.R. 2586).¹³²

The Foreign Operations Appropriations Act for FY2002 (P.L. 107-115), enacted on January 10, 2002, brought unprecedented close coordination between the Executive and Legislative branches on arms sales to Taiwan. Section 573 required the Departments of State and Defense to provide detailed briefings (not specified as classified) to congressional committees (including those on appropriations) within 90 days of enactment and not later than every 120 days thereafter during FY2002. The briefings were required to report on U.S.-Taiwan discussions on potential sales of defense articles or services to Taiwan.

Some Members called for ensuring regular and high-level consultations with Taiwan and a role for Congress in determining arms sales to Taiwan, after President Bush announced on April 24, 2001 (the day of the last annual arms sales talks), that he would drop the annual arms talks process with Taiwan in favor of normal, routine considerations on an “as-needed” basis.¹³³ Due to the absence of diplomatic relations, successive administrations used a process in determining arms sales to Taiwan that was institutionalized in the early 1980s as annual rounds of talks with Taiwan defense authorities consisting of several phases leading up to final meetings usually in April.¹³⁴ In overseeing the new process, factors or implications to consider included the following:

- Congress’ role in decision-making and ability to exercise oversight
- role of arms sales talks in the broader long-range and joint defense strategy for Taiwan (vs. a narrower focus on specific requests)

¹³² Still, the Pentagon’s report, issued on July 12, 2002, discussed China’s military acquisitions from states of the former Soviet Union, and not other countries (e.g., Israel).

¹³³ Milbank, Dana and Mike Allen, “Bush to Drop Annual Review of Weapons Sales to Taiwan,” *Washington Post*, April 25, 2001.

¹³⁴ See CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, October 21, 1999, updated June 5, 2001, by Shirley Kan.

- role of arms sales in U.S. diplomatic and defense policies (including various elements of the “one China” policy)
- U.S. objectives for the Taiwan military
- nature of the U.S.-Taiwan military relationship
- extent of high-level U.S.-Taiwan military exchanges
- effect of an annual high-profile controversy on U.S. interests
- usefulness to Congress and Taiwan of a deadline for decisions
- influence of various interest groups in a more defused process
- changes in high-level, intensive attention given by the White House and its coordination of the inter-agency debates
- changes in the Pentagon’s basis for recommendations
- Taiwan’s desire to receive similar treatment given to others
- consultations with allies, including Japan.

The Foreign Relations Authorization Act for FYs 2002 and 2003 (H.R. 1646), passed in the House on May 16, 2001, contained provisions on arms sales to Taiwan. First, H.R. 1646 included authority (in Section 851) for the President to sell the four Kidd-class destroyers to Taiwan. Second, as proposed by Representative Brad Sherman in the House International Relations Committee, Section 813 sought to require that Taiwan be treated as the “equivalent of a major non-NATO ally” for defense transfers under the AECA or the Foreign Assistance Act, while the language stopped short of designating Taiwan as a major non-NATO ally. According to the Member’s office, the provision would show tangible support for Taiwan’s defense, provide it with status similar to that given to Australia, New Zealand, and Argentina, offer it the “right of first refusal” for EDA, and treat it with enhanced status for anti-terrorism assistance, cooperative research and development projects in the defense area, and expedited review in satellite licensing. Third, Representative Gary Ackerman introduced Section 814 to require the President to consult annually with Congress and Taiwan about the availability of defense articles and services for Taiwan. The consultations with Taiwan would occur at a level not lower than that of the Vice Chief of General Staff and in Washington, DC — as has been the case.

Finally enacted as P.L. 107-228 on September 30, 2002, the Foreign Relations Authorization Act for FY2003 authorized — at the Bush Administration’s request — the Department of State and other departments or agencies (including the Department of Defense) to detail employees to AIT (Section 326); required that Taiwan be “treated as though it were designated a major non-NATO ally” (Section 1206); required consultations with Congress on U.S. security assistance to Taiwan every 180 days (Section 1263); and authorized the sale to Taiwan of the four Kidd-class destroyers (Section 1701).¹³⁵ Section 326, amending the Foreign Service Act of 1980, has significant implications for the assignment of government officials to AIT, including active-duty military personnel for the first time since 1979. (Employees have been separated from government service for a period of time in the name of “unofficial” relations, but personnel issues have affected AIT and its contractors. Defense Department personnel, including those supporting security assistance, have been civilian staff and retired or resigned military personnel.)

