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. Congress has oversight of the Taiwan Relations Act (TRA), P.L. 96-8, which has governed 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 Communique and the "Six Assurances" to Taiwan. U.S. arms sales to Taiwan have been significant. The United States also has expanded military ties with Taiwan after the PRC's missile firings in 1995-1996. However, there is no defense treaty with Taiwan.

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. Afterward, attention turned to Taiwan, where the military, civilian officials, and legislators from competing political parties 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. Some in the United States questioned Taiwan's seriousness about its self-defense, level of defense spending, and protection of secrets. The Pentagon broadened its focus from Taiwan's arms purchases to its regular defense budget, readiness for self-defense, and critical infrastructure protection. Blocked by the Kuomintang (KMT) party in the Legislative Yuan (LY) that opposed the Democratic Progressive Party's president (2000-2008), the Special Budget (not passed) for submarines, P-3C ASW aircraft, and PAC-3 missile defense systems was cut from $18 billion in 2004 to $9 billion (for submarines only) in 2005. In March 2006, Taiwan's defense minister requested a 2006 Supplemental Defense Budget (not passed) in part for submarine procurement, P-3Cs, and PAC-2 upgrades (not new PAC-3 missiles). In June 2007, the LY passed Taiwan's 2007 defense budget with funds for P-3C planes, PAC-2 upgrades, and F-16C/D fighters. In December 2007, the LY approved $62 million to start the sub design phase. After the KMT's Ma Ying-jeou became President in May 2008, Taiwan retained the requests but has cut the defense budgets.

Also, attention turned to U.S. decisions on pending arms sales. In 2008, congressional concerns mounted about a suspected "freeze" in President Bush's notifications to Congress on eight pending arms sales as well as his refusal to accept Taiwan's request for F-16C/D fighters. On October 3, 2008, Bush finally notified Congress. However, he submitted six of the eight pending sales for a combined value of about $6.5 billion. The Administration did not submit for congressional review the pending programs for Black Hawk utility helicopters or the submarine design. Moreover, the sale of PAC-3 missile defense systems was broken up into two parts. The 111th Congress might further reassert the legislated role in determinations of Taiwan's needs and oversee President Obama's adherence to the TRA. There could be congressional oversight of any policy review and clarification of any objective process to consider Taiwan's requests for arms. On July 23, 2009, Senator John Cornyn introduced an amendment to S. 1390, National Defense Authorization Act for FY2010, to require President Obama to submit a report on an assessment of Taiwan's air force. On the same day, the Senate passed the amendment and S. 1390, whose language was substituted in H.R. 2647. The House had passed H.R. 2647 on June 25 without similar language to require a report on Taiwan's air force.

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U.S. Policy

This CRS Report discusses U.S. security assistance for Taiwan, formally called the Republic of China (ROC), particularly policy issues for Congress. It also lists sales of major defense articles and services to Taiwan, as approved by the President and notified to Congress since 1990. This report uses a variety of unclassified consultations and citations in the United States and Taiwan.

Role of Congress

Congress passed and exercises oversight of the Taiwan Relations Act (TRA), P.L. 96-8, the law that 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. The TRA specifies that it is U.S. policy, among the stipulations: to consider any nonpeaceful means to determine Taiwan's future "a threat" to the peace and security of the Western Pacific and 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." In a crisis, Section 3(c) of the TRA requires the President to inform Congress "promptly" of any threat to "the security or the social or economic system" of the people on Taiwan and any danger to U.S. interests. The TRA set up the American Institute in Taiwan (AIT), a nonprofit corporation in place of an embassy, 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. They have controlled notifications to Congress of pending major arms sales, as required by the Arms Export Control Act, P.L. 90-629.

Congress also oversees the President's implementation of policies decided in 1982. President Ronald Reagan agreed with the PRC on the August 17, 1982 Joint Communique on reducing arms sales to Taiwan, but he also clarified that arms sales would continue in accordance with the TRA and with the full expectation that the PRC's approach to the resolution of the Taiwan issue would be peaceful. At the same time, Reagan extended "Six Assurances" to Taipei, including assurances that Washington had not agreed to set a date for ending arms sales to Taiwan nor to consult with Beijing on arms sales to Taiwan. (See CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan.)

Broad Indicators of Arms Transfers

As for *U.S.* arms transfers to Taiwan, they have been significant despite the absence of a diplomatic relationship or a treaty alliance. The value of *deliveries* of *U.S.* defense articles and services to Taiwan totaled $4.0 billion in the 2000-2003 period and $4.3 billion in 2004-2007. Among worldwide customers, Taiwan ranked 3rd (behind Saudi Arabia and Egypt) in 2000-2003

and 4th (behind Israel, Egypt, and Saudi Arabia) in 2004-2007. In 2007 alone, Taiwan ranked 6th among worldwide recipients, receiving $790 million in U.S. defense articles and services. Values for U.S. agreements with and deliveries to Taiwan are summarized below.[1]

	2000-2003 period	2004-2007 period
U.S. Agreements	$970 million	$1.2 billion
U.S. Deliveries	$4.0 billion	$4.3 billion

From *worldwide* sources, including the United States, Taiwan received arms *deliveries* valued at $7.7 billion in the eight-year period from 2001 to 2008. Taiwan ranked 7th among leading arms recipients that are developing countries. (The PRC ranked 2nd and received arms deliveries worth $16.2 billion.) However, as an indication of future arms acquisitions, Taiwan's arms *agreements* in 2001-2008 did not place it among the top 10 recipients among developing countries. (The PRC ranked 4th with total arms purchase agreements worth $12.9 billion.) In 2008 alone, Taiwan had agreements for arms purchases that totaled $1.3 billion, ranking 8th among developing countries.[2]

Military Relationship

"Software Initiative"

In addition to transfers of hardware, beginning after the crisis in the Taiwan Strait in 1995-1996 during which President Clinton deployed two aircraft carrier battle groups near Taiwan in March 1996, the Pentagon quietly expanded the sensitive military relationship with Taiwan to levels unprecedented since 1979.[3] The broader exchanges have increased attention to "software," including discussions over strategy, training, logistics, command and control, etc.

Also, Taiwan's F-16 fighter pilots have trained at Luke Air Force Base, AZ, since 1997. However, in 2004, Taiwan's Minister of Defense Lee Jye surprisingly wanted to withdraw the pilots and fighters.[4] In response, the Defense Department stressed the value of continuing the training program to develop "mission ready and experienced pilots" with improved tactical proficiency shown by graduated pilots who have "performed brilliantly," as explicitly notified to Congress.[5]

In July 2001, after U.S. and Taiwan media reported on the "Monterey Talks," a U.S.-Taiwan national security meeting that was launched in Monterey, CA, the Pentagon revealed it was the seventh meeting (since 1997) held with Taiwan's national security officials "to discuss issues of interaction and means by which to provide for the defense of Taiwan."[6] Another round of such

[1] CRS Report RL34768, *U.S. Arms Sales: Agreements with and Deliveries to Major Clients, 2000-2007*, by Richard F. Grimmett; compiled with U.S. official data as reported by the Defense Security Cooperation Agency (DSCA).

[2] CRS Report R40796, *Conventional Arms Transfers to Developing Nations, 2001-2008*, by Richard F. Grimmett (an annual report compiled from official DSCA data).

[3] 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.

[4] *Jane's Defense Weekly*, October 9, 2004 and June 29, 2005; and author's consultations.

[5] DSCA, notification to Congress, October 25, 2005 (see list at end of this CRS Report).

[6] *China Times*, Taipei, July 18, 2001; *Washington Times*, July 18, 2001; Defense Department briefing, July 19, 2001.

strategic talks took place in July 2002.[7] The 11th round of the talks took place in late September 2005, after the Bush Administration postponed the meeting by a couple of weeks to accommodate PRC ruler Hu Jintao's scheduled visit to Washington on September 7 (which was then postponed because of President Bush's response to Hurricane Katrina).[8]

Increased U.S. concerns about Taiwan's self-defense capability prompted expanded communication on defense and security matters. 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.[9] 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.[10]

Assessments

The Pentagon has also conducted its own assessments of Taiwan's defense needs, with over a dozen studies from 1997 to early 2004.[11] 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.[12] 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.[13] 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.[14] In January 2001, a Pentagon team reportedly examined Taiwan's command and control, air force equipment, and air defense against a first strike.[15] 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.[16] In August 2002, a U.S. military team studied Taiwan's Po Sheng command, control, communication, computers, intelligence, surveillance, and reconnaissance (C4ISR) program.[17] In November 2002, another U.S. team visited Taiwan to assess its marine corps and security at ports

[7] *Central News Agency*, Taipei, July 17, 2002.

[8] Project for a New American Century, August 26, 2005; *Taipei Times*, September 15, 2005.

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

[10] Testimony before the House International Relations Committee, hearing on "The Taiwan Relations Act: The Next 25 Years," April 21, 2004.

[11] 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.

[12] "U.S. Military Team Arrives in Taiwan for Visit," *Lien-ho Pao [United Daily News]*, September 19, 1999, in *FBIS*.

[13] Ricks, Thomas, "Taiwan Seen as Vulnerable to Attack," *Washington Post*, March 31, 2000.

[14] Tsao, Nadia, "Pentagon Report Says Taiwan Can Handle AEGIS," *Taipei Times*, September 27, 2000; Michael Gordon, "Secret U.S. Study Concludes Taiwan Needs New Arms," *New York Times*, April 1, 2001.

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

[16] *Taipei Times* (Taiwan), September 10, 2001.

[17] *Taiwan Defense Review* (Taiwan), August 27, 2002.

and harbors, and reported positive findings.[18] 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.[19] In late 2007, Taiwan's Defense Ministry launched a Joint Defense Capabilities Assessment (JDCA) with U.S. cooperation, to determine requirements for Taiwan's joint self-defense.[20]

Normalized Relationship

The George W. Bush Administration continued the Clinton Administration's initiative 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 foreign governments.[21]

U.S. military officers observed Taiwan's Hankuang-17 annual military exercise in 2001, the first time since 1979.[22] 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.[23] By the summer of 2002, the U.S. and Taiwan militaries reportedly discussed setting up an undersea ASW link to monitor the PLA Navy's submarines.[24] The U.S. and Taiwan militaries set up a hotline in 2002 to deal with possible crises.[25]

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, allowing the assignment of active-duty military personnel to Taiwan for the first time since 1979. The objective was to select from a wider range of personnel, without excluding those on active duty. The first active-duty defense attache since 1979, an Army Colonel began his duty in Taipei in August 2005 with civilian clothes and a status similar to military attaches assigned to Hong Kong, except that military personnel in Hong Kong may wear uniforms at some occasions.[26]

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" below.)

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

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

[20] Fu Mei, briefing at the U.S.-Taiwan Defense Industry Conference, September 29, 2008.

[21] On the annual arms talks, see CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, by Shirley A. Kan.

[22] *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.

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

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

[25] *Jane's Defense Weekly*, October 29, 2003.

[26] In addition to Colonel Al Willner, the Defense Security Cooperation Agency (DSCA) assigned Army Colonel Peter Notarianni to oversee security assistance programs at AIT in Taipei. A notice was released: Department of Defense, DSCA contract awarded to AIT to support DSCA active-duty military and civil service personnel, September 24, 2005.

Senior-Level Exchanges and Exercises

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 an industry 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 nontransit purpose since 1979.[27] Tang met with Deputy Secretary of Defense Paul Wolfowitz at the conference.[28]

However, after that policy change in 2002, Taiwan's defense minister declined to visit the United States through 2007. 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.[29] 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.[30] On the same day, General Chen Chao-min, a deputy defense minister, confirmed to Taiwan's legislature a U.S. plan for a noncombatant 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.[31] Deputy Assistant Secretary of Defense Richard Lawless and Deputy Assistant Secretary of State Randall Schriver met with General Chen. In October 2004, Taiwan's Deputy Minister for Armaments, General Huoh Shoou-yeh, attended a U.S.-Taiwan defense industry conference (in Scottsdale, AZ), instead of Defense Minister Lee Jye.

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.[32] In September 2005, Deputy Minister Huoh again attended a U.S.-Taiwan defense industry conference (in San Diego, CA). Deputy Defense Minister Ko Chen-heng attended the next conference in September 2006 (in Denver, CO). In July 2007, Chief of General Staff, General Huoh Shoou-yeh, visited the United States.[33] At the defense industry conference in September 2007 (in Annapolis, MD), Deputy Minister Ko again represented Taiwan, as Defense Minister Lee Tien-yu declined to visit the United States. In only the second visit by a defense minister from Taiwan since 1979, Minister Chen Chao-min visited the United States on September 28-October 5, 2008, attending the U.S.-Taiwan Defense Industry Conference in Jacksonville, FL, and visiting Luke Air Force Base, Naval Warfare Systems Command in San

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

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

[29] *Reuters*, September 10, 2002.

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

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

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

[33] *China Times*, Taipei, July 13, 2007.

Diego, and the Pacific Command in Honolulu.[34] In June 2009, Chief of General Staff, Admiral Lin Jan-yi, visited the United States.[35]

As mentioned above, U.S. military observation of Taiwan's Hankuang military exercises resumed in 2001. The Hankuang-19 exercise took place in April-May 2003, with participation by about 20 U.S. military personnel and retired Admiral Dennis Blair, who just resigned as the Commander of the Pacific Command (PACOM). (Blair led U.S. observers through the Hankuang-24 exercise in June 2008. In 2009, he became the Director of National Intelligence (DNI).) The 2003 exercise reportedly raised questions about the military's will to fight and ability to sustain defense before possible U.S. support.[36] 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 reportedly included a U.S.-provided computer simulation in August 2004 that resulted in the PLA invading and capturing the capital, Taipei, within six days.[37] In April 2006, Taiwan's President Chen Shui-bian and other officials held a Yushan exercise to improve crisis-management and continuity-of-government to counter any PLA "decapitation" attack, with no U.S. participation.[38] Then, in April 2008, AIT Director Stephen Young and other U.S. officials observed the Yushan exercise for the first time, but some KMT politicians criticized the inclusion of U.S. observers.

The KMT's Ma Ying-jeou became president in May 2008. In December 2008, Defense Minister Chen Chao-min announced a reduction in the frequency of the Hankuang live-fire field exercises to change them from annual to biennial exercises (only once in two years), raising questions about training, readiness, as well as contacts with the U.S. military. Hankuang-25 was held in June 2009. Meanwhile, President Ma renamed the crisis-management exercise from Yushan to Chunghsing, changed the scenario from a PLA attack to domestic disasters, and did not invite U.S. officials to observe like in 2008.[39]

April 2001 Arms Requests and Status of Arms Sales

April 2001 Decisions

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,[40] 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

[34] Speech by Deputy Assistant Secretary of Defense David Sedney, in Jacksonville, FL, September 29, 2008.

[35] *Tzu-yu Shih-pao [Liberty Times]*, Taipei, June 19, 2009.

[36] *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.

[37] *AFP*, August 11, 2004; *Taiwan News*, August 12, 2004.

[38] *Liberty Times* (Taipei), April 13 and 16, 2006; and author's interviews in Taipei.

[39] York Chen (was in Chen Shui-bian's NSC), "Exercises Give Chance to Test Mettle," *Taipei Times*, March 31, 2009; U.S.-Taiwan Business Council, "Defense & Security Report," First Quarter, 2009.

[40] 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.

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. President Bush approved four decommissioned Kidd-class destroyers for sale as Excess Defense Articles (EDA), not a program of Foreign Military Sale (FMS). The Administration also decided to brief Taiwan's military on the PAC-3 missile defense missile.[41]

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. (The request for Abrams tanks was approved later in 2001.)[42]

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.[43] 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.[44] However, in 2005, the Administration denied these requests.[45])

Taiwan's Decisions

After the U.S. response to Taiwan's requests in 2001, attention turned to Taiwan, where the military, civilian officials, and competing political parties in a newly assertive legislature (Legislative 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 defenses. In March 2003, Taiwan's Defense Ministry issued a new procurement plan emphasizing those priorities.[46] However, setting priorities for its national security, forging a national consensus, and funding defense programs have remained contentious in Taiwan's politicized debate over national security.

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

[42] Mark Stokes, "Taiwan's Security: Beyond the Special Budget," AEI, March 27, 2006.

[43] *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.

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

[45] Wendell Minnick, "U.S. Rejects Taiwan Request for HARM and JDAM Kits," *Jane's Defense Weekly*, January 18, 2006.

[46] *Taiwan Defense Review*, March 12, 2003.

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.[47]

Attack and Utility Helicopters

After deferring a decision on Taiwan's request for attack helicopters, the Bush Administration, in May 2002, approved the request, and Taiwan began negotiations on 30 AH-64D Apache Longbow helicopters sold by Boeing.[48] Afterwards, Taiwan also considered the AH-1Z Cobra helicopters sold by Bell.[49] In April 2007, Taiwan's military decided to procure 30 Apaches.[50] Also, Taiwan requested price and availability data for acquisition of 60 utility helicopters.[51] In 2005, Bell proposed its UH-1Y Huey utility helicopter, and Sikorsky proposed its UH-60 Black Hawk helicopters as replacement for Taiwan's UH-1H Huey utility helicopters. In the LY in December 2007, inter-party negotiations and the final decision approved about $203 million but froze two-thirds, or $135 million, for 60 UH-60M Black Hawk utility helicopters (total cost of about $2.2 billion). Also in the 2008 defense budget, the LY approved $228 million for 30 Apache helicopters (total cost of about $1.8 billion).

On October 3, 2008, President Bush finally notified Congress of the proposed Foreign Military Sale (FMS) program of 30 Apache helicopters for a total value of $2.532 billion. However, in what observers noted was an apparent arbitrary decision, the President did not notify Congress of the pending sale of Black Hawk utility helicopters, which would require a notification at a later time. Taiwan's 2009 defense budget included about $230 million for the program to procure 60 Black Hawk helicopters.[52]

However, after Typhoon Morakot battered Taiwan on August 8-10, 2009, President Ma responded to domestic criticism of his crisis-management and disaster relief in part by announcing on August 18 that he would cut the purchase from 60 to 45 Black Hawks and use what he said would be $300 million in "savings" to purchase strictly civilian rescue helicopters. However, that contradictory decision also called for the military to beef up its role in disaster relief, which would require more helicopters. The military's helicopters already have served dual (military and civilian) missions. Apparently, President Ma did not consult with the Defense Ministry, which announced on August 30 that it would preserve the pending program to procure 60 Black Hawk helicopters, to avoid delays and costly changes in procurement process, and to maintain the objective of upgrading combat readiness. While agreeing, Ma nonetheless directed the Defense Ministry to work on lending 15 of the new military helicopters to the Interior Ministry.

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

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

[49] *Jane's Defense Weekly*, March 10 and 24, 2004.

[50] *AFP*, April 12, 2007; *Lien-Ho Pao*, July 9, 2007; *Defense News*, July 16, 2007.

[51] *Jane's Defense Weekly*, August 24, 2005; *Defense News*, July 16, 2007.

[52] Max Hirsch, "U.S. to Approve Major Helicopter Sale to Taiwan This Year," *Kyodo*, March 9, 2009.

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 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).[53] In November 2002, the Bush Administration notified Congress of the proposed sale of four Kidd-class destroyers for about $875 million. Then, on May 30, 2003, Taiwan's legislature finally voted to release the funding, after they conditioned funding on bargaining with the U.S. Navy on a 15% price reduction. The U.S. Navy began reactivation and upgrade of the Kidds in July 2003[54] for delivery of the 9,600-ton destroyers ahead of schedule from October 2005 to 2006. Taiwan's Naval Commander-in-Chief, Marine General Chen Pang-chih, attended the transfer ceremony in Charleston, SC, for the first two destroyers on October 29, 2005, in the presence of Representative Henry Brown. The destroyers, the largest warships in Taiwan's navy, are equipped with SM-2 air-defense missiles and a joint combat management system. The transfer ceremony for the final two Kidds took place in Charleston, SC, on August 25, 2006.

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.[55] 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.[56] In 2002, Taiwan requested four Arleigh Burke-class, Aegis-equipped destroyers, for delivery in 2010 and at a cost of about $4.8 billion, but got no U.S. response.[57]

Submarines

Despite initial skepticism about the Bush Administration's April 2001 agreement to sell Taiwan submarines (since the United States no longer manufactures diesel-electric submarines), the Department of Defense has discussed options for a Foreign Military Sales (FMS) program for eight boats with U.S. and foreign companies and Taiwan. 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 European countries, and leaks of secrets from Taiwan to the

[53] Author's visit to Taiwan; and *Taipei Times* and *China Post* (Taipei), November 1, 2002.

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

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

[56] 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.

[57] *Lien-Ho Pao*, September 1, 2004; *Taiwan Defense Review*, December 19, 2004; author's consultations.

PRC, that could involve U.S. submarine secrets and implications for the U.S. military.[58] 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."

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 (now Navantia). 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 U.S. 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.[59] On December 6, 2002, Secretary of the Navy Gordon England informed Congress in a Determination and Findings memo that bidding would be limited to four U.S. companies and the diesel subs would be of U.S. origin.[60] The U.S. Navy held a second Industry Day on December 17, 2002, with General Dynamics, Northrop Grumman, Lockheed Martin, and Raytheon interested in being the prime contractor.[61]

The U.S. Navy provided the Independent Cost Estimate (ICE) on January 17, 2003.[62] The ICE put the sub program at about $10.5 billion, but private sector estimates have been said to be lower (perhaps $6-7 billion). Greater risks and costs were factored into the ICE because of uncertainty about funding by Taiwan and the availability of European designs.

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 discuss the issue, but the differences reportedly remained unresolved.[63] 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

[58] 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.

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

[60] Gordon England, Memorandum to Congress with Determination and Findings, December 6, 2002.

[61] *Knight-Ridder/Tribune Business News*, December 17, 2002.

[62] *Tung-sen Hsin-wen Pao*, Taipei, September 28, 2005.

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

as a long-term solution for Taiwan that would not meet the near-term blockade and submarine threats posed by the PLA Navy.[64] 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.[65] 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 new subs.[66]

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.[67] The U.S. team also met with some of Taiwan's legislators, including Lin Yu-fang of the opposition People First Party.[68] 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.[69] The total cost of new submarines was estimated at $9-12 billion,[70] leading Taiwan's political leaders to consider a controversial Special Budget.[71] (See discussion on budgets below.)

Taiwan's new demand for domestic industrial participation had added another issue and greater potential costs to the program (about $2.5 billion to the total), which U.S. Navy officials discussed with potential prime contractors at the third Industry Day meeting on December 15, 2003, in Washington.[72] 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 was opposed to Taiwan's new proposal to build them in Taiwan.[73] With U.S. opposition to Taiwan's domestic production of submarines conveyed in official letters from the Defense Department in May and July 2004, Minister of Defense Lee Jye estimated that the cost of the submarines could be reduced.[74] Depending on the funds ultimately approved in Taiwan, the scope of a program could be restricted to fewer than eight boats.

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. In early 2003, officials in the Bush Administration stressed ASW surveillance as one priority for Taiwan's military to consider, with the focus on static arrays and patrol aircraft to track submarines. The Administration approved submarines but did not consider them a priority.[75]

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[64] 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.

[65] *Central News Agency*, Taipei, October 16, 2003.

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

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

[68] *Taipei Times*, October 31, 2003; *Central News Agency*, November 2, 2003.

[69] Author's discussion with Lin Yu-fang in Taipei in December 2003.

[70] *Lien-ho Pao* [United Daily News], August 25, 2003; *Taipei Times*, October 31, 2003.

[71] *Taiwan Defense Review*, April 30, 2004.

[72] Ibid., February 6, 2004 and April 30, 2004.

[73] *United Daily News* (Taipei), June 23, 2004.

[74] *Lien-Ho Pao*, September 8, 2004; *Central News Agency*, October 19, 2004. Deputy Under Secretary of Defense Richard Lawless referred to his previous letters of May 20 and July 7, 2004, in a letter to Defense Minister Lee Jye on June 27, 2006.

[75] U.S.-Taiwan Business Council, *Defense and Security Report*, 2nd Quarter 2005.

In early 2006, articles appeared alleging that the U.S. Navy failed to effectively implement the diesel sub program for Taiwan, in part to protect the nuclear-powered submarine capability.[76] The Defense Department and the Navy repeated that they supported President Bush's 2001 policy decision on arms sales to Taiwan, but that Taiwan must commit to fund the program. In February 2006, Representative Rob Simmons visited Taiwan, saying that he represented his district in Connecticut, home to General Dynamics' Electric Boat shipyard. In a speech at the American Chamber of Commerce in Taipei, Simmons suggested that the subs could cost less, perhaps around $8 billion, and proposed an interim step to break the impasse whereby Taiwan could procure a sub design first, costing perhaps $225 million.[77] The Navy and DSCA said that Taiwan could first submit a request for a sub design phase.[78]

On April 3, 2006, Taiwan's military submitted a request for U.S. assessment of the feasibility of using two phases (design then perhaps construction). Deputy Under Secretary of Defense Richard Lawless conveyed the U.S. policy response to Taiwan's defense minister in an official letter on June 27, 2006, stating that a two-phased approach was "legally permissible and administratively feasible." However, Lawless warned that such a program likely would increase costs and risks, making foreign design firms and their governments less willing to participate. The Defense Department estimated the design phase to cost $360 million, if Taiwan requests it.[79] Following Lawless' letter, Representative Rob Simmons wrote a letter to Defense Minister Lee Jye on July 17, noting that the next step was for Taiwan to request a letter of offer or acceptance for a phased approach to the design and acquisition of subs.[80] In answer to a question posed by Representative Rob Simmons at a meeting of the Congressional Shipbuilding Caucus on September 27, 2006, Deputy Secretary of Defense Gordon England wrote that his department stood ready to support the U.S. effort to help Taiwan acquire submarines, if Taiwan provided the necessary funds.[81]

Meanwhile, the U.S. Navy requested funds from Taiwan to keep an office to manage the sub program and reportedly warned Taiwan in August 2005 that the "pre-selection" process would stop without such funds. Through March 2006, Taiwan paid $7.5 million to retain the office.[82]

On June 15, 2007, Taiwan's legislature passed the 2007 defense budget with $6 million to fund a "feasibility study" (with LY participation) and did not commit to the design phase or full procurement of submarines (the two U.S.-approved options). Representative James Langevin expressed concerns in a letter to the Secretary of Defense and asked for a review of the U.S. proposal to Taiwan.[83] For the study, a LY delegation met with companies and officials in the United States in August 2007. The LY delegation was positive about its visit but did not reach a conclusion about the sub procurement. In September 2007, the stance of the KMT's presidential candidate, Ma Ying-yeou, was to support the sub purchase, but a KMT legislator who was in the

[76] Wendell Minnick, "Taiwan Claims U.S. Navy is Sabotaging SSK Plans," *Jane's Defense Weekly*, February 15, 2006; "Come Clean on Subs," editorial, *Defense News*, February 13, 2006.

[77] News from Rob Simmons, February 17, 2006; Central News Agency, February 22, 2006; *Taipei Times*, February 23, 2006; *Defense News*, February 27, 2006; and AmCham's *Taiwan Business Topics*, March 2006.

[78] Interviews with Navy and DSCA officials, including consultations in Taipei in April 2006.

[79] Letter from Richard Lawless to Taiwan's Defense Minister Lee Jye, June 27, 2006; Jim Wolf, "U.S. Clears Two-Stage Path to Taiwan Submarine Deal," *Reuters*, July 14, 2006.

[80] Letter from Rob Simmons to Defense Minister Lee Jye, July 17, 2006.

[81] Gordon England, letter to Rob Simmons, October 24, 2006.

[82] *National Journal*, April 6, 2006; and author's interviews in Taipei in April 2006.

[83] James Langevin, letter to Secretary of Defense Robert Gates, July 20, 2007.

LY delegation of August suggested a possible "new list" of arms requests depending on the outcome of the presidential election in March 2008.[84]

Taiwan's Defense Ministry requested in the 2008 defense budget about US$169 million as the first of three annual installments for the design phase (total of US$360 million). The LY's defense committee kept the requested amount in the defense budget that it approved in October 2007, but the question of procurement was left for inter-party negotiations and the full LY to address. In December 2007, the LY approved the 2008 defense budget with the funds for the sub program cut to US$61.5 million. With one-sixth of the required amount, questions arose about Taiwan's full funding for the design phase and how the U.S. Navy would be able to execute the first phase as approved by the Defense Department in June 2006. Nevertheless, in January 2008, Navy Secretary Donald Winter assured Representative Joe Courtney that Taiwan was required to commit to fully fund phase one and incremental payments would be acceptable.[85] Later in January 2008, the Navy accepted Taiwan's Letter of Request (LOR) for the sub design phase.[86] Then, a Navy team visited Taiwan in March 2008 to discuss details of the program.[87]

However, on October 3, 2008, after the KMT's Ma Ying-jeou became president in May, the Bush Administration did not submit for congressional review the pending submarine design program, while notifying Congress of six other proposed arms sales to Taiwan. Representative Joe Courtney wrote to Secretary of State Condoleezza Rice on October 6, 2008, to inquire about the status of the submarine design program given the failure to notify Congress. Reportedly, in 2008, President Ma reevaluated then reaffirmed the program (adjusted with a goal of some local construction, if not development).[88] In a speech on April 22, 2009, President Ma affirmed to the Obama Administration of his continued request specifically for the sub design program.