¹³⁵ For more details on proposed House and Senate language, see “Arms Sales to Taiwan,” in CRS Report RL31046, *Foreign Relations Authorization, FY2003: An Overview*.

In signing the bill into law on September 30, 2002, President Bush issued a statement that included criticism of Section 1206 (“major non-NATO ally”). He said that “Section 1206 could be misconstrued to imply a change in the ‘one China’ policy of the United States when, in fact, that U.S. policy remains unchanged. To the extent that this section could be read to purport to change United States policy, it impermissibly interferes with the President’s constitutional authority to conduct the Nation’s foreign affairs.”

Nonetheless, the Acting Under Secretary of Defense for Acquisition, Technology, and Logistics, Michael Wynne, submitted a letter to Congress on August 29, 2003, that designated Taiwan as a “major non-NATO ally” under Section 1206. The are implications for defense industrial cooperation with Taiwan, under Section 65 of the Arms Export Control Act (P.L. 90-629).

The FY2003 National Defense Authorization Act, passed in the House on May 10, 2002, contained Section 1202 seeking to require the Secretary of Defense to implement a comprehensive plan to conduct combined training and exchanges of senior officers with Taiwan’s military and to “enhance interoperability” with Taiwan’s military.¹³⁶ The language was similar to that of Section 5(b) in the “Taiwan Security Enhancement Act” proposed in the 106th Congress. The Senate’s version, passed on June 27, 2002, did not have the language. The *Washington Times* reported on August 9, 2002, that the Department of State opposed the language as unnecessary (given U.S. support under the TRA).

As Members worked out differences in conference, Deputy Defense Secretary Paul Wolfowitz wrote in a letter to the House and Senate Armed Services Committees on September 27, 2002, that “while we welcome Congress’ support for the U.S. commitments under the Taiwan Relations Act and for the President’s commitment to the defense of Taiwan, we believe that the objectives of Section 1202 are best achieved by preserving the traditional statutory role of the Secretary to exercise authority, direction, and control over the Department of Defense to conduct such activities as are needed to support those commitments, including his authority to preserve the confidentiality of those activities.” The Pentagon “strongly recommends that this provision be deleted, although we would not object to language that would call upon the Department to brief the Congress periodically on progress we are making to meet our commitments to Taiwan security,” Wolfowitz wrote. As enacted on December 2, 2002, the FY2003 National Defense Authorization Act (P.L. 107-314) contained a revised section (1210), requiring a Presidential report 180 days after the act’s enactment (due May 31, 2003) on the feasibility and advisability of conducting combined operational training and exchanges of senior officers with Taiwan’s military. (U.S. policy has allowed Taiwan’s senior military officers and defense officials to visit the United States, while not sending U.S. flag and general officers to Taiwan, or senior officials.)

¹³⁶ For an argument for enhancing interoperability with Taiwan, see Justin Bernier (staffer for the House Armed Services Committee) and Stuart Gold, “China’s Closing Window of Opportunity,” *Naval War College Review*, Summer 2003.

108th Congress. On May 20, 2004, the House passed H.R. 4200 (FY2005 National Defense Authorization Act) with Sec. 1013 to authorize the sale to Taiwan of a dock landing ship (Anchorage) as an Excess Defense Article and Sec. 1215 to require the Defense Department to send general or flag officers and officials at or above the level of deputy assistant secretary of defense to Taiwan (as proposed by Representative Jim Ryun). After a floor debate about whether Representative Ryun's amendment was necessary or dangerous, the House passed it by 290-132. Supporters cited the Defense Department's support for this policy change and challenges in Taiwan's military in integrating new acquisitions and prioritizing self-defense needs against the PLA. Opponents cited resistance by the NSC and State Department, the TRA as existing authority for security assistance, and the need for caution in a tense part of Asia. On May 19, 2004, Senator Sam Brownback submitted for the record a similar amendment intended to be proposed to the Senate's bill (S. 2400). However, on June 23, 2004, the Senate passed S. 2400 without considering or voting on such language. During conference, the House receded, and the conference report did not contain Sec. 1215 (H.Rept. 108-767, issued on October 8, 2004). President Bush signed H.R. 4200 into law (P.L. 108-375) on October 29, 2004.

109th Congress. In January 2005, eight Members led by Representative Rob Simmons wrote to Secretary of State Condoleezza Rice to express concerns that the Bush Administration has delayed notifications to Congress on the three major items until after LY decided on the Special Budget. The State Department responded that it supports the President's decision of April 2001 to make available to Taiwan P-3s, PAC-3s, and submarines, but that it does not believe "notification at this time will have any influence on the Taiwan Legislature's decision."¹³⁷ At issue are the Bush Administration's effectiveness in encouraging Taiwan to boost its self-defense, extent of U.S. leverage in Taiwan, and risks in relations with Beijing.

On May 20, 2005, the House Armed Services Committee reported its National Defense Authorization Act for FY2006 (**H.R. 1815, H.Rept. 109-89**), again proposing language to change U.S. policy to allow U.S. flag and general officers and senior officials at or above the level of deputy assistant secretary of defense to visit Taiwan (section 1203). Such visits would reciprocate visits by senior military officers and officials from Taiwan that already take place in the United States. Also, Chairman Duncan Hunter's press release noted that the Defense Department exchanged with the PRC over 80 senior-level visits in the 1990s and about 14 in recent years.¹³⁸ The bill added new language that would ensure that Capstone classes at the National Defense University (for new general and flag officers) conduct trips to the PRC and Taiwan (section 528). The House passed H.R. 1815 on May 25. The bill reported by the Senate Armed Services Committee on May 17, 2005 (**S. 1042**) does not contain similar sections.

¹³⁷ Letters between the State Department and Representatives Rob Simmons, Lane Evans, Roscoe Bartlett, Chris Smith, John Hostettler, Madeleine Bordallo, Trent Franks, and Jeb Bradley, January 31 and February 15, 2005.

¹³⁸ See CRS Report RL32496, *U.S.-China Military Contacts: Issues for Congress*, by Shirley Kan.

As mentioned above on the impasse over the Special Budget, on May 27, 2005, Representative Simmons and 32 other House Members wrote to KMT chairman Lien Chan, urging him to help expedite passage of the Special Budget in May. They warned that “failure to pass the special budget has raised concerns in the United States about Taiwan’s ability to defend itself against potential aggression.”¹³⁹

Major U.S. Arms Sales as Notified to Congress

The following table provides information on U.S. sales (not deliveries) of major defense articles and services to Taiwan, as approved by the President, proposed in Letters of Offer and Acceptance, and formally notified to Congress since 1990. Based on unclassified notices and news reports, this list includes the date of notification, major item or service proposed for sale, and estimated value of the defense package. The list was compiled based on unclassified notifications to Congress or announcements by the Administration as well as press reports. These were primarily government-to-government FMS programs. Major FMS are notified to Congress as required by Section 36(b) of the Arms Export Control Act (AECA), P.L. 90-629.¹⁴⁰ Not all of these approved sales were necessarily purchased by Taiwan. There have been other transfers of U.S. defense articles and services not included in this list (that amounted to billions of dollars), including sales and technical assistance with smaller individual values not required to be notified to Congress, those with classified notifications, and other direct commercial sales licensed for export by the Department of State and notified to Congress under Section 36(c) of the AECA (but subject to the confidentiality requirements of Section 38(e)). There have also been leases of naval vessels and other equipment. Moreover, each year, hundreds of Taiwan’s military personnel at different levels receive training and education at U.S. military colleges, academies, and other institutions or units.