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 new 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 in 2003, such as refurbished P-3Bs or surplus P-3Cs retired from the U.S. Navy's fleet. A longer-term option was the Multi-Mission Maritime Aircraft (MMA) under development by Boeing's subsidiary, McDonnell Douglas, for the U.S. Navy. In 2004, Taiwan's Ministry of Defense sought approval from the Legislative Yuan (LY) of a Special Budget to include funds (about $1.6 billion) for 12 refurbished P-3C ASW planes (sold as Excess Defense Articles) with possible delivery in 2008-2011.[89] The sale became more complicated in 2006, when L-3 Communications wanted to compete.[90] The LY committed to the procurement of the P-3C planes by budgeting about $188 million in the 2007 defense

[84] Su Chi's remarks at U.S.-Taiwan Business Council, Defense Industry Conference, Annapolis, September 10-11, 2007; author's consultations in Taipei in November 2007.

[85] Assistant Secretary of the Navy John Thackrah, letter of response, January 18, 2008.

[86] Consultations with TECRO, January and February 2008.

[87] Wendell Minnick, "Hurdles Await Taiwan Efforts to Move Forward on Submarines," *Defense News*, March 17, 2008.

[88] *Asia-Pacific Defense Magazine*, September 2008; U.S.-Taiwan Business Council, "Defense & Security Report," First Quarter, 2009.

[89] *Taiwan Defense Review*, April 30, 2004.

[90] *China Times*, Taipei, September 4, 2006; *Jane's Defense Weekly*, October 18, 2006.

budget passed on June 15, 2007 (with a total program cost of $1.4 billion). About three months later in September 2007, the Bush Administration notified Congress of the proposed sale of 12 excess P-3C aircraft (and support) worth $1.96 billion. Upon this notification, China's military showed its displeasure by refusing to carry out U.S.-PLA military exchanges for about a month. In March 2009, Lockheed Martin received the contract to refurbish the P-3Cs by 2015.

Patriot 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 considered buying the PAC-3 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 requesting the PAC-3 missiles.[91] 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.[92] 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.[93] According to the U.S. Army, the Patriot missile defense system (with Guidance Enhanced Missiles and PAC-3 missiles) intercepted nine Iraqi missiles out of nine engagements.[94] In April 2003, Taiwan submitted to the United States a request for price and availability data in a step towards a contract, and in May 2004, Defense Minister Lee Jye requested six PAC-3 units and upgrade of three PAC-2 Plus units (around Taipei) to the PAC-3 standard for about $4.3 billion.[95]

Complicated by the failure of a referendum to pass in March 2004, Taiwan's military reportedly has looked to buy PAC-3 units, originally seeking funds out of a Special Budget submitted in May 2004.[96] Acquisition of missile defense systems has been controversial in Taiwan, with some supporting the development of domestic long-range missiles instead and some preferring short-range missile defense systems. (See discussions on Taiwan's defense budgets and missile program below.) Missile defense also became politicized, when President Chen Shui-bian pushed for a referendum on buying more missile defense systems that was held on the presidential election day on March 20, 2004. That referendum became invalid when only 45% of eligible voters cast

[91] *Taiwan Defense Review*, December 6, 2002.

[92] *Central News Agency* (Taiwan), March 11, 2003.

[93] *Taipei Times*, March 29, 2003.

[94] 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.

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

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

ballots (with 50% needed). (Out of the valid ballots cast, 92% agreed with the proposal.) The opposition KMT and PFP parties objected to acquiring PAC-3 missiles for three years, based on their claim that the referendum "vetoed" the question.[97]

In 2006, Taiwan's military and lawmakers debated whether to upgrade Taiwan's PAC-2 missile defense units, if PAC-3 missiles were not purchased. Legislative Yuan President Wang Jin-pyng promoted PAC-2 upgrades, but other KMT lawmakers did not support additional purchases of Patriot missile defense. KMT Legislator Shuai Hua-ming, a retired army lieutenant general, preferred more "cost-effective" weapons and "offensive" missile systems as "deterrence."[98] At the time, Taiwan had not upgraded its Patriot missile defense systems (to the latest configuration for radars and command and control with new training and hardware). The cheaper option to first upgrade the ground systems for Taiwan's three PAC-2 units was estimated at $600 million. In April 2006, after first rejecting Patriot upgrades, Taiwan's defense ministry requested U.S. price and availability data for PAC-2 upgrades and requested a supplemental budget for Patriot upgrades in 2006 (not passed).[99] In the end, Taiwan's LY deleted the defense ministry's request of about $347 million (out of a total program cost of $3.6 billion) to procure PAC-3 missiles in the 2007 defense budget passed on June 15, 2007, and opted to fund about $110 million for PAC-2 upgrades (out of a total program cost of $603 million). The President notified Congress in November 2007 of the proposed Patriot ground systems upgrade program, valued at $939 million.

In late 2007, Taiwan's LY partially resolved whether to procure PAC-3 missiles. In October 2007, the LY's defense committee retained a requested budget of about US$539 million in the 2008 defense budget to begin to procure PAC-3 missiles. However, the question was left for inter-party negotiations and the full LY to address in December 2007, which decided to fund four sets but freeze the funds for two more, freezing NT$5.8 billion (US$179 million) out of NT$17.5 billion (US$539 million). By the second quarter of 2008, the LY's Foreign Affairs and National Defense Committee released frozen funds, for the total program of six PAC-3 missile batteries with 384 missiles.[100] On October 3, 2008, President Bush notified Congress of a proposed sale of 330 PAC-3 missiles for the estimated value of $3.1 billion. However, the sale of PAC-3 missile defense systems was broken up, excluding three of seven firing units (including one training unit) and about 50 missiles which might require another notification to Congress to proceed, in an apparent arbitrary decision. Another implication was the complication of the program's costs and contents.

Early Warning Radar

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 stressed the importance of long-range early warning and tracking of ballistic and cruise missile attacks against Taiwan. Taiwan reportedly 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.[101] Despite divided opinions among lawmakers, in November 2003, Taiwan's legislature approved

[97] A KMT lawmaker, Su Chi, voiced his objections to missile defense based on the referendum's result during the author's visit to Taiwan in October 2004, before his election.

[98] *Taipei Times*, April 10, 2006; and author's interview with Shuai Hua-min in April 2006.

[99] *Central News Agency*, February 21, 2006; *Taipei Times*, February 22, 2006; author's interview with Raytheon in March 2006; and author's interviews in Taipei in April 2006.

[100] U.S.-Taiwan Business Council, "Defense & Security Report," Second Quarter 2008.

[101] *Jane's Defense Weekly*, March 26, 2003 and February 11, 2004.

the Defense Ministry's request for about $800 million to fund one radar site (rather than an option for two).[102] Nonetheless, on March 30, 2004, the Defense Department notified Congress of the proposed 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 notification pointed out that U.S. personnel would not be assigned to the radar(s). By early 2005, Taiwan had not contracted for the controversial program, and Lockheed Martin withdrew its bid.[103] In June 2005, Raytheon concluded a contract worth $752 million to provide one Early Warning Surveillance Radar System to Taiwan by September 2009.[104] By early 2007, Taiwan decided not to procure a second radar.[105] The construction of a radar in the Surveillance Radar Program (SRP) proceeded in 2009.

C4ISR

In addition, after approval in 1999, the United States reportedly has assisted Taiwan's C4ISR program (named Po Sheng program), involving sales of datalink systems and integration of the services into a joint command and control system.[106] 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.[107] In September 2003, Lockheed Martin obtained a contract with the initial value of $27.6 million.[108] 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.[109] Full Operational Capability of the Po Sheng C4ISR program was expected by the end of 2009.[110]

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

[102] *Taiwan Defense Review*, November 26, 2003; *Jane's Defense Review*, December 3, 2003.

[103] *Jane's Defense Weekly*, February 9, 2005.

[104] Raytheon, June 23, 2005; Department of Defense, Air Force Contract for Raytheon, June 23, 2005; *Wall Street Journal*, June 24, 2005; *CNA*, June 25, 2005.

[105] Wendell Minnick, "Taiwan's Military Grapples with a Major C4ISR Upgrade," *C4ISR Journal*, March 2, 2007.

[106] *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.

[107] 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.

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

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

[110] U.S.-Taiwan Business Council, defense conference, San Diego, CA, September 19, 2005.

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" below.)

By the end of 2002, the Bush Administration authorized delivery of the AMRAAMs to Taiwan and briefed its air force on ground-launched AMRAAMs.[111] (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.[112] 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).[113] 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.[114]

F-16C/D Fighters

In 2006, Taiwan's Defense Ministry requested initial funding from the LY to acquire 66 F-16C/D fighters and to boost the defense budget in 2007 (an attempt to reach 2.85% of GDP).[115] On November 6, 2006, the LY's defense and budget committees jointly passed an amended 2007 defense budget, which froze the requested budget for F-16C/D fighters for five months (ending on May 31, 2007), pending U.S. provision of price and availability data. When the LY passed the final 2007 defense budget on June 15, 2007, the deadline for releasing the funds (about $488 million) for F-16C/Ds was extended until October 31. In the LY, there was broad political support for procurement of new fighters, but there was uncertainty about next steps if President Bush did not approve the release of pricing data (a potential sale).

The Bush Administration refused even to accept a formal Letter of Request (LOR) for F-16C/D fighters, after Taiwan tried to submit one in July 2006, February 2007, and June 2007.[116] Nonetheless, in October 2007, the LY's defense committee passed a 2008 defense budget that

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[111] *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.

[112] *Taiwan Defense Review*, November 15, 2003; *Central News Agency*, November 18, 2003.

[113] Wendell Minnick, "Taiwan's Military will Fire Blanks," *Taipei Times*, May 25, 2005.

[114] *Jane's Defense Weekly*, April 7, 2004.

[115] In spring of 2006, Taiwan's Defense Ministry considered asking to purchase new F-16C/D (not F-15) fighters (author's interviews in Taipei in April 2006). Also: Wendell Minnick, "Airplane Race in Taiwan Straits," *Defense News*, May 15, 2006; Jim Wolf, "Taiwan Seeks 66 F-16 Fighters," *Reuters*, July 27, 2006; Minnick, "U.S. Debates Taiwan Request for 66 F-16s," *Defense News*, August 28, 2006; author's consultations in September 2006; and *Central News Agency*, Taipei, October 2, 2006 (quoting Minister Lee Jye).

[116] *Liberty Times*, Taipei, November 2, 2007; information from TECRO, February 29, 2008; and U.S.-Taiwan Business Council, "Defense & Security Report," Second Quarter 2008.

retained the requested F-16 procurement program. In December 2007, inter-party negotiations and the final decision in the LY deleted NT$2.2 billion from NT$22.2 billion leaving NT$20 billion (US$615 million). But the whole amount was frozen pending U.S. price and availability data. On September 22, 2008, Defense Minister Chen Chao-min reported to the LY that the military needed to acquire the F-16 fighters. The Defense Ministry had to return the unspent funds in the 2007 defense budget and needed to return the funds in the 2008 budget.

In 2006, President Bush reportedly was reluctant to consider a formal request for new F-16 fighters without Taiwan's resolution of pending arms sales and without a 2007 defense budget that included funds for the fighters, given questions about Taiwan's credibility on arms purchases. Moreover, the Administration expressed disapproval in April 2007 about Taiwan's domestic development of land-attack cruise missiles for an "offensive" capability (see below). Then, within days after the LY's passage of the 2007 defense budget in mid-June 2007, Taiwan President Chen proposed a referendum on membership in the U.N. under the name "Taiwan" to be held on the day of the next presidential election (scheduled for March 22, 2008). At a U.S.-Taiwan defense industry conference on September 10-11, 2007, at which there was concern about the persisting status of "no decision" on whether to consider Taiwan's interest in F-16s, the Administration issued a policy address that stressed U.S. opposition to this referendum while linking strength and moderation as two requirements for the broader and longer-term security of Taiwan.[117] President Bush looked to Beijing to cooperate in nuclear nonproliferation efforts targeting North Korea and Iran. After the last sale of fighters to Taiwan, when President George H. W. Bush approved the sale of 150 F-16A/B fighters to Taiwan in September 1992, the PRC ended its participation in the "Arms Control in the Middle East" talks. Some critics argued that the sale in 1992 of F-16 fighters violated the 1982 Communique on reducing arms sales to Taiwan.[118] In addition to concerns about the political context of cross-strait stability and not undermining the tough message to Taipei, there are issues about whether Taiwan's limited defense dollars might be better spent on other defensive requirements, such as munitions, logistics, training, professional personnel, etc. Another question concerns the impact of only 66 fighters on the military balance in the Taiwan Strait.

Advocates argued that Taiwan's legitimate request for F-16C/D fighters needed to maintain air-superiority should not be linked to other pending procurement or political considerations.[119] Taiwan was showing commitment to self-defense, a U.S. goal for cross-strait stability. Section 3(b) of the TRA stipulates that the President and Congress shall determine arms sales "based solely upon their judgment of the needs of Taiwan." In 1994, Congress passed the Foreign Relations Authorization Act for FY1994-FY1995 (P.L. 103-236), with language to affirm that Sec. 3 of the TRA (on arms sales) takes primacy over policy statements (1982 Joint Communique). Moreover, in issuing the August 17, 1982 Joint Communique, President Reagan wrote in a memo that "it is essential that the quantity and quality of the arms provided Taiwan be conditioned entirely on the threat posed by the PRC. Both in quantitative and qualitative terms, Taiwan's defense capability relative to that of the PRC will be maintained."[120] According to

[117] Deputy Assistant Secretary of State Thomas Christensen, "A Strong and Moderate Taiwan," U.S.-Taiwan Defense Industry Conference, Annapolis, MD, September 11, 2007.

[118] Chas. Freeman, Jr., "Preventing War in the Taiwan Strait," *Foreign Affairs*, July/August 1998.

[119] U.S.-Taiwan Business Council, "Defense & Security Report," 3rd Quarter 2006; 2nd Quarter 2007; John Tkacik, "Approve Taiwan Arms Buy," *Defense News*, July 30, 2007.

[120] James Lilley, *China Hands* (Public Affairs, 2004); see CRS Report RL30341, *China/Taiwan: Evolution of the "One China" Policy—Key Statements from Washington, Beijing, and Taipei*, by Shirley A. Kan.

Lockheed Martin, a sale to Taiwan would provide about 8,000 U.S. jobs and keep the production line open. Moreover, supporters argued that the United States should consider Taiwan's request when Taiwan has shown a commitment to increasing its defense budget and defense capabilities (long-sought U.S. goals), and the less provocative KMT Party's Ma Ying-jeou became Taiwan's president in May 2008. Also, withholding support for this request would undermine another U.S. objective of discouraging Taiwan's deployment of long-range cruise missiles. Finally, supporters pointed out that in April 2001, President Bush dropped the 20-year-old annual arms talks process used to discuss arms sales to Taiwan in favor of normal, routine considerations of Taiwan's requests on an as-needed basis.

Days after Taiwan's presidential election in March 2008, Under Secretary of Defense for Policy Eric Edelman promised Senators Tim Johnson and James Inhofe of the Senate Taiwan Caucus that the department would consider carefully any request from Taiwan for defense articles and services, "including replacement airframes."[121] (Also see the section on the "110th Congress.")

Nevertheless, some were concerned that the Bush Administration stressed China's objections over U.S. policy consideration of arms sales based solely upon Taiwan's legitimate defense needs. Even after Taiwan approved a defense budget in December 2007 and the less provocative Ma Ying-jeou succeeded Chen Shui-bian as Taiwan's president in May 2008, President Bush reportedly continued to rebuff Taiwan's efforts to request F-16 fighters, in part because of the Olympic Games in August.[122]

U.S. policy has long helped Taiwan to maintain its air force capabilities. In January 1982, President Ronald Reagan decided to sell F-5E fighters, as they were more advanced than the PRC's fighters at the time, and to consider the more sophisticated F-5G version if Taiwan needed them.[123] The F-16C/D (single-seat/two-seat versions) multi-role (air-to-air and air-to-surface combat) fighters would not be a new type of weapon sold to Taiwan, as they are the improved versions of F-16s sold in 1992. In September 1992, President George H. W. Bush notified Congress of the sale of 150 F-16A/B fighters with a value of $5.8 billion. (The first F-16A fighters entered service in the U.S. Air Force in 1979. In 1980, the Air Force began a program to improve the F-16's capabilities for precision strike, night attack, and beyond-visual-range interception, with advanced controls and fire control radars. The U.S. Air Force received the first F-16C fighters in 1984.)[124]

Since 1990, the PLA Air Force has bought Russian Su-27 and Su-30 fighters, and in late 2006, received the first J-10 fighters (developed in China based on the Israeli Lavi program of the 1980s). The PLA Air Force also acquired Russian S-300PMU2 surface-to-air missiles with a range that extends over Taiwan's airspace. The Secretary of Defense's annual report to Congress on PRC military power warned in March 2009 that the modernizing PLA has continued to shift the cross-strait military balance in its favor and that it was no longer the case that Taiwan's air force enjoyed dominance of the airspace over the strait. The Pentagon reported that the PLA Air Force deployed 490 aircraft (330 fighters and 160 bombers) within range of Taiwan (without need

[121] Eric Edelman, letter in response to Senators Tim Johnson and James Inhofe, March 28, 2008.

[122] *Washington Times*, May 9 and 30, 2008; Rupert Hammond-Chambers, President of the U.S.-Taiwan Business Council, "Taiwan's Security on Hold," op-ed, *The Hill*, June 6, 2008.

[123] Ronald Reagan, *The Reagan Diaries* (Harper Collins Publishers, 2007).

[124] *Jane's All the World's Aircraft, 1986-1987*; U.S. Air Force fact sheet, June 2006.

to refuel), while Taiwan had 390 fighters.[125] Taiwan's air force includes 146 F-16A/Bs, 128 Indigenous Defense Fighters (IDFs), 56 Mirage fighters, and 60 F-5s. Taiwan asserts that it needs to replace aging F-5 fighters but also needs to replace the IDFs and Mirage fighters bought from France in 1992. Taiwan included $82 million for the F-16C/D program in the 2009 defense budget, for a total cost estimated at $4.7 billion. In a speech on April 22, 2009, President Ma Ying-jeou stressed to the Obama Administration that Taiwan still requested the F-16C/Ds. By mid-2009, Taiwan quietly admitted difficulty in sustaining costly maintenance of the Mirage fighters while planning to mothball them by 2010. On July 15, 2009, Taiwan's air force lost an older F-5 fighter along with two personnel and then grounded its F-5 force. (Also see "111th Congress.")

Other Possible Future Sales

In addition to the major weapon systems discussed above, possible future arms sales to Taiwan's military include:[126]

- signals intelligence (SIGINT) aircraft (perhaps from Gulfstream, Raytheon, or Cessna) for which Taiwan reportedly requested price and availability data in 2002;
- C-27J Spartan medium transport aircraft (sold by L3 Communications);
- 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-16s (Pratt & Whitney or General Electric);
- CH-53X minesweeping helicopters (developed by Sikorsky);
- search-and-rescue helicopters (Sikorsky or Bell);
- trainer aircraft;
- KC-135 Stratotanker aerial refueling aircraft;
- Phalanx Close-In Weapons System (CIWS) (sold by Raytheon);
- HH-60G Pave Hawk helicopters;
- retrofit of F-16A/B fighters; and
- upgrades of ships and Sea Dragon submarines.

[125] Secretary of Defense, "Military Power of the People's Republic of China, 2009," March 25, 2009.

[126] *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; *CNA*, 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; *Defense News*, May 7, 2007; *Taipei Times*, June 24, 2007; *Lien-ho Pao*, July 9, 2007; *Defense News*, April 27, 2009; *JDW*, May 21, 2009; *Defense News*, June 15, August 17, 2009; *Aviation Week & Space Technology*, September 14, 2009; and author's consultations.

Policy Issues for Congress

Since the early 1990s, and accelerated after the Taiwan Strait crisis of 1995-1996, the PLA has modernized with a missile buildup and foreign arms acquisitions, primarily from Russia.[127] 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-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 increasingly asserted its role in determining arms sales to Taiwan *before* sales were decided.

Moreover, Section 3(c) of the TRA requires the President to inform Congress "promptly" of any threat to "the security or the social or economic system" of the people on Taiwan and any danger to U.S. interests, so that the President together with the Congress shall determine the appropriate U.S. response. Nonetheless, in March 1996, during the Taiwan Strait Crisis when President Clinton deployed two aircraft carrier battle groups near Taiwan, the State Department testified that the situation did not constitute a "threat to the security or the social or economic system" of Taiwan and did not invoke Section 3(c) for a congressional role.[128] Policy issues center on how effectively the Administration has helped Taiwan's self-defense, the role of Congress in determining security assistance to Taiwan, and whether aspects of U.S. security assistance are stabilizing or destabilizing and should be adjusted based on changing conditions. Overall, the question for policy has concerned whether to disengage from or increase engagement with Taiwan in a number of specific areas.

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. The question of U.S. assistance for Taiwan's defense involves two aspects: intention (willingness) and capability to assist Taiwan's self-defense.

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 initially said that he would do "whatever it took to help Taiwan defend herself" if China attacked.

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[127] See the Defense Department's annual reports to Congress on PRC Military Power.

[128] Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord, before the House International Relations Subcommittee on Asia and the Pacific, hearing on "Crisis in the Taiwan Strait: Implications for U.S. Foreign Policy," March 14, 1996, 104th Congress.

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.[129]

In December 2004, Deputy Secretary of State Richard Armitage also clarified the U.S. defense commitment by saying, "we have the requirement with the Taiwan Relations Act to keep sufficient force in the Pacific to be able to deter attack. We are not required to defend. And these are questions that actually reside with the U.S. Congress, who has to declare an act of war."[130]

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."[131]

In September 2005, the Defense Department further clarified the mutual obligations under the TRA and limits to U.S. ability to assist Taiwan's defense. Deputy Under Secretary of Defense Richard Lawless issued a speech, stressing the TRA's focus on Taiwan's self-defense. He declared that,

> inherent in the intent and logic of the TRA is the expectation that Taiwan will be able to mount a viable self-defense. For too long, the Taiwan Relations Act has been referenced as purely a U.S. obligation.... Under the TRA, the U.S. is obligated to "enable" Taiwan to maintain a sufficient self-defense, but the reality is, it is Taiwan that is obligated to have a sufficient self-defense. There is an explicit expectation in the TRA that Taiwan is ready, willing, and able to maintain its self-defense. Taiwan must fulfill its unwritten, but clearly evident obligations under the Taiwan Relations Act by appropriately providing for its own

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

[130] Richard Armitage, Interview with PBS, December 10, 2004.

[131] President George W. Bush, "Your World with Neil Cavuto," *Fox News*, June 8, 2005.

> defense while not simply relying on the U.S.'s capacity to address a threat in the Strait. The TRA requires both parties to do their part to deter aggression or coercion vis-a-vis Taiwan.[132]

A co-chair of the House Taiwan Caucus, Representative Steve Chabot, stated on September 27, 2005, at the Heritage Foundation that Taiwan was only one ally and that it was principally Taiwan's responsibility to defend itself. He said that it was "frustrating" and "disappointing" to many Members of Congress that Taiwan delayed passage of the Special Budget on arms procurement. He warned that if Taiwan did not pass the Special Budget, many Members of Congress would "re-evaluate the extent of support for Taiwan."

Taiwan's President Chen Shui-bian announced on February 27, 2006, that he would "terminate" the National Unification Council, again raising questions about new tensions. Senator John Warner, Chairman of the Armed Services Committee, told Admiral William Fallon, PACOM Commander, at a hearing on March 7, 2006, that "if conflict were precipitated by just inappropriate and wrongful politics generated by the Taiwanese elected officials, I'm not entirely sure that this nation would come full force to their rescue if they created that problem." On April 24, 2007, at a hearing of the Senate Armed Services Committee with the new PACOM commander, Admiral Timothy Keating, Senator Warner said Taiwan should not play the "TRA card" when the U.S. military was engaged heavily in the world.

Changes in PLA Missile Deployments

There has been 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).[133] One catalyst for this debate 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, then-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.[134] 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 (CBMs), 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

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[132] The speech was read by a DSCA official, Ed Ross, on September 19, 2005, in San Diego, CA, at the Defense Industry Conference of the U.S.-Taiwan Business Council, while Lawless was delayed in Beijing at the Six-Party Talks on North Korea's nuclear weapons.

[133] 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.

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

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 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 Communique (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.[135] 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."[136] In May 2005, an official PRC newspaper reported that the PLA continued to debate the question of whether to "withdraw" missiles opposite Taiwan.[137]

China has continued its buildup of short-range ballistic missiles, whose "adequate precision guidance" could destroy key leadership facilities, military bases, and communication and transportation nodes with "minimal advanced warning," warned the Pentagon's 2004 report to Congress on PRC military power. Later, the Secretary of Defense reported to Congress that by late 2008, the PLA deployed opposite Taiwan an arsenal of 1,050-1,150 mobile M-9 and M-11 short-range ballistic missiles.[138] That buildup increased by 60-80 missiles from 2007.

Taiwan's Commitment to Self-Defense and Defense 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."[139] The Pentagon's report issued in July 2003 further stressed that the relative decline in Taiwan's defense budget

[135] Senate Foreign Relations Committee, Hearing on U.S. Foreign Policy, March 8, 2001.

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

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

[138] Secretary of Defense, "Annual Report on the Military Power of the People's Republic of China," May 29, 2004, and "Military Power of the People's Republic of China, 2009," March 25, 2009.

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

"increasingly" will challenge its force modernization.[140] Especially since 2003, some U.S. observers and officials have urged Taiwan's civilian and military leaders to place more urgent priority on upgrading Taiwan's self-defense capability and to increase defense spending, while noting that Taiwan has planned an independent defense (since it cannot assume foreign help).[141]

Taiwan's regular defense budget for **2004** was about US$7.8 billion, which accounted for 2.4% of GDP and 16.7% of the total government budget, as compared with 3.8% of GDP and 24.3% of total spending in 1994. (See the table below.) 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.

Meanwhile, the PRC has significantly increased military budgets, budgets that the Defense Department has assessed as markedly understating actual defense-related expenditures (by excluding funds for weapons research, foreign arms purchases, etc.). The Secretary of Defense's report on PRC military power estimated that China's military spending for 2008 totaled $105-150 billion, greater than the PRC's announced military budget.[142] The PRC's defense budget can be used as one indicator of the priority placed on the PLA's modernization. In March 2008, the PRC announced its military budget for 2008 that totaled $58.8 billion, claiming a 17.6% increase over the previous year's military budget. Actually, the announced 2008 budget was an increase of 19.1% over the previous year's announced budget (vs. actual budget). Using the PRC's own announced military budgets, the 2008 budget was a doubling of the 2004 budget. This trend of double-digit percentage increases has continued for decades. Nominally, China has raised its announced military budget by double-digit percentage increases every year since 1989. After 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 every year from 1998 to 2008. China's military budget is the highest in Asia.

Some legislators in Taiwan have argued that Taiwan's defense spending has been sufficiently significant, that the legislature in the newly consolidated democracy has the right to scrutinize the defense budget, that economic challenges constrain defense spending, and that Taiwan does not need U.S. weapons in an accommodation with the PRC. The U.S. approvals of significant arms sales in 2001 came in the one year of negative real change in Taiwan's GDP (-2.2%). Also, Taiwan's officials and legislators pointed out that Taiwan had 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

[140] Department of Defense, "Report on PRC Military Power," July 30, 2003.

[141] 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*, January 27, 2003; John Tkacik, "Taiwan Must Grasp on True Defense Needs," *Defense News*, December 1, 2003; Wendell Minnick, "Taiwan Procurement in Shambles," *Defense News*, March 19, 2007; Randall Schriver, "Defense: Time to Take Ownership," *Taipei Times*, April 4, 2007; Ted Galen Carpenter, "Taiwan's Free Ride on U.S. Defense," *Wall Street Journal*, April 23, 2007; AEI and Project 2049 Institute (Taiwan Policy Working Group), "Deter, Defend, Repel, and Partner," July 2009.

[142] Secretary of Defense, "Military Power of the People's Republic of China, 2009," March 25, 2009. The Defense Department has estimated China's total military spending at 3.5% to 5% of GDP. Also see Secretary of Defense, *Proliferation: Threat and Response*, 2001.

military housing construction.[143] In 2003, anti-American attacks targeted perceived U.S. "pressure," "extortion," "sucker's arms deals," and "arms dealers' profits."[144]

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.[145] A former official in the Pentagon involved in arms sales decisions wrote in early 2006, that the impasse over Taiwan's defense spending does not symbolize a lack of commitment to self-defense. Mark Stokes contended that the Bush Administration's policy on arms sales to Taiwan was right, but it came at the wrong time.[146]

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 2005 defense budget was NT$258.5 billion (about US$8.0 billion).[147]

In August 2005, the Defense Ministry requested a budget for **2006** of NT$265.7 billion, an increase of NT$7.2 billion from 2005. However, that budget included an initial request to buy PAC-3 missile defense units, after the Ministry lowered the Special Budget by removing funds for PAC-3. Minister of Defense Lee Jye acknowledged a major "crowding out" impact on the 2006 budget resulting from adding the PAC-3 request to the annual budget. He lamented that he had to cut out 53 new programs that would have invested in combat strength.[148] On January 12, 2006, the legislature voted to cut NT$11.2 billion (US$348 million) from the annual defense budget for 2006 (funds that would have been supplementary funds to support procurement of PAC-3 missile defense, P-3C aircraft, and submarines) and did not direct those funds to be used for munitions, training, or other defense needs. Taiwan's final 2006 defense budget was NT$252.5 billion (about US$7.8 billion), a *reduction* of NT$6 billion from the previous year. Meanwhile, the Minister of Defense requested a Supplemental Budget for the 2006 defense budget partly to procure U.S. submarines, P-3C ASW aircraft, and PAC-2 missile defense upgrades, given the lack of legislative approval for the requested Special Budget. In March 2006, the Defense Ministry requested a 2006 Supplemental Budget totaling NT$13.7 billion (US$420 million) for 74 defense programs, including NT$5.6 billion (US$172 million) for the three weapon systems, but the Cabinet did not agree with it.