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
1990		
07/26	Cooperative Logistics Supply Support	\$108
09/06	(1) C-130H transport aircraft	\$45

¹³⁹ Rep. Simmons, et al, letter to Chairman Lien Chan, Kuomintang, May 27, 2005.

¹⁴⁰ As with all U.S. arms sales, months or years *after* the President’s decisions on Taiwan’s requests and Taiwan’s subsequent decisions on which sales to pursue, the role of Congress includes informal and formal review of major proposed FMS deals notified to Congress (during which Congress may enact a joint resolution of disapproval) as stipulated under Section 36(b) of the AECA. See CRS Report RL31675, *Arms Sales: Congressional Review Process*, December 20, 2002, by Richard Grimmett.

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
1991		
01/07	(100) MK-46 torpedoes	\$28
07/24	(97) SM-1 Standard air defense missiles	\$55
09/13	(110) M60A3 tanks	\$119
11/18	Phase III PIP Mod Kits for HAWK air defense systems	\$170
1992		
05/27	Weapons, ammunition, support for 3 leased ships	\$212
05/27	Supply support arrangement	\$107
08/04	(207) SM-1 Standard air defense missiles	\$126
09/14	(150) F-16A/B fighters	\$5,800
09/14	(3) Patriot-derived Modified Air Defense System (MADS) fire units ¹⁴¹	\$1,300
09/18	(12) SH-2F LAMPS anti-submarine helicopters	\$161
1993		
06/17	(12) C-130H transport aircraft	\$620
06/25	Supply support arrangement	\$156
07/29	(38) Harpoon anti-ship missiles	\$68
07/30	Logistics support services for 40 leased T-38 trainers	\$70
08/	(4) E-2T Hawkeye airborne early warning aircraft ¹⁴²	\$700
09/08	Logistics support services for MADS	\$175
11/04	(150) MK-46 Mod 5 torpedoes	\$54
11/09	Weapons, ammunition, and support for 3 leased frigates	\$238
11/23	MK-41 Mod (short) Vertical Launch Systems for ship-based air defense missiles	\$103
1994		
08/01	(80) AN/ALQ-184 electronic counter measure (ECM) pods	\$150
09/12	MK-45 Mod 2 gun system	\$21

¹⁴¹ Commercial sale. Opall Barbara and David Silverberg, "Taiwanese May Soon Coproduce Patriot," *Defense News*, February 22-28, 1993; *Military Balance 1999-2000*.

¹⁴² *Flight International*, September 1-7, 1993.

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
1995		
03/24	(6) MK-75 shipboard gun systems, (6) Phalanx Close-In Weapon Systems	\$75
06/07	Supply support arrangement	\$192
1996		
05/10	Improved Mobile Subscriber Equipment communications system	\$188
05/10	(30) TH-67 training helicopters, (30) sets of AN/AVS-6 night vision goggles	\$53
05/23	(465) Stinger missiles, (55) dual-mounted Stinger launcher systems	\$84
06/24	(300) M60A3TTS tanks	\$223
08/23	(1,299) Stinger surface-to-air missiles, (74) Avenger vehicle mounted guided missile launchers, (96) HMMWVs (high-mobility multi-purpose wheeled vehicle)	\$420
09/05	(110) MK-46 MOD 5 anti-submarine torpedoes	\$66
1997		
02/14	(54) Harpoon anti-ship missiles	\$95
05/23	(1,786) TOW 2A anti-armor guided missiles, (114) TOW launchers, (100) HMMWVs	\$81
07/24	(21) AH-1W Super Cobra helicopters ¹⁴³	\$479
09/03	(13) OH-58D Kiowa Warrior Armed Scout helicopters	\$172
11/09	Pilot training and logistics support for F-16 fighters	\$280
11/09	Spare parts for various aircraft	\$140

¹⁴³ Taiwan reportedly ordered 63 AH-1W helicopters, 42 of which were delivered by early 2000, and Taiwan may order an additional 24 helicopters (*Defense News*, March 6, 2000).

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
1998		
01/28	(3) Knox-class frigates, ¹⁴⁴ (1) MK 15 Phalanx Close-In Weapons System (CIWS)	\$300
06/01	(28) Pathfinder/Sharpshooter navigation and targeting pods for F-16 fighters ¹⁴⁵	\$160
08/27	(58) Harpoon anti-ship missiles	\$101
08/27	(61) Dual-mount Stinger surface-to-air missiles	\$180
08/27	(131) MK 46 Mod 5(A)S anti-submarine torpedoes	\$69
10/09	(9) CH-47SD Chinook helicopters	\$486
1999		
05/26	(240) AGM-114KS Hellfire II air-to-surface missiles	\$23
05/26	(5) AN/VRC-92E SINCGARS radio systems, (5) Intelligence Electronic Warfare systems, (5) HMMWVs	\$64
07/30	Spare parts for F-5E/F, C-130H, F-16A/B, and Indigenous Defense Fighter (IDF) aircraft	\$150
07/30	(2) E-2T Hawkeye 2000E airborne early warning aircraft ¹⁴⁶	\$400
2000		
03/02	Modernization of the TPS-43F air defense radar to TPS-75V configuration	\$96
03/02	(162) HAWK Intercept guided air defense missiles ¹⁴⁷	\$106
06/07	(39) Pathfinder/Sharpshooter navigation and targeting pods for F-16 fighters	\$234
06/07	(48) AN/ALQ-184 ECM pods for F-16s	\$122

¹⁴⁴ In 1992, the Bush Administration submitted legislation that Congress passed to lease 3 Knox-class frigates to Taiwan. Reports say that Taiwan leased a total of 6 (and subsequently bought them in 1999) and purchased 2 in 1998 (plus 1 for spares).

¹⁴⁵ The sale of the navigation/targeting pods excluded the laser designator feature, but the Pentagon notified Congress on May 16, 2000, that 20 sets would be upgraded to include the feature.

¹⁴⁶ Northrop Grumman delivered the first one on August 10, 2004, at St. Augustine, FL.

¹⁴⁷ On June 23, 2000, the Pentagon notified Congress of a sale of 156 excess HAWK air defense missiles to Taiwan for about \$7 million.

Date of Notification	Major Item or Service as Proposed (usually part of a package)	Value of Package (\$ million)
09/28	(146) M109A5 howitzers, 152 SINCGARS radio systems	\$405
09/28	(200) AIM-120C Advanced Medium-Range Air-to-Air Missiles (AMRAAMs) for F-16 fighters	\$150
09/28	(71) RGM-84L Harpoon anti-ship missiles	\$240
09/28	Improved Mobile Subscriber Equipment (IMSE) communication system	\$513
2001		
07/18	(50) Joint Tactical Information Distribution Systems (JTIDS) terminals (a version of Link 16) for data links between aircraft, ships, and ground stations	\$725
09/05	(40) AGM-65G Maverick air-to-ground missiles for F-16s	\$18
10/26	(40) Javelin anti-tank missile systems	\$51
10/30	Logistical support for spare parts for F-5E/F, C-130H, F-16A/B, and IDF aircraft	\$288
2002		
06/04	(3) AN/MPN-14 air traffic control radars	\$108
09/04	(54) AAV7A1 assault amphibious vehicles	\$250
09/04	Maintenance of material and spare parts for aircraft, radar systems, AMRAAMS, and other systems	\$174
09/04	(182) AIM-9M-1/2 Sidewinder air-to-air missiles	\$36
09/04	(449) AGM-114M3 Hellfire II anti-armor missiles to equip AH-1W and OH-58D helicopters ¹⁴⁸	\$60
10/11	(290) TOW-2B anti-tank missiles	\$18
11/21	(4) Kidd-class destroyers	\$875
2003		
09/24	Multi-functional Information Distribution Systems (for Po Sheng C4ISR data link upgrades)	\$775
2004		
03/30	(2) Ultra High Frequency Long Range Early Warning Radars	\$1,776

¹⁴⁸ On January 4, 2005, Lockheed Martin announced a letter of agreement worth about \$50 million for more than 400 Hellfire missiles.