With general U.S. support, Taiwan's leaders stated a goal of reversing the declining spending trends and increasing the defense budget to 3% of GDP by 2008. In May 2005, Taiwan's Defense Minister Lee Jye requested that the defense budget increase from 2.4% of GDP to 3.0% of GDP in the next five years.[149] President Chen Shui-bian announced on September 12, 2005, the goal of increasing the defense budget to 3% of GDP by 2008, and this goal was stated in Taiwan's first National Security Report issued by President Chen in May 2006. In reaction to the report, the

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

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

[145] 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.

[146] Mark Stokes, "Taiwan's Security: Beyond the Special Budget," AEI, March 27, 2006.

[147] Consultations in Taipei and Washington; and FBIS report, October 22, 2004.

[148] *Central News Agency*, Taipei, August 30, 2005.

[149] *Taipei Times*, May 24, 2005.

State Department issued a statement on May 19, 2006, to stress that the United States encouraged "Taiwan to boost its defense spending, concentrating in particular on immediate challenges of hardening and sustainability." Taiwan increased the defense budgets in 2007 and 2008. After the KMT's Ma Ying-jeou became president in May 2008, he retained the goal of defense budgets at 3% of GDP, a commitment reaffirmed in the Quadrennial Defense Review (QDR) of March 2009.

Table 1. Taiwan's Defense Budgets

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	261.9	7.8	2.4	16.7
2005	258.5	8.0	2.3	16.1
2006	252.5	7.8	2.1	16.1
2007	304.9	9.2	2.4	18.7
2008	341.1	10.5	2.5	20.2
2009	318.7	9.6	2.7	17.6

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

Special Budget Proposed in 2004

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.[150] Taiwan's Defense Ministry has considered a Special Budget of $15 billion-$20 billion to procure the PAC-3 missile defense system, submarines, and P-3 ASW aircraft over 10-15 years. As discussed above, in 2003, Taiwan's military received the U.S. cost estimate for new submarines as well as price and availability data for PAC-3 missile defense systems and refurbished P-3C planes. In May 2003, Minister of Defense Tang Yiau-ming sent a letter to U.S. Deputy Secretary of Defense Wolfowitz, saying that Taiwan planned to submit a Special Budget to the legislature to procure

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

the three weapon systems. However, Tang allegedly doubted the Special Budget would pass, while looking to the regular defense budget to fund items of priority to the Army.[151]

As Taiwan considered a Special Budget, the Pentagon encouraged a decision. 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].[152] On May 29, 2004, the Pentagon 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."

On May 21, 2004, Taiwan's Defense Minister Lee Jye—a retired Naval Admiral personally committed to procuring new submarines—submitted to the Executive Yuan (Cabinet) a request for a Special Budget for defense totaling about US$20 billion.[153] On June 2, the Executive Yuan, controlled by 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.[154] Taiwan's legislators have had the options of procuring all three systems, procuring one or two items, alternatives, or none. However, Taiwan's priorities remained unclear.

Taiwan's 2004 Legislative Delegation

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 multi-party legislative delegation to the United States on June 17-27, 2004, to gain direct information on the weapons systems. The LY delegation visited Pearl Harbor Naval Base, HI; Washington, DC; and Fort Bliss, TX. Under Wang's leadership, legislators from different political parties reached a preliminary consensus in support of the Special Budget during their visit to Washington, where they met with Members of Congress and defense officials. 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 10 (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 considering the subs.[155]

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[151] U.S.-Taiwan Business Council, "Defense and Security Report," 3rd Quarter 2005.

[152] Statement before the House International Relations Committee, hearing on "The Taiwan Relations Act: the Next 25 Years," April 21, 2004.

[153] *Central News Agency*, Taipei, May 26, 2004; *China Times*, Taipei, May 27, 2004.

[154] *Central News Agency*, Taipei, June 2, 2004.

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

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

U.S. Frustrations and Shifts

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.[156] In a speech in October 2004, Deputy Undersecretary of Defense Richard Lawless urged Taiwan's legislature to "vote in favor of Taiwan's national security."[157] In a strong tone, he warned that the Special Budget was 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"). Shifting the U.S. stress, Lawless called for Taiwan to expand its efforts from national defense to national security, and to pay attention to countering coercion, crisis management, and critical infrastructure protection (CIP) (of national command centers, telecommunications, energy, water, media, computer networks, etc.). Raising frustrations in the Bush Administration and Congress that Taiwan was not placing priority on self-defense, it became increasingly doubtful in 2005 that the LY would vote on the Special Budget and fund it at the full level, even if it would be considered. Meanwhile, the United States had increased concerns about and shifted focus to the regular defense budget and other questions about Taiwan's self-defense.

Cutting the Special Budget in 2005

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 met with Deputy Under Secretary of Defense Richard Lawless and Deputy Assistant Secretary of State Randy Schriver.[158] 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.[159] 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).[160] The reduced figure also factored in moving some infrastructure costs to the annual defense budget, but that budget has

[156] Testimony before the House International Relations Committee, hearing on "The Taiwan Relations Act: The Next 25 Years," April 21, 2004.

[157] 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.

[158] *Agence France Presse*, Hong Kong, January 17, 2005. The author also confirmed Soong's meeting with Lawless with the KMT/PFP's representative in D.C.

[159] *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.

[160] *Taipei Times*, February 16, 2005; February 23, 2005.

faced cuts. The Cabinet approved the new request on March 16 and submitted it to the LY.[161] Two days earlier, the PRC'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.[162] The Defense Ministry began to consider 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.[163] 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, Communist Party General-Secretary, Central Military Commission Chairman, and PRC President. These visits to the PRC further dampened prospects that the Special Budget would be passed.

Congressional Appeals

On May 24, 2005, the LY's Procedure Committee failed to place the Special Budget on the legislative calendar, blocking consideration before the session's end on May 31. On May 27, Representative Rob 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."[164] 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.[165] 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.[166] There was no special session in the summer as the ruling DPP requested. On July 16, 2005, the KMT overwhelmingly elected Ma Ying-jeou (Taipei's Mayor) instead of Wang Jin-pyng (LY's President) to replace Lien Chan as KMT Chairman, prompting some to ask whether Ma would show leadership in considering the Special Budget. However, he focused on the city and county elections on December 3, 2005, when the KMT won 14 out of 23 seats.

On August 1, 2005, three co-chairs of the House Taiwan Caucus wrote to Ma Ying-jeou as the new KMT chairman. They urged him to "lead efforts in Taipei to ensure that the Legislative Yuan quickly passes a special arms procurement package or increases its annual defense spending." They also invited Ma to visit Washington.[167] However, Ma responded as the Mayor of Taipei on August 18 (one day before becoming KMT Chairman), by blaming the DPP administration for

[161] *Ettoday*, Taipei, March 16, 2005 (via FBIS).

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

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

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

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

[166] *Taipei Times*, June 10, 2005.

[167] Letter from Representatives Robert Wexler, Steve Chabot, and Sherrod Brown (without Dana Rohrabacher) to Ma Ying-jeou, KMT Chairman, August 1, 2005.

"procrastinating for three years," "negligence," and "lack of leadership," with no mention of Wang Jin-pyng's LY delegation in June 2004. Ma promised to focus his attention on the issue and to "work closely with the KMT caucus" in the LY after taking over the KMT chairmanship. He also declined to visit in September, writing that the LY will "address tough bills like the arms procurement bill."[168] However, after PFP Chairman James Soong met with Ma on September 7, he announced that the KMT and PFP party caucuses will continue to "consult each other" on whether to advance the Special Budget for consideration in the LY.[169] Meanwhile, Ma set up a KMT task force to study the arms issue, and there have been questions about whether the KMT would support certain arms purchases and incur rising differences with its weakening coalition partner, the PFP, after the December 2005 elections.

Before the LY's session began on September 13, 2005, the Defense Ministry submitted a new Special Budget to cover submarines and P-3C aircraft, moving the request for PAC-3 missile defense to the regular budget (so that the Special Budget was about half of the original amount). LY President Wang Jin-pyng of the KMT acknowledged the reduction as a goodwill gesture and said that "it is time to address the issue."[170] On August 31, 2005, the Executive Yuan approved a Special Budget of NT$340 billion (US$10.3 billion), after removing NT$140 billion (US$4.2 billion) for PAC-3s. On September 28, 2005, the Defense Ministry issued details on its latest funding request for 8 submarines: about NT$288 billion in the Special Budget and NT$10.1 billion in the regular budget for a total of about US$9 billion.[171]

Defense Department Warned of Limits to U.S. Help

When asked about the LY's delay in deciding to purchase U.S. weapons, Secretary of Defense Donald Rumsfeld said in August 2005 that under the TRA, the U.S. obligation was "to work with Taiwan" on security assistance, but it was up to Taiwan make its own decisions.[172] On September 19, 2005, Deputy Under Secretary of Defense Richard Lawless issued another strong speech, this time directed at Taiwan's people and saying that he was not urging the passage of the Special Budget because it has become a political "distraction." Lawless applauded the goal of increasing the defense budget to 3% of GDP. He warned of the danger that "Taiwan's steadily declining defense budgets, and the resulting erosion in its own defense capabilities, also adversely affect the status quo," in addition to the PLA build-up. He expressed the U.S. expectation that Taiwan has the "collective will to invest in a viable defense to address a growing threat and be in a position to negotiate the future of cross-strait relations from a position of strength." He criticized the military for "short-changing itself on reserves of critical munitions" and inadequate "hardening" for defense. Lawless stressed that, under the TRA, Taiwan also has an obligation for its self-defense. He warned that

> the time of reckoning is upon us.... The U.S. ability to contribute to Taiwan's defense in a crisis is going to be measured against Taiwan's ability to resist, defend, and survive based on

[168] Letter to the Taiwan Caucus from Ma Ying-jeou, Mayor of Taipei, August 18, 2005.

[169] *Chung-kuo Shih-pao [China times]*, Taipei, September 7, 2005.

[170] *Central News Agency*, Taipei, August 24, 2005; *Taipei Times*, August 25, 2005.

[171] *Tung-sen Hsin-wen Pao*, Taipei, September 28, 2005.

[172] Secretary of Defense Donald Rumsfeld, news briefing, August 23, 2005.

> its own capabilities.... As the lone superpower, our interests are plentiful and our attention short. We cannot help defend you, if you cannot defend yourself."[173]

Separately, the Commander of the Pacific Command (PACOM), Admiral William Fallon raised questions in press articles and interviews about his assessment of whether Taiwan should prioritize its limited defense resources on "defensive" weapons rather than submarines, given Taiwan's urgent need to effectively upgrade its self-defense. Admiral Fallon reportedly raised this question with Taiwan's Chief of General Staff, General Lee Tien-yu, who recently had visited Hawaii. Admiral Fallon also told the *United Daily News* his concern that if he was to be able to maintain the U.S. commitment to assist Taiwan's defense, then Taiwan should have a strong self-defense capability.[174] On October 26, 2005, eight Members, led by Representative Simmons, asked Admiral Fallon to explain his discussions with Taiwan on submarines. Admiral Fallon responded that he has not tried to discourage this purchase. He added, however, that PACOM has "strongly and consistently encouraged [Taiwan] to acquire capabilities that would have an immediate impact on [its] defense," and "while submarines would provide Taiwan with significant capabilities, a lengthy period of time would be needed to fulfill this long-term acquisition program."[175]

On October 29, 2005, at the transfer ceremony for the first two Kidd-class destroyers, Marine Brigadier General John Allen, Principal Director for Asian and Pacific Affairs in the Office of the Secretary of Defense, gave a speech, saying that "it is imperative that the people of Taiwan hold their leaders of all political parties accountable for reaching a consensus to increase defense spending," while it was not appropriate for the United States to tell Taiwan what "budgeting mechanism" to use. The U.S. role, he said, was to provide the "assistance necessary" to help Taiwan's strategy for stability, "but at the end of the day, it is Taiwan that must decide its fate."

In the first notification to Congress on arms sales to Taiwan since March 2004, the Defense Department in October 2005 put a new stress on the TRA's objective, which was to assist Taiwan to provide for its "own self-defense."

Like Lawless, the Director of DSCA, Air Force Lt. Gen. Jeffrey Kohler, also highlighted Taiwan's inadequate attention to its stocks of air-defense missiles and other munitions as well as pending decisions on defense spending, in an interview in December 2005.[176]

At a hearing of the House Armed Services Committee on March 9, 2006, in response to Representative Rob Simmons' question about the submarine sale to Taiwan, Admiral William Fallon expressed the dilemma for PACOM regarding Taiwan. Fallon said that he was:

> in bit of a box here, because I'm committed to defend this country in the event of any military aggression should that occur from the PRC, and yet the history is that they have not been forthcoming in investing in their own defense.... What I'd like to see is some steps

[173] Speech issued on September 19, 2005, in San Diego, CA, at the Defense Industry Conference of the U.S.-Taiwan Business Council, while Richard Lawless was delayed in Beijing at the Six-Party Talks on North Korea's nuclear weapons. Edward Ross, a DSCA official, delivered the speech for Richard Lawless.

[174] *Japan Times*, September 26, 2005 [reprinted in *Washington Times*, October 8, 2005]; *Liberty Times* [Chinese-language newspaper in Taipei], October 12, 2005, which named General Lee Tien-yu; *Associated Press*, October 14, 2005 [reprinted in *Taipei Times*, October 16, 2005]; and *Lien-Ho Pao* [*United Daily News* in Taipei], October 18, 2005.

[175] Letter to Representative Simmons from Admiral William Fallon, November 8, 2005.

[176] Jim Wolf, "Pentagon Official Says Taiwan Short on Weapons," *Reuters*, December 7, 2005.

being made, some investment by Taiwan to actually acquire some of these capabilities and to boost their own readiness and ability to provide for their own defense.

Special Budget Blocked in Legislature

On December 13, 2005, opposition lawmakers in the Procedures Committee voted for the 41st time to block the statute governing the Special Budget, keeping it from the LY's agenda since it was first introduced in 2004. However, at the Procedures Committee meeting on December 20, the DPP and its allied lawmakers called a vote at a moment when they had a majority, and the committee voted 12-5 to report the statute to the LY. On the eve of full LY consideration, the KMT and PFP chairmen, Ma Ying-jeou and James Soong, met and announced their joint opposition to a "wealthy fool's arms deal." The Ministry of Defense announced it will move the request for P-3s and reduce the Special Budget to one request of NT$299 billion (US$9 billion), about half of the original Special Budget, for submarines. Meanwhile, Representatives Rob Simmons and Tom Tancredo issued statements, saying the Special Budget was "critical for the defense of Taiwan" and applauded its passage out of the Procedures Committee. Representative Simmons also said that "blocking this arms package tells the United States—correctly or not—that Taiwan's leadership is not serious about the security of its people or its freedom. The American People have come to the aid of foreign countries in the name of freedom many times in our history; but Americans will not in good conscience support countries that are unwilling to defend themselves."[177]

When the LY convened on December 23, 2005, to consider the Special Budget, KMT and PFP lawmakers proposed to end the meeting before debating the bill. Taiwan's lawmakers voted 113-100 to end the meeting 20 minutes after it began. This move effectively sent the bill on the Special Budget back to the Procedures Committee, which then voted as before to block its progress on December 27, 2005, January 3, and January 10, 2006, the 45th time that opposition lawmakers in the LY blocked the statute on the Special Defense Budget after its introduction in 2004.

Waiting for Ma Ying-jeou's KMT Defense Policy

LY president Wang Jin-pyng (KMT) visited Washington on January 24-25, 2006, and promised a KMT policy on defense from Ma Ying-jeou, including on arms sales, in February or March. Unlike his visit in 2004, Wang's highest-level interlocutors in the Pentagon were Deputy Assistant Secretary of Defense Mary Beth Long and the Principal Director for Asian and Pacific Affairs, Brigadier General John Allen. There were no results from this visit.

In February 2006, Representative Rob Simmons visited Taipei and suggested a lower cost for the submarine sale (perhaps $8 billion) and an interim step for Taiwan to procure a sub design (perhaps $225 million). Also in February, Representative Henry Hyde, Chairman of the House International Relations Committee sent a letter to Ma, citing "deep concern" in Congress about the LY's failure in the past two years to pass the Special Budget and about significant cuts in other defense spending that would improve readiness. Hyde also wrote that Americans are left wondering whether Taiwan's legislators have the resolve to meet the challenges in providing for

[177] Rep. Rob Simmons, "U.S. Congressman Congratulates Taiwan on Defense Spending Bill Progress," news release, December 21, 2005.

Taiwan's own defense.[178] In a March 7 letter, Ma responded to Representative Hyde by blaming the DPP administration and promising his own policy in the near future.

While the House Taiwan Caucus, in August 2005, had invited KMT chairman Ma Ying-jeou to visit, he scheduled a trip to Washington for March 22-23, 2006, while Congress was in recess. Ma failed on March 14 to gain his party's approval to issue a long-awaited policy on defense and arms procurement, despite his upcoming visit to Washington. Ma had no details on his defense priorities in meetings during his visit (with the private sector and the Bush Administration). While campaigning to be president, Ma issued a defense policy in September 2007 with a stance that supported purchases of U.S. weapons, including submarines.

2006 Supplemental Budget Instead of Special Budget

When the LY reconvened on February 21, 2006, the Procedures Committee blocked the statute on the Special Budget for the 46th time. Thus, in a March 20 special report to the LY, Defense Minister Lee Jye decided to request procurement of subs and P-3s through supplemental funds in the regular 2006 defense budget (instead of the Special Budget): NT$200 million (about US$6 million) as "working fees" to study a sub procurement program and NT$1.7 billion (about US$52 million) for P-3C aircraft. The Defense Ministry then decided also to request supplemental funds of NT$3.7 billion (about US$113 million) for PAC-2 upgrades (not PAC-3 missiles). The supplemental request for the 2006 budget for these three weapon systems totaled NT$5.6 billion (about US$172 million). This amount for the three proposed programs was included in the minister's broader 2006 Supplemental Budget request of NT$13.7 billion (about US$420 million) for 74 programs.[179]

In March 2006, the Defense Ministry submitted its request to the Executive Yuan (EY), or Cabinet, which then approved on May 24 a Supplemental Budget for the 2006 defense budget of NT$6.3 billion (about US$194 million) with the three weapons requests plus NT$700 million for construction of an airstrip on Taiwan-controlled Taiping island (in the Spratly Islands in the South China Sea). The Supplemental Budget also needed to be approved by the LY, but its session ended on May 30 and KMT legislators, including Lin Yu-Fang, raised concerns, particularly about the supplemental budget's legal basis.[180] The LY decided on June 12 to hold a special session on June 13-30, but consideration of the Supplemental Budget for defense was not on the agenda that focused on trying to recall President Chen from office. On June 14, the EY approved a draft bill to govern the Supplemental Budget. The KMT demanded in mid-October 2006 that the DPP Administration withdraw the original Special Budget if the Supplemental Budget was to be considered. While the DPP agreed to this compromise, it fell apart when the KMT and PFP still voted on October 24 to oppose placing the 2006 supplemental request on the LY's agenda.

This outcome prompted the U.S. Representative in Taipei, Stephen Young, to call a press conference two days later, at which he strongly urged the LY to "pass a robust defense budget in this fall's legislative session." He pressed the legislators to "permit the supplemental budget to

[178] Letter from Henry Hyde to Ma Ying-jeou, Chairman of the KMT, February 15, 2006.

[179] *CNA*, March 20 and April 4, 2006; Special Report of the Ministry of Defense, March 20, 2006; and author's interviews in Taipei in April 2006.

[180] During consultations in Taipei in April 2006, Lin Yu-fang said that a Supplemental Budget request would be illegal, that the issue is not the budgeting mechanism but whether the three weapon systems should be procured, and that such requests could "crowd out" other funding needs of the army and air force or other ministries.

pass through the procedural committee and be taken to the floor of the legislature so that an open debate can begin."[181] However, his remarks stirred controversy in Taiwan's charged domestic political context. In defiance of this latest U.S. message, the opposition KMT and PFP legislators voted in the Procedures Committee on October 31 to block the Supplemental Budget. On December 26, 2006, after some opponents forgot to vote against the supplemental bill, it was passed out of the Procedures Committee. Three days later, the LY voted (194-162) to allow committee review of the draft bill governing the supplemental budget but returned the supplemental budget to the Procedures Committee.

2007 Defense Budget

Taiwan finally reversed the negative trend in defense spending with an increase in 2007. In August 2006, Taiwan's Executive Yuan (Cabinet) approved a proposed **2007** defense budget of NT$323.5 billion (US$9.8 billion), an increase of NT$71 billion (US$2.2 billion).[182] A proposal to buy F-16C/D fighters made up NT$16.1 billion (US$488 million) of this increase.[183] Without a Special Budget or 2006 Supplemental Budget, the Bush Administration, U.S. industry, and Congress shifted the focus to whether the LY would approve the 2007 defense budget with a spending increase during what was considered its critical September 2006 to January 2007 session. At the U.S.-Taiwan defense industry conference on September 10-12, 2006, the Defense Department declined to even issue a policy address to Taiwan, after making the effort in 2004 and 2005. The State Department's Director of the Taiwan office warned Taiwan's political figures from opposition and ruling parties that "leaders who aspire to represent the Taiwan people" to the United States should recognize that their decisions "right now on core national security issues" will have an impact on the future bilateral relationship. He also focused attention on how the LY will pass the 2007 defense budget "this fall."[184]

On November 6, 2006, the LY's defense and budget committees jointly passed an amended 2007 defense budget. They approved requested funds to procure P-3C ASW planes and PAC-2 upgrades; deleted about US$347 million for PAC-3 missiles; and cut the request for the sub program from about US$139 million to US$6 million (for the LY's own "feasibility study" for subs). They also froze funds for F-16C/D fighters for five months (ending on May 31, 2007), pending U.S. provision of price and availability data. However, the LY session ended on January 19, 2007, without passing a government budget, including the 2007 defense budget, because of another political dispute. Finally, on June 15, 2007, the LY passed the 2007 Defense Budget, with about: $6 million to conduct a "feasibility study" on buying submarines (not a commitment to either design phase or submarines); $188 million for P-3C planes; $110 million for PAC-2 upgrades (and no funds for PAC-3 missiles); and $488 million for F-16C/D fighters (with funds frozen until October 31 pending U.S. approval). The final 2007 defense budget totaled NT$304.9 billion (US$9.2 billion), accounting for 2.4% of GDP. However, without U.S. data, the Defense Ministry lost the funding for F-16C/Ds in the 2007 defense budget.

[181] AIT Director Stephen Young, press conference, Taipei, October 26, 2006.

[182] *CNA*, August 23, 2006.

[183] Author's consultations with MND officials, September 2006.

[184] Clifford Hart, speech to the U.S.-Taiwan Defense Industry Conference, September 12, 2006, Denver, CO.

2008 Defense Budget

Regarding the **2008** defense budget, the Defense Ministry requested and the Executive Yuan approved in August 2007 a budget of NT$349.5 billion (US$10.6 billion), an increase of 15%. However, on December 20, 2007, the LY approved the final 2008 defense budget that totaled NT$341.1 billion (US$10.5 billion), making up 2.5% of GDP. The budget included funds (but also froze some of the funds) for procurement of PAC-2 upgrades, PAC-3 missiles, P-3C planes, sub design phase, F-16C/D fighters, utility helicopters, and attack helicopters.

2009 Defense Budget

The Bush Administration advanced the process for the programs for the P-3C planes and PAC-2 upgrades by formally notifying Congress of the proposed sales in September and November 2007. However, Taiwan's military had unused budgeted funds to apply to 2009 with no progress (no presidential notifications to Congress) on several other arms programs and with the U.S. refusal to accept a request for F-16C/D fighters through August 2008, when Taiwan's Executive Yuan submitted the proposed **2009** defense budget to the LY, with a *reduction* from the previous year's defense budget. While Taiwan explained that the cut was due to unused funds for arms procurement, Taiwan could have increased its defense budget for the new transition to all-volunteer personnel, training, ammunition stocks, and maintenance. The LY failed to pass the government's budget by the end of 2008 and held an ad hoc meeting on January 15, 2009. The LY passed the final 2009 defense budget with NT$318.7 billion (US$9.6 billion), making up 17.6% of the total government budget and 2.7% of GDP. That was a cut of 6.6% from the 2008 budget.

2010 Defense Budget

At the end of July 2009, the Executive Yuan (Cabinet) approved a total budget for 2010, including a defense budget at NT$288.9 billion. That would be a *reduction* from the budget in 2009. The Cabinet submitted the budget request to the LY in late August. However, after Typhoon Morakot of August 8 caused devastating destruction and almost 700 deaths, President Ma replaced Taiwan's Premier and Cabinet. The new Cabinet took office on September 10 and then withdrew the proposed government budget. On September 24, the Cabinet proposed a new government budget with a slight cut in the defense budget to NT$288.7 billion (US$8.9 billion), accounting for 16.6% of the total budget. If passed, the defense budget would be 2.4% of GDP.

Visits by Generals/Admirals 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 or State. 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."[185]

The State Department issued guidelines on relations with Taiwan to continue the policy to ban official travel to Taiwan for State or Defense Department officials above the level of office director or for uniformed military personnel above the rank of O-6 (colonel, navy captain).[186] 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 and self-defense capabilities and limitations.[187] The TRA does not specify unofficial or official relations with Taiwan. Some have cited the NSC's record of sending senior officials to Taipei for clear and direct talks.[188] The NSC, State Department, and some in Congress have opposed sending senior military officers and defense officials to Taiwan as an unnecessary, ineffective change to a sensitive situation. (See congressional actions, below.)

Taiwan's Missile Program

Referencing the TRA's Section 2(b)(5) "to provide Taiwan with arms of a defensive character," policy-makers face a question of how to respond to Taiwan's increasing interest in counter-strike missiles (ballistic and cruise missiles). Some politicians in Taiwan and U.S. advocates talk about missiles as a deterrent.[189] Some Americans see Taiwan's strategy as inherently defensive against the PRC, with tactical utility for missiles. Others call this desire for long-range weapons unhelpful for stability and U.S. escalation control.[190] Bush Administration officials reportedly raised objections to Taiwan's missile programs.[191] However, this objection raised an issue of whether the Administration contradicted its past position and undermined Taiwan's defense.[192] Another issue covered whether the refusal to consider Taiwan's request for F-16C/Ds undermines this position. A third issue was whether the U.S. stance should be stronger and clearer.

At a press conference in October 2006, the U.S. Representative in Taipei, Stephen Young, said that U.S. policy helps Taiwan to have self-defense, "not to attack the mainland, because that was never in the cards and still isn't now, but to defend itself." By April 2007, the Administration became more concerned about a misperception of U.S. assistance for or approval of Taiwan's Hsiung-feng 2E (HF-2E) land-attack cruise missile program. Also, U.S. officials reportedly linked Taiwan's planned deployment of such missiles to consideration of a request for F-16C/D

[185] Senate Foreign Relations Committee, hearing on "United States-Taiwan Relations: the 20th Anniversary of the Taiwan Relations Act," March 25, 1999.

[186] Department of State, "Guidelines on Relations with Taiwan," February 2, 2001, September 5, 2006.

[187] Dan Blumenthal and Gary Schmitt, "A Strange Calculus," *Wall Street Journal*, August 21, 2006; Therese Shaheen, "Why is the U.S. Ignoring Taiwan?" *Wall Street Journal*, June 14, 2007.

[188] The NSC has sent the Senior Director for Asian Affairs, including James Moriarty and Michael Green, to Taiwan. For example: *Far Eastern Economic Review*, May 20, 2004.

[189] John Tkacik, "The Best Defense is a Good Offense," *Taipei Times*, February 14, 2007.

[190] Michael McDevitt, "For Taiwan, the Best Defense is not a Good Offense," PacNet Newsletter #9, February 22, 2007.

[191] *Lien-ho Pao*, Taipei, October 21, 2006, quoting unnamed U.S. officials.

[192] Rupert Hammond-Chambers, President of the U.S.-Taiwan Business Council, "Taiwan Goes It Alone," *Defense News*, and "Special Commentary," February 25, 2008.

fighters.[193] Right after Taiwan's Han Kuang exercise in April 2007, the new PACOM Commander, Admiral Timothy Keating, testified to Congress about the situation in the Taiwan Strait while expecting Dennis Blair's full briefing on the exercise. Keating stressed "how emphatically we emphasize to [Taiwan] that [its] actions should be defensive in nature and not offensive."[194] Finally, because the Han Kuang military exercise included demonstration of the use of the LACM to Blair, a National Security Council official publicly stated,

> We think that developing defensive capabilities is the right thing to do. We think that offensive capabilities on either side of the Strait are destabilizing and, therefore, not in the interest of peace and stability. So when you ask me whether I am for offensive missiles, I'm not for offensive missiles on the Chinese side of the Strait, and I'm not for offensive missiles on the Taiwan side of the Strait. But appropriate defense capabilities are certainly the right of the people of Taiwan.[195]

AIT Director Stephen Young followed up at a press conference in Taipei in early May, stating that "there were claims that the United States Government approved of the use of long-range offensive missiles during the [Han Kuang military] exercise and that they even offered a name for these systems. I want to say categorically here, on behalf of the U.S. Government, that these stories are inaccurate." He added that "what we think Taiwan should be placing its emphasis on, is missile defense," citing the PAC-3 missile defense system.[196] Despite the lack of U.S. support, in December 2007, Taiwan's LY approved about $117 million but froze $77 million for the HF-2E program in the final 2008 defense budget.

President Bush's "Freeze" on Arms Sales Notifications

In 2008, congressional concerns and frustrations mounted about the delay in the President's notifications and briefings to Congress on eight pending arms sales as well as his refusal to accept Taiwan's request for F-16C/D fighters. As discussed above, President Bush changed policy in April 2001 to consider Taiwan's arms requests routinely on an as-needed basis, similar to acceptance of other foreign requests for security assistance. However, the Administration's refusal to accept a formal request from Taiwan for F-16C/D fighters since 2006 has raised the issue of whether the Administration violated or changed its own policy without public discussion. In October 2007, the House passed **H.Res. 676**, and Senator Lisa Murkowski wrote a letter to National Security Advisor Stephen Hadley. (See "110th Congress" below.)

In addition to the uncertainty of the Bush Administration's decision-making, there were also questions about any changes in the security strategy and defense policy of President Ma Ying-jeou, particularly given the past ambivalence of the KMT party. There were questions about the KMT's review of pending U.S. arms programs, reportedly including whether to pursue the submarine purchase.[197] After the inauguration of Taiwan's KMT President Ma Ying-jeou on May 20, 2008, he promptly resumed a dialogue with the PRC on June 12-13, resulting in expanded charter flights and tourism across the Taiwan Strait in July. While the resumption of the dialogue

[193] *Defense News*, July 16, 2007.

[194] Senate Armed Services Committee's hearing on April 24, 2007.

[195] Dennis Wilder, Special Assistant to the President and Senior Director for East Asian Affairs, NSC, remarks at a Foreign Press Center Briefing, April 26, 2007.

[196] AIT Director Stephen Young, press conference, Taipei, May 3, 2007.

[197] CRS Report RL34441, *Security Implications of Taiwan's Presidential Election of March 2008*, by Shirley A. Kan.

for the first time in a decade was welcomed, both the Ma and Bush Administrations were concerned about the timing of announcements on arms sales to Taiwan during the first round of the resumed dialogue, particularly concerns expressed by Ma's National Security Advisor Su Chi in discussion with a visiting Senate Foreign Relations Committee staffer in June.[198] Nonetheless, Taiwan later showed concern about the Bush Administration's delay in making progress on pending arms sales. On July 12, 2008, Ma finally clarified publicly that Taiwan still considered the U.S. arms programs as important and urgent, in spite of the cross-strait talks.[199] In the summer and fall of 2008, President Ma's military viewpoint reportedly was influenced by one U.S. article critical of the proposed arms sales programs, causing disarray and disputes between the Defense Ministry and National Security Council.[200] Visiting Washington on July 27-August 1, Wang Jin-pyng, President of the LY, said that U.S. officials told him that the Administration had not imposed a "freeze," continued to adhere to the TRA, and was working on the notifications. Taiwan's military was increasingly concerned about the potential loss of unspent budgeted funds for programs as it neared the end of the 2008 budget year.

Members of Congress suspected that the President effectively suspended arms sales to Taiwan in violation of the TRA and other aspects of U.S. policy. Congress also was concerned about the lack of timely and complete information requested from the Administration, with disregard for the Congressional role. They feared that President Bush was deferring to objections in Beijing or other policy considerations. Even before June, Deputy Secretary of State John Negroponte testified to Senator Lisa Murkowski at the Foreign Relations Committee on May 15, 2008, that after Taiwan's legislature approved funding of the weapons programs (which was in December 2007), the Administration did not take or plan to take subsequent steps in arms sales. Despite the lack of notifications to Congress on pending arms sales to Taiwan (since the last notification in November 2007), Assistant Secretary of Defense for Asian and Pacific Security Affairs James Shinn denied at a hearing that "we made a decision to put things in abeyance" in testimony on June 25.[201]

On July 16, 2008, PACOM Commander Admiral Timothy Keating confirmed at a public event at the Heritage Foundation that the Administration's policy was to freeze arms sales to Taiwan. He reportedly confirmed discussions with PRC officials about their objections, raising a question about the Administration's violation of the TRA and Six Assurances. Moreover, Keating implied that arms sales would be "destabilizing" to the situation in the Taiwan Strait and that there was no pressing need for arms sales to Taiwan at this moment, even as he acknowledged a cross-strait military imbalance favoring the PRC. In contrast, former PACOM Commander Dennis Blair who just visited Taiwan in June said that Taiwan's military and civilian leaders understood the need to negotiate with the PRC from a position of strength and to maintain Taiwan's defense.[202] Also, former Bush Administration officials urged President Bush to keep his commitment on Taiwan.[203]

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[198] *Washington Post*, June 12; *Defense News*, June 16; *Taipei Times*, June 20, 2008.

[199] *DPA*, July 12, 2008, and *Taiwan News*, July 13, 2008.

[200] William Murray, "Revisiting Taiwan's Defense Strategy," *Naval War College Review*, Summer 2008.

[201] House Armed Services Committee, hearing on China: Recent Security Developments, June 25, 2008.

[202] Wendell Minnick, "China Wields New Diplomatic Skills Against Taiwan," *Defense News*, July 7, 2008.

[203] Ed Ross, (former DSCA official), "Arming Taiwan," *Wall Street Journal Asia*, July 18, 2008; Dan Blumenthal, Aaron Friedberg, Randall Schriver, Ashley Tellis, "Bush Should Keep His Word on Taiwan," *Wall Street Journal*, July 19, 2008.

Some in Congress became concerned that the Administration suspended arms sales, but the Administration publicly denied a "freeze" or change in policy. The State Department responded in a letter to Representative Joe Courtney on July 17, 2008, arguing that the Administration was conducting an "inter-agency process" to consider Taiwan's requests for eight "highly complex" weapons packages, even though one program contained simply aircraft spare parts. In any case, the Administration delayed sending any notifications to Congress on eight approved, pending arms sales programs with a total value of $12-13 billion (for a submarine design, Patriot PAC-3 missile defense systems, Apache helicopters, Blackhawk helicopters, E2-T airborne early warning aircraft upgrade, aircraft parts, Harpoon submarine-launched anti-ship missiles, and Javelin anti-tank missiles).

As late as September 29, 2008, after the originally-scheduled congressional adjournment on September 26, the Deputy Assistant Secretary of Defense for Asian and Pacific Security Affairs gave a speech at the U.S.-Taiwan defense industry conference, stating that he had "no news" on the long-awaited notifications on arms sales and that the Administration's "internal processes" were still continuing.[204] On October 3, the last day of congressional session that was extended to pass a bill to bail out banks during the financial crisis, President Bush finally notified Congress. A Pentagon spokesman said that the PLA suspended some military meetings and port visits, in "continued politicization" of contacts. The PRC also suspended bilateral talks to cooperate on weapons non-proliferation.[205]

However, President Bush submitted only six of the eight pending sales for a total value of $6.5 billion, or about half of the pending total. The Administration did not submit for congressional review the pending programs for Black Hawk helicopters or the submarine design. Moreover, the sale of PAC-3 missile defense systems was broken up, excluding three of seven firing units and about 50 missiles. Representative Ileana Ros-Lehtinen stated on the day of the formal notifications that they were in accordance with the TRA but criticized the President for not following the "letter and spirit" of the law and for keeping Congress "in the dark about U.S. arms sales policy toward Taiwan." She noted this "grave breach of Executive Branch cooperation with Congress." Also, Senator John McCain pointed out that the arms sales have been "on hold for too long" and urged the Administration to reconsider its decision not to provide submarines or F-16 fighters.[206] Congress might further reassert its legislated role in policy decisions. In addition to freezing out Congress, the Bush Administration's long-awaited decision to submit the notifications raised more questions about arbitrary decision-making in addition to piling up the notifications for months (that were not programs in a so-called "package").

In addition, Bush left confusion in the process for Taiwan to make requests for objective U.S. consideration of its defense needs. One policy option is to resurrect the annual arms sales talks.[207] Another is to rectify the policy of 2001 to consider Taiwan's requests on an as-needed basis. Other options are to reassess U.S. arms sales in the context of Taiwan's joint defense requirements in a strategic approach as well as to hold a serious defense dialogue with Taiwan.

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[204] David Sedney, speech at the U.S.-Taiwan Defense Industry Conference held by the U.S.-Taiwan Business Council, Jacksonville, FL, September 29, 2008.

[205] *VOA* and *AP*, October 6, 2008; *Xinhua*, October 7, 2008; and author's consultations.

[206] Representative Ileana Ros-Lehtinen, Ranking Republican, Foreign Affairs Committee, press release, October 3, 2008; and Senator John McCain, press release, October 7, 2008.

[207] Mark Stokes, "Taiwan Must Review Security Risks," *Taipei Times*, March 12, 2008. See CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, by Shirley A. Kan.

Strategic Policy Review

During Taiwan's politically-motivated impasse over funding for self-defense, a former Pentagon official warned that if Taiwan did not pass the Special Budget and there were no expected improvements in defense, the United States would be more hesitant to approve future requests for weapons and possibly conduct a review of policy toward Taiwan.[208] After Taiwan passed arms procurement funds in 2007, the Bush Administration in 2008 delayed progress on some programs to sell arms to Taiwan. Taiwan's uncertainty and lack of consensus about its closer alignment with China under President Ma since May 2008 also raised the need for a U.S. policy review to some observers.[209] A better defined strategy to set clear objectives and improve mutual consensus might be needed. For the hearing on January 13, 2009, on Hillary Clinton's nomination as Secretary of State, the Senate Foreign Relations Committee asked a question for the record, about whether the Obama Administration will hold another Taiwan Policy Review, but she did not answer the question.

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.[210] 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 promotes the U.S. objectives of assisting Taiwan's self-defense capability, preventing conflict, minimizing the chance of U.S. intervention, dispelling dangerous misperceptions, 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.[211] (The NSC, State Department, and AIT would have input into any review by the Administration of policy toward Taiwan.)[212] 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.

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[208] 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.

[209] For example, Robert Sutter's presentation at a conference at George Washington University on January 29, 2009; also see report in *Taipei Times*, January 31, 2009.

[210] 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 A. Kan.

[211] *Taiwan Defense Review*, January 18, 2003.

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

Taiwan's election in March 2004 brought the re-election of President Chen Shui-bian and his advocacy of a new constitution for Taiwan by 2008. In April 2004, the Defense and State Departments testified to the House International Relations Committee, expressing a readjustment in the Bush Administration's policy toward Taiwan.[213] Assistant Secretary of State James Kelly clarified U.S. policy by stating:

- 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."

One policy issue is the relative stress on cross-strait dialogue vs. deterrence. In his testimony, 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.[214]

Any policy review might be coordinated with allies in Asia and Europe. While in Beijing in August 2004, Australian Foreign Minister Alexander Downer reportedly expressed doubts about whether any U.S. military help for Taiwan's defense against China would involve invoking Australia's defense treaty with the United States.[215] In February 2005, Secretary of Defense

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

[214] James Lilley, "Strait Talk," *Wall Street Journal*, April 19, 2004.

[215] Catherine Armitage, "Downer Assures China on Taiwan," *The Australian*, August 18, 2004.

Donald Rumsfeld and Secretary of State Condoleezza Rice with Japan's Ministers for Defense and Foreign Affairs issued a Joint Statement of the U.S.-Japan Security Consultative Committee ("2+2 statement"). They declared that a common strategic objective was to "encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue." China objected to the alliance's mere mention of Taiwan. In December 2007, the Council of the European Union (EU) approved "Guidelines on the EU's Foreign and Security Policy in East Asia" that expressed concerns about stability in the Taiwan Strait.

Greater cross-strait integration has raised concerns about the leakage of military technology and secrets from Taiwan to mainland China. As supporters of Taiwan wrote in October 2006, "there is little sense in America's continued support of Taiwan's defenses if Taiwan has no intention of using them to deter attack by the Chinese. Washington is increasingly alarmed that Taiwan's politicians—wittingly or unwittingly—are shifting responsibility for their island's defense from Taipei to Beijing, thus jeopardizing the integrity of U.S. defense technology that has already been transferred to Taiwan."[216]

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.[217] 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.[218]

106th Congress

In the 106th Congress, Representative Ben 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."[219] The Pentagon spokesperson

[216] Michael Needham and John Tkacik, "Grim Future for Taiwan's Defenses," Heritage Foundation Web Memo, October 31, 2006.

[217] 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*, by Robert D. Shuey, Shirley A. Kan, and Mark Christofferson.

[218] 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"*, by Robert G. Sutter.

[219] 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.

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."[220]

In July 1999, after President Clinton reportedly delayed a visit to Taiwan by Pentagon officials and considered a cutoff of arms sales after President Lee Teng-hui said Taiwan and the PRC have a "special state-to-state relationship," Representative Gilman responded by threatening to suspend all U.S. arms sales. He stated that "I cannot accept undercutting Taiwan's national security and its right under the 1979 Taiwan Relations Act to receive appropriate security assistance from our nation to meet its legitimate self-defense needs. Accordingly, as a result of my concern, I plan at this point to withhold my approval for arms transfers notified to the Congress until this matter is resolved to my satisfaction."[221]

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 raised attention to U.S.-Taiwan military exchanges, including that on communication and training. The Pentagon was said to have supported the spirit of the bill, although not its passage.[222] 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.[223] 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.[224]

Concerning Congress's 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.)

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[220] Defense Department News Briefing, April 30, 1999.

[221] Quoted in "Clinton Confirms Rebuke to Taiwan," *Washington Times*, July 22, 1999.

[222] 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.

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

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

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.[225]

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 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 (Section 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).[226]

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.[227] Due to

[225] 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.

[226] 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).

[227] Milbank, Dana and Mike Allen, "Bush to Drop Annual Review of Weapons Sales to Taiwan," *Washington Post*, April 25, 2001.

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.[228] In overseeing the new process, factors or implications to consider included the following:

- Congress's 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)
- 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

[228] See CRS Report RS20365, *Taiwan: Annual Arms Sales Process*, by Shirley A. Kan.

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).[229] 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.)

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.[230] 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

[229] For more details on proposed House and Senate language, see "Arms Sales to Taiwan," in CRS Report RL31046, *Foreign Relations Authorization, FY2003: An Overview*, by Susan B. Epstein.

[230] 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.

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.)

108th Congress

On May 20, 2004, the House passed H.R. 4200 (FY2005 National Defense Authorization Act) with Section 1013 to authorize the sale to Taiwan of a dock landing ship (Anchorage) as an Excess Defense Article and Section 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 his 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 Section 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 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."[231] At issue were 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 PLA over 80 senior-level visits in the 1990s and about 14 in recent years.[232] 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 without debate on the Taiwan-related language. The bill

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

[232] CRS Report RL32496, *U.S.-China Military Contacts: Issues for Congress*, by Shirley A. Kan.

reported by the Senate Armed Services Committee on May 17, 2005 (S. 1042) did not contain similar sections. On December 18, 2005, the conference committee filed its report for H.R. 1815 (H.Rept. 109-360), after the House receded on the two Taiwan-related sections. The House passed the conference report on December 19, and the Senate agreed on December 21. The President signed it into law (P.L. 109-163) on January 6, 2006.

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."[233] On August 1, 2005, three co-chairs of the House Taiwan Caucus wrote to Ma Ying-jeou as the new KMT chairman. They urged him to "lead efforts in Taipei to ensure that the Legislative Yuan quickly passes a special arms procurement package or increases its annual defense spending." They also invited Ma to visit Washington.[234]

On July 27, 2005, Representative Robert Andrews introduced H.Con.Res. 219 to express the sense of Congress that the President should abolish restrictions on visits by senior U.S. military officials to Taiwan and should authorize the sale of the Aegis combat system to Taiwan (among other stipulations).

As mentioned above on Pacific Commander Admiral Fallon's questions about Taiwan buying submarines, eight Members of Congress led by Representative Rob Simmons wrote a letter in October 2005 to ask Admiral Fallon to explain his discussions with Taiwan on submarines.[235] Also discussed above, in February 2006, Representative Simmons visited Taiwan and suggested a lower cost for the subs and an interim design phase to break the impasse over whether to procure U.S. submarines, and House International Relations Committee Chairman Henry Hyde wrote a letter to KMT Chairman Ma about the defense issues.

On May 3, 2006, the House Armed Services Committee reported H.R. 5122, the National Defense Authorization Act for FY2007, after approving amendments with relevance for Taiwan and the PRC that were introduced by Representative Simmons. The bill added new language that would make it U.S. policy to make available to Taiwan plans and options for design work and construction on future diesel electric submarines and would require the Navy to report to Congress on its dealings with Taiwan on the submarine sale (Section 1221). Other provisions would again seek to change policy to require at least one CAPSTONE visit to Taiwan every year (and one to the PRC) (Section 1205); to authorize general and flag officers to visit Taiwan (reciprocating Taiwan's senior-level visits to the United States and balancing exchanges with the PLA) (Section 1206); and to restrict procurement by the Defense Department from foreign firms that supply weapons to the PRC (Section 1211). On May 11, the House passed H.R. 5122 with these sections. On June 22, the Senate passed its version, S. 2766, without similar language, and incorporated it into H.R. 5122. Secretary of Defense Rumsfeld wrote a letter to Congress on July 24, 2006, to oppose a policy change to allow generals/admirals to visit Taiwan, in line with the

[233] Rep. Simmons, et al., letter to Chairman Lien Chan, Kuomintang, May 27, 2005.

[234] Letter from Representatives Robert Wexler, Steve Chabot, and Sherrod Brown (without Dana Rohrabacher) to Ma Ying-jeou, KMT Chairman, August 1, 2005.

[235] Letter to Admiral William Fallon, Commander of the Pacific Command, from Representatives Rob Simmons, Dan Burton, Robert Andrews, Henry Brown, James Langevin, Phil Gingrey, Thomas Tancredo, and Patrick Kennedy, October 26, 2005.

views of the State Department and White House.[236] So, for the conference report dated September 29, the House receded, and Sections 1205, 1206, 1211, and 1221 were deleted. On October 17, 2006, President Bush signed the bill (P.L. 109-364).

On June 28, 2006, Representative Tom Tancredo introduced an amendment (Section 801) to H.R. 5672, the Science, State, Justice, Commerce Appropriations Act for FY2007, to ban funds from being used to enforce the State Department's guidelines restricting contact with Taiwan's officials. The House agreed to the amendment by voice vote. On June 29, the House passed H.R. 5672. The Senate Appropriations Committee reported H.R. 5672 on July 13 without that section. The Senate did not pass the bill. On September 7, 2006, the Senate passed S. 3722 (Lugar), the Naval Vessels Transfer Act of 2006, that included authority for the President to sell to Taiwan two Osprey-class minehunter coastal ships. It was referred to the House as the last action.

110th Congress

On June 21, 2007, the House passed (by voice vote) Representative Tom Tancredo's amendment to H.R. 2764 (State Department appropriations act for FY2008) to ban funds from being used to enforce the "Guidelines on Relations With Taiwan" (Sec. 699E). (As discussed above, the guidelines include a ban on official travel by senior Defense officials and general or flag military officers to Taiwan.) The House passed H.R. 2764 on June 22. The Senate Appropriations Committee reported the bill (S.Rept. 110-128) without this section. The final version that became P.L. 110-161 on December 26, 2007, did not have the section.

Also, on July 31, 2007, the Senate Foreign Relations Committee reported S. 1565, the Naval Vessel Transfer Act of 2007 introduced by Senator Joseph Biden, which would authorize the sale to Taiwan of two retiring Osprey-class coastal minehunters as Excess Defense Articles, among other foreign transfers. On October 23, 2007, the House Foreign Affairs Committee considered a similar bill, H.R. 3912, introduced by Representative Tom Lantos.

On September 26, 2007, the House Foreign Affairs Committee approved H.Res. 676, introduced by Representative Ileana Ros-Lehtinen, that noted the Bush Administration's lack of response to Taiwan's interest in buying F-16C/D fighters and that urged the President to determine security assistance "based solely" upon the legitimate defense needs of Taiwan (consistent with Section 3(b) of the TRA). The House passed H.Res. 676 on October 2, 2007.

Also in October 2007, Senator Lisa Murkowski, Ranking Member of the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, wrote to National Security Advisor Stephen Hadley, noting that the Administration refused to accept Taiwan's request for F-16 fighters and asking if it was subjecting Taiwan to "unequal treatment" in the FMS process. At a hearing of the Foreign Relations Committee in May 2008, the Senator noted that Hadley failed to provide any response.[237]

In January 2008, Representative Joe Courtney wrote to Navy Secretary Donald Winter asking about the Navy's understanding of Taiwan's funding for a submarine design (phase one of the

[236] Dan Blumenthal and Gary Schmitt, "A Strange Calculus," *Wall Street Journal*, August 21, 2006; and author's consultations, September 2006.

[237] Senator Lisa Murkowski, letter to Stephen Hadley, October 12, 2007; Senate Foreign Relations Committee, hearing on U.S.-China Relations, May 15, 2008.

program).[238] Concerning the Administration's refusal to accept Taiwan's formal request for F-16C/D fighters since 2006, Senators Tim Johnson and James Inhofe, Co-chairs of the Senate Taiwan Caucus, wrote a letter in March 2008 to Secretary of Defense Robert Gates, asking if his department received such a request and offering their "assistance" if he needed it. Gates simply responded that Under Secretary of Defense for Policy Eric Edelman would answer the Senators. Edelman promised that the department will consider carefully any request from Taiwan for defense articles and services, "including replacement airframes."[239]

On June 17, 2008, Representatives Joe Courtney and James Langevin wrote to Secretary of State Rice, requesting an explanation on the reported suspension of arms sales and timeline for notifications to Congress.[240] The State Department responded in a letter on July 17, 2008, arguing that the Administration was conducting an "inter-agency process" to consider Taiwan's requests for eight weapons packages. In late June, Senators Inhofe and Johnson led a total of 14 Senators in sending a letter to President Bush, noting that a "freeze" on arms sales to Taiwan violates the spirit of the TRA and that their attempts to clarify the status of Taiwan's requests have been to no avail. They requested a briefing on the status of arms sales and urged the Administration to expeditiously consider Taiwan's requests. They wrote that upon receipt of Congressional Notifications, they look forward to the opportunity to work with the Administration in completing these sales as soon as possible.[241] In late July, 25 Members in the House, led by a Co-chair of the Taiwan Caucus, Representative Shelley Berkley, sent a similar letter to President Bush, warning against a "freeze," requesting a briefing on arms sales, and looking forward to the notifications.[242]

The Ranking Member of the House Foreign Affairs Committee, Representative Ros-Lehtinen, introduced H.R. 6646 on July 29, 2008, to require the Secretaries of State and Defense to provide detailed briefings to Congress on arms sales to Taiwan not later than 90 days after enactment and not later than 120 days thereafter. Without the President's response or notifications on pending arms sales, on September 23, the House passed H.R. 6646 by voice vote. Members expressed frustration at the President's continued refusal to notify and brief Congress. Representative David Scott who brought up the bill on the floor, said "the White House does not understand the Taiwan Relations Act." Mr. Ed Royce stated that the bill would assert the TRA's authority for the role of Congress, which has been left out, and the bill would "right that wrong." Ms. Ros-Lehtinen also questioned the President's compliance with the "Six Assurances" policy, suspecting that U.S. officials have discussed China's objections and "while Congress has been left in the dark ... the Chinese leadership has been kept fully abreast of our Nation's intentions." A Co-Chair of the Taiwan Caucus, Ms. Berkley, lamented that "we have written letters, Members of this body have made statements, and now we're passing a law just to get simple answers from the President of the United States." On the same day, the Departments of State and Justice wrote letters to oppose H.R. 6646, claiming that it would "infringe" upon the President's constitutional authority. However, the TRA explicitly provided for a congressional role, and there were previous laws enacted to require the Executive Branch to consult or brief Congress on arms sales to Taiwan.

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[238] Representative Joe Courtney, letter to Donald Winter, January 3, 2008.

[239] Tim Johnson and James Inhofe, letter to Robert Gates, March 19, 2008; response letter from Robert Gates, March 25, 2008; letter to Senators from Eric Edelman, March 28, 2008.

[240] Joe Courtney and James Langevin, letter to Condoleezza Rice, June 17, 2008.

[241] Senators Inhofe, Johnson, Coburn, Vitter, Kyl, Brownback, Sessions, Chambliss, Martinez, Lieberman, Graham, Bond, Allard, Grassley, letter to President George W. Bush, June 27, 2008.

[242] Representative Shelley Berkley, et al, letter to President George Bush, July 31, 2008.

The next day, September 24, 2008, Representative Tom Tancredo introduced H.R. 7059 to require progress on pending arms sales, notwithstanding notifications to Congress required by Section 36(b) of the Arms Export Control Act. After Bush's notifications to Congress of six of the eight pending arms programs, Representative Joe Courtney wrote to Secretary of State Condoleezza Rice on October 6, 2008, to inquire about the status of the submarine design program.

111th Congress

The 111th Congress might further reassert the legislated role in determinations of Taiwan's needs and oversee President Obama's adherence to the TRA. There could be congressional oversight of any review of policy and clarification of any objective process to consider Taiwan's requests for weapons. On July 23, 2009, Senator John Cornyn introduced an amendment to S. 1390, National Defense Authorization Act for FY2010, to require President Obama to submit a report on an assessment of Taiwan's air force and options to assist Taiwan in self-defense and control of its air space. On the same day, the Senate passed the amendment and S. 1390, whose language was substituted in **H.R. 2647**. The House had passed H.R. 2647 on June 25, without similar language to require a report on Taiwan's air force.

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 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. Before the Defense Department may issue Letters of Offer and Acceptance, the President must notify major FMS to Congress as required by Section 36(b) of the Arms Export Control Act (AECA), P.L. 90-629.[243] If 30 calendar days pass after the formal notification and Congress does not pass a joint resolution of disapproval, the Executive Branch is allowed to proceed with the proposed arms sales to Taiwan. 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.

[243] 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*, by Richard F. Grimmett.

Table 2. Major U.S. Arms Sales as Notified to Congress

Date of notification	Major item or service as proposed (usually part of a package of related support)	Value of package ($ million)
1990		
07/26	Cooperative Logistics Supply Support	$108
09/06	(1) C-130H transport aircraft	$45
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[244]	$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[245]	$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

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

[245] *Flight International*, September 1-7, 1993.

Date of notification	Major item or service as proposed (usually part of a package of related support)	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[246]	$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
1998		
01/28	(3) Knox-class frigates,[247] (1) MK 15 Phalanx Close-In Weapons System (CIWS)	$300
06/01	(28) Pathfinder/Sharpshooter navigation and targeting pods for F-16 fighters[248]	$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

[246] 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).

[247] In 1992, the Bush Administration submitted legislation that Congress passed to lease three Knox-class frigates to Taiwan. Reports say that Taiwan leased a total of six (and subsequently bought them in 1999) and purchased two in 1998 (plus one for spares).

[248] 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.

Date of notification	Major item or service as proposed (usually part of a package of related support)	Value of package ($ million)
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[249]	$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[250]	$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
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	$60

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

[250] 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 of related support)	Value of package ($ million)
	equip AH-1W and OH-58D helicopters[251]	
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
2005		
10/25	(10) AIM-9M Sidewinder and (5) AIM-7M Sparrow air-to-air missiles; continuation of pilot training and logistics support for F-16 fighters at Luke AFB, AZ	$280
2007		
02/28	(218) AMRAAMs and (235) Maverick air-to-ground missiles for F-16 fighters	$421
08/08	(60) AGM-84L Harpoon Block II anti-ship missiles	$125
09/12	(144) SM-2 Block IIIA Standard air-defense missiles (for Kidd-class destroyers)	$272
09/12	(12) P-3C maritime patrol/ASW aircraft	$1,960
11/09	Patriot configuration 2 ground systems upgrade	$939
2008		
10/3	(330) Patriot PAC-3 missiles	$3,100
10/3	(32) UGM-84L sub-launched Harpoon anti-ship missiles	$200
10/3	spare parts for F-5E/F, C-130H, F-16A/B, IDF aircraft	$334
10/3	(182) Javelin anti-armor missiles	$47
10/3	upgrade of (4) E-2T aircraft (Hawkeye 2000 configuration)	$250
10/3	(30) AH-64D Apache Longbow attack helicopters	$2,532

(...continued)

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

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